

ATTORNEY GENERAL EXPEDITED REVIEW
HOSPITAL CONVERSION INITIAL APPLICATION

Please provide the following information (please replicate as needed):

Name of Transacting Parties:
Yale-New Haven Health Services Corporation, Lawrence + Memorial Corporation, and LMW Healthcare, Inc. d/b/a Westerly Hospital
Date Application Submitted:
Originally submitted November 9, 2015; Re-submitted January 29, 2016; Re-submitted April 7, 2016
Date of Agreement Execution with the Director for Payment of Costs*:
November 6, 2015

* Please provide copies of the responsive documents.

All questions concerning this Application should be directed to:
Office of Health Care Advocate (401) 274-4400

CERTIFICATION

Please provide the attestation/verification for each of the Transacting Parties and licensed hospital affiliates. (Please replicate as needed):

I hereby certify that the information contained in this application is complete, accurate and true.



Signed by the President or Chief Executive Officer
Yale-New Haven Health Services Corporation
Entity

Subscribed and sworn to before me on this 7th day of April, 2016.



Notary Public

My Commission Expires 7/31/2016

CERTIFICATION

I hereby certify that the information contained in this application is complete, accurate and true.

Signed by the President or Chief Executive Officer
Lawrence + Memorial Corporation
Entity

Subscribed and sworn to before me on this _____ day of April, 2016.

Notary Public
My Commission Expires

CERTIFICATION

I hereby certify that the information contained in this application is complete, accurate and true.

Signed by the President or Chief Executive Officer
LMW Healthcare, Inc. d/b/a Westerly Hospital
Entity

Subscribed and sworn to before me on this _____ day of April, 2016.

Notary Public
My Commission Expires

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INFORMATION OF TRANSACTING PARTIES AND AFFILIATED HOSPITALS

A. Contact information of President or CEO of each Transacting Party (Please replicate as needed):

Name: Marna P. Borgstrom	Telephone: 203-688-2608	
Address: 789 Howard Avenue, New Haven	State: Connecticut	Zip: 06519
E-mail: Marna.Borgstrom@ynhh.org	Fax: Not applicable	

Name: Bruce D. Cummings	Telephone: 860-442-0711 ext. 2221	
Address: 365 Montauk Avenue, New London	State: Connecticut	Zip: 06320
E-mail: BCummings@lmhosp.org	Fax: Not applicable	

B. Name, title, address, phone, fax and e-mail of one contact person for each Transacting Party for this application process (only if different from the President/CEO in Question 2) (Please replicate as needed):

Name: Stephen D. Zubiago	Telephone: 401-454-1017	
Address: One Citizens Plaza, Suite 500 Providence	State: Rhode Island	Zip: 02903
E-mail: SZubiago@nixonpeabody.com	Fax: 866-947-1432	

C. For each existing affiliate hospital of the Transacting Parties, please provide the following information (Please replicate as needed):

Name: Yale-New Haven Hospital, Inc.	License #: 0044	
Address: 20 York Street, New Haven	State: Connecticut	Zip: 06510
Telephone: 203-688-4242		
E-Mail of President or CEO: Marna.Borgstrom@ynhh.org		
Relationship of Hospital to Transacting Party: Yale-New Haven Hospital, Inc. is a direct subsidiary of Yale-New Haven Health Services Corporation.		

Name: Bridgeport Hospital	License #: 0044	
Address: 267 Grant Street, Bridgeport	State: Connecticut	Zip: 06610
Telephone: 203-384-3000		
E-Mail of President or CEO: William.Jennings@bpthosp.org		
Relationship of Hospital to Transacting Party: Bridgeport Hospital is a direct subsidiary of Yale-New Haven Health Services Corporation		

Name: Greenwich Hospital	License #: 0045	
Address: 5 Perryridge Road, Greenwich	State: Connecticut	Zip: 06830
Telephone: 203-863-3000		
E-Mail of President or CEO: Norman.Roth@greenwichhospital.org		
Relationship of Hospital to Transacting Party: Greenwich Hospital is a direct subsidiary of Greenwich Health Care Services, Inc., which in turn is a direct subsidiary of Yale-New Haven Health Services Corporation		

Name: Lawrence + Memorial Hospital	License #: 0047	
Address: 365 Montauk Avenue, New London	State: Connecticut	Zip: 06320

Telephone: 860-442-0711
E-Mail of President or CEO: BCummings@lmhosp.org
Relationship of Hospital to Transacting Party: Lawrence + Memorial Hospital is a direct subsidiary of L + M Corporation

Name: LMW Healthcare, Inc. d/b/a Westerly Hospital	License #: HOS00112
Address: 25 Wells Street, Westerly	State: Rhode Island Zip: 02891
Telephone: 401-596-6000	
E-Mail of President or CEO: BCummings@lmhosp.org	
Relationship of Hospital to Transacting Party: Westerly Hospital is a direct subsidiary of L + M Corporation	

CHARITABLE ASSETS:

1. Please provide copies of all documents related to:
 - (a) Identification of all charitable assets;
 - (b) Accounting of all charitable assets for the past 3 years; and
 - (c) Distribution of the charitable assets including, but not limited to, endowments, restricted, unrestricted and specific purpose funds as each relates to the proposed transaction.

Response: Attached hereto as Confidential Exhibit 1 please find documents responsive to this question for LMW Healthcare, Inc. d/b/a Westerly Hospital.

Also note that the proposed transaction will not alter the management, use, or processes for distribution of Westerly Hospital's charitable assets. The charitable assets will continue to be managed and otherwise utilized in the same manner as they are currently managed and utilized, which is in accordance with donor intent or documents governing the assets (when applicable), any other applicable restrictions, and in accordance with the direction and approval of the Board of Directors. There are no plans to create any new entity to hold charitable assets.

Lastly, there have been no new endowments or restricted charitable assets received by Westerly Hospital since LMW Healthcare, Inc. began operating Westerly Hospital on June 1, 2013. The Westerly Hospital Foundation has received unrestricted donations for the benefit of Westerly Hospital since that time.

Compliance with each of the conditions related to charitable assets in the Attorney General's July 17, 2013 Hospital Conversions Act Decision (the "Westerly/L+M Decision") is confirmed (the conditions are set forth below). With respect to item (a), the entities have carried out a community capital campaign in support of the Westerly Hospital and all such funding is raised in the Westerly Hospital's name and remains for the benefit of the Westerly Hospital nonprofit and community mission. Details are included in the annual reports filed by L+M with RIDOH and RIAG (and included as Exhibit A-4). The applicable conditions are:

- a. Condition 6: With input from the Westerly Hospital Foundation, L+M will carry out a broad-based community capital campaign in support of the Westerly Hospital and all such funding will be raised in the Westerly Hospital's name and remain for the benefit of the Westerly Hospital nonprofit and community mission.
- b. Condition 7: L+M, in coordination with the Westerly Hospital Foundation, shall institute procedures at the Westerly Hospital to hold and manage charitable assets appropriately, including to ensure that charitable assets are used in accordance with donor intent.
- c. Condition 8: All charitable assets transferred by the Asset Purchase Agreement shall be utilized for the benefit of Westerly Hospital only.
- d. Condition 9: Current and future charitable assets of the Westerly Hospital shall not be utilized for projects or programs situated outside the State of Rhode Island without the consent of the Department of Attorney General.

- e. Condition 10: The Westerly Hospital Foundation, Inc., and the Westerly Hospital Auxiliary, Inc., shall not be dissolved or otherwise significantly altered from their current operations for a period of five (5) years without notice to and consent of the Attorney General.
- f. Condition 11; The assets of the Westerly Hospital Foundation, Inc. shall be held by the Westerly Hospital Foundation, Inc., in its own accounts and not those of the Westerly Hospital or LMW Healthcare, Inc.
- g. Condition 12: The Attorney General shall be provided notice of any singular or aggregate in any one year of use of \$200,000 in restricted funds, including the amount, use and certification of compliance with the fund's restriction.

Also note that Sections 2.1.8(b), 2.1.10, and 2.7 of the Affiliation Agreement require continued compliance with the Westerly/L+M Decision. Further, no gifts intended for Westerly Hospital since the L + M transaction are being held by L + M restricted to Westerly Hospital. All gifts to Westerly Hospital are handled through the Foundation and there have been no other disbursements from restricted funds other than those already disclosed in Confidential Exhibit 1.

The Confidential Exhibits provided in response to this question are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws Section 23-17.14-32. R.I. General Laws Section 38-2-2 specifically defines the following as "non-public" records: "trade secrets and commercial or financial information which is of a privileged or confidential nature;" "all tax returns;" "preliminary drafts, notes, impressions, memoranda, working papers, and work products;" and, "any records which would not be available by law or rule of court to an opposing party in litigation." Specifically, this Confidential Exhibit 1 is confidential because disclosure of the exhibit would constitute an unwarranted invasion of personal privacy for contributors and would disclose the identity of contributors who have requested anonymity with respect to the contribution.

2. Please provide copies of documents or descriptions of any proposed plan for any entity to be created for charitable assets, including but not limited to, endowments, restricted, unrestricted and specific purpose funds, the proposed articles of incorporation, by-laws, mission statement, program agenda, method of appointment of board members, qualifications of board members, duties of board members, and conflict of interest policies.

Response: Westerly Hospital's charitable assets set forth in response to Question 1 will continue to be managed and otherwise utilized in the same manner as they are currently managed and utilized. Westerly Hospital's charitable assets are managed and utilized in accordance with donor intent or documents governing the assets (when applicable), any other applicable restrictions, and in accordance with the direction and approval of the Board of Directors. Note that the management and use of Westerly Hospital's charitable assets is done so in the manner previously approved by the Rhode Island Attorney General's office in connection with the acquisition of the assets of Westerly Hospital by LMW Healthcare, Inc. in its decision dated April 17, 2013. The proposed conversion will not impact the management or use of Westerly Hospital's charitable assets. There are no plans to create any new entity to hold charitable assets.

Also note that Westerly Hospital's donor-restricted charitable assets are addressed in Section 2.1.9 of the Affiliation Agreement. Section 2.1.9 states:

“After the Closing, (i) L+M shall continue to honor any donor restrictions (temporary, permanent or as to purpose) on charitable donations made prior to the Closing Date, and (ii) any donor-imposed restrictions (temporary, permanent or as to purpose) on charitable donations made after the Closing Date shall also be honored by L+M.”

The Transacting Parties expect the proposed transaction to assist each entity to further its charitable mission in the changing healthcare marketplace. In particular:

Changing Healthcare Marketplace

Since the passage and implementation of the Patient Protection and Affordable Care Act (“PPACA”) health care providers have been focused on creating new models of care that bring higher quality and greater value. The PPACA has led to affiliations and mergers throughout the country to maintain access to needed services, improve financial viability and enhance organizations' ability to meet technology needs. Community hospitals, such as L+M Hospital and Westerly Hospital, are facing the greatest challenges due to health reform-related demands for greater value with lower reimbursement. Specifically, reduced payer reimbursement coupled with greater demand for data-driven best practices, technologic advancements, aging infrastructure, and evolving health care delivery models requires synergistic approaches to achieve cost-effective access to capital, medical technology, information technology, and highly competent clinicians.

The changing health care market place has led to L+M (including Westerly Hospital) to seek a large health system partner which will ensure the continuation of its charitable missions. The

proposed affiliation will provide significant benefits to Westerly Hospital and its community including:

- Enhanced financial stability which will preserve access to needed services;
- Administrative and clinical expertise to improve and strengthen clinical programs;
- More primary care physicians and specialists to fill gaps in the community;
- Improved coordination of care through YNHHS' population health infrastructure; and
- Standardized protocols developed by YNHHS based on evidence-based best practices and data sharing to achieve excellent patient outcomes.

Charitable Missions

Both YNHHS and Westerly Hospital have a long history of providing charity care and financial assistance to those in need. YNHHS and Westerly Hospital provide services to all regardless of race, ethnicity, religion, income or ability to pay for services. This will not change as a result of this proposal. As provided below, it is clear from the proposed Certificate/Articles of Incorporation, and mission, vision and values statements for both organizations, that there is a firm commitment to service and care for the entire community.

YNHHS:

Mission: "Yale New Haven Health is committed to innovation and excellence in patient care, teaching, research and service to our communities."

Vision: "Yale New Haven Health enhances the lives of the people we serve by providing access to high value, patient-centered care in collaboration with those who share our values."

Values:

- Integrity: Doing the right thing
- Patient-Centered: Putting patients and families first
- Respect: Valuing all people
- Accountability: Being responsible and taking action
- Compassion: Being empathetic

Certificate of Incorporation (in pertinent part): The nature of the activities to be conducted, or the purposes to be promoted or carried out by the corporation shall be exclusively charitable, scientific and educational within the meaning of Section 501(c)(3) of the Code (as defined in paragraph 8 hereof) and shall include the following:

A. To benefit and carry out the purposes of, to perform the functions of, and uphold, promote and further the welfare, programs and activities of an integrated health care delivery system known as the Yale New Haven Health System (the "System") and its affiliates, including Bridgeport Hospital, Greenwich Hospital, Yale-New Haven Hospital, Lawrence + Memorial Corporation, Northeast Medical Group, Inc. and such other organizations as may become affiliates of the System from time to time (collectively, the "YNHHS Members");

B. To engage directly in, and collaborate with, the YNHHS Members and Yale University and other hospitals and health care institutions and other organizations in, the initiation, development and maintenance of programs directed toward improving the efficiency and reducing the cost of health care services while maintaining a high quality of such care;

C. To collaborate with Yale University and with other colleges and schools in the initiation, development and maintenance of educational programs for health professionals and for the public, including programs of medical and nursing education, continuing education, graduate medical education and community health education;

D. to collaborate with YNHHS Members, with Yale University and with other hospitals, health care institutions, colleges and schools in the initiation, development and maintenance of programs of scientific research related to the care of the sick and injured;

E. To initiate, develop, operate and maintain, directly and in collaboration with the YNHHS Members, and with other hospitals and health care institutions and organizations, programs for the delivery of health care services through one or more separate corporations.

Westerly Hospital:

Mission: "Improve the health of our region."

Vision: "We will be the region's integrated system of choice, known for our innovative, high-quality, and community-focused care."

Values:

- Compassion
- Accountability
- Respect
- Excellence
- Stewardship

Articles of Incorporation (in pertinent part): The purpose is to establish, maintain and carry on an institution with permanent facilities for inpatients and ambulatory patients, with medical services to provide diagnosis and treatment, to carry on all associated services, and to engage in any lawful act or activity which a corporation may be organized under the Rhode Island Nonprofit Corporation Act.

In addition, both organizations have contributed significant funds and effort to the provision of community benefit services and programs. A description of such activities and the level of investments made by each organization is detailed in response to Question 21 of the Rhode Island Department of Health's HCA Application.

Organization charts displaying the Westerly Hospital Foundation and the Westerly Hospital Auxiliary as they currently exist and post conversion and Bylaws for the Foundation and Auxiliary are included in Exhibit 2. There have been no staffing changes at either entity since the

closing of the previous Westerly Hospital transaction with L+M: The Auxiliary had and continues to have no paid staff. The Foundation has the same staffing, 1.5 FTEs, same individuals -Nicholas J. Stahl, Executive Director (Full-time); Marie Johnson, Development Assistant, (Part-time). There are no changes to the entities' Bylaws as a result of this transaction. The names of board members for each entity are listed in Exhibit 2 as well.

3. Please provide a *Cy Pres* Petition for the proposed conversion(s) of affiliate hospitals, other affiliate 501(c)(3) entities, and all that will be affected by the proposed conversion.

Response: A copy of the proposed *Cy Pres* Petition is attached as Exhibit 3.

4. Please provide the following information regarding all donor restricted gifts received by the Transacting Parties and their affiliates and attach copies of any legal documents that created each gift:

Response:

Date of Gift	Name of Gift/ Instrument	Restriction(s)	Value of Gift at time of Gift	Current Value of Gift
Various	Board Designated Funds	Earnings unencumbered	Unknown	\$1,382,766
5/2/1985	Permanent Endowment Funds	Earnings unencumbered	Unknown	\$1,377,339
9/24/1976	Catherine Drake	Medical Staff Education	\$50,000	\$54,229
Various	Morgan Fund Donations	Provision of free care	Unknown	\$6,314
5/2/1985	Lefferts	Earnings unencumbered	\$2,696,264	\$2,696,264
Various	Westerly Community Endowment	Earnings unencumbered	Various	\$1,103,167
9/10/2001	H. Schwarz Investment	Earnings Unencumbered	\$213,418	\$285,570
7/31/2007	Foundation for Health (also known as "RI Renal")	Care to persons with renal disease	\$750,000	\$1,298,330
10/31/1924	Morgan Fund Trust	Provision of free care	\$250,000	\$4,183,217
12/19/1932	Vose Fund Trust	General Purposes	Unknown	\$72,364
5/1/1916	Hoxsey Fund Trust	Establishment of a hospital in Westerly	\$10,000	\$175,859

Please see applicable and available documents creating such gifts attached as Confidential Exhibit 4.

The Confidential Exhibits provided in response to this question are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws Section 23-17.14-32. R.I. General Laws Section 38-2-2 specifically defines the following as "non-public" records: "trade secrets and commercial or financial information which is of a privileged or confidential nature;" "all tax returns;" "preliminary drafts, notes, impressions, memoranda, working papers, and work products;" and, "any records which would not be available by law or rule of court to an opposing party in litigation." Specifically, this Confidential Exhibit 4 is confidential because it contains confidential information public disclosure of which could adversely affect the parties involved.

5. Please list all current donations that include naming privileges relating to the donation.

Response: There have been no donations with naming privileges associated with them since LMW Healthcare, Inc. began its operations of Westerly Hospital on June 1, 2013. LMW Healthcare, Inc. continues to honor, however, the naming privileges related to Westerly Hospital's prior operations. The list of those earlier donations was provided to the Rhode Island Attorney General's Office in November 2012, in connection with the HCA application filed to obtain approval of LMW Healthcare, Inc.'s acquisition of the assets of Westerly Hospital. That information is set forth below with respect to donations exceeding \$10,000 and is set forth in Confidential Exhibit 5 with respect to all other donations with naming privileges associated with them.

Champion Building (35 Wells Street) – Named in memory of Sarah Alexander Champion, by virtue of a gift of Charles P. Champion at the time of the construction of the original hospital in 1925. The purposes of the building have changed; the name remains in use.
Henry J. Nardone Conference Center – Named in recognition of Mr. Nardone's chairmanship of and personal contribution to the \$3.5 million capital campaign completed in the mid-1990s.
Joseph J. Kirby Community Care Center – Named in recognition of Mr. Kirby's chairmanship of and personal contribution to the \$10 million capital campaign completed in 2003.
Medical Care Unit – Given by Mr. & Mrs. Finn M. W. Caspersen, \$1 million contribution to 2000+ campaign.
Surgical Care Unit – Given by Mr. & Mrs. Frederick B. Whittemore, \$1 million contribution to 2000+ campaign.
Main Lobby – Given by The Washington Trust Company with major gifts to two capital campaigns.
Courtyard – Given by The Moore Company with major capital campaign gifts.

The Confidential Exhibit provided in response to this question is considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws Section 23-17.14-32. R.I. General Laws Section 38-2-2 specifically defines the following as "non-public" records: "trade secrets and commercial or financial information which is of a privileged or confidential nature;" "all tax returns;" "preliminary drafts, notes, impressions, memoranda, working papers, and work products;" and, "any records which would not be available by law or rule of court to an opposing party in litigation." Specifically, this Confidential Exhibit 5 is confidential because disclosure of this exhibit would constitute an unwarranted invasion of personal privacy and would disclose the identity of contributors who have requested anonymity with respect to the contribution.

CONFLICTS OF INTEREST:

6. Please provide the names of persons currently holding a position as an officer, director, board member, or senior level manager who will or will not maintain any position with the new hospital and whether any said person will receive any salary, severance, stock offering or any financial gain, current or deferred, as a result of or in relation to the proposed conversion, including but not limited to, the individual's job description, employment or other contract or agreement to provide services under this corporate title, and total compensation, including, but not limited to, salary, benefits, expense accounts, membership, 401K, retirement plans, contribution agreements, benefit agreements and any other financial distributions of any kind, including deferred payments or compensation.

Response: There are no individuals currently holding a position as an officer, director, board member or senior level manager of Westerly Hospital who at this point in time are not expected to continue to maintain such positions following closing of the transaction. There are no such individuals who will receive any salary, severance, stock offering or any financial gain, current or deferred as a result of or in relation to the proposed transaction. No senior managers or executives have entered into retention agreements with L+M.

7. Please provide any and all severance packages, contracts or any other documents relating to same, given, negotiated or renegotiated with any employee or former employee of the Transacting Parties and their affiliates for the prior 1 year from the date of the application through the present. Please include in your response any agreements to provide consulting services and/or covenants to not compete following completion of the proposed conversion as well as the existing ERISA benefit plan and severance agreements or arrangements.

Response: Please see Confidential Exhibit 7. Note that no severance packages or related agreements were entered into by Lawrence + Memorial Corporation or LMW Healthcare, Inc. d/b/a Westerly Hospital for 1 year prior to the submission of this application.

The Confidential Exhibits provided in response to this question are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws Section 23-17.14-32. R.I. General Laws Section 38-2-2 specifically defines the following as “non-public” records: “trade secrets and commercial or financial information which is of a privileged or confidential nature;” “all tax returns;” “preliminary drafts, notes, impressions, memoranda, working papers, and work products;” and, “any records which would not be available by law or rule of court to an opposing party in litigation.” Specifically, this Confidential Exhibit 7 is confidential because the disclosure of this exhibit would necessitate making public current and former employees confidential personnel records, which would clearly constitute an unwarranted invasion of those individuals’ personal privacy. Furthermore, the exhibit contains financial and proprietary information that is confidential in nature the public disclosure of which could adversely affect the parties involved.

8. Please provide an itemization of all loans outstanding and their current balances, given, and/or forgiven in the last 5 years to any executive, employee or consultant of the Transacting Parties and/or their affiliates, including the terms of such loan.

Response: Neither Lawrence + Memorial Corporation and its affiliates nor Yale-New Haven Health Services Corporation and its affiliates have any loans outstanding in the last five (5) years to any executive or consultant.

Attached hereto as Confidential Exhibit 8, please find an itemization of all loans outstanding and their current balances for the Transacting Parties and hospital affiliates to employees in the last five (5) years.

The Confidential Exhibits provided in response to this question are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws Section 23-17.14-32. R.I. General Laws Section 38-2-2 specifically defines the following as “non-public” records: “trade secrets and commercial or financial information which is of a privileged or confidential nature;” “all tax returns;” “preliminary drafts, notes, impressions, memoranda, working papers, and work products;” and, “any records which would not be available by law or rule of court to an opposing party in litigation.” Specifically, this Confidential Exhibit 8 is confidential because the disclosure of this exhibit would necessitate making public current and former employees confidential personnel records, which would clearly constitute an unwarranted invasion of those individuals’ personal privacy. The exhibit also generally contains confidential information the public disclosure of which could adversely affect the parties involved.

9. Please provide a copy of the resignations of any directors and officers of each of the Transacting Parties and/or their affiliates related to the conversion within one year prior to submission.

Response: None.

10. Please provide any and all documents, agreements, contracts or the like, formal or informal, reflecting any current and/or potential employment or compensated relationship for senior management among or between the Transacting Parties and/or their affiliates.

Response: Attached hereto as Confidential Exhibit 10, please find an employment agreement document responsive to this request.

Note also that Christopher Lehrach, M.D., the current president of Lawrence + Memorial Medical Group (“LMMG”), will become an employee of Northeast Medical Group, Inc. (“NEMG”), the medical foundation affiliated with YNHHS by virtue of the merger of LMMG with and into NEMG. Dr. Lehrach’s exact title, the nature of his responsibilities, and his compensation have not yet been determined. The integration of LMMG into NEMG constitutes a major strategic and geographic expansion for NEMG. It is premature to finalize structure until obtaining regulatory approval, Dr. Lehrach will become a senior executive in NEMG and will continue to lead for the greater L+M region. This role will likely report to the CEO or COO of NEMG.

The Confidential Exhibit provided in response to this question is considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws Section 23-17.14-32. R.I. General Laws Section 38-2-2 specifically defines the following as “non-public” records: “trade secrets and commercial or financial information which is of a privileged or confidential nature;” “all tax returns;” “preliminary drafts, notes, impressions, memoranda, working papers, and work products;” and, “any records which would not be available by law or rule of court to an opposing party in litigation.” Specifically, this Confidential Exhibit 10 is confidential because it is a business record that contains proprietary information whose disclosure could adversely affect the parties involved if disclosed to the public. Furthermore, Confidential Exhibit 10 is confidential because the disclosure of this exhibit would necessitate making public confidential personnel records, which would clearly constitute an unwarranted invasion of those individuals’ personal privacy. Furthermore, the exhibit contains confidential proprietary information related to employment of senior management the public disclosure of which would be detrimental to the transacting parties.

11. Please provide current, signed conflict of interest forms from all incumbent or recently incumbent officers, directors, members of the board, trustee, senior level managers, chairpersons or department chairperson and medical directors on a form acceptable to the Attorney General (“incumbent” or “recently incumbent” means those individuals holding the position at the time the application is submitted and any individual who held a similar position within one year to the application’s acceptance).

Response: Attached as Confidential Exhibit 11, are signed conflict of interest forms from the individuals and entities set forth below. We note that this Question 11 does not request conflict of interest forms from third party consultants and experts, however, the below list includes third party consultants and experts as required by the instructions to the Attorney General’s conflict of interest form. The parties request confidentiality for this exhibit because it contains confidential personnel information, which if publicly disclosed, would be an unreasonable intrusion on the listed individuals’ and entities’ privacy rights.

Note that the members of the Boards of Directors for the Transacting Parties do not receive monetary compensation or other non-monetary benefits for their positions on the Board.

L+M Entities:

1. Fred Conti
2. Kathleen Crook
3. Kathleen Holt
4. Alan R. Hunter
5. Jon T. Kodama
6. Lisa Konicki
7. Preston Lamberton
8. Granville R. Morris, Esq.
9. Robert Nardone
10. Michael B. Rauh, Jr.
11. Ross Sanfilippo
12. Kathleen Steamer
13. Catherine Zall
14. Marilyn Malerba
15. Scott Bates
16. Christopher Jalbert
17. Bruce Cummings
18. Ann Lain
19. Deborah Lamm
20. Thomas Liguori
21. Stephen Ruzzo
22. Richard Smith
23. Stephen Greene

24. Corinne Rossi
25. William Conlin
26. Adrian Hamburger
27. Rachel McCormick
28. Kerin DaCruz
29. Maureen Anderson
30. Donna Epps
31. Kimberly Kalajainen
32. Chris Lehrach, MD
33. Mary Lenzini
34. Daniel Rissi
35. William Stanley
36. Seth Van Essendelft
37. Lauren Williams
38. Christopher DeSantis
39. Victoria Reyes
40. Robert Greenlee
41. Jay Colby
42. Paul Bourguignon, MD
43. Erik Enquist
44. Niall Duhig
45. Robert Harrison, MD
46. Bradford C. Lavigne
47. George Bourganos
48. Howard Haronian
49. Kevin Torres
50. Crista Durand
51. Lugene Inzana
52. Pamela Kane
53. Ulysses Hammond
54. Job Sandoval
55. Jon C. Gaudio, M.D.

Yale – New Haven Health Services Corporation

1. Marna P. Borgstrom
2. Vincent A. Calarco
3. Joseph R. Crespo
4. Mary C. Farrell
5. Carlton L. Highsmith
6. Thomas B. Ketchum

7. John L. Lahey
8. Marvin K. Lender
9. Newman M. Marsilius, III
10. Julia M. McNamara
11. Barbara B. Miller
12. Daniel L. Mosley, Esq.
13. Benjamin Polak
14. Meredith B. Reuben
15. Peter Salovey
16. Elliot J. Sussman, M.D.
17. James P. Torgerson
18. John L. Townsend, III
19. William J. Aseltyne, Esq.
- 20. Daniel Barchi (unable to supplement as non-responsive)**
21. Gayle L. Capozzalo
22. Richard D'Aquila
23. William S. Gedge
24. William M. Jennings
25. Alan S. Kliger, M.D.
26. Patrick McCabe
27. Kevin A. Myatt
28. Christopher O'Connor
29. Vincent Petrini
30. Norman Roth
- 31. James M. Staten (unable to supplement as non-responsive)**
32. Vincent Tammaro
33. Neil DeFeo
34. Daniel J. Miglio
35. Ronald B. Noren, Esq.
36. Frank Corvino
37. Peter N. Herbert, M.D.
38. Robert Nordgren, M.D.
39. John Skelly
40. Stephen Carbery
41. Michael S. Dimenstein
42. David Wurcel
43. Joseph Bisson
44. Matthew Comerford
45. Lisa Stump
46. Michael T. Angelini

47. Steve Allegretto
48. James Weeks
49. Julie Hamilton
50. James B. Morris
51. Eugene J. Colucci
52. Nancy Levitt-Rosenthal
53. Carolyn Salsgiver Kobsa
54. Melissa Turner
- 55. Edward Fisher (internal form only—individual unresponsive to further requests)**
56. Pamela Scagliarini
57. Richard C. Lisitano
58. Richard S. Stahl

Third-Party Experts and Consultants

1. Nixon Peabody LLP
2. Jones Day
3. Shipman & Goodwin, LLP
4. Manet, Phelps, & Phillips, LLP
5. Karen Banoff
6. Wiggin and Dana, LLP
7. Towers Watson Delaware, Inc.
8. Altegra Health
9. Deloitte Transactions and Business Analytics LLP
10. CRA International, Inc.
11. Updike, Kelly, & Spellacy, P.C.
12. The Chartis Group, LLP
- 13. Charles River (This is the same entity as CRA International, Inc.)**
- 14. KMB Consultants (This is the same entity as Karen Banoff)**
- 15. Deloitte & Touche LLP**

BOARD OF DIRECTORS:

12. With regard to the officers, members of the boards of directors, trustees, executives, and senior managers of each of the Transacting Parties and their affiliates, please provide the following for the past 2 years: (a) name; (b) address; (c) phone number; (d) occupation; and (e) tenure.

Response: Please see attached Confidential Exhibit 12. The following is a list of 2015 Board Members by entity:

YNHHSC:

1. Marna P. Borgstrom
2. Vincent A. Calarco
3. Joseph R. Crespo
4. Mary C. Farrell
5. Carlton L. Highsmith
6. Thomas B. Ketchum
7. John L. Lahey
8. Marvin K. Lender
9. Newman M. Marsilius, III
10. Julia M. McNamara
11. Barbara B. Miller
12. Benjamin Polak
13. Meredith B. Reuben
14. Peter Salovey
15. Elliot J. Sussman, M.D.
16. James P. Torgerson
17. John L. Townsend, III

Yale-New Haven Hospital, Inc.:

1. Bruce D. Alexander
2. Robert J. Alpern, M.D.
3. Thomas J. Balcezak, M.D.
4. Marna P. Borgstrom
5. Bishop Theodore L. Brooks
6. Vincent A. Calarco
7. Joseph R. Crespo
8. Richard D'Aquila
9. Mary C. Farrell
10. Michael H. Flynn
11. William W. Ginsberg
12. Thomas M. Hanson, M.D.
13. Robert A. Haversat

14. Carlton L. Highsmith
15. Thomas B. Ketchum
16. John L. Lahey
17. Miles Lasater
18. Marvin K. Lender
19. Linda Koch Lorimer
20. Linda A. Masci
21. Julia M. McNamara
22. Thanasis M. Molokotos
23. Sister Rosemary Moynihan
24. Peter Salovey
25. Michael Sproule
26. James P. Torgerson
27. Susan Whetstone

Bridgeport Hospital:

1. David Bindelglass, M.D.
2. Emily E. Blair, D.O, FACOG
3. Gayle Capozzalo
4. George P. Carter
5. John J. Falconi
6. Gary Zimmerman, M.D.
7. Russell Fuchs
8. Stephen Marshalko, M.D.
9. Howard L. Taubin, M.D.
10. Michael B. Maurer
11. Peter F. Hurst, Jr.
12. William M. Jennings
13. Newman M. Marsilius, III
14. Thomas D. Lenci
15. Fred W. McKinney, Ph.D.
16. Ronald B. Noren, Esq.
17. Duncan M. O'Brien, Jr.
18. Nicholas Bertini, M.D.
19. Meredith B. Reuben

Greenwich Hospital:

1. Paul J. Apostolides, M.D.
2. William R. Berkley, Jr.
3. Richard Brauer, M.D.
4. Alan W. Breed
5. Nancy Brown
6. Kevin Conboy, M.D.
7. Frank A. Corvino

8. Peter DaPuzzo
9. David D. Evans, M.D.
10. Elizabeth Galt
11. Anne Juge
12. Robin Kanarek
13. Donald J. Kirk
14. Sally Lochner
15. Arthur C. Martinez
16. Barbara Miller
17. Amy Minella
18. Jack Mitchell
19. Daniel L. Mosley
20. Christopher O'Connor
21. Venita Osterer
22. Thomas Pellechi, M.D.
23. Norman Roth
24. Jim Sabetta, M.D.
25. John E. Schmeltzer
26. John L. Townsend, III
27. Bruce L. Warwick
28. Felice Zwas, M.D.

L+M Corporation:

1. Alan R. Hunter
2. B. Michael Rauh
3. Fred Conti
4. Kathleen Holt
5. Christopher Jalbert
6. Jon T. Kodama
7. Lisa Konicki
8. Robert Nardone
9. Ross Sanfilippo
10. Kathleen Steamer
11. Rev. Catherine Zall
12. Bruce D. Cummings
13. Kathleen Crook
14. Stephen M. Greene
15. R. Preston Lamberton, M.D.

Lawrence + Memorial Hospital:

1. R. Alan Hunter
2. Mary Ellen Jukoski

3. James Mitchell
4. John Allen, D.M.D.
5. Sharon Arnold
6. Josh Parsons
7. Bruce D. Cummings
8. David F. Reisfeld, M.D.
9. Niall J. Duhig, M.D.
10. Donald J. Felitto, M.D.

Westerly Hospital:

1. Stephen M. Greene
2. Deborah Lamm
3. Steven Ruzzo
4. Ann M. Lain
5. Thomas J. Liguori, Jr.
6. Richard Smith
7. Bruce D. Cummings
8. Adrian K. Hamburger, M.D.
9. Rachel McCormick, M.D.
10. William Conlin, M.D.

Note that since the original submission of this application, the following changes have occurred (as applicable, conflict of interest forms are included in Confidential Exhibit 11 and biographical data is included in Confidential Exhibit 12):

YNHHSC

YNHH:

- Robert Haversat, Miles Lasater and Carlton Highsmith stepped down from YNHH
- One new YNHH trustee: Aaron Hollander

Greenwich Hospital:

- Don Kirk and Nancy Brown stepped down

Bridgeport Hospital:

- Emily Blair, M.D. and Russell Fuchs stepped down from the Board when their terms expired
- Steven Marshalko stepped down when his tenure as Medical Staff President ended in January 2016

Elected to the board:
-Eddy W Rodriguez,
-J. Eduard Castillo, M.D.

L+M

LM Corporation Board

-Dr. Gaudio joined (ex-officio)
-Fred Conti departed
-Preston Lamberton departed (ex-officio)

LM Hospital Board

-Dr. Donald Felitto departed (ex-officio)
-Dr. Joseph Cecere joined (ex-officio)

Westerly Hospital

No changes

The Confidential Exhibits provided in response to this question are considered confidential and/or proprietary and shall be subject to the confidentiality protections contained in R.I. General Laws Section 23-17.14-32. R.I. General Laws Section 38-2-2 specifically defines the following as “non-public” records: “trade secrets and commercial or financial information which is of a privileged or confidential nature;” “all tax returns;” “preliminary drafts, notes, impressions, memoranda, working papers, and work products;” and, “any records which would not be available by law or rule of court to an opposing party in litigation.” Specifically, this Confidential Exhibit 12 is confidential because it contains personal and confidential information related to the addresses and phone numbers of specifically identifiable individuals the disclosure of which would be a clear invasion of their personal privacy.

13. Provide the (a) name; (b) address; (c) phone number; and (d) occupation of the proposed members of the board of directors, trustees, executives and senior managers after the conversion of the Transacting Parties and their affiliates, identifying any additional members or removal of members.

Response: Board members and officers for each of Lawrence + Memorial Corporation, Lawrence + Memorial Hospital and Westerly Hospital in office at the time of the closing (See current information set forth in response to Question 12) of the transaction will remain in place post-closing for the remainder of their terms, and will be eligible for re-election in accordance with the bylaws of the respective entity. The only changes anticipated to the board of each of Lawrence + Memorial Corporation, Lawrence + Memorial Hospital and Westerly Hospital is the addition of a Yale New Haven Health System representative, although it is not known at this time who will serve in that capacity for YNHHS. There will be no additional changes other than in the ordinary course pursuant to the bylaws and the expiration of terms. Additionally, following the closing, the Chair of the Board of L+M Corporation will have a seat on the board of Yale-New Haven Health Services Corporation through at least the sixth (6th) anniversary of the closing.

14. Please describe the governance structure of the new hospital after conversion, including a description of how members of any board of directors, trustees or similar type group will be chosen.

Response: The governance of YNHHS will remain the same after the conversion except that following the closing and through at least the sixth (6th) anniversary, the person who serves as the Chair of the Board of L+M will be elected as a voting member of the Board of YNHHS, and such person will have the opportunity to be a member of the YNHHS Nominating and Governance Committee. Other members of the L+M Board will have the opportunity to serve on YNHHS Board committees. Note also that the provisions of Section 2.1.3 of the Affiliation Agreement provide that the Chair of the L+M Board will have a seat on the YNHHS board for a period of six years following the closing. Section 2.1.3 also includes a provision that is akin to a “most favored nations” clause: if another hospital affiliates with YNHHS over the five-year period following the closing, and if that hospital is guaranteed a seat on the YNHHS board for a period longer than six years, then L+M shall be provided with the same or substantially similar rights of representation. L+M has a six-year right of representation on the YNHHS board, regardless of whether any other transaction occurs; the additional clause just ensures that L+M will get the benefit of any extended period that YNHHS agrees to with another hospital or health system. The parties are not considering other transactions at this time.

As with the other affiliate hospitals in the YNHHS system, a Board of Trustees with broad-based local community presence will be maintained at L+M Hospital and Westerly Hospital.

The governance structure of LMW Healthcare, Inc. d/b/a Westerly Hospital following closing of the transaction is described in the bylaws attached as Exhibit 14, which will become effective as part of the closing. The governance of Westerly Hospital will remain substantially similar to its current structure. The board composition reflected in Westerly Hospital’s current bylaws remains the same with the exception that a YNHHS representative will be added to the board. No decision has been made regarding the representative(s) from YNHHS who will serve on the board of directors for Lawrence + Memorial Corporation, Lawrence + Memorial Hospital, or Westerly Hospital. Additionally, the existing authority of Westerly Hospital’s board will remain substantially the same with the exception that those powers that today are reserved to the L+M Corporation Board as Westerly Hospital’s sole member and the powers set forth in the bylaws will also become subject to YNHHS approval as well, all as further described in the bylaws attached as Exhibit 14. Westerly Hospital’s governance will also remain subject to and in compliance with the conditions of approval regarding locally based directors set forth in the Rhode Island Attorney General’s approval of L+M’s hospital conversion act application dated April 17, 2013.

YNHHS’s other hospital affiliates maintain a similar governance structure to the governance structure proposed for Westerly Hospital in that each maintains a broad-based local community presence. Note that YNHHS is the direct parent entity of its hospital affiliates, Bridgeport Hospital and Yale-New Haven Hospital, however, Westerly Hospital’s direct parent entity will remain L+M Corporation. Therefore, Westerly Hospital’s representation in the YNHHS governance structure will be via L+M Corporation, its parent

organization. This is similar to YNHHS's other hospital affiliate, Greenwich Hospital, which also has an intervening corporate parent entity.

Note that a redlined document comparing the current bylaws to the proposed new bylaws (as well as YNHHS and L+M Corporation) is also included in Exhibit 14. The following is a summary of certain of those changes:

The proposed Amended and Restated Bylaws contain revisions that grant YNHHS and Lawrence + Memorial Corporation certain authority and approval rights, which are set forth in Exhibit A and Exhibit B to the Bylaws. The board of trustees remains responsible for the appointment, organization, and activities of the Westerly Hospital Medical Staff. Like the changes to the Lawrence + Memorial Corporation Bylaws, the governing body is changed from a board of directors of three (3) to eleven (11) members to a board of trustees of six (6) to twelve (12) members. The board of trustees will consist of certain elected members that "represent a cross section of major segments of the community served by [Westerly Hospital]..." The board of trustees shall also consist of certain ex-officio trustees as follows:

YNHHS President/CEO
Lawrence + Memorial Corporation, Inc. President
President of Westerly Hospital
President of Westerly Hospital Medical Staff
Vice President of Westerly Hospital Medical Staff

This board representation is consistent with LMW Healthcare's pre-affiliation board structure with the addition of a YNHHS representative to the board.

Lastly, Paragraph 2.1.10 of the Affiliation Agreement simply provides an expression of support for L+M's desire to continue to evolve its governance structure in a manner it had already been contemplating prior to the affiliation discussions. L+M has been exploring ways to achieve greater operational efficiencies and consistency in how information is presented to and approved by appropriate boards and to enhance each board member's ability to have a better understanding of that information in the context of the overall healthcare system rather than its individual components. L+M is initially looking at enhancements that can be achieved through having its boards meet collectively for some discussions, but also intends to examine opportunities for further common membership across the subsidiary and parent corporation boards as a way to achieve these benefits. L+M is committed to observing "best practices" in its corporate governance and envisions any modifications to its governance structure would occur gradually and only in a manner that remains consistent with governance best practices. The Affiliation Agreement provision merely acknowledged YNHHS's support for this process and commitment to work with L+M toward these goals once L+M becomes a system member.

TRANSACTION SPECIFIC QUESTIONS:

15. Please answer the additional questions attached hereto as Appendix A to the Initial Application.

Response: Please see Appendix A attached.

Appendix A

Question A-1: Please provide the Affiliation Agreement by and between the Transacting Parties dated July 17, 2015 as well as all exhibits, schedules, amendments or anticipated amendments.

Response: Attached hereto as Exhibit A-1 and Confidential Exhibit A-1 is a copy of the Affiliation Agreement, and related documents including the schedules and exhibits dated July 17, 2015 by and among the Sellers (as defined therein) and the Buyer (as defined therein).

The Confidential Exhibits provided in response to this question are considered confidential and shall be subject to the confidentiality protections contained in R.I. General Laws Section 23-17.14-32. R.I. General Laws Section 38-2-2 specifically defines the following as “non-public” records: “trade secrets and commercial or financial information which is a of a privileged or confidential nature;” “all tax returns;” “preliminary drafts, notes, impressions, memoranda, working papers, and work products;” and, “any records which would not be available by law or rule of court to an opposing party in litigation.” Specifically, this Confidential Exhibit A-1 is confidential because it contains proprietary business information the disclosure of which to the public could adversely affect the parties involved.

Appendix A

Question A-2: Paragraph 2.8 of the Affiliation Agreement addresses Management Services and references an implementation plan. Please provide these documents.

Response: The implementation plan has not been developed yet. It will be developed post-closing.

Appendix A

Question A-3: Please provide a copy of the “mutually agreed-upon five-year strategic plan” developed by the parties as required by 2.12 of the Affiliation Agreement.

Response: The five-year strategic plan has not been developed yet. It will be developed post-closing.

Appendix A

Question A-4: In connection with the Asset Purchase Agreement between Westerly Hospital and L+M that led to the acquisition of Westerly Hospital by L+M, please indicate which of those commitments have been fulfilled by L+M and which have not, and if not, why not.

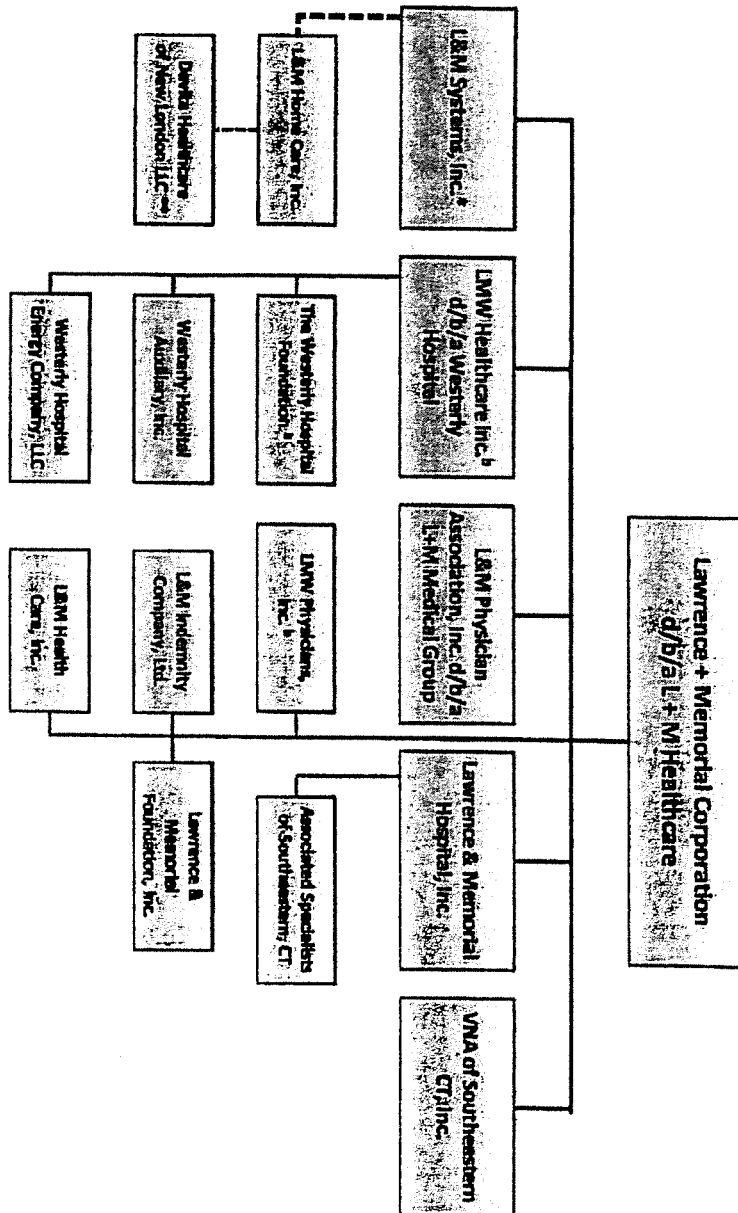
Response: Please refer to the attached annual reports (Exhibit A-4) that have been filed with the RIDOH with copies submitted to the RIAG's office that detail the status of L+M's commitments under the Asset Purchase Agreement between Westerly Hospital and L+M that led to the acquisition of Westerly Hospital by L+M since closing.

Since filing its Second Annual Report on May 29, 2015 (the "Report"), L+M has fully satisfied all outstanding commitments described in Item 1 of the Report and continues to satisfy all other commitments that are not otherwise described as closed. Regarding the commitment described in Item 10 concerning capital investment, through December, 2015, there have been approximately \$9.8 million in capital expenditures already made and an additional \$12.9 million in capital expenditures has been committed through September, 2016, which totals approximately \$22.7 million toward the 5-year commitment of \$30 million.

Exhibit 2

Pre-Closing

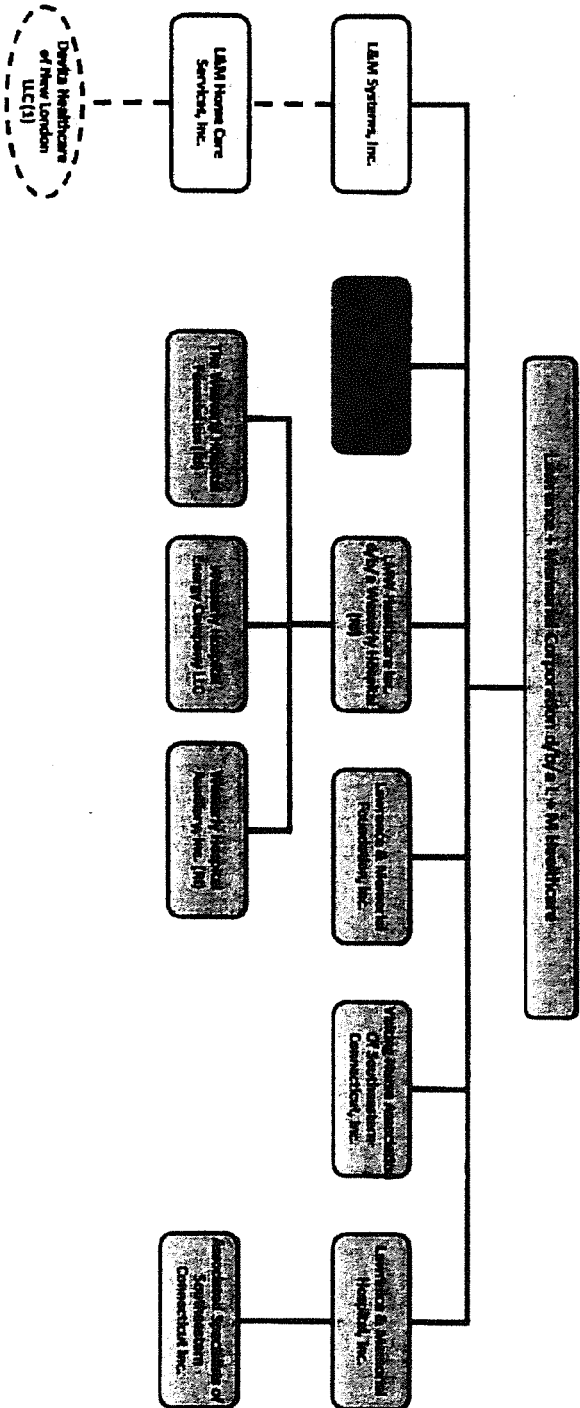
LM Healthcare



Notes:
 * - for profit
 a - Joint Venture with Biocan Diagnostics Corporation and Devita
 b - Rhode Island non-profit companies
 (w/2014/2015 Kohn Sommerco)

Post-closing

L + M Delivery Network



Notes:
1. Joint Venture between Backus Dialysis Corporation, Dava and Lawrence + Memorial Corporation.

The Westerly Hospital Auxiliary

BOARD OF DIRECTORS – 2015/2016, as of 10/2015

Carol Desillier
Paula Niedermann
Barbara Wright
Tracey Wells
Betty Lombardo

Linda Philips
Dwen Heminway
Connie Wiggerhauser
Valerie Blume

The Westerly Hospital Foundation
BOARD OF DIRECTORS – 2016, as of 1/15/16

F. Gregory Ahern

Richard C. Anthony

Linda Brenner

Arthur M. Cottrell III

Elizabeth Darling

Leonard C. Edwards

William H. Heep

Martha M. Hosp

Peter Humphrey

Ann Lain

Leslie Lambrecht

Deborah Lamm

Susan P. Lester

Erica Lindberg

Benjamin F. Miller

Marianne Nardone

John R. "Jack" Payne

Jennifer Schwindt

Grant G. Simmons, III

Nicholas J. Stahl,

Walter S. Tomenson

Peter Wallace

THE WESTERLY HOSPITAL AUXILIARY, INC.
WESTERLY, RHODE ISLAND

BY-LAWS

Revised Effective: June 1, 2013

**The Westerly Hospital Auxiliary, Inc.
Westerly, Rhode Island**

**ARTICLE 1
Name and Purpose**

Section 1.1 Name. The name of the corporation shall be The Westerly Hospital Auxiliary, Inc., hereinafter referred to as the "Auxiliary".

Section 1.2 Purpose. The purpose of the Auxiliary shall be as set forth in its Articles of Incorporation, as may be amended.

Section 1.3 Definitions. The following terms, whenever used herein shall have the meanings hereinafter assigned to them:

- (a) "Board of Directors" shall mean the Board of Directors of the Auxiliary.
- (b) "Executive Committee" shall mean the Executive Committee of the Auxiliary.
- (c) "Corporate Member" or "Hospital" shall mean LMW Healthcare, Inc. when acting in its capacity as sole member of the Auxiliary.

**ARTICLE 2
Membership**

Section 2.1 Corporate Member. LMW Healthcare, Inc., a Rhode Island non-profit corporation, acting through its Board of Directors, shall be the sole member of the Auxiliary. The Corporate Member shall annually elect the officers and other members of the Board of Directors in the manner hereinafter provided. The Corporate Member shall have the exclusive right to enjoy and exercise all rights and powers conferred on members of non-business corporations under the laws of the State of Rhode Island and the Providence Plantations. The Corporate Member shall have such other powers as are specified in the Articles of Incorporation and these By-laws.

Section 2.2 Annual Meeting. The Annual Meeting of the Corporate Member shall be held during the thirty (30) day period prior to the first Thursday in November, unless otherwise designated by the Board of Directors, at such place and hour as shall be determined by the Executive Committee. At the Annual Meeting, the Corporate Member shall elect the officers and other members of the Board of Directors based on nominations submitted pursuant to Article VI.

Section 2.3 Special Meetings. Special meetings of the Corporate Member may be called at any time by a majority of the Board of Directors or the Corporate Member.

Section 2.4 Notification. Notice of any meeting of the Corporate Member shall be given as provided in the Corporate Member's By-laws.

Section 2.5 Action by Writing. Any action required or permitted to be taken at any meeting of the Corporate Member may be taken without a meeting if the Corporate Member consents in writing and the written consent, executed by a duly authorized officer of the Corporate Member, is filed with the minutes of the meetings of the Corporate Member. Such consents shall be treated for all purposes as a vote at a meeting.

ARTICLE 3 Associates

Section 3.1 Eligibility. Associate membership in the Auxiliary shall be open to all persons who are interested in supporting the activities of the Hospital and who pay annual dues as provided in Section 3 below ("Associates"). Associates shall be divided into seven (7) classes:

- (a) Regular Associates
- (b) Senior Associates
- (c) Sustaining Associates
- (d) Supporting Associates
- (e) Benefactors
- (f) Life Associates
- (g) Honorary Associates

Section 3.2 Dues. Dues for Associates other than Life Associates shall be annual, billed by the Treasurer within the first month of the fiscal year. Each Associate failing to pay dues for the current year within a three (3) month period after the first notice shall receive a second notice. An Associate failing to pay dues within four (4) months of the first notice shall be considered in arrears. An Associate in arrears at the end of one (1) year shall be dropped from Associate membership.

Section 3.3 Rights and Privileges of Associates. Associates shall have no voting rights as members, but Associates in good standing shall be eligible for election as officers or directors and appointment as committee members.

ARTICLE 4 Officers

Section 4.1 Officers. The officers of the Auxiliary shall be a President, First Vice President, Second Vice President, Recording Secretary, Corresponding Secretary, Treasurer and Assistant Treasurer ("Elected Officers").

Section 4.2 Duties

- (a) The President shall be the chief executive officer of the Auxiliary and shall have general direction of the affairs of the Auxiliary. The President shall preside at all meetings of the Board of Directors and Executive Committee; shall appoint members of the Nominating Committee; shall be a member ex officio of all committees except the Nominating Committee or shall appoint other executive officers to serve as her representative on such committees.
- (b) The First Vice President shall, in the absence of the President, assume the President's duties and carry out any other duties assigned by the President or the Board.
- (c) The Second Vice President shall, in the absence of the President and the First Vice President, assume the President's duties and carry out any other duties assigned by the President or the Board.
- (d) The Recording Secretary shall take and keep minutes of all meetings of the Associates and the Board of Directors in separate books kept for the purpose and shall index the same; shall keep the minutes of all meetings of Corporate Member in a separate book kept for the purpose; and shall have custody of all documents pertaining to the office of Recording Secretary.
- (e) The Corresponding Secretary shall be responsible for notification of all meetings and shall have charge of all correspondence of the Auxiliary.
- (f) The Treasurer shall be the chief financial officer of the Auxiliary; shall have the care and custody of all funds and securities of the Auxiliary and shall deposit or cause to be deposited the same in such banks or depositories as the Board of Directors may designate; shall report the financial condition of the Auxiliary at each meeting of the Corporate Member and of the Board of Directors and at such other times as the Corporate Member, the President and the Board shall request; shall serve on the Finance Committee; shall pay all authorized bills; and shall send out dues notices and delinquent notices. The Treasurer has the authority to sign checks and contracts on behalf of the Auxiliary.
- (g) An Assistant Treasurer shall, in the absence of the Treasurer, assume all functions of the Treasurer, and shall serve on the Finance Committee. The Assistant Treasurer has the authority to sign checks and contracts on behalf of the Auxiliary.

ARTICLE 5 Board of Directors

Section 5.1 Members. The Board of Directors shall consist of the Elected Officers, the Chairs of the Standing Committees, the District Chairs, the Immediate Past-President, the President/CEO or his designee, and a maximum of five (5) Directors-at-Large.

Section 5.2 Rules of Procedure. There shall be such standing rules as shall be necessary for the Board and the committees to fulfill their duties. These rules may be changed from time to time by the Board of Directors.

Section 5.3 Meetings. Regular meetings of the Board of Directors shall be held without notice on the third Thursday of each month. Special meetings of the Board of Directors shall be held whenever called by the President, or by any ten (10) Directors. Notice of special meetings shall be given orally, by fax, by e-mail or by mail and shall state the purposes, time and place of the meeting. If notice is given orally, in person or by telephone, it shall be given not less than one (1) day before the meeting; if it is given by fax, by e-mail or by mail, it shall be given not less than three (3) days before the meeting. If a regular meeting date is changed, special meeting notice shall be required.

Section 5.4 Quorum. One third of the Board of Directors shall constitute a quorum for the transaction of business.

Section 5.5 Honorary Board. There shall be an Honorary Board of Directors, consisting of all past Presidents except the immediate past President. Honorary Directors shall be invited to attend Board meeting, but shall not vote or be counted towards a quorum.

ARTICLE 6 Nominations, Elections and Terms

Section 6.1 Election of Officers. The Elected Officers shall be elected by the Corporate Member at the Annual Meeting. Elected Officers shall serve for a term of two (2) years and shall be eligible for re-election for consecutive terms.

Section 6.2 Election of District Chairs and Directors-at-Large. One (1) District Chair shall be elected by the Corporate Member at the Annual Meeting to represent each district that the Hospital serves. The number and geographic area of each District shall be determined by the Board of Directors. District Chairs shall serve one year terms, must reside in the District they are elected to represent and may serve a maximum two (2) consecutive terms. District Chairs shall be eligible for re-election as an officer or director of the Auxiliary only after an absence of at least one year from the Board of Directors.

Section 6.3 Election of District Chairs and Directors-at-Large. Directors-at-Large shall be elected by the Corporate Member at the Annual Meeting. The number of Directors-at-Large shall be a maximum of five (5), the exact number to be set by the Board of Directors. Directors-at-Large shall serve one year terms and may serve a maximum of two (2) consecutive terms. Directors-at-Large shall be eligible for re-election as an officer or director of the Auxiliary only after an absence of at least one year from the Board of Directors.

Section 6.4 Election of Chairs of Standing Committees. Chairs of Standing Committees shall be elected by the Corporate Member at the Annual Meeting. Chairs of Standing Committees shall serve one year terms and may serve a maximum of two (2) consecutive terms. Chairs of Standing Committees shall be eligible for re-election as an officer or director of the Auxiliary only after an absence of at least one year from the Board of Directors.

Section 6.5 Vacancies. Any vacancies occurring among the Elected Officers or Directors shall be filled by the Corporate Member from a candidate or candidates presented by the Nominating Committee.

Section 6.6 Removal of Elected Officers or Directors. Any Elected Officer or Director may be removed by the Corporate Member officer with or without cause at any time.

Section 6.7 Resignation. Any Elected Officer or Director may resign at any time by giving written notice to the Board of Directors, to the President or to the Secretary. Any such resignation shall take effect at the time specified therein, or, if no time be specified, then upon delivery.

ARTICLE 7 Committees

Section 7.1 Executive Committee. The Executive Committee shall include: the Elected Officers; the Immediate Past President; and the President/CEO of the Hospital or his designee. The Executive Committee shall have all powers of the Board of Directors during the interim between meetings of the Board, provided any action taken shall not conflict with the policies of the Board of Directors or the Auxiliary, and shall not include authority as to the following matters:

- (a) amending, altering or repealing these By-laws;
- (b) electing, appointing or removing any member of any committee or any director or officer;
- (c) amending or restating the articles of incorporation;
- (d) adopting a plan of merger or consolidation with another corporation;
- (e) authorizing the sale, lease, exchange or mortgage of all or substantially all of the property or assets of the Auxiliary;
- (f) authorizing the voluntary dissolution of the Auxiliary or revoking proceeds for voluntary dissolution;
- (g) adopting a plan for the distribution of the assets of the Auxiliary; or
- (h) amending, altering or repealing any resolution of the Board of Directors which by its terms shall not be so amended, altered or repealed.

Any reference in these By-laws to the Board of Directors shall include the Executive Committee unless the context or express provision otherwise provide

Section 7.2 Nominating Committee. The Nominating Committee shall consist of five (5) members appointed annually as soon as possible after the Annual Meeting by the President, with the advice and consent of the Board of Directors. Three (3) committee members

shall be Directors and two (2) shall be Associates. The Chair of the Nominating Committee shall be elected promptly by, and from among, the committee members, and shall not serve consecutive terms as Chairman. The Nominating Committee shall be responsible for preparing and submitting candidates for officers and directors to the Corporate Member for consideration.

Section 7.3 Standing Committees. There shall be such Standing Committees as may be determined by the Board of Directors to be essential to the current operation of the Auxiliary. Each standing committee shall consist of at least two (2) directors and shall have such authority as the Board shall by resolution provide, except that such authority shall not exceed the authority conferred on the Executive Committee by Section 1 of this Article.

Section 7.4 Special Committees. The Executive Committee may appoint such special committees as are considered necessary to carry out the purpose of the Auxiliary. They shall be automatically dissolved when they have discharged their function and shall serve an advisory capacity only

Section 7.5 Meetings. Meeting of committees, of which no notice shall be necessary, shall be held at such time and place as shall be fixed by the President of the Auxiliary or the chair of the committee or by vote of a majority of all of the members of the committee.

Section 7.6 Quorum and Manner of Acting. Unless otherwise provided by resolution of the Board of Directors, a majority of all of the members of a committee shall constitute a quorum for the transaction of business and the vote of a majority of all of the members of the committee shall be the act of the committee.

The procedures and manner of acting of all committees shall be subject at all times to the directions of the Board of Directors.

Section 7.7 Tenure of Members of Committees of the Board. Each committee and every member thereof shall serve at the pleasure of the Board, except as otherwise provided in these By-laws.

ARTICLE 8 Fiscal Policies

Section 8.1 Fiscal Year. The fiscal year of the Auxiliary shall commence on October 1st and shall end on September 30th.

Section 8.2 Budget. A budget covering all operating and capital expenses of the Auxiliary shall be prepared annually by the Board of Directors. All budgets shall be subject to approval by the Corporate Member.

Section 8.3 Operating Expenses. Regular operating expenses of the Auxiliary shall be financed, insofar as possible, by monies collected through Associates' dues. Operating expenses not provided for in the budget shall be incurred and paid only upon order of the Board of Directors of the Auxiliary to the extent such expenses are paid from available reserves. Any other expenses must be approved by the Corporate Member.

Section 8.4 Projects and Fund Raising. No special project to be financed by fund-raising activities, donations or other means, shall be undertaken by the Auxiliary unless it shall have been approved in advance by the Board of Directors. All distribution of funds from projects and fund-raising shall be presented by the Executive Committee to be voted upon by the Board of Directors. All fund-raising activities, other than regular Associate Dues, shall be coordinated with the Community Relations and Development office of the Hospital and subject to the approval of the Corporate Member.

Section 8.5 Bonding. The members of the Executive Committee, the Treasurer and Assistant Treasurer shall be bonded, the premium for such bond to be paid by the Auxiliary.

Section 8.6 Borrowing. The Board of Directors' power to incur indebtedness having a stated term in excess of one (1) year and secured by all or substantially all of the Auxiliary's assets shall be conditioned on the approval of the Corporate Member.

Section 8.7 Non-compensation. The members of the Executive Committee and the Board of Directors shall not be compensated for service rendered in said positions.

ARTICLE 9 Amendment

These By-laws may be amended in whole or in part by the Corporate Member.

THE WESTERLY HOSPITAL FOUNDATION, INC.

BY LAWS

Originally Adopted as of

December 2, 1998

Last Amended Effective: April 28, 2014

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I. ARTICLES OF INCORPORATION

Section 1.1 Articles of Incorporation. The name and purposes of the Corporation shall be as set forth in the Articles of Incorporation. These Bylaws, the powers of the Corporation and of its directors and officers, and all matters concerning the conduct and regulation of the affairs of the Corporation shall be subject to such provisions in regard thereto, if any, as are set forth in the Articles of Incorporation as from time to time in effect.

II. MEMBERSHIP

Section 2.1 Number. The sole member of the corporation shall be LMW Healthcare, Inc., a Rhode Island non-profit corporation (the "Member").

Section 2.2 Powers and Rights. The Member shall have such rights, powers and privileges as are accorded to members by law, the Articles of Incorporation or these Bylaws, and shall exercise its rights and authority as a member of the Corporation consistent with the goals and objectives of the integrated health care delivery system operated by L+M Healthcare ("L+M") with which it is affiliated. In consultation with L+M, the Member shall have the right to elect and remove Directors as provided in these Bylaws.

Section 2.3 Annual, Regular and Special Meetings. All meetings of the Member shall be held at the principal office of the Corporation in Rhode Island or at such other place within the United States as shall be fixed by the Board of Directors with consent of the Member. An annual meeting of the Member shall be held on such date and at a place and hour to be designated by the President with consent of the Member, for the purpose of electing Directors. Regular meetings of the Member may be held at such times as the Member may determine. Special meetings of the Member may be held at any time when called by the President, by the Board of Directors or by the Member. Notice of any meeting of the Member shall be given as provided in the Member's Bylaws.

Section 2.4 Action by Member. Any action permitted or required of the Member by law, the Articles of Incorporation or these Bylaws may be taken by vote of its board of directors, or by or through any person or persons designated by the Member's bylaws or its board of directors to act on its behalf.

III. BOARD OF DIRECTORS

Section 3.1 Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors who shall have and may exercise all the powers of the Corporation and do all such lawful acts and things as are not by law, the Articles of Incorporation or these Bylaws directed or require to be exercised or done by the Member. The authority of the Board of Directors to exercise the following powers is conditioned on the prior approval of the Member:

- (1) the adoption of the strategic plan for the Corporation;
- (2) the selection of a certified public accountant;
- (3) the adoption of annual operating budgets;
- (4) the adoption of capital budgets;
- (5) any voluntary dissolution, merger or consolidation of the Corporation or the sale or transfer of all or substantially all of the Corporation's assets, or the creation or acquisition of any subsidiary or affiliate Corporation;
- (6) any agreement or transaction, either of which is of a material nature, with another corporation controlled directly by or affiliated with the Member; and,
- (7) the borrowing of any sum which has a stated term greater than one (1) year or which is secured by a mortgage of all or any portion of the Corporation's real property or by a security interest in the Corporation's assets or revenues.

Section 3.2 Number. The number of Directors of the Corporation shall be not less than three (3) nor more than twenty-five (25). Within the foregoing limits, the number of Directors may be increased at any time or from time to time by the Member. The number of

Directors may be decreased to any number permitted by the foregoing at any time by the Member, but only to eliminate vacancies existing by reason of the death, resignation or removal of one (1) or more Directors.

Section 3.3 Election: Tenure. The Directors shall be divided into three (3) classes of approximate equal size, the term of one (1) class expiring each year. The Member shall annually fix the number of Directors and shall elect for a term of three (3) years the appropriate number of successors to the class whose term is then expiring, and the Member may also elect additional Directors to other classes to the extent necessary to maintain approximate equality in size among classes. A term of office of any elected Director shall not exceed three (3) successive full terms of three (3) years each. When a Director has served as a Director for the above mentioned terms and is further elected as an officer, the term of such individual as a Director will be extended until completion of term as such officer.

Section 3.4 Vacancies. Vacancies and any newly created directorships resulting for any reason shall be filled by the Member. Any Director elected to fill a vacancy (other than a vacancy resulting from an increase in the number of Directors) shall be elected for the unexpired term of the Director's predecessor in office.

Section 3.5 Annual, Regular and Special Meetings. Meetings of the Board of Directors, regular or special, may be held either within or without the State of Rhode Island. The annual meeting of Directors of the Corporation shall be held following the annual meeting of the Member. The Board of Directors shall hold at least six (6) regular meetings in each year, including the annual meeting, with a schedule of such meetings to be adopted by resolution of the Board of Directors. Special meetings of the Directors may be held at any time and at any place designated in the notice of meeting, when called by the Member, the Chair of the Board, if

any, the President, or by one-third (1/3) or more in number of the Directors, reasonable notice thereof being given to each Director by the Secretary or by the Chair of the Board, if any, the President or any of the Directors calling the meeting. It shall be reasonable and sufficient notice to a Director to send notice by mail at least five (5) days or by e-mail or fax at least twenty-four (24) hours before the meeting addressed to him or her at his or her usual or last known business or residence address or to give notice to him in person or by telephone at least twenty-four (24) hours before the meeting. Notice of a meeting need not be given to any Director if a written waiver of notice, executed by him or her before or after the meeting, is filed with the records of the meeting, or to any Director who attends a meeting except when the Director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting. Each Director shall be required to attend not less than fifty percent (50%) of all meetings of the Directors in each year. A Director who fails to meet the foregoing attendance requirement shall be deemed conclusively to have resigned from the Board of Directors.

Section 3.6 Quorum. At any meeting of the Board of Directors, a majority of the Directors then in office shall constitute a quorum. Any meeting may be adjourned by a majority of the votes cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice.

Section 3.7 Vote Required to Act. When a quorum is present at any meeting, the affirmative vote of a majority of the Directors present and voting shall decide any question,

including election of officers unless otherwise provided by law, the Articles of Incorporation or these Bylaws.

Section 3.8 Action by Written Consent. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all the Directors consent to the action in writing and such written consents are filed with the records of the meetings of the Directors. Any such consent shall be treated for all purposes as a vote or votes taken at a meeting.

Section 3.9 Presence Through Communications Equipment. Directors may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in a meeting can communicate with each other at the same time, and participation by such means shall constitute presence in person at a meeting.

Section 3.10 Honorary Directors. The Board of Directors may, at their discretion, create an Honorary Director category. Appointments made to honorary directorship shall not effect the above-named consistency of the board of directors. Appointments to honorary directorship may be made by the Member among those current or former members of the Board of Directors who have diligently and faithfully served on the Board of Directors and for some reason or other are unable to continue at the participation with the Board of Directors. Honorary Directors may have the privilege of attending board meetings, but shall not be counted towards a quorum and shall not be entitled to vote.

IV. COMMITTEES

Section 4.1 Committees. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate and appoint one (1) or more committees, each of which shall consist of two (2) or more directors, and each of which committees, to the extent provided

in the resolution creating such committee, shall have and exercise all authority of the Directors, except that no committee shall have authority with respect to the following matters:

- (a) amending, altering or repealing these By-laws;
- (b) electing, appointing or removing any member of any committee or any director or officer;
- (c) amending or restating the articles of incorporation;
- (d) adopting a plan of merger or consolidation with another corporation;
- (e) authorizing the sale, lease, exchange or mortgage of all or substantially all of the property or assets of the Corporation;
- (f) authorizing the voluntary dissolution of the Corporation or revoking proceeds for voluntary dissolution;
- (g) adopting a plan for the distribution of the assets of the Corporation;
- (h) amending, altering or repealing any resolution of the Board of Directors which by its terms shall not be so amended, altered or repealed; or
- (i) taking any action that is reserved to the Member.

The designation and appointment of any committee and the delegation thereto of authority shall not operate to relieve the Board of Directors or any individual Director of any responsibility imposed upon it or him or her by law.

Section 4.2 Special Committees. The Board of Directors may appoint such special committees as are considered necessary to carry out the purpose of the Corporation. They shall be automatically dissolved when they have discharged their function and shall serve an advisory capacity only.

Section 4.3 Meetings. Meeting of committees, of which no notice shall be necessary, shall be held at such time and place as shall be fixed by the chair of the committee or by vote of a majority of all of the members of the committee.

Section 4.4 Quorum and Manner of Acting. Unless otherwise provided by resolution of the Board of Directors, a majority of all of the members of a committee shall constitute a quorum for the transaction of business and the vote of a majority of all of the members of the committee shall be the act of the committee.

The procedures and manner of acting of all committees shall be subject at all times to the directions of the Board of Directors.

Section 4.5 Tenure of Members of Committees of the Board. Each committee and every member thereof shall serve at the pleasure of the Board, except as otherwise provided in these Bylaws.

V. OFFICERS

Section 5.1 Officers. The officers of the Corporation shall be a President, a Treasurer, a Secretary and such other officers as the Board of Directors may deem necessary. The Corporation may also have such agents, if any, as the Board of Directors may appoint. A person may hold more than one office at the same time, except that no person shall hold both the office of President and Secretary at the same time.

Section 5.2 Powers. Subject to law, to the Articles of Incorporation and to the other provisions of these Bylaws, each officer shall have, in addition to the duties and powers herein set forth, such duties and powers as are commonly incident to his or her office and such additional duties and powers as the Board of Directors may from time to time designate.

Section 5.3 Election. The officers may be elected by the Board of Directors at its annual meeting or at any other time. At any time or from time to time the Directors may delegate to any officer the power to elect or appoint any other officer or any agents.

Section 5.4 Tenure. Each officer shall hold office for a term of one (1) year and until such officer's respective successor is chosen and qualified unless a shorter period shall have

been specified by the terms of such officer's election or appointment, or until such officer sooner dies, resigns, is removed or becomes disqualified. Each agent shall retain his or her authority at the pleasure of the Board of Directors, or the officer by whom he or she was appointed or by an officer who then holds agent appointive power.

Section 5.5 Chair of the Board of Directors: President and Vice Presidents; Chief Executive Officer. The Chair of the Board, if any, shall have such duties and powers as shall be designated from time to time by the Board of Directors. Unless the Board of Directors otherwise specifies, the, Chair, or, if there is no such officer, the President shall preside, or designate the person who shall preside, at all meetings of the Board of Directors.

Unless the Board of Directors otherwise specifies, the President shall be the chief executive officer and shall have direct charge of all operations of the Corporation and, subject to the control of the Board of Directors, shall have general charge and supervision of the business of the Corporation.

Any Vice Presidents shall have such duties and powers as shall be designated from time to time by the Board of Directors or by the President.

Section 5.6 Treasurer and Assistance Treasurers: Chief Financial Officer. Unless the Board of Directors otherwise specifies, the Treasurer shall be the chief financial officer of the Corporation and shall be in charge of its funds and valuable papers; be in charge of its books of account and accounting records, and of its accounting procedures; and shall have such other duties and powers as may be designated from time to time by the Board of Directors or by the President.

Any Assistant Treasurers shall have such duties and powers as shall be designated from time to time by the Board of Directors, the President or the Treasurer.

Section 5.7 Secretary and Assistant Secretaries. The Secretary shall record all proceedings of the Board of Directors and of committees of the Board of Directors in a book or series of books to be kept therefor and shall file therein all actions taken by the Member or the Board of Directors. In the absence of the Secretary from any meeting, an Assistant Secretary, or if there be none present, a temporary secretary chosen at the meeting, shall record the proceedings thereof. The Secretary shall have such other duties and powers as may from time to time be designated by the Board of Directors or the President.

Any Assistant Secretaries shall have such duties and powers as shall be designated from time to time by the Board of Directors, the President or the Secretary.

VI. RESIGNATIONS, REMOVALS AND VACANCIES

Section 6.1 Resignations and Removals. The Member or any Director or officer may resign at any time by delivering his or her resignation in writing to the Chair, if any, the President, or the Secretary or to a meeting of the Board of Directors. Such resignation shall be effective upon receipt unless specified to be effective at some other time, and without in either case the necessity of its being accepted unless the resignation shall so state. Any or all of the Directors may be removed from office with or without cause by the Member, in consultation with L+M. The Board of Directors may at any time remove any officer either with or without cause. The Board of Directors may at any time terminate or modify the authority of any agent. No Director or officer resigning or being removed (except where a right to receive compensation shall be expressly provided in a duly authorized written agreement with the Corporation) shall have any right to any compensation as such Director or officer for any period following his or her resignation or removal, or any right to damages on account of such removal, whether his or her compensation (if any) be by the month or by the year or otherwise.

Section 6.2 Officer Vacancies. If any officer position elected by the Board of Directors becomes vacant, the Board of Directors may elect a successor by vote of a majority of the Directors then in office. If any other officer position becomes vacant, any person or body empowered to elect or appoint that officer may choose a successor. Each such successor shall hold office for the unexpired term of his or her predecessor, and in the case of officers elected by the Board of Directors, until his or her successor is chosen and qualified or in each case until he or she sooner dies, is removed or becomes disqualified.

Section 6.3 Director Vacancies. Any vacancy of a directorship shall be filled as specified in Section 3.4 of these Bylaws.

VII. INDEMNIFICATION

Section 7.1 Indemnification of Officers, Directors, Members, and Members of Committees. The Corporation shall indemnify to the fullest extent permitted under Rhode Island General Laws § 7-6-6, as amended from time to time, or any other applicable law related or succeeding thereto then in effect, any Director, member, officer or member of a committee of the Corporation made a party to a proceeding by reason of such person being or have been a member, Director, officer or member of a committee of the Corporation against judgments, penalties, fines, settlements and reasonable expenses actually incurred, including those expenses actually incurred prior to the final disposition of such proceeding, subject to the limitations, if any, contained in Rhode Island General Laws § 7-6-6, as amended from time to time, or in any other applicable law related or succeeding thereto then in effect.

Section 7.2 Indemnification of Employees. The Corporation may indemnify to the fullest extent permitted under Rhode Island General Laws § 7-6-6, as amended from time to time, or any other applicable law related or succeeding thereto then in effect, any employee made

a party to a proceeding by reason of such person being or having been an employee of the Corporation against judgments, penalties, fines, settlements and reasonable expenses actually incurred, including those expenses actually incurred prior to the final disposition of such proceeding, subject to the limitations, if any, contained in Rhode Island General Laws § 7-6-6, as amended from time to time, or in any other applicable law related or succeeding thereto then in effect; provided, however, if such employee is made a party to a proceeding by reason of also being or having been an officer, director, member or member of a committee of the Corporation, then the Corporation shall indemnify the employee against those judgments, penalties, fines, settlements and reasonable expenses actually incurred in connection with such employee's service as an officer, director, member or member of a committee of the Corporation in accordance with Section 7.1 above and the Corporation may indemnify the employee against those judgments, penalties, fines, settlements and reasonable expenses actually incurred in connection with such employee's service as an employee.

VIII. MISCELLANEOUS

Section 8.1 Loans to Directors. No loans shall be made by the Corporation to its directors. Any director who assents to or participates in the making of any such loan shall be liable to the Corporation for the amount of the loan until their repayment thereof.

Section 8.2 Location. The principal office of the Corporation in the state of Rhode Island shall be located at such place as the directors may from time to time determine.

Section 8.3 Corporate Seal. The directors may adopt and alter the seal of the Corporation.

Section 8.4 Fiscal Year. The fiscal year of the Corporation shall end on September 30 in each year.

Section 8.5 Gender. The pronoun “he” or “his,” when appropriate, shall be construed to mean also “she” or “her,” and vice versa.

IX. CONFLICTS OF INTEREST; CONFIDENTIALITY

Section 9.1 Conflict of Interest and Confidentiality Policies. The Board expects individual Directors to exercise good judgment and follow high ethical standards. Individuals serving the Corporation should never permit private interests to conflict in any way with their obligations to the Corporation and to any entities affiliated with the Corporation. In addition, all members of the Board must honor the confidential nature of Corporation information and strive to maintain its confidentiality. To this end, from time to time the Board shall adopt a Conflict of Interest Policy and a Confidentiality Policy; such policies shall be deemed by this reference to be a part of these Bylaws. These policies shall be consistent with those of the Member, requirements of state law and the law of tax-exempt organizations, and shall address, among other things: the definition of “confidential materials” and “related persons”; disclosure by Board members; the purchase of goods and services; compensation decisions; and procedures to implement and enforce these policies.

X. AMENDMENTS

These Bylaws may be altered, amended or repealed by the Member.

**Adopted by the Board of Directors of
LMW Healthcare, Inc. as of April 28, 2014**

3

Exhibit 3

STATE OF RHODE ISLAND
WASHINGTON, SC

SUPERIOR COURT

**IN RE: LAWRENCE + MEMORIAL CORPORATION,
LMW HEALTHCARE d/b/a WESTERLY
HOSPITAL, and YALE NEW HAVEN HEALTH
SERVICES CORPORATION**

C.A. NO. 2015-_____

PETITION FOR *CY PRES* RELIEF

Lawrence + Memorial Corporation, LMW Healthcare, Inc. d/b/a Westerly Hospital, and Yale New Haven Health Services Corporation petition this Court for *cy pres* relief pursuant to R.I. Gen. Laws § 18-4-1 and this Court's equitable powers.

PARTIES

1. Lawrence + Memorial Corporation ("L+M") is a Connecticut non-stock, tax-exempt corporation. L+M is the parent and sole member of subsidiaries that operate acute care hospitals and community based services.

2. LMW Healthcare, Inc. ("LMW"), a subsidiary of L+M, is a Rhode Island nonprofit corporation created to operate The Westerly Hospital ("Westerly Hospital") and holds charitable assets formerly held by the Westerly Hospital Foundation.

3. Yale New Haven Health Services Corporation ("YNHHSC") is a Connecticut non-stock, tax-exempt corporation organized to provide support services to a nonprofit network of affiliated health care providers known collectively as the Yale New Haven Health System.

4. Under an Affiliation Agreement dated July 17, 2015, YNHHSC proposes to become the sole corporate member of L+M, which shall remain as the sole member of LMW. LMW's governance and operation of Westerly Hospital will not change under the affiliation.

THIS COURT'S CY PRES ORDER IN THE WESTERLY HOSPITAL MASTERSHIP

5. During the Westerly Hospital mastership proceeding (W.B. No. 2011-0781), this Court entered various Orders approving L + M's acquisition of Westerly Hospital and its related entities. On May 29, 2013, this Court (Stern, J.) entered an Order granting *cy pres* relief and authorizing the transfer of Westerly Hospital's charitable assets to LMW (the "*Cy Pres* Order"). A copy of the *Cy Pres* Order is attached as Exhibit A.

6. As part of L+M's acquisition of Westerly Hospital, the Rhode Island Attorney General entered a Hospital Conversion Act Decision, which included certain conditions (specifically, conditions 5-12) relating to the transfer of Westerly Hospital's charitable assets to LMW. A copy of the Hospital Conversion Act Decision is attached as Exhibit B. Conditions 5-12 of the Hospital Conversion Act Decision were incorporated into paragraph 16 of the *Cy Pres* Order.

REQUIRED APPROVALS OF THE YNHHS/L+M AFFILIATION

7. In furtherance of their affiliation, YNHHS, L+M and LMW have applied to the Rhode Island Department of Health and Rhode Island Attorney General for the State's regulatory approval in accordance with the procedures and requirements of the Hospital Conversions Act, as codified at Chapter 23-17.14 of the Rhode Island General Laws.

8. The parties must also file a *cy pres* petition in this Court relating to LMW's charitable assets, which are described below.

9. YNHHS, L+M and LMW do not seek any amendment of the continuing conditions imposed by the *Cy Pres* Order. LMW will maintain and administer its charitable assets in compliance with the *Cy Pres* Order.

SUMMARY OF LMW's CHARITABLE ASSETS

10. LMW is the beneficiary of the income from the following trusts: Charles A. Morgan Trust ("Morgan Trust"), the Louise D. Hoxsey Trust f/b/o Foundation Fund for a Hospital in Westerly Rhode Island ("Hoxsey Trust"), and the Irene Vose Trust ("Vose Trust").

11. LMW maintains the following permanent endowments: the Lewis L. Lefferts Endowment (the "Lefferts Endowment"), the Westerly Community Endowment (the "Community Endowment"), the Hamilton D. Schwarz Endowment (the "Schwarz Endowment") and the Foundation for Health Endowment (formerly known as the Rhode Island Renal Institute Endowment) (the "F. Health Endowment").

12. LMW maintains the following charitable funds: the Katherine Drake Fund (the "Drake Fund") and the Morgan Donations Fund.

THE TRUSTS

The Morgan Trust

13. Charles A. Morgan, a resident of Westerly, died on or about November 18, 1926.

14. Mr. Morgan's will dated October 31, 1924 was admitted into probate by the Westerly Probate Court on or about December 22, 1926.

15. In accordance with Clause SEVENTH of the will, Mr. Morgan's residuary estate was placed in a trust for the initial benefit of his housekeeper, Martha Barber, and his friend, Elizabeth F. Tennant. Both Ms. Barber and Ms. Tennant are deceased, and consequently, the trust is now held solely for the benefit of Westerly Hospital.

16. Paragraph 2 of Clause SEVENTH directs the trustee "to pay over the net income . . . annually, or at such other shorter periods as may seem best to [the] trustee, to [T]he Westerly Hospital, said income to be used by said Westerly Hospital for the furnishing of free hospital

service to such members of the public as may be in need thereof, and unable, in whole or in part to pay for such service.”

17. Mr. Morgan named Industrial Trust Company (now Bank of America, N.A.) as trustee of the Morgan Trust, and Bank of America has served and continued to serve as sole trustee.

18. Under paragraph 2 of the *Cy Pres* Order, LMW was substituted in place of Westerly Hospital as the sole beneficiary of the Morgan Trust.

19. As of June 30, 2015, the funds in the Morgan Trust totaled \$4,183,217.

The Hoxsey Trust

20. On or about May 1, 1916, Louise D. Hoxsey, a resident of Westerly, executed an Indenture by and between herself and The Washington Trust Company.

21. The Indenture established a trust fund to be held by The Washington Trust Company, which continues to serve as the trustee.

22. The funds in the Hoxsey Trust are to be used for the “establishment and maintenance of a hospital” in Westerly.

23. Under paragraph 3 of the *Cy Pres* Order, LMW was substituted in place of Westerly Hospital as the sole beneficiary of the Hoxey Trust.

24. As of June 30, 2015, the funds in the Hoxsey Trust totaled \$175,859.

The Vose Trust

25. The Last Will and Testament of Irene Vose dated December 19, 1932 created the Vose Trust naming the Westerly Hospital as one of its beneficiaries.

26. The Washington Trust Company served initially as the trustee of the Vose Trust. To reduce expenses charged to this perpetual trust, this Court approved the transfer of the administration of the Vose Trust to the Rhode Island Foundation.

27. The Rhode Island Foundation has made distributions to the Westerly Hospital and other designated beneficiaries in accordance with the terms of the Vose Trust.

28. Under paragraph 5 of the *Cy Pres* Order, LMW was substituted in place of Westerly Hospital as a beneficiary of the Vose Trust.

29. As of June 30, 2015, LMW held funds from the Vose Trust totaling \$72,364.

THE PERMANENT ENDOWMENTS

Lefferts Endowment

30. The last will and testament of Lewis L. Lefferts (the “Lefferts Will”) dated August 19, 1958 created the Lefferts Endowment. The Lefferts Will provided in pertinent part that funds would be paid over and distributed to the Westerly Hospital “as an Endowment Fund, the net income from which shall be used for the general corporate purposes of said hospital as directed by its Board of Trustees or other governing body.”

31. Under paragraph 6 of the *Cy Pres* Order, LMW was substituted in place of Westerly Hospital as the sole beneficiary of the Lefferts Endowment. The funds have been maintained in a LMW account and managed consistent with Condition No. 7 of the Attorney General’s Hospital Conversion Act Decision.

32. As of June 30, 2015, the Lefferts Endowment had \$2,696,264.00 in permanent endowment funds and \$1,377,339 in accumulated earnings on permanent endowment funds.

Community Endowment

33. The Community Endowment is a perpetual fund, created as a result of a combination of a number of smaller endowment accounts that were too small to have their own investment portfolio, and thus, to give donors the option to donate lesser amounts to a permanent endowment fund.

34. Under paragraph 7 of the *Cy Pres* Order, LMW was substituted in place of Westerly Hospital as the sole beneficiary of the Community Endowment. The funds have been maintained in a LMW account and managed consistent with Condition No. 7 of the Attorney General's Hospital Conversion Act Decision.

35. As of June 30, 2015, the Community Endowment totaled \$1,103,167.

Schwarz Endowment

36. On September 21, 2001, the Westerly Hospital Board of Trustees issued a resolution creating the Schwarz Endowment and requiring that the income "be used for the general purposes of the Westerly Hospital and the principal of the fund shall be held in perpetuity for the Westerly Hospital..."

37. Under paragraph 8 of the *Cy Pres* Order, LMW was substituted in place of Westerly Hospital as the sole beneficiary of the Schwarz Endowment. The funds have been maintained in a LMW account and managed consistent with Condition No. 7 of the Attorney General's Hospital Conversion Act Decision.

38. As of June 30, 2015, the funds in the Schwarz Endowment totaled \$285,570.

F. Health Endowment

39. The F. Health Endowment was created by letter agreement dated July 31, 2007, under which the Foundation for Health made a grant to Westerly Hospital of an interest in the property at One Rhody Drive in Westerly, Rhode Island. Westerly Hospital agreed to carry out activities that will involve education, prevention and care to benefit persons affected with renal disease and related disorders. Westerly Hospital also agreed to establish a permanent fund, designated by the Board of Trustees of the Hospital as the Foundation for Health Fund. Furthermore, the Hospital agreed that each year it would place the first \$50,000.00 of lease

revenues received from the One Rhody Drive property into the F. Health Endowment until its fair market value including accumulation of investments reached \$750,000.00.

40. Under paragraph 9 of the *Cy Pres* Order, LMW was substituted in place of Westerly Hospital as the sole beneficiary of the F. Health Endowment. The funds have been maintained in a LMW account and managed consistent with Condition No. 7 of the Attorney General's Hospital Conversion Act Decision.

41. As of June 30, 2015, the value of the F. Health Endowment totaled \$1,298,330.

CHARITABLE FUNDS

Drake Fund

42. The last will and testament of Katherine Drake dated September 24, 1976 and codicil thereto dated September 30, 1977 (collectively the "Drake Will") created the Drake Fund.

43. Article 6 of the Drake Will provides in pertinent part that \$50,000.00 be bequeathed to Westerly Hospital to be used to "promote the further and continuing medical education of members of the medical staff of that hospital."

44. On July 24, 1978, the Westerly Hospital Executive Committee adopted a resolution establishing the Drake Fund.

45. Under paragraph 11 of the *Cy Pres* Order, LMW was substituted in place of Westerly Hospital as the sole beneficiary of the Drake Fund, which has been transferred to a LMW account and managed consistent with Condition No. 7 of the Attorney General's Hospital Conversion Act Decision.

46. As of June 30, 2015, the Drake Fund totaled \$54,229.

Morgan Donations Fund

47. There are no legal documents pertaining to the Morgan Donations Fund.

48. In the past, individuals wished to make donations to the Morgan Trust to assist with Westerly Hospital's provision of free hospital services. However, there was no mechanism to incorporate such donations into the Morgan Trust. Thus, Westerly Hospital created the Morgan Donations Fund to accommodate the donations to assist with free hospital services.

49. Under paragraph 13 of the *Cy Pres* Order, LMW was substituted in place of Westerly Hospital as the sole beneficiary of the Morgan Donation Fund, which has been transferred to a LMW account and managed consistent with Condition No. 7 of the Attorney General's Hospital Conversion Act Decision.

50. As of June 30, 2015, Morgan Donations Fund totaled \$6,314.00.

NAMING RIGHTS

51. Paragraph 15 of the *Cy Pres* Order requires that LMW "shall maintain the designated naming rights of any past charitable donations absent consent of the Attorney General." LMW will continue to conform to this requirement.

REQUESTED *CY PRES* RELIEF

L+M, LMW and YNHHS respectfally request the following relief:

1. This Court grants this Petition for *Cy Pres* Relief;
2. This Court confirms that it has reviewed LMW's charitable assets in furtherance of its operation of Westerly Hospital and is satisfied that, in connection with the YNHHS/ L+M affiliation, LMW will continue to adhere to its charitable asset obligations under the previously entered *Cy Pres* Order.
2. This Court enters any such further necessary relief to effectuate its *cy pres* approval.

Lawrence & Memorial Corporation,
LMW Healthcare, Inc. d/b/a Westerly Hospital, and
Yale New Haven Health Services Corporation

By Their Attorneys,

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Dated: _____

Exhibit 14

LMW HEALTHCARE, INC. D/B/A WESTERLY HOSPITAL
AMENDED AND RESTATED BYLAWS

Amended and Restated as of _____, 201__

July 17, 2015 Final Version

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**LMW HEALTHCARE, INC. D/B/A WESTERLY HOSPITAL
AMENDED AND RESTATED BYLAWS**

ARTICLE I. NAME AND GENERAL PURPOSES

Section 1.1 Name. The name of the corporation is **LMW Healthcare, Inc.** (the "Corporation"). The Corporation shall conduct business under the name "Westerly Hospital."

Section 1.2 General Purposes. The purposes of the Corporation shall be as set forth in the Corporation's Articles of Incorporation as in effect from time to time. These Bylaws, the powers of the Corporation, its member, trustees and officers, and all matters concerning the conduct and regulation of the affairs of the Corporation shall be subject to the Articles of Incorporation.

ARTICLE II. MEMBERSHIP

Section 2.1 Member. The Corporation shall have a single member, Lawrence + Memorial Corporation (the "Member").

Section 2.2 Rights, Powers and Privileges. The Member shall have all the rights, powers and privileges usually or by law accorded to the member of a Rhode Island nonprofit corporation under the Rhode Island Nonprofit Corporation Act as may be amended from time to time (the "Act") and not conferred thereby or by the Articles of Incorporation or these Bylaws upon the Board of Trustees of the Corporation (the "Board"), including the right to elect the members of the Board in accordance with these Bylaws. If and to the extent that actions by the Member cannot be taken without the approval of the sole member of the Member, Yale-New Haven Health Services Corporation ("YNHHSC"), or actions have been reserved to YNHHSC, the Member may take such actions only as directed by YNHHSC.

Notwithstanding anything in these Bylaws to the contrary:

(a) Neither the Board, nor any officer or employee of the Corporation, may take any of the actions set forth in Exhibit A or Exhibit B of these Bylaws, nor may the Board or any officer or employee of the Corporation approve the taking of any such action by an Affiliate (as hereafter defined), except that, with respect to the actions on Exhibit A, the Board's recommendation may be requested by the Member and YNHHSC consistent with Section 3.1(a) below. For purposes hereof, an "Affiliate" of the Corporation shall mean, unless otherwise determined by the YNHHSC, any entity which at the time Affiliate status is being determined is directly or indirectly controlling or controlled by or under the direct or indirect common control with the Corporation. "Control" shall mean the legal power to (a) elect or cause the election of a majority of the governing body of the subject entity, or (b) direct or cause the direction of the subject entity's operations or management, whether the foregoing power(s) exist(s) through voting securities, other voting rights, reserved powers, contract rights, or other legally enforceable means.

(b) In addition to the rights reserved to the Member and YNHHSC to take the actions set forth in Exhibit A on behalf of and in the name of the Corporation, directly and without

the approval or the recommendation of the Board, YNHISC (or the Member, acting on the direction of YNHSC) expressly retains the rights to take the actions set forth in Exhibit B on behalf of and in the name of the Corporation, directly and without the approval or the recommendation of the Board or the Member of this Corporation.

(c) The Board shall have the authority, from time to time, to delegate to the Member and YNHSC any rights, powers and privileges that would otherwise be exercised by the Board to the fullest extent permitted by applicable law.

Section 2.3 Liability and Reimbursement of Expenses. Unless the Member expressly agrees otherwise in writing, the Member shall not be liable for the debts or obligations of the Corporation. The Member may be reimbursed for expenses reasonably incurred on behalf of the Corporation.

ARTICLE III. BOARD OF TRUSTEES

Section 3.1 Powers and Duties. Subject to the powers retained by, conferred upon, or reserved to the Member or YNHSC by law or under these Bylaws, the Board shall have charge, control and management of the affairs, property and funds of the Corporation in the manner and subject to the limitations set forth in these Bylaws. Each Trustee shall discharge his or her duties in good faith with the care an ordinarily prudent person in like position would exercise under similar circumstances and in a manner he or she reasonably believes to be in the best interests of the Corporation.

The Board shall have among its duties those duties required to be exercised by the governing body by applicable regulatory, licensing or accreditation agencies. Without limiting the generality of the foregoing, the Board shall be responsible for the appointment, organization and activities of the Medical Staff (the "Medical Staff"), shall hold the Medical Staff responsible for recommendations concerning medical matters, and shall make decisions regarding initial staff appointments, reappointments, terminations of appointments, and the granting, termination, curtailment or revision of clinical privileges (directly or as delegated by the Board to the Patient Safety and Clinical Quality Committee in accordance with Section 5.4(b) of these Bylaws).

Further without limiting the generality of the foregoing, and subject to Section 2.2 and Exhibit A and Exhibit B of these Bylaws, the Board may:

- (a) Make the following recommendations to the Member and YNHSC:
 - (i) Recommend to the Member and YNHSC the philosophy, mission and values of the Corporation and any changes thereto;
 - (ii) Recommend to the Member and YNHSC the Corporation's strategic plans;
 - (iii) Recommend to the Member and YNHSC the Corporation's annual operating and financial targets, major clinical and/or financial initiatives, and financial plans (including capital and operating budgets);

(iv) Recommend to the Member and YNHHS C the sale, transfer or substantial change in use of all or substantially all of the assets, the divestiture, dissolution and/or disposition of assets, closure, merger, consolidation, change in corporate membership or ownership or corporate reorganization of the Corporation or any Affiliate;

(v) Recommend to the Member and YNHHS C the formation or acquisition by the Corporation of any Affiliates or any other new direct or indirect subsidiaries, joint ventures or affiliations;

(vi) Recommend to the Member and YNHHS C the introduction or termination of any services to be offered by the Corporation not otherwise included in an approved budget or a strategic or financial plan; and

(vii) Recommend to the Member and YNHHS C changes to the Corporation's Certificate of Incorporation and Bylaws.

(b) Make the following recommendations to the Member:

(i) Recommend to the Member approval of any consent decree or settlements from state and federal authorities;

(ii) Recommend to the Member nominations for and removal of Trustees of the Corporation; and

(iii) Recommend to the Member the appointment and evaluation of the President of the Corporation.

(c) Take the following actions:

(i) Annually assess the Corporation's performance against approved budgets, initiatives and strategic plans adopted by the Member and YNHHS C;

(ii) Except for the President of the Corporation, elect officers of the Board (following consultation with the Member's Nominating and Governance Committee in accordance with Section 4.2 of these Bylaws) and remove from office any officer (except for the President of the Corporation) with or without cause (in accordance with Section 4.4(b) of these Bylaws);

(iii) Approve any business transaction or contract that is not otherwise included in an approved budget or a strategic or financial plan, except for long-term or material agreements that require the approval of the Member and YNHHS C in accordance with Exhibit A;

(iv) Periodically assess the Corporation's Quality Initiatives, including tracking and reporting on the Corporation's performance under quality measures, quality and patient safety programs and initiatives, patient satisfaction and cultural competence initiatives;

(v) Periodically assess the Corporation's Development Plans and its Planned Giving Plans;

(vi) Periodically assess the Corporation's Community Relations Initiatives and Community Outreach Programs;

(vii) Approve actions with respect to the privileges and credentials of members of the Corporation's medical staff in accordance with state and federal law, applicable accreditation standards, the Corporation's Medical Staff Bylaws and any System guidelines established by the Member, subject to the Board's delegation of authority to the Board Patient Safety and Clinical Quality Committee; and

(viii) Evaluate the Board's performance.

Section 3.2 Composition. The Board shall consist of two classes of voting Trustees, the Elected Trustees and the Ex Officio Trustees (collectively, the "Trustees").

(a) **Elected Trustees.** Elected Trustees shall be the persons elected by the Member for terms as set forth in these Bylaws, following nomination and approval pursuant to Section 3.4 of this Article III. Elected Trustees will represent a cross section of major segments of the community served by the Corporation and shall be selected, on the basis of demonstrated skill and ability, for their potential contribution to the governance of the affairs of the Corporation.

(b) **Ex Officio Trustees.** In addition to the Elected Trustees, there shall be the following Ex Officio Trustees, each of whom shall serve automatically by virtue of and while holding the designated office:

(i) the President/Chief Executive Officer of YNHSC (or his or her designee);

(ii) the President of the Member (if such person is not also concurrently serving as the President of the Corporation);

(iii) the President of the Corporation (if such person is not also concurrently serving as the President of the Member);

(iv) the President of the Medical Staff; and

(v) the Vice President of the Medical Staff.

Ex Officio Trustees shall be counted in determining the presence of a quorum and shall have the right to vote on all matters that come before the Board.

(c) **Other Board Participants.** Any present or former Trustee who has served with unusual distinction, or faithfully over a number of years, shall be eligible for election by the Board as a Trustee Emeritus. A Trustee Emeritus shall have the privilege of attending meetings of the Board and shall have the privilege of the floor, but shall have no vote at meetings

of the Board and shall not be counted in determining a quorum thereof.

Section 3.3 Number. The Board shall consist of no fewer than six (6) nor more than twelve (12) Trustees, such number to be determined from time to time by the Member.

Section 3.4 Election of Trustees. At the annual meeting of the Member, the Member shall elect successors to the Elected Trustees whose terms are then expiring. The Member shall elect such successors from among the nominees presented by the Board; provided, however, that in the event the Member does not elect any such nominee, the Board shall present a different nominee to the Member for election; and provided further that in the event any such successor nominee is not elected by the Member within ninety (90) days following the original nomination, the Member may solicit alternative nominees or elect its own nominee. In all events, the Elected Trustees shall be individuals who meet the requirements set forth in Section 3.2(a) of this Article III and who are satisfactory to YNHSC.

Notwithstanding anything herein to the contrary, the Elected Trustees shall include one (1) physician on the Medical Staff who has previously held the position of President of the Medical Staff.

Section 3.5 Term and Term Limits. There shall be three (3) classes of Elected Trustees, with approximately one-third of the Elected Trustees in each class, and the terms of all Trustees in the same class shall expire at the adjournment of the same annual meeting of the Member at which Trustees are elected. Elected Trustees shall take office at the close of the meeting of the Member at which they were elected or at such later date as may be established by the Member and, subject to Section 3.6 of this Article III, shall hold office for a term of three (3) years and until a successor is duly elected and qualified.

Notwithstanding anything herein to the contrary:

(a) No person shall be elected a Trustee for a term beginning after the date of his or her seventy-sixth birthday, provided that an Elected Trustee who is seventy-six (76) years of age or older may be re-elected for another term if (i) the Trustee is also elected as an officer of the Corporation or appointed chair of a standing committee at the beginning of such term; or (ii) the Member determines that additional service is appropriate due to the Trustee's unique expertise and commitment to the Board. In the instance of re-election as a Trustee for an additional term as provided in clause (i) of the foregoing sentence, Board membership shall be coterminous with said Trustee's service as an officer or committee chair.

(b) An Elected Trustee who has served three (3) consecutive full terms (provided that for the purposes of this Section 3.5 a term of service of more than one-half of a full term shall be considered a full term) shall not be eligible for re-election for a period of one year, provided that a Trustee may be re-elected for an additional consecutive term if (i) the Trustee is also elected as an officer of the Corporation or appointed chair of a standing committee at the beginning of such additional term; or (ii) the Member determines that additional service is appropriate due to the Trustee's unique expertise and commitment to the Board, which such

determination shall be made only in limited circumstances and shall be made prior to each proposed re-election after the Trustee's completion of three (3) consecutive full terms. In the instance of re-election as a Trustee for an additional term as provided in clause (i) of the foregoing sentence, Board membership shall be coterminous with said Trustee's service as an officer or committee chair.

(c) The provisions of paragraphs (a) and (b) of this Section shall not apply to an Elected Trustee in the event such Trustee also serves as a trustee of YNHHSO at the time such person is elected to serve as an Elected Trustee for a term otherwise prohibited by such paragraphs (a) and (b). In the instance of re-election as a Trustee for an additional term as provided in this paragraph (c), Board membership shall be coterminous with said Trustee's service as a trustee of YNHHSO.

Section 3.6 Resignation. Any Elected Trustee may resign at any time by giving written notice of such resignation to the Secretary of this Corporation. Such resignation shall be effective at the time specified in the notice, or if no time is specified, upon receipt by the Secretary. The acceptance of such resignation shall not be necessary to make it effective. Any Ex Officio Trustee who for any reason ceases to hold the office or position from which his or her status as an Ex Officio Trustee derives shall automatically be deemed to have resigned as a Trustee of the Corporation and from any position held by virtue of such office with any Affiliate.

Section 3.7 Removal. One or more Elected Trustees may be removed from the Board with or without cause by action of the Member, which action may be taken upon its own initiative or upon the recommendation of the Board. The Member shall remove an Elected Trustee at the direction of YNHHSO.

Section 3.8 Vacancies. In the event of the death, resignation or removal of an Elected Trustee, the vacancy resulting therefrom may be filled only by the Member in accordance with Section 3.4 of these Bylaws. An individual elected to fill a vacancy shall serve the remainder of the term of the trustee replaced.

Section 3.9 Meetings.

(a) **Annual Meetings.** The annual meeting of the Board shall be held on such date and time as the Chair of the Board shall designate.

(b) **Regular Meetings.** Regular meetings of the Board shall be held at least quarterly or more frequently as needed on such dates and at such times and places as the Chair shall designate.

(c) **Special Meetings.** Special meetings of the Board may be called at any time by the Chair or President and shall be called upon the written request of any three (3) Trustees.

Section 3.10 Notice of Meetings. Notice of the date, time and place of any meeting of the Board shall be given to each Trustee and to the Member at least five (5) days in advance of the meeting, except that no notice need be given of a regular meeting held in accordance with a schedule established at the beginning of the fiscal year and provided to the Board in writing.

Any notice of a meeting required under these Bylaws may be communicated to a Trustee in person, by mail or other delivery service, or by telephone, facsimile or other electronic means, including electronic mail directed to an electronic email address at which a Trustee has consented to receive notice. Notice to the Member shall be directed to the President of the Member and may be provided in person, by mail, or by telephone, facsimile or other electronic means, including electronic mail directed to an electronic mail address at which the President of the Member has consented to receive notice.

Section 3.11 Waiver of Notice. Notice of any meeting of the Board may be waived in writing by all the Trustees and, if any Trustee present at a meeting of the Board does not protest prior to or at the commencement of the meeting the lack of proper notice, he or she shall be deemed to have waived notice of such meeting.

Section 3.12 Action by Unanimous Written Consent. Any action required or permitted to be taken by the Board may be taken without a meeting if all the Trustees unanimously consent to such action in writing. Such written consent(s) shall be filed with the minutes of the Corporation and shall have the same force and effect as a vote of Trustees at a duly convened meeting. For purposes of this section, a Trustee may evidence his or her consent with any manual, facsimile, conformed or electronic signature, including an email communication from the Trustee to the Corporation from an email address provided by the Trustee to the Corporation.

Section 3.13 Participation by Conference Call. The members of the Board may participate in a meeting of the Board by means of conference telephone or similar communications equipment (including, without limitation, video conferencing equipment) affording all persons participating in the meeting the ability to hear one another, and such participation in the meeting by means of such equipment shall constitute presence in person at such meeting.

Section 3.14 Quorum and Voting. A majority of the number of Trustees in office at the time shall constitute a quorum for the transaction of business at all meetings of the Board, provided that if less than a majority of the Trustees is present at said meeting, a majority of the Trustees present may adjourn the meeting from time to time without further notice. The act of a majority of the Trustees present at a meeting at which a quorum is present at the time of the act shall be the act of the Board, unless the act of a greater number is required by these Bylaws, by the Certificate of Incorporation or by law. Notwithstanding the foregoing, in the event that any Trustee has a conflict of interest with respect to any transaction to be undertaken by the Corporation, such transaction shall require the approval of the Board or the Member consistent with Article VII.

ARTICLE IV. OFFICERS

Section 4.1 Officers. The officers of the Corporation shall consist of a President, a Chair, one or more Vice Chairs, a Secretary, a Treasurer and such other officers as may be appointed from time to time consistent with Section 4.6. The Chair and any Vice Chair shall be selected from among members of the Board of Trustees. The offices of the President, the Chair and the Treasurer shall be held by different individuals.

Section 4.2 Election and Term of Office. The President shall be appointed in accordance with Section 4.3(a) of this Article IV. The Chair, Vice Chairs, Secretary and Treasurer shall be nominated in consultation with the Nominating and Governance Committee of the Member and elected annually by the Board for a term of one year and until their successors are duly elected and qualified. The Board may create and fill such other offices as it deems necessary consistent with Section 4.6.

Section 4.3 Powers. The officers shall have the powers and perform the duties commonly incident to their respective offices, including the powers and duties listed below.

(a) **President.** The President of the Corporation shall be appointed by the Member, following consultation with the Board and with the approval of YNHHS. The appointed President shall serve at the pleasure of the Member and YNHHS.

The President shall be a person who in the judgment of the Member and YNHHS has the combination of education, experience, professional standards and demonstrated leadership ability to fulfill successfully the responsibilities of the position and to command the confidence and respect of the Board, the Medical Staff, Corporation personnel, YNHHS and the community.

The President shall be delegated the responsibility for overall management of the Corporation and shall have all authority necessary to carry out this responsibility, subject only to such policies as may be adopted by the Board. The President shall act as the duly authorized representative of the Board in all matters in which the Board has not formally delegated some other person to so act. The duties, responsibilities and authority of the President shall be defined in a written statement adopted by the Member in consultation with the Board and with the approval of YNHHS.

The President shall be a voting member of all standing committees except as otherwise specified in these Bylaws. The President shall report to the President of the Member (or his or her designee) as well as to the Board.

(b) **Chair.** The Chair of the Board shall preside at meetings of the Board and shall be a voting member of all committees except the Governance Committee. The Chair shall perform such other duties as the Board may from time to time prescribe.

(c) **Vice Chair.** The Board shall designate one or more Vice Chairs, who shall exercise the powers and duties of the Chair during absence or disability. The Vice Chair(s) shall perform such other duties as the Board or the Chair may from time to time prescribe.

(d) **Secretary.** The Secretary shall have the custody of the records of the Corporation pertaining to the Secretary's office; shall keep minutes of the meetings of the Board, and shall cause notice of such meetings to be given as required by law or these Bylaws. The Secretary shall perform such other duties as the Board or the Chair may from time to time prescribe.

(e) **Treasurer.** The Treasurer of the Corporation shall be responsible for the safekeeping of all funds and securities of the Corporation, shall see that proper records showing all financial transactions of the Corporation are maintained, and shall present financial reports to the Board.

Section 4.4 Resignation and Removal.

(a) An officer of the Corporation may resign at any time by giving written notice of such resignation to the Secretary. Such resignation shall be effective at the time specified in the notice, or if no time is specified, upon receipt by the Secretary. The acceptance of such resignation shall not be necessary to make it effective.

(b) The Board may remove from office any officer with or without cause; provided, however, that the President of the Corporation may be removed from office by the Member at the direction of YNHSC following consultation with the Board. Removal of an officer shall be without prejudice to the officer's contract rights, if any.

Section 4.5 Vacancies. In the case of the death, resignation or removal of any officer, except the President, the vacancy may be filled by the Board of Trustees for the unexpired term. A vacancy in the office of President shall be filled in accordance with Section 4.3(a).

Section 4.6 Other Officers. The Corporation may have such other officer or officers, including assistant officers, as the Board may from time to time determine. Any such officer or assistant officer shall be appointed or elected in the manner and for the term determined by the Board, and the officer shall have the duties assigned by the Board.

ARTICLE V. COMMITTEES

Section 5.1 Classification. There shall be such standing committees as are provided for in this Article V and such other committees as shall be established by Board resolution from time to time. Standing committees shall have the powers and duties set forth in this Article V and in a charter approved by the Board. Other committees shall have the powers and duties set forth in the resolution establishing them and in a charter approved by the Board. Each committee shall periodically review its charter and revise it as necessary; provided, however, that no amendment shall become effective until approved by the Board.

Section 5.2 Appointment of Committee Members. Except as otherwise provided in these Bylaws, members and chairs of all standing committees shall be appointed by the Board. All such committee members and chairs shall serve at the pleasure of the Board until the next annual meeting of the Board and until their successors shall be chosen. Unless otherwise provided, individuals who are not Trustees may be appointed to committees and each such person so appointed shall have a vote and be included for purposes of determining a quorum; provided, however, that if a committee is authorized to act on behalf of the Board, any such action must be approved by a majority of the committee members who are Trustees.

Section 5.3 Committee Governance.

(a) **Quorum and Voting.** A majority of the committee members shall constitute a quorum at committee meetings except as otherwise provided in these Bylaws. The act of a majority of the committee members present at a meeting at which a quorum is present at the time of the act shall be the act of such committee, unless the act of a greater number is required by these Bylaws, by resolution of the Board or by law.

(b) **Meetings.** Except as otherwise provided in these Bylaws or by resolution of the Board, each committee shall establish its own rules and procedures and shall fix the time and place of its meetings. Each committee shall keep minutes of its meetings which shall be made available to the Board upon request.

Section 5.4 Standing Committees.

(a) **Executive Committee.** The Executive Committee shall consist of the President, the Chair, the Secretary, the Treasurer, the President of the Member (if such person is not also concurrently serving as the President of the Corporation), a member of the Board selected by YNHHS, and any other member of the Board that the Board may choose to appoint. The Chair shall serve as the chair of the Executive Committee. The Executive Committee shall possess and may exercise in the intervals between meetings of the Board all such powers of the Board, except as may otherwise be provided by law, these Bylaws, or resolution of the Board.

(b) **Patient Safety and Clinical Quality Committee.** The Patient Safety and Clinical Quality Committee shall have such duties as are delegated to it by the Board. These duties include authority to render decisions in cases of uncontested medical staff appointments, reappointments, and renewals or modifications of clinical privileges. The Patient Safety and Clinical Quality Committee shall also periodically review patient safety and clinical quality metrics to ensure the provision of high quality, effective care. Other delegated duties may be set forth in the Medical Staff Bylaws. The Patient Safety and Clinical Quality Committee shall serve as a liaison for communication between the Board, the Medical Staff and hospital administration. To the extent that such committee engages in peer review activity, such committee shall function as a "peer review board" for the purposes set forth in R.I. Gen. Laws § 23-17-25(a), as amended from time to time.

Section 5.5 Other Committees. The Board may establish and appoint ad-hoc committees from time to time as the Board may deem necessary to carry out special fund raising events or other initiatives of the Board. Such committees may not exercise the authority of the Board, and any acts taken by them shall be solely advisory in nature. The members and chairs of each such committee shall be appointed by the Board, and each such committee shall consist of at least one (1) Trustee and two (2) other individuals who may or may not be Trustees. Each such committee shall be chaired by a Trustee of the Board. Committee members shall serve at the pleasure of the Board and until their successors are elected.

Section 5.6 Powers of Committees. No committee established by the Board shall have power to fill vacancies on the Board or on any of its committees, to amend the Certificate of Incorporation of the Corporation or these Bylaws, to approve a plan of merger, to approve a sale, lease, exchange or other disposition of all, or substantially all, of the property of the Corporation other than in the usual and regular course of affairs of the Corporation, to approve a proposal to dissolve, or to authorize any other action inconsistent with the Certificate of Incorporation or these Bylaws. The Executive Committee shall have authority to take actions consistent with these Bylaws; all other committees shall act in an advisory capacity only and shall have no power or authority to bind the Corporation, unless expressly authorized by the Board.

ARTICLE VI. INDEMNIFICATION

The Corporation shall indemnify and defend the Corporation's Trustees, officers and employees to the full extent permitted by law.

ARTICLE VII. CONFLICTS OF INTEREST

The Trustees and officers of the Corporation shall comply with any Conflicts of Interest policy adopted by the Corporation, as any such policy may be amended from time to time, and with the provisions of the Act related to disclosure and approval of transactions that present a conflict of interest.

ARTICLE VIII. MISCELLANEOUS PROVISIONS

Section 8.1 Fiscal Year. The fiscal year of the Corporation shall begin on the first day of October and end on the last day of September in each year unless the Board of Trustees shall otherwise determine.

Section 8.2 Execution of Deeds and Contracts. Except as otherwise directed by the Board, all deeds and mortgages made by the Corporation and all other written contracts, agreements and undertakings to which the Corporation shall be a party shall be executed in its name by the President or such other officers or officers as may be specified by the Board or authorized by the President.

Section 8.3 Execution of Negotiable Instruments. All checks, drafts, notes, bonds, bills of exchange and orders for the payment of money shall be signed by the President or such officer or officers of the Corporation as the Board may specify from time to time.

Section 8.4 Auxiliary. There may be an auxiliary organized to further the purposes and interests of the Corporation (the "Auxiliary"). The Auxiliary shall have the authority, subject to the review and approval of the Board, to adopt and amend bylaws for its operations which shall state its purpose, duties and organization.

Section 8.5 Department Chairs. The Corporation shall consult with YNHSC regarding the recruitment and selection of all Department Chairs or other comparable positions at the Corporation and/or any of its Affiliates.

ARTICLE IX. AMENDMENTS

Except as otherwise provided by the Articles of Incorporation or by law, and subject to approval by YNHSC, these Bylaws may be amended, altered, or repealed by the Member.

EXHIBIT A

Actions Requiring Approval of the Member and YNHHSIC

Notwithstanding anything in these Bylaws to the contrary, the following actions may only be taken upon the approval of the Member and YNHHSIC, without the approval of the Board of this Corporation:

- A. Merger, consolidation, reorganization or dissolution of this Corporation or any Affiliate or the creation or acquisition of an interest in any corporate entity, including joint ventures;
- B. Amendment or restatement of the Mission, Certificate of Incorporation or the Bylaws of this Corporation or any Affiliate, or any new or revised "doing business as" name;
- C. Adoption of operating and cash flow budgets of the Corporation or any Affiliate, including consolidated or combined budgets of this Corporation and all subsidiary organizations of the Corporation (pursuant to the authority delegated to this Corporation by YNHHSIC to adopt such budgets within parameters established by YNHHSIC);
- D. Adoption of capital budgets and capital allocations of this Corporation or any Affiliate (pursuant to the authority delegated to this Corporation by YNHHSIC to adopt such budgets within parameters established by YNHHSIC);
- E. Incurring aggregate operating or capital expenditures on an annual basis that exceed operating or capital budgets of the Corporation adopted by YNHHSIC by a specified dollar amount to be determined from time to time by YNHHSIC;
- F. Long-term or material agreements including, but not limited to, equity financings, capitalized leases, operating leases and installment contracts; and purchase, sale, lease, disposition, hypothecation, exchange, gift, pledge or encumbrance of any asset, real or personal, with a fair market value in excess of a dollar amount to be determined from time to time by YNHHSIC, which shall not be less than 10% of the total annual capital budget of this Corporation;
- G. Approval of any new relationships or agreements for undergraduate or graduate medical education programs or any material amendments to or terminations of existing agreements for undergraduate or graduate medical education programs;
- H. Contracting with an unrelated third party for all or substantially all of the management of the assets or operations of this Corporation or any Affiliate;
- I. Approval of major new programs and clinical services of this Corporation or any Affiliate or discontinuation or consolidation of any such program. YNHHSIC shall from time to time define the term "major" in this context;

- J. Approval of strategic plans of this Corporation or any Affiliate;
- K. Adoption of safety and quality assurance policies not in conformity with policies established by YNHHSK;
- L. Oversee the Corporation's management and investment of its permanent and temporarily restricted funds;
- M. Approve any voluntary change to the federal income tax exemption granted by the IRS to the Corporation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended;
- N. Initiate or consent to any form of insolvency proceeding undertaken by the Corporation or any direct or indirect subsidiary of the Corporation;
- O. Approve any change in the name of the Corporation, and establish advertising, marketing and promotional policies applicable to the Corporation; and
- P. Appointment of the President of this Corporation consistent with Section 4.3(a).

Nothing in these Bylaws shall be construed in a manner that is inconsistent with the authorities with respect to the Corporation that are reserved or retained by the Member or YNHHSK pursuant to these Bylaws and the Bylaws of the Member and of YNHHSK.

EXHIBIT B

Direct Authority Retained by YNHHS

Notwithstanding anything in these Bylaws to the contrary, YNHHS (or, where required by law, the Member acting at the direction of YNHHS) retains authority to take the following actions on behalf of and in the name of this Corporation, directly and without the approval of the Board of this Corporation:

- A. Adoption of targets for the annual operating and cash flow budgets of this Corporation and its Affiliates, including consolidated or combined budgets of this Corporation and all subsidiary organizations of the Corporation;
- B. Adoption of targets for the annual capital budgets and capital allocations of this Corporation and any Affiliate;
- C. Adoption of annual operating, cash flow and annual capital budgets for the Corporation and any Affiliate within the targets established by YNHHS in the event of any failure of the Corporation to do so;
- D. Issuance and incurrence of indebtedness on behalf of this Corporation;
- E. Management and control of the liquid assets of this Corporation, including the authority to cause such assets to be funded to YNHHS or as otherwise directed by YNHHS; and
- F. Appointment of the independent auditor for this Corporation and each Affiliate and the management of the audit process and compliance process and procedures for this Corporation and each Affiliate.

Other Major Activities

- A. In addition, YNHHS shall have the authority, except as otherwise provided by YNHHS and after consultation with the Member, to require the prior review and approval of those activities of this Corporation or any subsidiary or affiliate entity that YNHHS determines to be "major activities."
- B. "Major activities" shall be those which YNHHS by a vote of not less than two-thirds (2/3) of its Board of Trustees has declared major, by written notice to the Member, delivered personally or transmitted by registered or certified mail return receipt requested. Such notice shall specifically identify the matter or matters requiring approval of YNHHS, and shall refer to this Bylaw provision granting such approval rights to YNHHS. Notices received pursuant to this section shall be recorded in the minutes of the Member and of this Corporation, and shall be filed with the minutes of the Member and of this Corporation.

Brief Summary of Proposed Changes to Westerly Hospital Bylaws

LMW Healthcare, Inc. d/b/a Westerly Hospital

The proposed Amended and Restated Bylaws contain revisions that grant YNHHC and Lawrence + Memorial Corporation certain authority and approval rights, which are set forth in Exhibit A and Exhibit B to the Bylaws. The board of trustees remains responsible for the appointment, organization, and activities of the Westerly Hospital Medical Staff. Like the changes to the Lawrence + Memorial Corporation Bylaws, the governing body is changed from a board of directors of three (3) to eleven (11) members to a board of trustees of six (6) to twelve (12) members, which is consistent with the structure and terminology used by other Yale New Haven Health System entities. The board of trustees will consist of certain elected members that “represent a cross section of major segments of the community served by [Westerly Hospital]...” The board of trustees shall also consist of certain ex-officio trustees as follows:

YNHHC President/CEO
Lawrence + Memorial Corporation, Inc. President
President of Westerly Hospital
President of Westerly Hospital Medical Staff
Vice President of Westerly Hospital Medical Staff

This board representation is consistent with LMW Healthcare’s pre-affiliation board structure with the addition of a YNHHC representative to the board.

LMW HEALTHCARE, INC. D/B/A WESTERLY HOSPITAL
AMENDED AND RESTATED BYLAWS

~~d/b/a The Westerly Hospital~~

ARTICLE II. NAME AND GENERAL PURPOSES
Role and Purpose of the Hospital; Member

~~Section 1.01 Role and Purpose of the Hospital. LMW Healthcare, Inc. (the "Hospital") shall be organized and operated exclusively for charitable purposes within the meaning of the Internal Revenue Code of 1986, as now in effect or as may hereafter be amended (the "Code"). The Corporation shall not conduct or carry on any activities not permitted to be conducted or carried on by an organization exempt under Section 501(c)(3) of the Code. The role and purpose of the Corporation shall include the following:~~
1.1 Name. The name of the corporation is LMW Healthcare, Inc. (the "Corporation"). The Corporation shall conduct business under the name "Westerly hospital."

- ~~a. To establish, maintain and carry on an institution within the health-care delivery system (the "System") administered by Lawrence + Memorial Corporation, with permanent facilities for inpatients and ambulatory patients, with medical services to provide diagnosis and treatment, to carry on all associated services, and to assure that there is no unlawful discrimination under any program or in any facility of the Hospital;~~
- ~~b. To participate, so far as circumstances may warrant, in any activity designed and carried on to promote the general health needs of the community;~~
- ~~c. To conduct and participate in educational and scientific research activities related to providing care to the sick and injured, to the promotion of health, or to the development of personnel in the health professions or occupations, which, in the opinion of the Board of Directors may be justified and supported by the facilities, personnel, funds or other requirements that are or can be made available; and~~
- ~~d. To engage in any lawful act or activity for which a corporation may be organized under the Rhode Island Revised Nonprofit Corporation Act (the "Act"), as now in effect and as the same may be amended from time to time.~~

~~Section 1.02 Member, Lawrence + Memorial Corporation. The Hospital shall have but one (1) member, Lawrence + Memorial Corporation (the "Member"), which shall elect the Board of Directors of the Hospital (also referred to in these Bylaws as the Board or Board of Directors), adopt, amend and repeal these Bylaws, and have all of the other~~

~~Section 1.2 General Purposes. The purposes of the Corporation shall be as set forth in the Corporation's Articles of Incorporation as in effect from time to time. These Bylaws, the powers of the Corporation, its member, trustees and officers, and all matters concerning the conduct and regulation of the affairs of the Corporation shall be subject to the Articles of Incorporation.~~

ARTICLE II MEMBERSHIP

~~Section 2.1 Member. The Corporation shall have a single member, Lawrence + Memorial Corporation (the "Member").~~

~~Section 2.2 Rights, Powers and Privileges. The Member shall have all the rights, powers and privileges usually or by law accorded to the members of a nonprofit federally tax exempt corporation and not conferred by the Certificate of Incorporation or these Bylaws on the Board of Directors of the Hospital. In addition to any other rights, powers and privileges as it may have by law or under the Certificate of Incorporation, the Member shall have the right and power to:~~

- ~~(a) Approve the philosophy, mission and values of the Hospital and any change thereto;~~
- ~~(b) Adopt strategic plans for the Hospital;~~
- ~~(c) Approve the Hospital's annual operating and financial targets, major clinical and/or financial initiatives, and financial plans (including capital and operating budgets);~~
- ~~(d) Approve the formation or acquisition by the Hospital of any new direct or indirect subsidiaries, joint ventures or affiliations;~~
- ~~(e) Approve the Certificate of Incorporation, Bylaws and other governance documents of the Hospital, and any amendments thereto or restatements thereof;~~
- ~~(f) Approve all core competencies and qualifications required for selection of the Hospital's Directors;~~

~~(g) In consultation with and upon recommendation of the Board, appoint all Directors of the Hospital, and remove, with or without cause all Directors or board officers of the Hospital;~~

~~(h) In consultation with and upon recommendation of the Board, appoint and remove, determine the compensation for, and conduct the evaluation of, the President and Chief Executive Officer of the Hospital (the "President and CEO");~~

~~(i) Select and approve any auditor of the annual audited financial statements for the Hospital;~~

~~(j) Approve any accounting or debt management programs, establish any debt limits under such programs, approve any variances from such programs or limits for the Hospital, and incur or assume any debt on behalf of the Hospital;~~

~~(k) Approve the incurrence of debt or financing by the Hospital, other than credit purchases of goods or services in the ordinary course of business, except as included in approved capital or operating budgets;~~

~~(l) Oversee the Hospital's use, management and investment of its permanent and temporarily restricted endowment funds;~~

~~(m) Approve any voluntary change to the federal income tax exemption granted by the IRS to the Hospital under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code");~~

~~(n) Initiate or consent to any form of insolvency proceeding undertaken by the Hospital or any direct or indirect subsidiary of the Hospital;~~

~~(o) Approve all projects, agreements or transactions undertaken by the Hospital involving the expenditure of funds or divestiture of assets in excess of \$250,000 and not otherwise included in an approved budget;~~

~~(p) Approve the services offered by the Hospital, new service lines or termination of existing service lines not otherwise included in an approved budget or a strategic or financial plan;~~

~~(q) Approve any sale, lease, transfer, or substantial change in the use of all or substantially all of the assets of the Hospital or any direct or indirect subsidiary of the Hospital;~~

~~(r) Approve any merger, consolidation, restructuring, change in corporate ownership, dissolution, or liquidation of the Hospital or any direct or indirect subsidiary of the Hospital;~~

(s) Approve the acquisition of any real estate or any significant lease arrangement by the Hospital, except as otherwise included in a strategic or financial plan or approved budget;

(t) Approve any management contract or outsourcing arrangement for the Hospital which would substantially impact or alter its operations; and

(u) Approve any change in the primary business name or logo of the Hospital.

Section 1.03 Manner of Action by Member. Any action permitted or required of the Member by law, the Certificate of Incorporation or these Bylaws may be taken by vote of its board of directors, or by or through any person or persons designated by either its bylaws or its board of directors to act on its behalf. Except as provided in Section 2.05 of these Bylaws, any such action may also be taken without a meeting by written communication of a duly authorized representative of the Member acting within the limits of his/her authority. Any such action by the Member or its duly authorized representative shall be filed with the Secretary of the Hospital. Whenever approval by the Member is required by law, the Certificate of Incorporation or these Bylaws, the Member shall attempt to act on a request for approval within the timeframe set forth in any schedule that may be developed from time to time, or if no such schedule exists, in a timely manner. member of a Rhode Island nonprofit corporation under the Rhode Island Nonprofit Corporation Act as may be amended from time to time (the "Act") and not conferred thereby or by the Articles of Incorporation or these Bylaws upon the Board of Trustees of the Corporation (the "Board"), including the right to elect the members of the Board in accordance with these Bylaws. If and to the extent that actions by the Member cannot be taken without the approval of the sole member of the Member, Yale-New Haven Health Services Corporation ("YNHHSC"), or actions have been reserved to YNHHSC, the Member may take such actions only as directed by YNHHSC.

Notwithstanding anything in these Bylaws to the contrary:

(a) Neither the Board, nor any officer or employee of the Corporation, may take any of the actions set forth in Exhibit A or Exhibit 13 of these Bylaws, nor may the Board or any officer or employee of the Corporation approve the taking of any such action by an Affiliate (as hereafter defined), except that, with respect to the actions on Exhibit A, the Board's recommendation may be requested by the Member and YNHHSC consistent with Section 3.1(a) below. For purposes hereof, an "Affiliate" of the Corporation shall mean, unless otherwise determined by the YNHHSC, any entity which at the time Affiliate status is being determined is directly or indirectly controlling or controlled by or under the direct or indirect common control with the Corporation. "Control" shall

mean the legal power to (a) elect or cause the election of a majority of the governing body of the subject entity, or (b) direct or cause the direction of the subject entity's operations or management, whether the foregoing power(s) exist(s) through voting securities, other voting rights, reserved powers, contract rights, or other legally enforceable means.

(b) In addition to the rights reserved to the Member and YNHHS to take the actions set forth in Exhibit A on behalf of and in the name of the Corporation, directly and without

the approval or the recommendation of the Board, YNHHC (or the Member, acting on the direction of YNHHC) expressly retains the rights to take the actions set forth in Exhibit B on behalf of and in the name of the Corporation, directly and without the approval or the recommendation of the Board or the Member of this Corporation.

(c) The Board shall have the authority, from time to time, to delegate to the Member and YNHHC any rights, powers and privileges that would otherwise be exercised by the Board to the fullest extent permitted by applicable law.

Section 23 Liability and Reimbursement of Expenses. Unless the Member expressly agrees otherwise in writing, the Member shall not be liable for the debts or obligations of the Corporation. The Member may be reimbursed for expenses reasonably incurred on behalf of the Corporation.

ARTICLE III. BOARD OF TRUSTEES Board of Directors

Section 2.01 Composition. Following the first annual meeting (as set forth in Section 3.01 below) or at such earlier time as determined in the discretion of the initial Board of Directors, the Board of Directors shall consist of not less than three (3) nor more than eleven (11) Directors, such number within the variable range to be determined by the Member at its annual meeting. At all times, up to five (5) of these Directors shall serve ex officio: the President and CEO, the President and Chief Executive Officer of the Member (if such individual is not also concurrently serving as the Hospital's President and CEO), the President of the Medical Staff, the Vice President of the Medical Staff, and a representative at large of the Medical Staff who ordinarily shall be the immediate past President or a former President of the Medical Staff (the "Ex-Officio Directors"). The remainder of the Directors, the "Elected Directors," shall be members of the Member and elected by the Member in accordance with these Bylaws. The Elected Directors shall be divided into three (3) groups, so that approximately one third (1/3) of the Directors shall have terms that expire annually. The Elected Directors and the Ex-Officio Directors are together referred to in these Bylaws as the "Directors."
3.1 Powers and Duties. Subject to the powers retained by, conferred upon, or reserved to the Member or YNHHC by law or under these Bylaws, the Board shall have charge, control and management of the affairs, property and funds of the Corporation in the manner and subject to the limitations set forth in these Bylaws. Each Trustee shall discharge his or her duties in good faith with the care an ordinarily prudent person in like position would exercise under similar circumstances and in a manner he or she reasonably believes to be in the best interests of the Corporation.

Section 2.02 Election and Terms. Elected Directors shall be elected by the Member at its annual meeting from a slate of nominees prepared by its Governance Committee. No other nominations shall be permitted. Except as provided otherwise in these Bylaws, Elected Directors shall serve a term of three (3) years, or until their resignation, removal or death. The Member may elect Directors to serve one year or

~~two year terms in order to achieve the groupings required by Section 2.01 of these Bylaws.~~

~~Section 2.03 Tenure. An Elected Director shall be eligible for election to three (3) consecutive three year terms. For the purposes of determining eligibility for re-election, an Elected Director who has served more than one and one half (1 ½) years of a three year term shall be deemed to have served a full term. An Elected Director may be re-elected for a fourth consecutive term if the Director is also elected as an officer at the beginning of such fourth term. After serving the maximum time permitted under this Section, an Elected Director may be re-elected to the Board only after the Director has been off the Board for a period of at least one (1) year.~~

~~Section 2.04 Resignation. An Elected Director may resign at any time by delivering written notice to the Secretary of the Hospital. The resignation shall be effective when the notice is delivered, unless the notice specifies a later effective date. If an Ex Officio Director resigns or is removed from the position from which his or her ex officio status derives, the Ex Officio Director will immediately and automatically cease to be a Director without further action by the Board or the Member.~~

~~Section 2.05 Removal. An Elected Director may be removed by the affirmative vote of the Member at a meeting of the Member's board of directors. The notice of such meeting shall state that the purpose or one of the purposes of the meeting is removal of the Elected Director.~~

~~Section 2.06 Vacancies. A vacancy of an Elected Director may be filled by the Member or the Board at any regular or special meeting. If filled by the Board, the individual elected to fill the vacancy shall serve until the next meeting of the Member at which Directors are elected.~~

~~Section 2.07 Duties and Responsibilities. Subject to the rights, powers and privileges accorded to the Member in the Certificate of Incorporation, these Bylaws,~~

or by law, the Board shall manage and direct the business, property, and affairs of the Hospital. The Board of Directors shall exercise all of the powers of the Hospital in accordance with these Bylaws. Without limiting the foregoing, the Board shall have the power to

The Board shall have among its duties those duties required to be exercised by the governing body by applicable regulatory, licensing or accreditation agencies. Without limiting the generality of the foregoing, the Board shall be responsible for the appointment, organization and activities of the Medical Staff (the "Medical Staff"), shall hold the Medical Staff responsible for recommendations concerning medical matters, and shall make decisions regarding initial staff appointments, reappointments, terminations of appointments, and the granting, termination, curtailment or revision of clinical privileges (directly or as delegated by the Board to the Patient Safety and Clinical Quality Committee in accordance with Section 5.4(b) of these Bylaws).

Further without limiting the generality of the foregoing, and subject to Section 2.2 and Exhibit A and Exhibit B of these Bylaws, the Board may:

(a) Make the following recommendations to the Member and YNHHC:

(i) ~~(a) Develop and recommend~~ Recommend to the Member and YNHHC the philosophy, mission and values of the ~~Hospital Corporation~~ and any changes thereto;

(ii) ~~(b) Develop and recommend~~ Recommend to the Member and YNHHC the ~~Hospital Corporation's~~ strategic plans;

(iii) ~~(c) Develop and recommend~~ Recommend to the Member and YNHHC the ~~Hospital Corporation's~~ annual operating and financial targets, major clinical and/or financial initiatives, and financial plans (including capital and operating budgets);

(iv) ~~(d) Annually assess the Hospital's performance against approved budgets, initiatives and strategic plans adopted by the Member;~~

(iv) ~~(e)~~ Recommend to the Member and YNHHSC the sale, transfer or substantial change in use of all or substantially all of the assets, the divestiture, dissolution and/or disposition of assets, closure, merger, consolidation, change in corporate membership or ownership or corporate reorganization of the Hospital Corporation or any direct or indirect subsidiary of the Hospital Affiliate;

(v) ~~(f)~~ Recommend to the Member and YNHHSC the formation or acquisition by the Hospital Corporation of any Affiliates or any other new direct or indirect subsidiaries, joint ventures or affiliations;

(vi) ~~(g)~~ Recommend to the Member and YNHHSC the introduction or termination of any services to be offered by the Hospital Corporation not otherwise included in an approved budget or a strategic or financial plan; and

(vii) Recommend to the Member and YNHHSC changes to the Corporation's Certificate of Incorporation and Bylaws.

(b) Make the following recommendations to the Member:

(i) ~~(h)~~ Approve ~~Recommend to the Member approval of any~~ consent decree or settlements from state and federal authorities, ~~following consultation with the Member;~~

(ii) ~~(i)~~ Recommend to the Member changes to the Hospital's Certificate of Incorporation and Bylaws;

(iii) ~~(j)~~ Recommend to the Member nominations for and removal of Directors ~~Trustees of the Hospital Corporation; and~~

(k) Elect officers of the Board, and recommend to the Member the removal of any officer of the Board;

(iv) Recommend to the Member the appointment and evaluation of the President of the Corporation.

(c) Take the following actions:

(i) Annually assess the Corporation's performance against approved budgets, initiatives and strategic plans adopted by the Member and YNHHS;

(ii) ~~(l)~~ Recommend to the Member the selection, evaluation and compensation of the President and CEO; Except for the President of the Corporation, elect officers of the Board (following consultation with the Member's Nominating and Governance Committee in accordance with Section 4.2 of these Bylaws) and remove from office any officer (except for the President of the Corporation) with or without cause (in accordance with Section 4.4(b) of these Bylaws);

(iii) ~~(m)~~ Approve business transactions or material contracts, subject to the rights of the Member set forth in Section 1.02, not otherwise included in an approved budget or a strategic or financial plan;

(iv) (n) ~~Approve any incurrence or assumption of debt by the Hospital in accordance with the guidelines for accounting and debt management programs established by the Member. Approve any business transaction or contract that is not otherwise included in an approved budget or a strategic or financial plan, except for long-term or material agreements that require the approval of the Member and YNHHS in accordance with Exhibit A;~~

(v) (o) Periodically assess the ~~Hospital Corporation's~~ Quality Initiatives, including tracking and reporting on the ~~Hospital Corporation's~~ performance under quality measures, quality and patient safety programs and initiatives, patient satisfaction and cultural competence initiatives;

(vi) (p) ~~Periodically assess the Hospital's policies and programs to assure corporate and regulatory compliance, including all required state and federal license and generally recommended accreditations and certifications;~~

(vii) (q) ~~Periodically assess the Hospital's policies and programs relating to human relations and labor relations;~~

- (v) ~~Periodically assess the Corporation's Development Plans and its~~
- (#) ~~Periodically assess the Hospital's Development Plans and its Planned Giving Plans;~~
- (vi) ~~(s) Periodically assess the Hospital Corporation's Community Relations Initiatives and Community Outreach Programs;~~
- (vii) ~~(t) Plan and implement policies and programs relating to the Hospital's use, management and investment of its permanent and temporarily restricted endowment funds, annual appeal funds, and net proceeds from special fundraising events;~~
- (viii) ~~(u) Approve actions with respect to the privileges and credentials of members of the Hospital Corporation's medical staff in accordance with state and federal law, applicable accreditation standards, the Hospital Corporation's Medical Staff Bylaws and any System guidelines established by the Member; subject to the Board's delegation of authority to the Board Patient Safety and Clinical Quality Committee; and~~
- (ix) ~~(v)~~
- (x) ~~Evaluate the Board's performance; and~~
- (xi) ~~(w) Recommend to the Member the appointment and removal of the President and CEO.~~

(xii) ~~Section 2.08 Compensation. The Directors shall serve without compensation for their services as Directors but may be reimbursed by the Hospital for their reasonable expenses and disbursements in that capacity on behalf of the Hospital.~~

~~Section 2.09 Directors Emeriti. In its discretion, the Member may appoint Directors Emeriti. To be eligible for appointment, an individual shall have contributed lengthy and exemplary service to the Hospital as a Director. From time to time, Directors Emeriti may be invited to attend Board meetings, but shall not vote or be counted towards a quorum. Individuals appointed as Directors Emeriti shall retain such appointments for life.~~

ARTICLE III

~~Meetings of the Board of Directors's performance.~~

Section 3.2 Composition. The Board shall consist of two classes of voting Trustees, the Elected Trustees and the Ex Officio Trustees (collectively, the "Trustees").

(a) Elected Trustees. Elected Trustees shall be the persons elected by the Member for terms as set forth in these Bylaws, following nomination and approval pursuant to Section 3.4 of this Article III. Elected Trustees will represent a cross section of major segments of the community served by the Corporation and shall be selected, on the basis of demonstrated skill and ability, for their potential contribution to the governance of the affairs of the Corporation.

(b) Ex Officio Trustees. In addition to the Elected Trustees, there shall be the following Ex Officio Trustees, each of whom shall serve automatically by virtue of and while holding the designated office:

- (i) the President/Chief Executive Officer of YNHHS (or his or her designee);
- (ii) the President of the Member (if such person is not also concurrently serving as the President of the Corporation);
- (iii) the President of the Corporation (if such person is not also concurrently serving as the President of the Member);
- (iv) the President of the Medical Staff; and
- (v) the Vice President of the Medical Staff.

Ex Officio Trustees shall be counted in determining the presence of a quorum and shall have the right to vote on all matters that come before the Board.

(c) Other Board Participants. Any present or former Trustee who has served with unusual distinction, or faithfully over a number of years, shall be eligible for election by the Board as a Trustee Emeritus. A Trustee Emeritus shall have the privilege of attending meetings of the Board and shall have the privilege of the floor, but shall have no vote at meetings.

of the Board and shall not be counted in determining a quorum thereof.

Section 3.01 Annual and Regular Meetings. The annual meeting of the Board shall be held in the month of December on a date to be fixed by the Chair from year to year, unless the Chair shall designate a different date for the annual meeting of the Board. The transaction of business at the annual meeting shall be unlimited except as otherwise specified in these Bylaws. There shall be up to twelve (12) regular meetings of the Board per fiscal year, with a schedule of such meetings to be adopted by resolution of the Board. 3.3 Number. The Board shall consist of no fewer than six (6) nor more than twelve (12) Trustees, such number to be determined from time to time by the Member.

Section 3.4 Election of Trustees. At the annual meeting of the Member, the Member shall elect successors to the Elected Trustees whose terms are then expiring. The Member shall elect such successors from among the nominees presented by the Board; provided however, that in the event the Member does not elect any such nominee, the Board shall present a different nominee to the Member for election; and provided further that in the event any such successor nominee is not elected by the Member within ninety (90) days following the original nomination, the Member may solicit alternative nominees or elect its own nominee. In all events, the Elected Trustees shall be individuals who meet the requirements set forth in Section 3.2(a) of this Article III and who are satisfactory to YNHSC.

Notwithstanding anything herein to the contrary, the Elected Trustees shall include one (1) physician on the Medical Staff who has previously held the position of President of the Medical Staff.

Section 3.5 Term and Term Limits. There shall be three (3) classes of Elected Trustees, with approximately one-third of the Elected Trustees in each class, and the terms of all Trustees in the same class shall expire at the adjournment of the same annual meeting of the Member at which Trustees are elected. Elected Trustees shall take office at the close of the meeting of the Member at which they were elected or at such later date as may be established by the Member and, subject to Section 3.6 of this Article III, shall hold office for a term of three (3) years and until a successor is duly elected and qualified.

Notwithstanding anything herein to the contrary:

(a) No person shall be elected a Trustee for a term beginning after the date of his or her seventy-sixth birthday, provided that an Elected Trustee who is seventy-six (76) years of age or older may be re-elected for another term if (i) the Trustee is also elected as an officer of the Corporation or appointed chair of a standing committee at the beginning of such term; or (ii) the Member determines that additional service is appropriate due to the Trustee's unique expertise and commitment to the Board. In the instance of re-election as a Trustee for an additional term as provided in clause (i) of the foregoing sentence, Board membership shall be coterminous with said Trustee's service as an officer or committee chair.

(b) An Elected Trustee who has served three (3) consecutive full terms (provided that for the purposes of this Section 3.5 a term of service of more than one-half of a full term shall be considered a full term) shall not be eligible for re-election for a period of one year, provided that a Trustee may be re-elected for an additional consecutive term if (i) the Trustee is also elected as an officer of the Corporation or appointed chair of a standing committee at the

beginning of such additional term; or (ii) the Member determines that additional service is appropriate due to the Trustee's unique expertise and commitment to the Board, which such

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Section 3.02 Notice of Annual and Regular Meetings. The Secretary shall give notice of the date, time and place of the annual meeting and each regular meeting of the Board by mail, electronic mail, telecommunications, telephone, facsimile, delivery service or in person to each Director at least five (5) days in advance of the meeting, except that no notice need be given of a regular meeting held in accordance with a schedule approved by the Board.

determination shall be made only in limited circumstances and shall be made prior to each proposed re-election after the Trustee's completion of three (3) consecutive full terms. In the instance of re-election as a Trustee for an additional term as provided in clause (j) of the foregoing sentence, Board membership shall be coterminous with said Trustee's service as an officer or committee chair.

(c) The provisions of paragraphs (a) and (b) of this Section shall not apply to an Elected Trustee in the event such Trustee also serves as a trustee of YNHHSO at the time such person is elected to serve as an Elected Trustee for a term otherwise prohibited by such paragraphs (a) and (b). In the instance of re-election as a Trustee for an additional term as provided in this paragraph (c), Board membership shall be coterminous with said Trustee's service as a trustee of YNHHSO.

Section 3.6 Resignation. Any Elected Trustee may resign at any time by giving written notice of such resignation to the Secretary of this Corporation. Such resignation shall be effective at the time specified in the notice, or if no time is specified, upon receipt by the Secretary. The acceptance of such resignation shall not be necessary to make it effective. Any Ex Officio Trustee who for any reason ceases to hold the office or position from which his or her status as an Ex Officio Trustee derives shall automatically be deemed to have resigned as a Trustee of the Corporation and from any position held by virtue of such office with any Affiliate.

Section 3.7 Removal. One or more Elected Trustees may be removed from the Board with or without cause by action of the Member, which action may be taken upon its own initiative or upon the recommendation of the Board. The Member shall remove an Elected Trustee at the direction of YNHHSO.

Section 3.8 Vacancies. In the event of the death, resignation or removal of an Elected Trustee, the vacancy resulting therefrom may be filled only by the Member in accordance with Section 3.4 of these Bylaws. An individual elected to fill a vacancy shall serve the remainder of the term of the trustee replaced.

Section 3.9 Meetings.

(a) Annual Meetings. The annual meeting of the Board shall be held on such date and time as the Chair of the Board shall designate.

(b) Regular Meetings. Regular meetings of the Board shall be held at least quarterly or more frequently as needed on such dates and at such times and places as the Chair shall designate.

(c) - ~~Section 3.03 Special Meetings. Special meetings may be called at any time by the Chair, and shall be called by the Chair within seven (7) days of receipt of the written request of any three (3) Directors. Notice of the date, time, place and purpose of a special meeting shall be given to each Director by mail, electronic mail, telecommunications, telephone, facsimile, delivery service or in person at least twenty four (24) hours before the scheduled time of the meeting and no business shall be transacted at such meeting other than that specifically set forth in the notice.~~ Special Meetings. Special meetings of the Board may be called at any time by the Chair or President and shall be called upon the written request of any three (3) Trustees.

(d)

(e) ~~Section 3.04 Quorum; Vote Required for Action.~~ A majority of all Directors shall constitute a quorum at all meetings of the Board. The affirmative vote of a majority of the Directors present at a meeting at which time a vote is taken shall be the act of the Board, unless the vote of a greater number is required by the Certificate of Incorporation, these Bylaws, or by law. Ex-officio Directors shall be counted in determining a quorum and shall be entitled to vote.

(f)

(g) ~~Section 3.05 Action Without Meeting.~~ If all members of the Board consent in writing to any action taken or to be taken, the action shall be the same as if authorized at a meeting of the Board; all written consent(s) shall be included in the corporate minutes or filed with the corporate records.

Section 3.10 Notice of Meetings. Notice of the date, time and place of any meeting of the Board shall be given to each Trustee and to the Member at least five (5) days in advance of the meeting, except that no notice need be given of a regular meeting held in accordance with a schedule established at the beginning of the fiscal year and provided to the Board in writing.

Any notice of a meeting required under these Bylaws may be communicated to a Trustee in person, by mail or other delivery service, or by telephone, facsimile or other electronic means, including electronic mail directed to an electronic email address at which a Trustee has consented to receive notice. Notice to the Member shall be directed to the President of the Member and may be provided in person, by mail, or by telephone, facsimile or other electronic means, including electronic mail directed to an electronic mail address at which the President of the Member has consented to receive notice.

Section 3.11 Waiver of Notice. Notice of any meeting of the Board may be waived in writing by all the Trustees and, if any Trustee present at a meeting of the Board does not protest prior to or at the commencement of the meeting the lack of proper notice, he or she shall be deemed to have waived notice of such meeting.

Section 3.12 Action by Unanimous Written Consent. Any action required or permitted to be taken by the Board may be taken without a meeting if all the Trustees unanimously consent to such action in writing. Such written consent(s) shall be filed with the minutes of the Corporation and shall have the same force and effect as a vote of Trustees at a duly convened meeting. For purposes of this section, a Trustee may evidence his or her consent with any manual, facsimile, conformed or electronic signature, including an email communication from the Trustee to the Corporation from an email address provided by the Trustee to the Corporation.

Section 3.06—3.13 Participation by Conference Telephone. Any member~~Call. The members~~ of the Board may participate in a meeting of the Board by means of a conference telephone or similar communications equipment enabling all members of the Board (including, without limitation, video conferencing equipment) affording all persons participating in the meeting the ability to hear one another, and such participation in the meeting by means of such equipment shall constitute presence in person at such meeting.

~~Section 3.07 Agenda and Records of Meetings. There shall be a written agenda for each meeting of the Board, and minutes of each meeting shall be prepared and submitted to the Board for approval by the Secretary or a delegate. Minutes shall reflect attendance at the meeting, and shall be dated, signed and maintained in the corporate records following approval.~~

~~Section 3.08 Executive Session. The Board of Directors shall meet in executive session at least once during each fiscal year and may meet in executive session at such other times as the Chair may designate. An executive session may be held during any regular or special meeting of the Board and shall be attended only by Directors and other persons invited by the Chair for all or any portion of the executive session, provided that Directors who are employees of the Hospital may at the discretion of the Chair be excluded from all or any portion of an executive session.~~

Section 3.14 Quorum and Voting. A majority of the number of Trustees in office at the time shall constitute a quorum for the transaction of business at all meetings of the Board, provided that if less than a majority of the Trustees is present at said meeting, a majority of the

Trustees present may adjourn the meeting from time to time without further notice. The act of a majority of the Trustees present at a meeting at which a quorum is present at the time of the act shall be the act of the Board, unless the act of a greater number is required by these Bylaws, by the Certificate of Incorporation or by law. Notwithstanding the foregoing, in the event that any Trustee has a conflict of interest with respect to any transaction to be undertaken by the Corporation, such transaction shall require the approval of the Board or the Member consistent with Article VII.

ARTICLE IV OFFICERS **Officers**

~~Section 4.01 Officers.~~ The officers shall be a Chair, the President and CEO, a Secretary, a Treasurer, and such other officers as may from time to time be designated by the Board. The Chair, Secretary and Treasurer shall be chosen from the members of the Board and the Chair must qualify as an independent member of the Board under applicable IRS and Corporation guidelines. The offices of Chair, President and CEO and Secretary shall be held by different individuals. **4.1 Officers.** The officers of the Corporation shall consist of a President, a

~~Section 4.02 Election.~~ The officers except for the President and CEO shall be chosen by the Board at its annual meeting, and shall hold office until the next annual meeting.

~~Section 4.03 Vacancies.~~ Any vacancy occurring in any office shall be filled promptly by the Board at any Board meeting.

~~Section 4.04 Removal.~~ Any officer may be removed with or without cause by the Member at any meeting of the board of directors of the Member, provided that the notice of the meeting specifically states that the purpose or one of the purposes of the meeting is removal of the officer.

~~Section 4.05 Duties.~~ The duties of the officers shall be as follows:

Chair, one or more Vice Chairs, a Secretary, a Treasurer and such other officers as may be appointed from time to time consistent with Section 4.6. The Chair and any Vice Chair shall be selected from among members of the Board of Trustees. The offices of the President, the Chair and the Treasurer shall be held by different individuals.

Section 4.2 Election and Term of Office. The President shall be appointed in accordance with Section 4.3(a) of this Article IV. The Chair, Vice Chairs, Secretary and Treasurer shall be nominated in consultation with the Nominating and Governance Committee of the Member and elected annually by the Board for a term of one year and until their successors are duly elected and qualified. The Board may create and fill such other offices as it deems necessary consistent with Section 4.6.

Section 4.3 Powers. The officers shall have the powers and perform the duties commonly incident to their respective offices, including the powers and duties listed below.

(a) President. The President of the Corporation shall be appointed by the Member, following consultation with the Board and with the approval of YNHHS. The appointed President shall serve at the pleasure of the Member and YNHHS.

The President shall be a person who in the judgment of the Member and YNHHS has the combination of education, experience, professional standards and demonstrated leadership ability to fulfill successfully the responsibilities of the position and to command the confidence and respect of the Board, the Medical Staff, Corporation personnel, YNHHS and the community.

The President shall be delegated the responsibility for overall management of the Corporation and shall have all authority necessary to carry out this responsibility, subject only to such policies as may be adopted by the Board. The President shall act as the duly authorized representative of the Board in all matters in which the Board has not formally delegated some other person to so act. The duties, responsibilities and authority of the President shall be defined in a written statement adopted by the Member in consultation with the Board and with the approval of YNHHS.

The President shall be a voting member of all standing committees except as otherwise specified in these Bylaws. The President shall report to the President of the Member (or his or her designee) as well as to the Board.

(b) a. Chair. The Chair or in the Chair's absence a Director who is the Chair's delegate or who is appointed by the Board shall preside at all meetings of the Board and shall perform other duties incident to the office or delegated by the Board or these Bylaws. The Chair shall be an ex-officio member of all committees. The Chair of the Board shall preside at meetings of the Board and shall be a voting member of all committees except the Governance Committee. The Chair shall perform such other duties as the Board may from time to time prescribe.

b. President and CEO. The President and CEO shall be the chief executive officer of the Hospital and shall perform such other duties incident to that office or delegated by the Member, the Board or these Bylaws. The Hospital's President and CEO shall be an ex-officio member of all committees established by the Board. The Member shall appoint the President and CEO, who shall serve until his or her death, resignation, disability, or removal in accordance with these Bylaws.

e. Secretary. The Secretary shall maintain the

(c) Vice Chair. The Board shall designate one or more Vice Chairs, who shall exercise the powers and duties of the Chair during absence or disability. The Vice Chair(s) shall perform such other duties as the Board or the Chair may from time to time prescribe.

(d) Secretary. The Secretary shall have the custody of the records of the Corporation pertaining to the Secretary's office; shall keep minutes of the meetings of the Board in the corporate records; give or cause to be given all notices required by these Bylaws or by law; serve as custodian of the Board's records; make such records available to the Board upon its request; and perform all other duties incident to the office or delegated by the Board or these Bylaws.

(c) d. Treasurer. The Treasurer shall supervise the receipt and custody of the Hospital's funds and investments; render a full account and statement of the condition of the Hospital's finances at each annual meeting of the Board and at such other times as requested by the Board; and perform other duties incident to the office or as may be delegated by the Board or these Bylaws, and shall cause notice of such meetings to be given as required by law or these Bylaws. The Secretary shall perform such other duties as the Board or the Chair may from time to time prescribe.

(c) Treasurer. The Treasurer of the Corporation shall be responsible for the safekeeping of all funds and securities of the Corporation, shall see that proper records showing all financial transactions of the Corporation are maintained, and shall present financial reports to the Board.

Section 4.4 Resignation and Removal.

(a) An officer of the Corporation may resign at any time by giving written notice of such resignation to the Secretary. Such resignation shall be effective at the time specified in the notice, or if no time is specified, upon receipt by the Secretary. The acceptance of such resignation shall not be necessary to make it effective.

(b) The Board may remove from office any officer with or without cause; provided, however, that the President of the Corporation may be removed from office by the Member at the direction of YNHSC following consultation with the Board. Removal of an officer shall be without prejudice to the officer's contract rights, if any.

Section 4.5 Vacancies. In the case of the death, resignation or removal of any officer, except the President, the vacancy may be filled by the Board of Trustees for the unexpired term. A vacancy in the office of President shall be filled in accordance with Section 4.3 (a).

~~e. Section 4.6 Other Officers: The Board may from time to time appoint an Assistant Treasurer, Assistant Secretary or any other officer or officers, including assistant officers, as the Board may deem necessary or advisable for the efficient operation of the Corporation's affairs, each of whom shall hold office for such period, have such authority and perform such duties as the Board of Directors may from time to time determine. Any such officer or assistant officer shall be appointed or elected in the manner and for the term determined by the Board, and the officer shall have the duties assigned by the Board.~~

ARTICLE V, COMMITTEES

President and CEO

~~Section 5.01 Appointment. The Member shall appoint a President and CEO in accordance with these Bylaws. Other executive management staff shall be appointed by the President and CEO with the approval of the Board. The removal of the President and CEO shall be at the discretion of the Member.~~

~~Section 5.02 Qualifications for the President and CEO. The Board shall develop and recommend to the member a criteria-based process for selecting a President and CEO. Among other criteria, education and relevant experience are important qualifications. The Board shall also develop and recommend to the Member any performance objectives, evaluations and compensation programs for the President and CEO. The President and CEO shall have the knowledge and skills necessary to perform the duties required of the Hospital's senior leader.~~

~~Section 5.03 Responsibilities of the President.~~ The President and CEO shall be the chief executive officer of the Hospital. Subject to the powers expressly reserved to the Board or the Member, the President and CEO shall, in general, supervise and control all the business and affairs of the Hospital and shall have the power to sign, acknowledge and deliver on behalf of the Hospital all deeds, agreements and other formal instruments. If no Chair or Vice Chair has been appointed or in the absence of the Chair or Vice Chair, the President and CEO shall, in general, supervise and control all of the business and affairs of the Hospital, all deeds, agreements and other formal instruments. The President and CEO shall see that all orders and resolutions of the Board and of the committees of the Board are carried into effect. In general, he or she shall perform all duties incident to the office of President and CEO and such other duties as may from time to time be assigned to the President and CEO by these Bylaws, by the Board, or by the Member.

~~Section 5.04 Attendance at Meetings.~~ The President shall attend all meetings of the Board unless excused by the Chair.

ARTICLE VI

Committees

Section 5.1 Classification. There shall be such standing committees as are provided for in this Article V and such other committees as shall be established by Board resolution from time to time. Standing committees shall have the powers and duties set forth in this Article V and in a charter approved by the Board. Other committees shall have the powers and duties set forth in the resolution establishing them and in a charter approved by the Board. Each committee shall periodically review its charter and revise it as necessary; provided, however, that no amendment shall become effective until approved by the Board.

Section 5.2 Appointment of Committee Members. Except as otherwise provided in these Bylaws, members and chairs of all standing committees shall be appointed by the Board. All such committee members and chairs shall serve at the pleasure of the Board until the next annual meeting of the Board and until their successors shall be chosen. Unless otherwise provided, individuals who are not Trustees may be appointed to committees and each such person so appointed shall have a vote and be included for purposes of determining a quorum; provided, however, that if a committee is authorized to act on behalf of the Board, any such action must be approved by a majority of the committee members who are Trustees.

Section 5.3 Committee Governance.

(a) Quorum and Voting. A majority of the committee members shall constitute a quorum at committee meetings except as otherwise provided in these Bylaws. The act of a majority of the committee members present at a meeting at which a quorum is present at the time of the act shall be the act of such committee, unless the act of a greater number is required by these Bylaws, by resolution of the Board or by law.

(b) Meetings. Except as otherwise provided in these Bylaws or by resolution of the Board, each committee shall establish its own rules and procedures and shall fix the time and place of its meetings. Each committee shall keep minutes of its meetings which shall be made available to the Board upon request.

Section 5.4 Standing Committees.

(a) Executive Committee. The Executive Committee shall consist of the President, the Chair, the Secretary, the Treasurer, the President of the Member (if such person is not also concurrently serving as the President of the Corporation), a member of the Board selected by YNHSC, and any other member of the Board that the Board may choose to appoint. The Chair shall serve as the chair of the Executive Committee. The Executive Committee shall possess and may exercise in the intervals between meetings of the Board all such powers of the Board, except as may otherwise be provided by law, these Bylaws, or resolution of the Board.

(b) Patient Safety and Clinical Quality Committee. The Patient Safety and Clinical Quality Committee shall have such duties as are delegated to it by the Board. These duties include authority to render decisions in cases of uncontested medical staff appointments, reappointments, and renewals or modifications of clinical privileges. The Patient Safety and Clinical Quality Committee shall also periodically review patient safety and clinical quality metrics to ensure the provision of high quality, effective care. Other delegated duties may be set forth in the Medical Staff Bylaws. The Patient Safety and Clinical Quality Committee shall serve as a liaison for communication between the Board, the Medical Staff and hospital administration. To the extent that such committee engages in peer review activity, such committee shall function as a "peer review board" for the purposes set forth in R.I. Gen. Laws § 23-17-25(a), as amended from time to time.

~~Section 6.01 Generally.~~ 5.5 Other Committees. The Board may establish and appoint ad hoc committees from time to time as the Board may deem necessary to carry out special fund raising events or other initiatives of the Board. ~~Committees~~ Such committees may not exercise the authority of the Board, and any acts taken by them shall be solely advisory in nature. The members and ~~chair~~ chairs of each such committee shall be appointed by the Board, and each such committee shall consist of at least one (1) ~~Director~~ Trustee and two (2) other individuals who may or may not be ~~Directors~~ Trustees. Each such committee established by the Board shall be chaired by a ~~Director~~ Trustee of the Board. Committee members shall serve at the pleasure of the Board and until their successors are elected.

~~Section 6.02. Committee Procedures.~~ Notice of the date, time and location of a committee meeting shall be given to each member of such committee by mail, electronic mail, telecommunications, telephone, facsimile, delivery service or in person at least twenty-four (24) hours before the scheduled time of the meeting. Minutes shall be recorded of each meeting of the committee and submitted at the next regular meeting of the Board. The committee chair or the chair's designee shall make a full report of each meeting of the committee at the next meeting of the Board. 5.6 Powers of Committees. No committee established by the Board shall have power to fill vacancies on the Board or on any of its committees, to amend the Certificate of Incorporation of the Corporation or these Bylaws, to approve a plan of merger, to approve a sale, lease, exchange or other disposition of all, or substantially all, of the property of the Corporation other than in the usual and regular course of affairs of the Corporation, to approve a proposal to dissolve, or to authorize any other action inconsistent with the Certificate of Incorporation or these Bylaws. The Executive Committee shall have authority to take actions consistent with these Bylaws; all other committees shall act in an advisory capacity only and shall have no power or authority to bind the Corporation, unless expressly authorized by the Board.

~~Section 6.03 Committees - Miscellaneous Provisions.~~ The Chair may designate one or more officers of the Hospital to serve as ex-officio members of a committee. Each such committee shall adopt and follow rules and procedures for its organization and operation.

~~Section 6.04 "Medical Review Committees".~~ Any committee or subcommittee referred to in or otherwise established in accordance with the provisions of these Bylaws, as well as the Board itself, when engaged in any peer-review activity, is intended to be a "peer review board" within the meaning of that term as set forth in Rhode Island General Laws § 5-37-1, as may be amended from time to time.

ARTICLE VII

Medical Staff

~~Section 7.01 The Appointment and Governance of the Medical Staff.~~ The Board shall appoint all members of the Hospital's Medical Staff, approve each member's delineated clinical privileges, and be responsible for the organization and activities of the Medical Staff. The Board shall adopt and from time to time review the bylaws and rules and regulations of the Medical Staff. The Board shall assure that the Medical Staff complies with such bylaws, rules and regulations, and shall have and regularly consult with a liaison of the Medical Staff.

~~Section 7.02 Recommendations of The Medical Staff Executive Committee.~~ The Board shall accept and review, for possible adoption by the Board, specific recommendations from the Medical Staff executive committee, made in accordance with the provisions of the Medical Staff bylaws, and relating to:

- a. The structure of the Medical Staff;

- b. ~~The process designed for reviewing credentials and delineating individual clinical privileges;~~
- e. ~~Recommendations for Medical Staff membership;~~
- d. ~~The organization of the Medical Staff's performance improvement activities, as well as the process designed for conducting, evaluating and revising such activities;~~
- e. ~~The process by which Medical Staff membership may be terminated;~~
and
- f. ~~The fair hearing process.~~

ARTICLE VI INDEMNIFICATION

The Corporation shall indemnify and defend the Corporation's Trustees, officers and employees to the full extent permitted by law.

ARTICLE VII CONFLICTS OF INTEREST

The Trustees and officers of the Corporation shall comply with any Conflicts of Interest policy adopted by the Corporation, as any such policy may be amended from time to time, and with the provisions of the Act related to disclosure and approval of transactions that present a conflict of interest.

~~ARTICLE VIII~~ ARTICLE VIII MISCELLANEOUS PROVISIONS

Conflict of Interest; Confidentiality

~~Section 8.01 "Conflict of Interest" Defined; Conflict of Interest and Confidentiality Policies.~~ The Board expects the Directors to exercise good judgment and follow high ethical standards. Individuals serving the Hospital should never permit private interests to conflict in any way with their obligations to the Hospital and to any entities affiliated with the Hospital. In addition, all Directors must honor the confidential nature of Hospital information and strive to maintain its confidentiality. To this end, from time to time the Board shall adopt a Conflict of Interest Policy and a Confidentiality Policy; such policies shall be as effective as if they were part of these Bylaws. These policies shall be consistent with requirements of state law, the law of tax exempt organizations, and the requirements of the Joint Commission on the Accreditation of Healthcare Organizations, and shall address, among other things: the definition of "confidential materials" and "related persons"; disclosure by Board members; the purchase of goods and services; compensation decisions; and procedures to implement and enforce these policies.

Section 8.1 Fiscal Year. The fiscal year of the Corporation shall begin on the first day of October and end on the last day of September in each year unless the Board of Trustees shall otherwise determine.

Section 8.2 Execution of Deeds and Contracts. Except as otherwise directed by the Board, all deeds and mortgages made by the Corporation and all other written contracts, agreements and undertakings to which the Corporation shall be a party shall be executed in its name by the President or such other officers or officers as may be specified by the Board or authorized by the President.

Section 8.3 Execution of Negotiable Instruments. All checks, drafts, notes, bonds, bills of exchange and orders for the payment of money shall be signed by the President or such officer or officers of the Corporation as the Board may specify from time to time.

Section 8.4 Auxiliary. There may be an auxiliary organized to further the purposes and interests of the Corporation (the "Auxiliary"). The Auxiliary shall have the authority, subject to the review and approval of the Board, to adopt and amend bylaws for its operations which shall state its purpose, duties and organization.

Section 8.5 Department Chairs. The Corporation shall consult with YNHHS regarding the recruitment and selection of all Department Chairs or other comparable positions at the Corporation and/or any of its Affiliates.

ARTICLE IX, AMENDMENTS

Amendments

Except as otherwise provided by the Articles of Incorporation or by law, and subject to approval by YNHHS, these Bylaws may be amended, altered, or repealed by the Member.

EXHIBIT A

Actions Requiring Approval of the Member and YNHHS

Notwithstanding anything in these Bylaws to the contrary, the following actions may only be taken upon the approval of the Member and YNHHS, without the approval of the Board of this Corporation:

- A. Merger, consolidation, reorganization or dissolution of this Corporation or any Affiliate or the creation or acquisition of an interest in any corporate entity, including joint ventures;
- B. Amendment or restatement of the Mission, Certificate of Incorporation or the Bylaws of this Corporation or any Affiliate, or any new or revised "doing business as" name;
- C. Adoption of operating and cash flow budgets of the Corporation or any Affiliate, including consolidated or combined budgets of this Corporation and all subsidiary organizations of the Corporation (pursuant to the authority delegated to this Corporation by YNHHS to adopt such budgets within parameters established by YNHHS);
- D. Adoption of capital budgets and capital allocations of this Corporation or any Affiliate (pursuant to the authority delegated to this Corporation by YNHHS to adopt such budgets within parameters established by YNHHS);
- E. Incurring aggregate operating or capital expenditures on an annual basis that exceed operating or capital budgets of the Corporation adopted by YNHHS by a specified dollar amount to be determined from time to time by YNHHS;
- F. Long-term or material agreements including, but not limited to, equity financings, capitalized leases, operating leases and installment contracts; and purchase, sale, lease, disposition, hypothecation, exchange, gift, pledge or encumbrance of any asset, real or personal, with a fair market value in excess of a dollar amount to be determined from time to time by YNHHS, which shall not be less than 10% of the total annual capital budget of this Corporation;
- G. Approval of any new relationships or agreements for undergraduate or graduate medical education programs or any material amendments to or terminations of existing agreements for undergraduate or graduate medical education programs;
- H. Contracting with an unrelated third party for all or substantially all of the management of the assets or operations of this Corporation or any Affiliate;
- I. Approval of major new programs and clinical services of this Corporation or any Affiliate or discontinuation or consolidation of any such program. YNHHS shall from time to time define the term "major" in this context;

- J. Approval of strategic plans of this Corporation or any Affiliate;
- K. Adoption of safety and quality assurance policies not in conformity with policies established by YNHHSO;
- L. Oversee the Corporation's management and investment of its permanent and temporarily restricted funds;
- M. Approve any voluntary change to the federal income tax exemption granted by the IRS to the Corporation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended;
- N. Initiate or consent to any form of insolvency proceeding undertaken by the Corporation or any direct or indirect subsidiary of the Corporation;
- O. Approve any change in the name of the Corporation, and establish advertising, marketing and promotional policies applicable to the Corporation; and
- P. Appointment of the President of this Corporation consistent with Section 4.3(a).

Nothing in these Bylaws shall be construed in a manner that is inconsistent with the authorities with respect to the Corporation that are reserved or retained by the Member or WIMSC pursuant to these Bylaws and the Bylaws of the Member and of YNHHSO.

EXIBBIT B

Direct Authority Retained by YNHHC

Notwithstanding anything in these Bylaws to the contrary, YNHHC (or, where required by law, the Member acting at the direction of YNHHC) retains authority to take the following actions on behalf of and in the name of this Corporation, directly and without the approval of the Board of this Corporation:

- A. Adoption of targets for the annual operating and cash flow budgets of this Corporation and its Affiliates, including consolidated or combined budgets of this Corporation and all subsidiary organizations of the Corporation;
- B. Adoption of targets for the annual capital budgets and capital allocations of this Corporation and any Affiliate;
- C. Adoption of annual operating, cash flow and annual capital budgets for the Corporation and any Affiliate within the targets established by YNHHC in the event of any failure of the Corporation to do so;
- D. Issuance and incurrence of indebtedness on behalf of this Corporation;
- E. Management and control of the liquid assets of this Corporation, including the authority to cause such assets to be funded to YNHHC or as otherwise directed by YNHHC; and
- F. Appointment of the independent auditor for this Corporation and each Affiliate and the management of the audit process and compliance process and procedures for this Corporation and each Affiliate.

Other Major Activities

- A. Section 9.01 Amendments. Except as otherwise provided by the Certificate of Incorporation, or by law, the Member may adopt, amend or repeal these Bylaws. In addition, YNHHC shall have the authority, except as otherwise provided by YNHHC and after consultation with the Member, to require the prior review and approval of those activities of this Corporation or any subsidiary or affiliate entity that YNHHC determines to be "major activities."

ARTICLE X

Miscellaneous

Section 10.01. Principal Office. The principal office of the Hospital shall be located in Westerly, Rhode Island.

Section 10.02. Waivers of Notice. Whenever any notice of time, place, purpose or any other matter, including any special notice or form of notice, is required or permitted to be given to any person by law or under the provisions of the

~~Certificate of Incorporation or these Bylaws, or of a resolution of the Member or the Board, a written waiver of notice signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice. The Secretary of the Hospital shall cause any such waiver to be filed with or entered upon the records of the Hospital or, in the case of a waiver of notice of a meeting, the records of the meeting. The attendance of any person at or participation in a meeting waives any required notice to that person of the meeting unless at the beginning of the meeting, or promptly upon the person's arrival, the person objects to the holding of the meeting or the transacting of business at the meeting and does not thereafter vote for or assent to action taken at the meeting.~~

~~Adopted by the Board of Directors of
Lawrence + Memorial Corporation as of November 26, 2012.~~

- B. "Major activities" shall be those which YNHSC by a vote of not less than two-thirds (2/3) of its Board of Trustees has declared major, by written notice to the Member, delivered personally or transmitted by registered or certified mail return receipt requested. Such notice shall specifically identify the matter or matters requiring approval of YNHSC, and shall refer to this Bylaw provision granting such approval rights to YNHSC. Notices received pursuant to this section shall be recorded in the minutes of the Member and of this Corporation, and shall be filed with the minutes of the Member and of this Corporation.

**Brief Summary of Amendments to Bylaws
and Certificates/Articles of Incorporation by Entity**

1. Yale-New Haven Health Services Corporation

- A. Certificate of Incorporation. The proposed Amended and Restated Certificate of Incorporation contain revisions to add references to Lawrence + Memorial Corporation.
- B. Bylaws. The proposed Amended and Restated Bylaws contain revisions to update the formatting and use of defined terms.

2. Lawrence + Memorial Corporation

- A. Certificate of Incorporation. The proposed Amended and Restated Certificate of Incorporation contains revisions that name YNHHC as the sole member of Lawrence + Memorial Corporation, reference Lawrence + Memorial Corporation's participation in the Yale New Haven Health System, and change the use of certain defined terms to avoid confusion with similar terms already used within the YNHHC network.
- B. Bylaws. The proposed Amended and Restated Bylaws contain revisions that name YNHHC as the sole member of Lawrence + Memorial Corporation and remove the provisions regarding a member's term and removal. The revisions also change the governance from a board of directors of seven (7) to sixteen (16) directors to a board of trustees of eight (8) to seventeen (17) trustees. The amendments also grant YNHHC certain authority and approval rights, which are set forth in Exhibit A and Exhibit B to the Bylaws. The board of trustees will consist of elected members comprised of up to the following:

- (1) Physician representative from Northeast Medical Group, Inc.
- (1) Health care provider representative from L+M Hospital, Inc.
- (1) Health care provider representative from Westerly Hospital
- (6) Community trustees from the L+M Hospital service area
- (3) Community trustees from Westerly Hospital service area

Additionally, the board of trustees will consist of ex-officio members comprised of the following:

YNHHC President/CEO
L-M Corporation President/CEO
L-M Hospital Board Chair
Westerly Hospital Board Chair
Visiting Nurse Association of Southeastern Connecticut, Inc. Board Chair

This board representation is consistent with L+M Corporation's pre-affiliation board structure except for the addition of a YNHHC representative to the board and change in description of the L&M Physician Association representative (since LMPA will be merged into Northeast Medical Group as part of the closing transactions).

3. LMW Healthcare, Inc. d/b/a Westerly Hospital

- A. Articles of Incorporation. The proposed amendment to the Articles of Incorporation of LMW Healthcare, Inc. makes it clear that LMW Healthcare, Inc. is a member of the Yale New Haven Health System.
- B. Bylaws. The proposed Amended and Restated Bylaws contain revisions that grant YNHHC and Lawrence + Memorial Corporation certain authority and approval rights, which are set forth in Exhibit A and Exhibit B to the Bylaws. The board of trustees remains responsible for the appointment, organization, and activities of the Westerly Hospital Medical Staff. Like the changes to the Lawrence + Memorial Corporation Bylaws, the governing body is changed from a board of directors of three (3) to eleven (11) members to a board of trustees of six (6) to twelve (12) members. The board of trustees will consist of certain elected members that "represent a cross section of major segments of the community served by [Westerly Hospital]..." The board of trustees shall also consist of certain ex-officio trustees as follows:

YNHHC President/CEO
Lawrence + Memorial Corporation, Inc. President
President of Westerly Hospital
President of Westerly Hospital Medical Staff
Vice President of Westerly Hospital Medical Staff

This board representation is consistent with LMW Healthcare's pre-affiliation board structure with the addition of a YNHHC representative to the board.

4. Lawrence + Memorial Hospital, Inc.

- A. Articles of Incorporation. The proposed amendment to the Articles of Incorporation of Lawrence + Memorial Hospital, Inc. makes it clear that Lawrence + Memorial Hospital, Inc. is a member of the Yale New Haven Health System.
- B. Bylaws. The proposed Amended and Restated Bylaws contain revisions that grant YNHHC and Lawrence + Memorial Corporation certain authority and approval rights, which are set forth in Exhibit A and Exhibit B to the Bylaws. The board of trustees remains responsible for the appointment, organization, and activities of the L+M Hospital Medical Staff. Also, the governing body is changed from a board of directors of five (5) to eleven (11) members to a board of trustees of six (6) to twelve (12) members.

YALE-NEW HAVEN HEALTH SERVICES CORPORATION
AMENDED AND RESTATED BYLAWS

Amended and Restated as of ~~May 16, 2014~~ _____ 201

July 2015 Final Version

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YALE-NEW HAVEN HEALTH SERVICES CORPORATION
AMENDED AND RESTATED BYLAWS

~~ARTICLE I-~~
ARTICLE I. NAME AND GENERAL PURPOSES

~~Section 1.1~~ **Section 1.1 Name.** The name of the corporation is **Yale-New Haven Health Services Corporation** (the "Corporation").

~~Section 1.2~~ **Section 1.2 General Purposes.** The purposes of the Corporation shall be as set forth in the Corporation's Certificate of Incorporation as in effect from time to time. These Bylaws, the powers of the Corporation, its trustees and officers, and all matters concerning the conduct and regulation of the affairs of the Corporation shall be subject to the Certificate of Incorporation.

~~ARTICLE II-~~ **ARTICLE II. MEMBERSHIP**

The Corporation shall have no members and shall be governed by a self-perpetuating Board of Trustees (the "Board") as set forth herein.

~~ARTICLE III-~~ **ARTICLE III. BOARD OF TRUSTEES**

~~Section 3.1~~ **Section 3.1 Powers and Duties.** The Board shall have charge, control and management of the affairs, property and funds of the Corporation. Each Trustee shall discharge his or her duties in good faith with the care an ordinarily prudent person in like position would exercise under similar circumstances, and in a manner he or she reasonably believes to be in the best interests of the Corporation.

~~Section 3.2~~ **Section 3.2 Composition.** The Board shall consist of two classes of voting Trustees, the Elected Trustees and the Ex Officio Trustees (collectively, the "Trustees").

(a) ~~(a)~~ **Elected Trustees.** Elected Trustees shall be the persons elected by the Board for terms as set forth in these Bylaws, following nomination and approval pursuant to Section 3.4 of this Article III. Elected Trustees will represent a cross section of major segments of the ~~community~~ communities and geographies served by the Corporation and shall be selected, on the basis of demonstrated skill and ability, for their potential contribution to the governance of the affairs of the Corporation.

(b) ~~(b)~~ **Ex Officio Trustees.** In addition to the Elected Trustees, there shall be the following Ex Officio Trustees, each of whom shall serve automatically by virtue of and while holding the designated office:

(i) ~~(i)~~ the President/Chief Executive Officer of the Corporation;

(ii) ~~(ii)~~ the President of Yale University;

~~(iii)~~ (iii) the Chair of the Board of Trustees of Yale-New Haven Hospital, Inc.;

~~(iv)~~ (iv) the Chair of the Board of Trustees of Bridgeport Hospital;

~~(v)~~ (v) the Chair of the Board of Trustees of Greenwich Hospital.

~~Section 3.3~~ Section 3.3 Number. The Board shall consist of up to twenty-one (21) Trustees, inclusive of Ex Officio Trustees.

~~Section 3.4~~ Section 3.4 Election of Trustees. At the annual meeting of the Board, the Board shall elect successors to the Elected Trustees whose terms are then expiring. The Board shall elect such successors consistent with the following:

~~(a)~~ (a) Nine (9) of the Trustees, at least one of whom shall, when nominated, be a trustee of Yale-New Haven Hospital, Inc., shall be individuals nominated by the Chair of the Board of Trustees of Yale-New Haven Hospital, Inc.

~~(b)~~ (b) Three (3) of the Trustees, at least one of whom shall, when nominated, be a trustee of Yale-New Haven Hospital, Inc., shall be individuals nominated by the President of Yale University; provided that (x) no more than two (2) Trustees nominated and elected in accordance with this clause shall be employees of Yale University; and (y) if any Trustee nominated in accordance with this clause is an employee of Yale University, then such Trustee shall hold an officer position at Yale University throughout the term of such individual's service as a Trustee.

~~(c)~~ (c) All other Elected Trustees shall be elected from among the nominees presented by the Nominating and Governance Committee.

In all events, the Elected Trustees shall be individuals who meet the requirements set forth in Section 3.2(a) of this Article III.

~~Section 3.5~~ Section 3.5 Term and Term Limits. There shall be three (3) classes of Elected Trustees, with approximately one-third of the Elected Trustees in each class, and the terms of all Trustees in the same class shall expire at the adjournment of the same annual meeting of the Board at which Trustees are elected. Elected Trustees shall take office at the close of the meeting of the Board at which they were elected or at such later date as may be established by the Board and, subject to Section 3.6 of this Article III, shall hold office for a term of three (3) years and until a successor is duly elected and qualified.

Notwithstanding anything herein to the contrary:

~~(a)~~ (a) No person shall be elected a Trustee for a term beginning after the date of his or her seventy-sixth birthday, provided that an Elected Trustee who is seventy-six (76) years of age or older may be re-elected for another term if:

~~(i)~~ (i) the Trustee is also elected as an officer of the Corporation or appointed chair of a standing committee at the beginning of such term; or

~~(i)-(i)~~ the Board determines that additional service is appropriate due to the Trustee's unique expertise and commitment to the Board.

In the instance of re-election as a Trustee for an additional term as provided in clause (i) above, Board membership shall be coterminous with said Trustee's service as an officer or committee chair.

~~(b)-(b)~~ An Elected Trustee who has served three (3) consecutive full terms (provided that for the purposes of this Section 3.5 a term of service of more than one-half of a full term shall be considered a full term) shall not be eligible for re-election for a period of one year, provided, however, that a Trustee may be re-elected for one or more additional consecutive terms if:

~~(i)-(i)~~ the Trustee is also elected as an officer of the Corporation or appointed chair of a standing committee at the beginning of such additional term; or

~~(ii)-(ii)~~ the Board determines that additional service is appropriate due to the Trustee's unique expertise and commitment to the Board, which such determination shall be made only in limited circumstances and shall be made prior to each proposed re-election after the Trustee's completion of three (3) consecutive full terms.

In the instance of re-election as a Trustee for an additional term as provided in clause (i) above, Board membership shall be coterminous with said Trustee's service as an officer or committee chair.

~~Section 3.6~~ **Section 3.6 Resignation.** Any Elected ~~Trustee~~ Trustee may resign at any time by giving written notice of such resignation to the Secretary of this Corporation. Such resignation shall be effective at the time specified in the notice, or if no time is specified, upon receipt by the Secretary. The acceptance of such resignation shall not be necessary to make it effective. Any Ex Officio Trustee who for any reason ceases to hold the office or position from which his or status as an Ex Officio Trustee derives shall automatically be deemed to have resigned as a Trustee of the Corporation and from any position held by virtue of such office with any Affiliate.

~~Section 3.7~~ **Section 3.7 Removal.** One or more Elected Trustees may be removed from the Board with cause by action of the Board. Action to remove an Elected Trustee may be taken at any meeting of the Board, provided that the notice of the meeting at which such action will be voted on shall state that the purpose or one of the purposes, of the meeting is removal of the Trustee.

~~Section 3.8~~ **Section 3.8 Vacancies.** In the event of the death, resignation or removal of an Elected Trustee, the vacancy resulting therefrom may be filled by the Board in accordance with Section 3.4 of these Bylaws. If the vacancy results from the death, resignation or removal of a Trustee elected on nomination of Yale-New Haven Hospital, Inc., Bridgeport Hospital, Greenwich Hospital or Yale University, the institution that nominated the Trustee who died, resigned or was removed shall submit a name of a replacement Trustee consistent with Section 3.4. In the event that the remaining Trustees on the Board do not constitute a quorum, a vacancy may be filled by the concurring vote of a majority of such remaining Trustees. An individual elected to fill a vacancy shall serve the remainder of the term of the Trustee replaced.

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~~Section 3.9~~ **Section 3.9 Meetings.**

~~(a)~~ **(a) Annual Meetings.** The annual meeting of the Board shall be held on such date and time as the Chair or the President/Chief Executive Officer shall designate.

~~(b)~~ **(b) Regular Meetings.** Regular meetings of the Board shall be held at least quarterly or more frequently as needed on such dates and at such times and places as the Chair or the President/Chief Executive Officer shall designate.

~~(c)~~ **(c) Special Meetings.** Special meetings of the Board may be called at any time by the Chair or the President/Chief Executive Officer and shall be called upon the written request of any three (3) Trustees.

~~Section 3.10~~ **Section 3.10 Notice of Meetings.** Notice of the date, time and place of any meeting of the Board shall be given to each Trustee at least five (5) days in advance of the meeting, except that no notice need be given of a regular meeting held in accordance with a schedule established at the beginning of the fiscal year and provided to the Board in writing. Any notice of a meeting required under these Bylaws may be communicated to a Trustee in person, by mail or other delivery service, or by telephone, facsimile or other electronic means, including electronic mail directed to an electronic email address at which a Trustee has consented to receive notice.

~~Section 3.11~~ **Section 3.11 Waiver of Notice.** Notice of any meeting of the Board may be waived in writing by all the Trustees and, if any Trustee present at a meeting of the Board does not protest prior to or at the commencement of the meeting the lack of proper notice, he or she shall be deemed to have waived notice of such meeting.

~~Section 3.12~~ **Section 3.12 Action by Unanimous Written Consent.** Any action required or permitted to be taken by the Board may be taken without a meeting if all the Trustees unanimously consent to such action in writing. Such written consent(s) shall be filed with the minutes of the Corporation and shall have the same force and effect as a vote of Trustees at a duly convened meeting. For purposes of this section, a Trustee may evidence his or her consent with any manual, facsimile, conformed or electronic signature, including an email communication from the Trustee to the Corporation from an email address provided by the Trustee to the Corporation.

~~Section 3.13~~ **Section 3.13 Participation by Conference Call.** The members of the Board may participate in a meeting of the Board by means of conference telephone or similar communications equipment (including, without limitation, video conferencing equipment) affording all persons participating in the meeting the ability to hear one another, and such participation in the meeting by means of such equipment shall constitute presence in person at such meeting.

~~Section 3.14~~ **Section 3.14 Quorum and Voting.** A majority of the number of Trustees in office at the time shall constitute a quorum for the transaction of business at all meetings of the Board, provided that if less than a majority of the Trustees are present at said meeting, a majority of the Trustees present may adjourn the meeting from time to time without further notice. The act of a majority of the Trustees present at a meeting at which a quorum is present at the time of

the act shall be the act of the Board, unless the act of a greater number is required by these Bylaws, by the Certificate of Incorporation or by law. Notwithstanding the foregoing, in the event that any Trustee has a conflict of interest with respect to any transaction to be undertaken by the Corporation, such transaction shall require the approval of the Board consistent with Article VII.

~~ARTICLE IV~~ ARTICLE IV, OFFICERS

~~Section 4.1~~ Section 4.1 Officers. The officers of the Corporation shall consist of a President/Chief Executive Officer, a Chair, ~~one or more Vice Chairs,~~ a Secretary, a Treasurer and such other officers as may be appointed from time to time consistent with Section 4.6. The Chair ~~and any Vice Chair and the Secretary~~ shall be members of the Board.

~~Section 4.2~~ Section 4.2 Election and Term of Office. Employees of the Corporation who are designated as officers shall be appointed by the Board and shall hold office at the pleasure of the Board. Officers who are not paid employees of the Corporation shall be nominated by the Nominating and Governance Committee and elected annually by the Board for a term of one year and until their successors are duly elected and qualified. The Board may create and ~~fill~~ such other offices as it deems necessary consistent with Section 4.6.

~~Section 4.3~~ Section 4.3 Powers. The officers shall have the powers and perform the duties commonly incident to their respective offices, including the powers and duties listed below.

~~(a)~~ (a) President/Chief Executive Officer. The President/Chief Executive Officer shall be the chief executive officer of the Corporation.

The President/Chief Executive Officer shall be a person who in the judgment of the Board has the combination of education, experience, professional standards and demonstrated leadership ability to fulfill successfully the responsibilities of the position and to command the confidence and respect of the Board, employees and the community.

The President/Chief Executive Officer shall be delegated the responsibility for overall management of the Corporation and shall have all authority necessary to carry out this responsibility, subject only to such policies as may be adopted by the Board. The President/Chief Executive Officer shall act as the duly authorized representative of the Board in all matters in which the Board has not formally delegated some other person to so act. The duties, responsibilities and authority of the President/Chief Executive Officer shall be defined in a written statement adopted by the Board.

The President/Chief Executive Officer shall be a voting member of all standing committees except as otherwise specified in these Bylaws. In the absence of the Chair and the Vice Chair, or if there be no Chair or Vice Chair, the President/Chief Executive Officer shall preside at all meetings of the Board.

The President/Chief Executive Officer shall serve, as long as he or she is appointed by the Board of Yale-New Haven Hospital, Inc., as the chief executive officer of Yale-New Haven Hospital, Inc.

~~(b)~~ **(b) Chair.** The Chair of the Board shall preside at meetings of the Board and shall perform such other duties as the Board may from time to time prescribe.

~~(c)~~ **(c) Vice Chair.** The Board shall designate one or more Vice Chairs, who shall exercise the powers and duties of the Chair during absence or disability. The Vice Chair(s) shall perform such other duties as the Board or the Chair may from time to time prescribe.

~~(d)~~ **(d) Secretary.** The Secretary shall have the custody of the records of the Corporation pertaining to the Secretary's office, shall keep minutes of the meetings of the Board, and shall cause notice of such meetings to be given as required by law or these Bylaws. The Secretary shall perform such other duties as the Board or the Chair may from time to time prescribe.

~~(e)~~ **(e) Treasurer.** The Treasurer of the Corporation shall be responsible for the safekeeping of all funds and securities of the Corporation, shall see that proper records showing all financial transactions of the Corporation are maintained, and shall present financial reports to the Board.

~~Section 4.4~~ **Section 4.4 Resignation and Removal.**

~~(a)~~ **(a)** An officer of the Corporation may resign at any time by giving written notice of such resignation to the Secretary. Such resignation shall be effective at the time specified in the notice, or if no time is specified, upon receipt by the Secretary. The acceptance of such resignation shall not be necessary to make it effective.

~~(b)~~ **(b)** The Board may remove from office any officer with or without cause. Removal of an officer shall be without prejudice to the officer's contract rights, if any.

~~Section 4.5~~ **Section 4.5 Vacancies.** In the case of the death, resignation or removal of any officer, the vacancy may be filled by the Board for the unexpired term.

~~Section 4.6~~ **Section 4.6 Other Officers.** The Corporation may have such other officer or officers, including assistant officers, as the Board may from time to time determine. Any such officer or assistant officer shall be appointed or elected in the manner and for the term determined by the Board, and the officer shall have the duties assigned by the Board.

~~ARTICLE V~~ **ARTICLE V, COMMITTEES**

~~Section 5.1~~ **Section 5.1 Classification.** There shall be such standing committees as are provided for in this Article V and such other committees as shall be established by Board resolution from time to time. Standing committees shall have the powers and duties set forth in this Article V and in a charter approved by the Board. Other committees shall have the powers and duties set forth in the resolution establishing them and in a charter approved by the Board. Each committee shall periodically review its charter and revise it as necessary; provided, however, that no amendment shall become effective until approved by the Board.

~~Section 5.2~~ **Section 5.2 Appointment of Committee Members.** Except as otherwise provided in these Bylaws, members and chairs of all standing committees shall be appointed by the Board on nomination of the Nominating and Governance Committee. All such committee

members and chairs shall serve at the pleasure of the Board until the next annual meeting of the Board and until their successors shall be chosen. All committees shall have the power to choose their own secretaries. Unless otherwise provided, individuals who are not Trustees may be appointed to committees and each such person so appointed shall have a vote and be included for purposes of determining a quorum; provided, however, that if a committee is authorized to act on behalf of the Board, any such action must be approved by a majority of the committee members who are Trustees. Each committee shall be chaired by a member of the Board.

~~Section 5.3~~ Section 5.3 Committee Governance.

~~(a)~~ (a) Quorum and Voting. A majority of the committee members shall constitute a quorum at committee meetings except as otherwise provided in these Bylaws. The act of a majority of the committee members present at a meeting at which a quorum is present at the time of the act shall be the act of such committee, unless the act of a greater number is required by these Bylaws, by resolution of the Board or by law.

~~(b)~~ (b) Meetings. Except as otherwise provided in these Bylaws or by resolution of the Board, each committee shall establish its own rules and procedures and shall fix the time and place of its meetings. Each committee shall keep minutes of its meetings which shall be made available to the Board upon request.

~~Section 5.4~~ Section 5.4 Standing Committees.

~~(a)~~ (a) Finance Committee. The Finance Committee shall consist of such members as may be appointed by the Board on nomination of the Nominating and Governance Committee and shall include at least one (1) representative from each of the founding hospital members of the obligated group led by the Corporation. Notwithstanding anything herein to the contrary, (i) at least one member of the Finance Committee shall have financial expertise, as determined by the Board; and (ii) a majority of the members of the Finance Committee shall be Trustees. The Finance Committee shall have such duties as are established by the Board and set forth in the Finance Committee charter. These duties shall include, but not be limited to, fact-finding for the Board on matters relating to the financial administration of the Corporation and its affiliates, examination and analysis of financial reports of the Corporation and its affiliates, and preparation of annual operating and capital budgets for presentation to the Board that take into account the financial plans for the Corporation and its affiliates.

~~(b)~~ (b) Audit Committee. The Audit Committee shall consist of such members as may be appointed by the Board on nomination of the Nominating and Governance Committee. Notwithstanding anything herein to the contrary, (i) at least one member of the Audit Committee shall have financial expertise, as determined by the Board; (ii) a majority of the members of the Audit Committee shall be Trustees; and (iii) no member of the Audit Committee shall have any material business relationship (including but not limited to an employment relationship) with the Corporation or any of its affiliates. The Audit Committee shall have such duties as are established by the Board and set forth in the Audit Committee charter. These duties shall include, but not be limited to, monitoring the integrity of the financial statements of the Corporation and its affiliates; recommending to the Board an independent auditor for the Corporation and its affiliates; reviewing the outside auditor's independence, qualifications and

performance; meeting with the independent auditor from time to time to review financial results and controls of the Corporation and its affiliates; overseeing the effectiveness of internal controls of the Corporation and its affiliates.

~~(e)-(c)~~ **Nominating and Governance Committee.** The Nominating and Governance Committee shall consist of not fewer than five (5) nor more than eight (8) members of whom the following shall be **Ex Officio** members: (i) the Chair of the Board of Yale-New Haven Hospital; (ii) the President of Yale University; (iii) the President/Chief Executive Officer of the Corporation; (iv) the Chair of the Board of Bridgeport Hospital; and (v) the Chair of the Board of Greenwich Hospital. **Ex Officio** members shall be counted in determining a quorum and shall have full voting rights. All other members shall be elected by the Board subject to the consent of the Chair of the Board of Yale-New Haven Hospital and at least one of such additional members shall be a member of the Board of Trustees of Yale-New Haven Hospital, Inc. The Nominating and Governance Committee shall nominate candidates to be voted upon in electing officers and members of the Board and nominate for appointment by the Board the chairs and members of all other standing committees. The Nominating and Governance Committee shall also review Board governance matters and recommend enhancements to strengthen the Board and ensure the comprehensiveness and efficiency of its governance process.

~~(d)~~ **System Investment Committee.** The System Investment Committee shall consist of such members as may be appointed by the Board on nomination of the Nominating and Governance Committee and shall include one (1) representative from each of the founding hospital members of the obligated group led by the Corporation. At all times, a majority of the members of the System Investment Committee shall be Trustees. The System Investment Committee shall have such duties as are delegated to it by the Board. These duties include oversight of investment activities of the Corporation.

~~Section 5.5~~ **Section 5.6 Other Committees.** The Board may establish and appoint from among the Trustees or others, such other committees with such powers and authority as the Board shall designate, except that no such committee may exercise the authority of the Board.

~~Section 5.6~~ **Section 5.7 Powers of Committees.** No committee established by the Board shall have power to fill vacancies on the Board or on any of its committees, to amend the Certificate of Incorporation of the Corporation or these Bylaws, to approve a plan of merger, to approve a sale, lease, exchange or other disposition of all, or substantially all, of the property of the Corporation other than in the usual and regular course of affairs of the Corporation, to approve a proposal to dissolve, or to authorize any other action inconsistent with the Certificate of Incorporation or these Bylaws.

~~ARTICLE VI.~~ **ARTICLE VI. INDEMNIFICATION**

The Corporation shall indemnify and defend the Corporation's Trustees, officers and employees as set forth in the Certificate of Incorporation.

ARTICLE VII.

ARTICLE VII. CONFLICTS OF INTEREST

The Trustees and officers of the Corporation shall comply with any Conflicts of Interest policy adopted by the Corporation, as any such policy may be amended from time to time, and with the provisions of the Connecticut Revised Nonstock Corporation Act, as such act may be amended from time to time (the "Nonstock Act") related to disclosure and approval of "Director's conflicting interest transactions" (as such term is defined in the Nonstock Act). Consistent with the requirements of the Nonstock Act, any "Director's conflicting interest transaction" shall, when possible, be approved and authorized by majority of the disinterested Trustees voting on the transaction at a meeting at which a majority (but no fewer than two (2)) of all disinterested Trustees on the Board shall constitute a quorum, in each case following any required disclosure of the facts of the conflicting interest transaction.

ARTICLE VIII.

ARTICLE VIII. MISCELLANEOUS PROVISIONS

~~Section 8.1~~ **Section 8.1 Fiscal Year.** The fiscal year of the Corporation shall begin on the first day of October and end on the last day of September in each year unless the Board of Trustees shall otherwise determine.

~~Section 8.2~~ **Section 8.2 Execution of Deeds and Contracts.** Except as otherwise directed by the Board, all deeds and mortgages made by the Corporation and all other written contracts, agreements and undertakings to which the Corporation shall be a party shall be executed in its name by the President/Chief Executive Officer or such other officers or officers as may be specified by the Board or authorized by the President/Chief Executive Officer.

~~Section 8.3~~ **Section 8.3 Execution of Negotiable Instruments.** All checks, drafts, notes, bonds, bills of exchange and orders for the payment of money shall be signed by the President/Chief Executive Officer or such officer or officers of the Corporation as the Board may specify from time to time.

~~Section 8.4~~ **Section 8.4 Related Corporations.** The Corporation is nonprofit and shall not engage directly in activities for profit. It may, however, from time to time organize and control, through stock ownership or otherwise, one or more corporations organized and operated for profit. In considering the appropriateness of organizing or controlling corporations organized and operated for profit, the Corporation shall give principal consideration to corporations engaged in activities which relate to health care or which directly or indirectly support, advance or contribute to the purposes and objectives of the Corporation and its affiliates that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, as the same may be amended from time to time. The Board shall establish guidelines, consistent with the provisions of this Section, for consideration of

activities which might suitably be developed through for profit corporations controlled by the Corporation.

~~ARTICLE IX~~ **ARTICLE IX. AMENDMENTS**

These Bylaws may be amended, altered, or repealed at any meeting of the Board by a two-thirds vote of the Trustees present and voting, a quorum being present, provided that the general nature and purpose of such proposed amendment(s) shall be set forth in the notice of the meeting, and the actual language of the proposed amendments need not be included in the notice.

Notwithstanding anything herein to the contrary:

~~(i)~~ **(i)** any amendment to reduce or alter the number, conditions of office, or terms of Trustees who either (x) are required to be trustees of Yale-New Haven Hospital, Inc. or (y) are nominated for election by the Chair of the Board of Yale-New Haven Hospital, Inc., shall be subject to approval by at least a majority of the following Trustees: the Chair of the Board of Yale-New Haven Hospital, Inc. and all Trustees nominated by the Chair of the Board of Yale-New Haven Hospital, Inc.

~~(ii)~~ **(ii)** any amendment to reduce or alter (x) the number, conditions of office, or terms of Trustees who serve Ex Officio by virtue of his or her position with Bridgeport Hospital or Greenwich Hospital or (y) the rights of Bridgeport Hospital or Greenwich Hospital to have a representative on certain enumerated committees of the Board, shall be subject to approval by a two-thirds vote of the Trustees present and voting, a quorum being present, and to approval by the Ex Officio Trustee representing the affected hospital(s).

~~(iii)~~ **(iii)** any amendment, alteration or repeal of these Bylaws shall be consistent with the Affiliation Agreement between the Corporation and Yale University dated June 25, 1999 and any amendments thereto.

~~AMENDED AND RESTATED BYLAWS~~

OF

LAWRENCE + MEMORIAL CORPORATION

AMENDED AND RESTATED BYLAWS

Amended and Restated as of _____, 201

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ARTICLE I

NAME, PURPOSE, DEFINITIONS

LAWRENCE + MEMORIAL CORPORATION
AMENDED AND RESTATED BYLAWS

ARTICLE I. NAME AND GENERAL PURPOSES

~~Section 1.01~~ **1.1 Name.** The name of the corporation is Lawrence + Memorial Corporation (the "Corporation").

~~Section 1.02 Purpose~~ **1.2 General Purposes.** ~~The purposes of the Corporation is organized and shall be operated for the purposes as set forth in the Corporation's Certificate of Incorporation as in effect from time to time. These Bylaws, the powers of the Corporation, its member, trustees and officers, and all matters concerning the conduct and regulation of the affairs of the Corporation shall be subject to the Certificate of Incorporation.~~

~~Section 1.03 Definitions.~~ The following terms used in these Bylaws shall have the following meanings:

ARTICLE II. MEMBERSHIP

Section 2.1 Member. The Corporation shall have a single member, Yale-New Haven Health Services Corporation (the "Member").

~~(a) "Act" shall mean~~ **Section 2.2 Rights, Powers and Privileges.** The Member shall have all the rights, powers and privileges usually or by law accorded to the member of a Connecticut nonstock, nonprofit corporation under the Connecticut Revised Nonstock Corporation Act as amended from time to time. ~~(b) "Certificate of Incorporation" shall mean the Corporation's certificate of incorporation filed with the Connecticut Secretary of the State, as the same as may be amended from time to time. (the "Nonstock Act") and not conferred thereby or by the Certificate of Incorporation or these Bylaws upon the Board of Trustees of the Corporation (the "Board"), including the right to elect the members of the Board in accordance with these Bylaws.~~

~~(c) "Hospitals" shall mean L+M Hospital and Westerly Hospital.~~

~~(d) "L+M Hospital" shall mean Lawrence + Memorial Hospital, Inc.~~

~~(e) "President and CEO" shall mean the President and Chief Executive Officer of the Corporation;~~

(f) ~~“Subsidiary” or “Subsidiaries” shall mean any entity directly or indirectly controlled by the Corporation. “Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through the ability to exercise voting power by contract or otherwise. “Controlled” or “Controlling” have correlative meanings. Without limiting the foregoing, each of the following entities shall be considered a Subsidiary: L-M Hospital; Westerly Hospital; L-M Physician Association, Inc.; and Visiting Nurse Association of Southern Connecticut, Inc. (“VNASC”).~~

(g) ~~“System” shall mean the comprehensive and integrated health care delivery system operated by the Corporation and its Subsidiaries.~~

(h) ~~“Westerly Hospital” shall mean LMW Healthcare, Inc., doing business as The Westerly Hospital.~~

ARTICLE II

MEMBERS

~~Section 2.01 Classes of Members. The Corporation shall have only one class of members (the “Members”), consisting of not more than two hundred twenty five (225) individuals elected to membership in accordance with these Bylaws (the “Elected Members”), and, in addition, the following ex officio Members: the President and CEO; the President of the L-M Hospital Medical Staff; the President of the Westerly Hospital Medical Staff; the Vice-President of the Medical Staff of each of the Hospitals; a representative at large of the Medical Staff of each of the Hospitals (who ordinarily shall be the immediate past President or a former President of each medical staff); the Mayor of the City of New London; the Mayors of each of the Towns of Groton and Ledyard; the First Selectman of each of the Towns of East Lyme, Lyme, Montville, North Stonington, Old Lyme, Salem, Stonington and Waterford; the Superintendent of the United States Coast Guard Academy in New London; the Commanding Officer of the Naval Hospital in Groton, and the Town Manager of the Town of Westerly, Rhode Island (the “Ex Officio Members”). Elected Members shall be individuals who reside or work in or around the areas served by the Hospitals, who have an interest in furthering the purposes of the Corporation and the System and who are willing and continue to meet the requirements of~~

Members, which includes but is not limited to attendance at meetings. An Elected Member shall be less than seventy five years of age at the time of his or her election.

~~Section 2.02. Election.~~ Elected Members shall be elected at any annual or special meeting of the Members from a slate of nominees prepared by the Nominating and Governance Committee.

Notwithstanding anything in these Bylaws to the contrary:

(a) Neither the Board nor any officer or employee of the Corporation may take any of the actions set forth in Exhibit A of these Bylaws nor may the Board or any officer or employee of the Corporation approve the taking of any such action by an Affiliate (as hereafter defined), without the prior approval of the Member. For purposes hereof an "Affiliate" of the Corporation shall mean, unless otherwise determined by the Member, any entity which at the time Affiliate status is being determined is directly or indirectly controlling or controlled by or under the direct or indirect common control with the Corporation. "Control" shall mean the legal power to (a) elect or cause the election of a majority of the governing body of the subject entity, or (b) direct or cause the direction of the subject entity's operations or management, whether the foregoing power(s) exist(s) through voting securities, other voting rights, reserved powers, contract rights, or other legally enforceable means.

(b) In addition to the approval rights reserved to the Member set forth in Exhibit A, the Member expressly retains the rights to take the actions set forth in Exhibit B on behalf of and in the name of the Corporation, directly and without the approval of the Board of this Corporation.

(c) The Board shall have the authority, from time to time, to delegate to the Member any rights, powers and privileges that would otherwise be exercised by the Board to the fullest extent permitted by applicable law.

Section 2.3 Liability and Reimbursement of Expenses. Unless the Member expressly agrees otherwise in writing, the Member shall not be liable for the debts or obligations of the Corporation. The Member may be reimbursed for expenses reasonably incurred on behalf of the Corporation.

ARTICLE III. BOARD OF TRUSTEES

Section 3.1 Powers and Duties. Subject to the powers retained by, conferred upon, or reserved to the Member by law or under these Bylaws, the Board shall have charge, control and management of the affairs, property and funds of the Corporation in the manner and subject to the limitations set forth in these Bylaws. Each Trustee shall discharge his or her duties in good faith with the care an ordinarily prudent person in like position would exercise under similar circumstances and in a manner he or she reasonably believes to be in the best interests of the Corporation.

Section 3.2 Composition. The Board shall consist of two classes of voting Trustees.

the Elected Trustees and the Ex Officio Trustees (collectively, the "Trustees").

(a) **Elected Trustees.** Elected Trustees shall be the persons elected by the Member for terms as set forth in these Bylaws, following nomination and approval pursuant to Section 3.4 of this Article III. Elected Trustees will represent a cross section of major segments of the community served by the Corporation and shall be selected on the basis of demonstrated skill and ability, for their potential contribution to the governance of the affairs of the Corporation.

(b) **Ex Officio Trustees.** In addition to the Elected Trustees, there shall be the following Ex Officio Trustees, each of whom shall serve automatically by virtue of and while holding the designated office:

(i) the President/Chief Executive Officer of the Member (or his or her designee);

(ii) the President of the Corporation;

(iii) the Chair of the Board of Lawrence + Memorial Hospital, Inc. ("L+M Hospital");

(iv) the Chair of the Board of LMW Healthcare, Inc., doing business as Westerly Hospital ("Westerly Hospital"); and

(v) the Chair of the Board of Visiting Nurse Association of Southeastern Connecticut, Inc. ("YNASC").

Ex Officio Trustees shall be counted in determining the presence of a quorum and shall have the right to vote on all matters that come before the Board.

Section 3.3 Number. The Board shall consist of no fewer than eight (8) nor more than seventeen (17) Trustees, such number to be determined from time to time by the Member.

Section 3.4 Election of Trustees. At the annual meeting of the Member, the Member shall elect successors to the Elected Trustees whose terms are then expiring. The Member shall elect such successors from among the nominees presented by the Board; provided, however, that in the event the Member does not elect any such nominee, the Board shall present a different nominee to the Member for election; and provided further that in the event any such successor nominee is not elected by the Member within ninety (90) days following the original nomination, the Member may solicit alternative nominees or elect its own nominee. In all events, the Elected Trustees shall be individuals who meet the requirements set forth in Section 3.2(a) of this Article III.

Notwithstanding anything herein to the contrary, the Elected Trustees shall include:

(a) up to three (3) health care providers on the Medical Staffs of L+M Hospital and Westerly Hospital who shall be selected from a group of five (5) candidates.

proposed to the Nominating and Governance Committee by each of the respective Medical Staffs, provided that at least one (1) such Elected Trustee shall be on the Medical Staff of L+M Hospital and at least one (1) such Elected Trustee shall be on the Medical Staff of Westerly Hospital:

and (b) Up to six (6) community members from the L+M Hospital service area;

area (c) Up to three (3) community members from the Westerly Hospital service

~~Section 2.01. Term/Tenure. The term of each Member other than persons serving in an ex-officio capacity shall be until resignation, removal, death, or the fifth annual meeting following such Member's election, whichever first occurs.~~ 3.5 Term and Term Limits. There shall be three (3) classes of Elected Trustees, with approximately one-third of the Elected Trustees in each class, and the terms of all Trustees in the same class shall expire at the adjournment of the same annual meeting of the Member at which Trustees are elected. Elected Trustees shall take office at the close of the meeting of the Member at which they were elected or at such later date as may be established by the Member and, subject to Section 3.6 of this Article III, shall hold office for a term of three (3) years and until a successor is duly elected and qualified.

Section 2.04. Termination of Membership.

a. ~~Removal. Elected Members may be removed from membership by the affirmative vote of two-thirds (2/3) of the Members present and voting at a meeting of the Members called for the purpose of removing the Elected Member. The notice of such meeting shall state that the purpose or one of the purposes of the meeting is removal of the Elected Member. Failure to attend three (3) consecutive annual meetings, or permanent removal from the service area of a Hospital, shall constitute grounds for removal.~~

Notwithstanding anything herein to the contrary:

(a) No person shall be elected a Trustee for a term beginning after the date of his or her seventy-sixth birthday, provided that an Elected Trustee who is seventy-six (76) years of age or older may be re-elected for another term if (i) the Trustee is also elected as an officer of the Corporation or appointed chair of a standing committee at the beginning of such term; or (ii) the Member determines that additional service is appropriate due to the Trustee's unique expertise and commitment to the Board. In the instance of re-election as a Trustee for an additional term as provided in clause (i) of the foregoing sentence, Board membership shall be coterminous with said Trustee's service as an officer or committee chair.

(b) An Elected Trustee who has served three (3) consecutive full terms (provided that for the purposes of this Section 3.5 a term of service of more than one-half of a full term shall be considered a full term) shall not be eligible for re-election for a period of one

year, provided that a Trustee may be re-elected for an additional consecutive term if (i) the Trustee is also elected as an officer of the Corporation or appointed chair of a standing committee at the beginning of such additional term; or (ii) the Member determines that additional service is appropriate due to the Trustee's unique expertise and commitment to the Board, which such determination shall be made only in limited circumstances and shall be made prior to each proposed re-election after the Trustee's completion of three (3) consecutive full terms. In the instance of re-election as a Trustee for an additional term as provided in clause (i) of the foregoing sentence, Board membership shall be coterminous with said Trustee's service as an officer or committee chair.

(c) The provisions of paragraphs (a) and (b) of this Section shall not apply to an Elected Trustee in the event such Trustee also serves as a trustee of Yale-New Haven Health Services Corporation at the time such person is elected to serve as an Elected Trustee for a term otherwise prohibited by such paragraphs (a) and (b). In the instance of re-election as a Trustee for an additional term as provided in this paragraph (c), Board membership shall be coterminous with said Trustee's service as a trustee of Yale-New Haven Health Services Corporation.

a. **Section 3.6 Resignation.** Any Elected Member Trustee may resign from membership at any time by delivering giving written notice of such resignation to the Secretary of the Corporation. The Such resignation shall be effective when the notice is delivered unless the notice specifies a later effective date at the time specified in the notice, or if no time is specified, upon receipt by the Secretary. The acceptance of such resignation shall not be necessary to make it effective. Any Ex Officio Trustee who for any reason ceases to hold the office or position from which his or status as an Ex Officio Trustee derives shall automatically be deemed to have resigned as a Trustee of the Corporation and from any position held by virtue of such office with any Affiliate.

e. **Ex Officio Members.** An Ex Officio Member's membership shall terminate immediately when the Ex Officio Member ceases to hold the qualifying position or office.

d. **Effect of Termination.** All rights and privileges of a Member in the Corporation cease immediately upon termination of membership.

~~Section 2.05 Voting Rights.~~ All Members shall be entitled to vote for the election of Members and the Board of Directors in accordance with these Bylaws, but shall not be entitled to vote on any other matter.

Section 3.7 Removal. One or more Elected Trustees may be removed from the Board with or without cause by action of the Member, which action may be taken upon its own initiative or upon the recommendation of the Board.

Section 3.8 Vacancies. In the event of the death, resignation or removal of an Elected Trustee, the vacancy resulting therefrom may be filled only by the Member and may be filled at any time in accordance with the process set forth in Section 3.4 of these Bylaws. An individual

electd to fill a vacancy shall serve the remainder of the term of the Trustee replaced.

Section 2.06-3.9 Meetings.

(a) Annual Meeting Meetings. The annual meeting of Members ~~the Board~~ shall be held each year in the month of December or a date to be fixed by the Board of Directors from year to year, at such time and place as shall be determined by the President and CEO, on such date and time as the Chair of the Board shall designate.

Section 2.07. Special Meetings. Special meetings of the Members

(b) Regular Meetings. Regular meetings of the Board shall be held at least quarterly or more frequently as needed on such dates and at such times and places as the Chair shall designate.

(c) Special Meetings. Special meetings of the Board may be called at any time by the Chair or by the President and CEO, and shall be called within fourteen (14) days after receipt of upon the written request of any twentythree (203) Members. The notice of such special meeting shall state the general purpose or purposes for which the special meeting is called and no other business shall be transacted at the meeting. Trustees.

Section 2.08. Notice of Meetings. Notice of the date, time, and place of any meeting of the Members shall be given to each Member by mail, electronic mail, telecommunications, telephone, facsimile or in person at least ten (10) days before the meeting date. 3.10 Notice of Meetings. Notice of the date, time and place of any meeting of the Board shall be given to each Trustee and to the Member at least five (5) days in advance of the meeting, except that no notice need be given of a regular meeting held in accordance with a schedule established at the beginning of the fiscal year and provided to the Board in writing. Any notice of a meeting required under these Bylaws may be communicated to a Trustee in person, by mail or other delivery service, or by telephone, facsimile or other electronic means, including electronic mail directed to an electronic email address at which a Trustee has consented to receive notice. Notice to the Member shall be directed to the President/Chief Executive Officer of the Member and may be provided in person, by mail, or by telephone, facsimile or other electronic means, including electronic mail directed to an electronic mail address at which the President/Chief Executive Officer of the Member has consented to receive notice.

Section 2.09. Quorum; Vote Required for Action. The Members who are present in person at a meeting shall constitute a quorum for action at that meeting. The affirmative vote of at least a majority of Members present at a meeting of the Members at which time a vote is taken shall be the act of the Members, unless the vote of a greater number is required by law, the Certificate of Incorporation or these Bylaws.

ARTICLE III
BOARD OF DIRECTORS

~~Section 3.01. Composition.~~ The management of the Corporation and its affairs and property shall be entrusted to the Board of Directors (sometimes referred to as the "Board"), which shall consist of not less than seven (7) nor more than sixteen (16) Directors who shall be individuals serving as Members of the Corporation. At all times, five (5) of these Directors shall serve ~~ex officio~~: the President and CEO; the Chair of the board of directors of L+M Hospital; the Chair of the board of directors of Westerly Hospital; the Chair of the board of directors of VNASC and the Chair of the combined boards of the L+M Physicians entities (the "Ex Officio Director"). The remaining Directors (the "Elected Directors") shall include: (a) up to one (1) health care provider on the medical staff from each of the Hospitals selected from a group of five (5) candidates proposed to the Governance Committee by the respective medical staffs, (b) up to six (6) community members from the L+M Hospital service area, and (c) up to three (3) community members from the Westerly Hospital service area. The Elected Directors shall be elected by the Members in accordance with these Bylaws. The Elected Directors shall be divided into three (3) groups, comprised of an equal number of Elected Directors per group as possible, so that approximately one third (1/3) of the Elected Directors shall have terms that expire annually.

~~Section 3.02. Election and Terms.~~ Elected Directors shall be elected by the Members at the annual meeting of the Members from a slate of nominees prepared by the Governance Committee in accordance with these Bylaws. No nominations from the floor shall be permitted. Except as otherwise provided in these Bylaws, Elected Directors shall serve a term of three (3) years or until their resignation, removal or death. The Members may elect Directors to serve one year or two year terms in order to achieve the groupings required by Section 3.01 of these Bylaws.

~~Section 3.03. Tenure.~~ An Elected Director shall be eligible for election to three (3) consecutive three year terms. For the purposes of determining eligibility for re-election, an Elected Director who has served more than one and one half (1½) years of a three year term shall be deemed to have served a full term. An Elected Director may be re-elected for a fourth consecutive term if the Director is also elected as an officer at the beginning of such fourth term. After serving the maximum time permitted under this Section 3.03, an Elected Director may be

re-elected to the Board only after the Director has been off the Board for a period of at least one (1) year.

~~Section 3.04. Resignation.~~ An Elected Director may resign at any time by delivering written notice to the Secretary of the Corporation. The resignation shall be effective when the notice is delivered, unless the notice specifies a later effective date. If an Ex-Officio Director resigns or is removed from the position from which his or her ex-officio status derives, the Ex-Officio Director will immediately and automatically cease to be a Director without further action by the Board.

~~Section 3.05. Removal.~~ An Elected Director may be removed with or without cause by the affirmative vote of two thirds (2/3) of the Directors present and voting at a meeting at which a quorum is present. The notice of such meeting shall state that the purpose or one of the purposes of the meeting is removal of the Director.

~~Section 3.06. Vacancies.~~ A vacancy of an Elected Director may be filled by the Board at any regular or special meeting. The individual elected to fill the vacancy shall be a Member of the Corporation and shall serve until the next annual meeting of the Members at which Directors are elected.

~~Section 3.07. Duties and Responsibilities.~~ Subject to the rights, powers and privileges accorded to the Members in the Certificate of Incorporation, these Bylaws, or by law, the Board shall manage and direct the business, property, and affairs of the Corporation. The Board shall exercise all of the powers of the Corporation in accordance with these Bylaws. Without limiting the foregoing, the Board of Directors shall have the power to:

- (a) Approve an overall philosophy, statement of vision and mission for the System;
- (b) Approve the philosophy, mission and values of each Subsidiary and any change thereto;
- (c) Adopt strategic plans for the Corporation and each Subsidiary;
- (d) Approve annual operating and financial targets, major clinical and/or financial initiatives, and financial plans for the Corporation and each of the Subsidiaries (including capital and operating budgets);
- (e) Approve the formation or acquisition of new direct or indirect Subsidiaries, joint-ventures or affiliations;

- (f) Approve the Certificate of Incorporation, Bylaws and other governance documents of the Corporation and each Subsidiary, and any amendments thereto or restatements thereof;
- (g) Approve all core competencies and qualifications required for selection of the Corporation's Directors and the directors of each Subsidiary;
- (h) Appoint and remove all Board officers of the Corporation, the President and CEO, and the chief executive officer of each Subsidiary;
- (i) Appoint all directors of each Subsidiary, and remove, with or without cause, all directors or board officers of each Subsidiary;
- (j) Establish and oversee the System's compliance program;
- (k) Select outside executive compensation counsel, approve an executive compensation policy and program, and evaluate executive and physician compensation arrangements to assure compliance with the fair market principles and tests for commercial reasonableness established by the Internal Revenue Service ("IRS");
- (l) Approve any change in the Corporation's accounting periods or methods, or those established for the System;
- (m) Select and approve any auditor of the annual audited financial statements for the Corporation and its Subsidiaries;
- (n) Approve any accounting or debt management programs established for the System, establish any debt limits under such programs, and approve any variances from such programs or limits for the Corporation and the Subsidiaries;
- (o) Approve the incurrence of debt or financing by the Corporation or any Subsidiary, other than credit purchases of goods or services in the ordinary course of business, except as included in approved capital or operating budgets or pursuant to other guidelines established by the Corporation;
- (p) Oversee each Subsidiary's use, management and investment of its permanent and temporarily restricted endowment funds;
- (q) Approve any voluntary change to the federal income tax exemption granted by the IRS to the Corporation or any Subsidiary under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code");
- (r) Initiate or consent to any form of insolvency proceeding of any entity in the System;
- (s) Approve all projects, agreements or transactions undertaken by the Corporation or a Subsidiary involving the expenditure of funds or divestiture of assets in excess of \$250,000 and not otherwise included in an approved budget;

(t) Approve the services offered by the Subsidiaries, new service lines or termination of existing service lines not otherwise included in an approved budget or a strategic or financial plan;

(u) Approve any sale, lease, transfer, or substantial change in the use of all or substantially all of the assets of the Corporation or any Subsidiary;

(v) Approve any merger, consolidation, restructuring, change in corporate ownership, dissolution, or liquidation of the Corporation or any Subsidiary;

(w) Approve the acquisition of any real estate or any significant lease arrangement by any Subsidiary, except as otherwise included in a strategic or financial plan or approved budget;

(x) Approve any management contract or outsourcing arrangement for any Subsidiary which would substantially impact or alter its operations;

(y) Approve any change in the primary business name or logo of the Corporation or any entity in the System;

(z) Delegate to the President and CEO any of its powers of review or approval of actions or matters relating to any Subsidiary to the extent permitted by law, the Certificate of Incorporation and these Bylaws; and

(aa) Take such other actions and steps as may be necessary to maintain the long range financial strength and viability of the System and the Subsidiaries.

~~Section 3.08. Compensation. The Directors shall serve without compensation for their services as Directors but may be reimbursed by the Corporation for their reasonable expenses and disbursements in that capacity on behalf of the Corporation.~~

ARTICLE IV

MEETINGS OF THE BOARD OF DIRECTORS

~~Section 4.01. Annual and Regular Meetings. The annual meeting of the Board shall be held in the month of December on a date to be fixed by the Chair from year to year, immediately following the adjournment of the annual meeting of the Members, unless the Chair shall designate a different date for the annual meeting of Directors. At the annual meeting, the Board shall appoint the officers of the Corporation and the committee members, and shall transact such other business as shall properly come before the meeting. The Board of Directors shall hold at least four (4) meetings in each year, at least one of which shall be the annual meeting. The Board may hold its meetings, annual, regular or special, at such place or places within or without the~~

State of Connecticut as the Board may from time to time by resolution determine or as shall be specified or fixed in the notice or waiver of notice thereof.

~~Section 4.02. Notice of Annual and Regular Meetings.~~ The Secretary shall give notice of the date, time and place of the annual meeting and each regular meeting of the Board by mail, electronic mail, telecommunications, telephone, facsimile, delivery service or in person to each Director at least five (5) days in advance of the meeting, except that no notice need be given of a regular meeting held in accordance with a schedule approved by the Board.

~~Section 4.03. Special Meetings.~~ Special meetings of the Board may be called at any time by the Chair, and shall be called by the Chair within seven (7) days of receipt of the written request of any three (3) Directors. Notice of the date, time, place and purpose of a special meeting shall be given to each Director by mail, electronic mail, telecommunications, telephone, facsimile, delivery or in person at least two (2) days before the scheduled time of the meeting, and no business shall be transacted at such meeting other than that specifically stated in the notice.

~~Section 4.04. Quorum; Vote Required for Action.~~ A majority of all Directors then in office shall constitute a quorum at all meetings of the Board of Directors. The affirmative vote of a majority of the Directors present at a meeting at which a quorum is present and at which time a vote is taken shall be the act of the Board of Directors, unless the vote of a greater number of Directors is required by the Certificate of Incorporation, these Bylaws or by law. Ex-Officio Directors shall be counted in determining a quorum and shall be entitled to vote. **3.11**

Waiver of Notice. Notice of any meeting of the Board may be waived in writing by all the Trustees and, if any Trustee present at a meeting of the Board does not protest prior to or at the commencement of the meeting the lack of proper notice, he or she shall be deemed to have waived notice of such meeting.

~~Section 4.05. Action Without Meeting.~~ If all Directors consent in writing to any action taken or to be taken, the action shall be the same as if authorized at a meeting of the Board. All written consents shall be included in the corporate minutes or filed with the corporate records.

3.12 Action by Unanimous Written Consent. Any action required or permitted to be taken by the Board may be taken without a meeting if all the Trustees unanimously consent to such action in writing. Such written consent(s) shall be filed with the minutes of the Corporation and shall have the same force and effect as a vote of Trustees at a duly convened meeting. For purposes of this section, a Trustee may evidence his or her consent with any manual, facsimile, conformed or electronic signature, including an email communication from the Trustee to the Corporation from an email address provided by the Trustee to the Corporation.

~~Section 4.06. Remote~~ **3.13 Participation at a Meeting.** ~~Any Director~~ **by Conference Call.** ~~The members of the Board may participate in a meeting of the Board by means of a conference telephone or similar communications equipment enabling all Directors (including, without limitation, video conferencing equipment) affording all persons participating in the meeting the ability to hear one another, and such participation in the meeting by means of such equipment shall constitute presence in person at such meeting.~~

~~Section 4.07. Agenda and Records of Meetings.~~ ~~There shall be a written agenda for each meeting of the Board of Directors, and minutes of each meeting shall be prepared by the Secretary or a delegate and submitted to the Board for approval. Minutes shall reflect attendance at the meeting and shall be dated, signed and maintained in the corporate records following approval.~~ **3.14 Quorum and Voting.** ~~A majority of the number of Trustees in office at the time shall constitute a quorum for the transaction of business at all meetings of the Board, provided that if less than a majority of the Trustees is present at said meeting, a majority of the Trustees present may adjourn the meeting from time to time without further notice. The act of a majority of the Trustees present at a meeting at which a quorum is present at the time of the act shall be the act of the Board, unless the act of a greater number is required by these Bylaws, by the Certificate of Incorporation or by law. Notwithstanding the foregoing, in the event that any Trustee has a conflict of interest with respect to any transaction to be undertaken by the Corporation, such transaction shall require the approval of the Board or the Member consistent with Article VII.~~

~~Section 4.08. Executive Session.~~ ~~The Board of Directors may meet in executive session at least once during each fiscal year and may meet in executive session at such other times as the Chair may designate. An executive session may be held during any regular or special meeting of the Board and shall be attended only by Directors and other persons invited by the Chair for all or any portion of the executive session, provided that Directors who are employees of the Corporation or any Subsidiary may at the discretion of the Chair be excluded from all or any portion of an executive session.~~

ARTICLE ~~IV~~ OFFICERS

~~Section 5.01. Officers and Election.~~ ~~The officers shall be a Chair, the President and CEO, a Secretary, a Treasurer.~~ **4.1 Officers.** ~~The officers of the Corporation shall consist of a President, a Chair, one or more Vice Chairs, a Secretary, a Treasurer and such other officers as may be appointed from time to time be designated by the Board. The Chair, the Secretary and the Treasurer shall each be chosen from the members of the Board and the Chair must qualify as an independent member of the Board under applicable IRS and Corporation guidelines. The offices of Chair, the President and CEO consistent with Section 4.6. The Chair and any Vice Chair shall be selected from among members of the Board of Trustees. The offices of the President, the Chair and the Treasurer shall be held by different individuals.~~

~~Section 5.02. Term of Office. Except for the President and CEO, the officers shall be chosen by the Board at its annual meeting, and shall hold office until the next annual meeting or until their earlier resignation, removal or death.~~

~~Section 5.03. Vacancies. Any vacancy occurring in any office shall be filled promptly by the Board of Directors at any meeting of the Board.~~

~~Section 5.04. Removal. Any officer may be removed with or without cause at any meeting of the Board by the vote of two thirds (2/3) of the Directors present and voting at a meeting of the Board, provided that a quorum has been established at such meeting and that the notice of the meeting specifically states that the purpose or one of the purposes of the meeting is the removal of the officer.~~

~~Section 4.05. Duties and Powers. The duties of the officers shall be as follows:-~~

~~Section 4.2 Election and Term of Office. The President shall be appointed in accordance with Section 4.3(a) of this Article IV. The Chair, Vice Chairs, Secretary and Treasurer shall be nominated in consultation with the Nominating and Governance Committee and elected annually by the Board for a term of one year and until their successors are duly elected and qualified. The Board may create and fill such other offices as it deems necessary consistent with Section 4.6.~~

~~Section 4.3 Powers. The officers shall have the powers and perform the duties commonly incident to their respective offices, including the powers and duties listed below.~~

~~(a) President. The President of the Corporation shall be appointed by the Member following consultation with the Board. The appointed President shall serve at the pleasure of the Member.~~

~~The President shall be a person who in the judgment of the Member has the combination of education, experience, professional standards and demonstrated leadership ability to fulfill successfully the responsibilities of the position and to command the confidence and respect of the Board, the Medical Staffs of I +M Hospital and Westerly Hospital, Corporation personnel and the community.~~

~~The President shall be delegated the responsibility for overall management of the Corporation and shall have all authority necessary to carry out this responsibility, subject only to such policies as may be adopted by the Board. The President shall act as the duly authorized representative of the Board in all matters in which the Board has not formally delegated some other person to so act. The duties, responsibilities and authority of the President shall be defined in a written statement adopted by the Member in consultation with the Board.~~

The President shall be a voting member of all standing committees except as otherwise specified in these Bylaws. The President shall report to the President/Chief Executive Officer of the Member (or his or her designee) as well as to the Board.

~~a.~~ (b) Chair: ~~The Chair or any Director designated by of the Chair. Board shall preside at all meetings of the Board and shall be a voting member of all committees except the Nominating and Governance Committee. The Chair shall perform such other duties incident to the office or delegated by as the Board or these Bylaws may from time to time prescribe. The Chair shall be an ex officio member of all committees.~~

~~b. Treasurer: The Treasurer shall supervise the receipt and custody of the Corporation's funds and investments, the maintenance of the financial books and records, including full and accurate accounts of receipts and disbursements, and shall perform such other duties incident to the office or as from time to time may be assigned by the Board or these Bylaws.~~ (c) Vice Chair: The Board shall designate one or more Vice Chairs, who shall exercise the powers and duties of the Chair during absence or disability. The Vice Chair(s) shall perform such other duties as the Board or the Chair may from time to time prescribe.

~~c. Secretary: The Secretary shall maintain the minutes of such meetings of the Members, the Board of Directors and of all committees in the corporate records; give, or cause to be given, all notices required by these Bylaws or by law; serve as custodian of and be responsible for authenticating the corporate records; make such records available to the Members and the Board upon request; and, in general, perform all other duties incident to the office of Secretary and such other duties as from time to time may be delegated by the Board or these Bylaws.~~

~~d. Other Officers: The Board may from time to time appoint an Assistant Treasurer, Assistant Secretary or such other officers as the Board may deem necessary or advisable for the efficient operation of the Corporation's affairs, each of whom shall hold office for such period, have such authority and perform such duties as the Board of Directors may from time to time determine.~~

ARTICLE VI

PRESIDENT AND CEO

~~Section 6.01. President and CEO: The Board of Directors shall appoint the President and CEO, who shall serve as the chief executive~~

(d) Secretary: The Secretary shall have the custody of the records of the Corporation pertaining to the Secretary's office; shall keep minutes of the meetings of the Board.

~~and shall cause notice of such meetings to be given as required by law or these Bylaws. The Secretary shall perform such other duties as the Board or the Chair may from time to time prescribe.~~

~~(c) **Treasurer.** The Treasurer of the Corporation shall be responsible for the safekeeping of all funds and securities of the Corporation, shall see that proper records showing all financial transactions of the Corporation are maintained, and shall present financial reports to the Board.~~

Section 4.4 Resignation and Removal

~~(a) **An officer of the Corporation.** The Board shall establish the objectives, evaluate the performance, and determine the compensation of the President and CEO. The removal of the President and CEO shall be at the discretion of the Board. The President and CEO shall have the responsibilities set forth in Section 6.03, and shall be responsible to the Board of Directors, or to the Chair when the Board is not in session, for the full executive administration of the Corporation, subject to such policies as may be adopted and such orders as may be issued by the Board of Directors.~~

~~**Section 6.02. Qualifications for the President and CEO.** The Board of Directors shall establish a criteria-based process for selecting a qualified and competent individual to serve as the President and CEO. The President and CEO shall have the knowledge and skills necessary to perform the duties required of the Corporation's senior leader. Among other criteria, education and relevant experience are important qualifications.~~

~~**Section 6.03. Responsibilities of the President and CEO.** Subject to the powers expressly reserved to the Board, the President and CEO shall, in general, supervise and control all business and affairs of the Corporation. He or she shall have the power to sign, acknowledge and deliver on behalf of the Corporation all deeds, agreements and other formal instruments. The President and CEO shall be delegated the responsibility for overall management of the Corporation, and shall be given the authority necessary to carry out this responsibility, subject only to such policies as may be adopted by the Board of Directors. The President and CEO shall see that all orders and resolutions of the Board are carried into effect. In general, he or she shall perform all duties incident to the office of President and CEO and such other duties as may from time to time be delegated by the Board of Directors or these Bylaws.~~

~~**Section 6.04. Attendance at Meetings.** The President and CEO shall attend all meetings of the Board and the Executive Committee, unless excused by the Chair. The President and CEO shall be an *ex officio* member of all committees except the Audit and Compliance Committee and the Executive Compensation Committee.~~

ARTICLE VII may resign at any time by giving written notice of such resignation to the Secretary. Such resignation shall be effective at the time specified in the notice, or if no time is specified, upon receipt by the Secretary. The acceptance of such resignation shall not be necessary to make it effective.

(b) The Board may remove from office any officer with or without cause; provided, however, that the President of the Corporation may be removed from office by the Member following consultation with the Board. Removal of an officer shall be without prejudice to the officer's contract rights, if any.

Section 4.5 Vacancies. In the case of the death, resignation or removal of any officer, except the President, the vacancy may be filled by the Board of Trustees for the unexpired term. A vacancy in the office of President shall be filled in accordance with Section 4.3(a).

Section 4.6 Other Officers. The Corporation may have such other officer or officers, including assistant officers, as the Board may from time to time determine. Any such officer or assistant officer shall be appointed or elected in the manner and for the term determined by the Board, and the officer shall have the duties assigned by the Board.

COMMITTEES ARTICLE V. COMMITTEES

Section 7.01 Generally. The Board shall have the Standing Committees created in Sections 7.02 of these Bylaws and such Additional Committees created by resolution of the Board pursuant to Section 7.03 of these Bylaws.

Section 5.1 Classification. There shall be such standing committees as are provided for in this Article V and such other committees as shall be established by Board resolution from time to time. Standing committees shall have the powers and duties set forth in this Article V and in a charter approved by the Board. Other committees shall have the powers and duties set forth in the resolution establishing them and in a charter approved by the Board. Each committee shall periodically review its charter and revise it as necessary; provided, however, that no amendment shall become effective until approved by the Board.

Section 5.2 Appointment of Committee Members. Except as otherwise provided in these Bylaws, members and chairs of all standing committees shall be appointed by the Board on nomination of the Nominating and Governance Committee. All such committee members and chairs shall serve at the pleasure of the Board until the next annual meeting of the Board and until their successors shall be chosen. Unless otherwise provided, individuals who are not Trustees may be appointed to committees and each such person so appointed shall have a vote and be included for purposes of determining a quorum; provided, however, that if a committee is authorized to act on behalf of the Board, any such action must be approved by a majority of the committee members who are Trustees. Every committee of the Board shall include among its members a representative of the Member who shall be appointed by the President/Chief Executive Officer of the Member and who shall have a vote and be included for purposes of

determining a quorum.

Section 5.3 Committee Governance.

(a) Quorum and Voting. A majority of the committee members shall constitute a quorum at committee meetings except as otherwise provided in these Bylaws. The act of a majority of the committee members present at a meeting at which a quorum is present at the time of the act shall be the act of such committee, unless the act of a greater number is required by these Bylaws, by resolution of the Board or by law.

(b) Meetings. Except as otherwise provided in these Bylaws or by resolution of the Board, each committee shall establish its own rules and procedures and shall fix the time and place of its meetings. Each committee shall keep minutes of its meetings which shall be made available to the Board upon request.

~~Section 7.02-5.4 Standing Committees. Except as otherwise provided in these Bylaws, Standing Committees may exercise the power of the Board on those matters delegated to them by these Bylaws or by the Board. These committees, which shall be composed exclusively of Directors, shall be the following:~~

~~(a) Executive Committee. There shall be an The Executive Committee consisting of the Chair shall consist of the President and CEO, the Chair, the Secretary, and the Treasurer, a member of the Board selected by the Member, and any other member of the Board that the Board may choose to appoint. The Chair shall serve as the chair of the Executive Committee. Acts of the The Executive Committee shall be ratified by the Board of Directors at its next regular meeting. Except as otherwise provided by law or these Bylaws, the Executive Committee shall have the same authority as the Board of Directors possess and may exercise in the intervals between meetings of the Board for time-sensitive matters that the Executive Committee determines must or should be addressed prior to the next Board meeting. In addition, the Executive Committee shall perform such other duties as the Board of Directors may delegate to it. The Chair may designate one or more Directors as alternate members of the Executive Committee who may replace any absent or disqualified member. In addition, if any officer is temporarily absent and has not designated another Board member to fulfill the officer's duties during such an absence, the Executive Committee may make such a designation. all such powers of the Board, except as may otherwise be provided by law, these Bylaws, or resolution of the Board.~~

~~(b) Nominating and Governance Committee. There shall be a Nominating and Governance Committee consisting of not fewer than three (3) Directors who shall be appointed by the Board. The Committee shall review the recommendations it receives pursuant to Section 3.01. Subject to any qualifications and core competencies which it shall develop on behalf of the Board from time to time, the Committee shall identify qualified individuals to serve as Directors of the Corporation and as members of the board of directors of Subsidiaries, or as the President and CEO or as the chief executive officer of any Subsidiary. The Committee shall present a slate of nominees for election at each annual meeting or any meeting at which such Directors will be elected or at which the Board shall elect directors of a Subsidiary. The~~

~~Committee shall be responsible for the development, education and evaluation activities of the Board of Directors and of the board of directors of any Subsidiaries, shall review the corporate governance documents and policies established for the Corporation and its Subsidiaries, shall oversee and enforce the Corporation's and the Subsidiaries' Conflict of Interest Policy, and shall perform such other duties as the Board of Directors may delegate to it from time to time. The Committee shall have the specific responsibilities and shall follow the procedures set forth in the Nominating and Governance Committee Charter as adopted by the Board and reviewed annually.~~Finance Committee. The Finance Committee shall consist of at least three (3) Trustees, including the Treasurer, a member of the Board selected by the Member, and such other members as are necessary to properly perform the functions of the Finance Committee. The Finance Committee shall have such duties as are established by the Member and set forth in the Finance Committee charter. These duties shall include, but not be limited to, approval of local operating and capital budgets and examination and monitoring of other operating and capital budgets involving the Corporation.

(c) ~~Audit and Compliance Committee. There shall be an Audit and Compliance Committee consisting of not fewer than three (3) Directors appointed by the Board. The chair of the Committee shall be appointed by the Chair of the Board. Members of the Committee shall be independent of the management of the Corporation and its affiliates, and free of any relationship that would interfere with their exercise of independent judgment. No person who is then serving as chair of the Finance Committee or equivalent committee of the Corporation, either of the Hospitals or any other Subsidiary shall be eligible to serve on the Audit and Compliance Committee. The Committee shall assist the Board in fulfilling its oversight responsibility relating to (i) the quality and integrity of the Corporation's and each Subsidiary's financial statements, (ii) the effectiveness of the Corporation's and the Subsidiaries' internal control over financial reporting, (iii) the qualification, independence and performance of, and the Corporation's and the Subsidiaries' relationship with its independent auditors, (iv) the performance of the Corporation's and the Subsidiaries' internal audit functions, (v) the review of risk management policies and procedures, (vi) the Corporation's and the Subsidiaries' compliance with applicable legal and regulatory requirements, and (vii) the effectiveness of its compliance programs. The Audit Committee shall have the specific responsibilities and shall follow the procedures set forth in the Audit Committee Charter as adopted by the Board and reviewed annually.~~Nominating and Governance Committee. The Nominating and Governance Committee shall develop recommended criteria for membership on the Board and on committees of the Board. The Nominating and Governance Committee shall, after consultation with the President, nominate candidates to be voted upon in electing officers and members of the Board and nominate for appointment by the Board the chairs and members of all standing committees.

The Nominating and Governance Committee shall also periodically review of Board governance matters and recommend enhancements to strengthen the Board and ensure the comprehensiveness and efficiency of its governance process. The composition of the Nominating and Governance Committee shall be as set forth in its Charter and shall include a member of the Board selected by the Member.

(d) **Executive Compensation Committee.** The Executive Compensation Committee shall be comprised of the Chair of the Board and at least three additional (3) Directors who are selected and are determined to be independent by the Board, one of whom shall serve on the Finance Committee. This Committee will be responsible for (i) developing an executive compensation policy, and (ii) reviewing all aspects of the performance of, and for establishing the compensation of, each senior executive or key employee of the System who may be a "disqualified person" potentially subject to intermediate sanctions under Section 4958 of the Code, all of which shall be subject to Board approval. ~~The Executive Compensation Committee shall have the specific responsibilities and shall follow the procedures set forth in the Executive Compensation Committee Charter as adopted by the Board.~~ (e) ~~Finance Committee.~~ ~~The Finance Committee shall consist of at least three (3) Directors appointed by the Board and such other members as are necessary to properly perform the functions of the Finance Committee. The Treasurer shall be an ex officio member of the Finance Committee. The Finance Committee may not exercise the authority of the Board, and any acts taken by the Committee shall be solely advisory in nature. The Committee shall be responsible for reviewing the operating and capital budgets of the Corporation and each Subsidiary and make recommendations for the approval such budgets to the Board of Directors. The Committee shall also oversee the management and investment of the endowment and pension funds of the Corporation and each Subsidiary. The Committee shall have the specific responsibilities and shall follow the procedures set forth in the Finance Committee Charter as adopted by the Board.~~ set compensation for executives of the Corporation (other than the President and any other officer whose compensation is set by the Member) who are in a position to exercise substantial influence over the affairs of the Corporation as determined by the Executive Compensation Committee. The Executive Compensation Committee shall obtain and rely upon appropriate comparability data, including from the Member, in making its compensation decisions, and shall ensure that such compensation decisions are in compliance with the laws relating to organizations described in Section 501(c)(3) of the Internal Revenue Code. The composition of the Executive Compensation Committee shall be as set forth in its Charter and shall include a member of the Board selected by the Member.

Section 5.6 Other Committees. The Board may establish and appoint from among the Trustees or others, such other committees with such powers and authority as the Board shall designate, except that no such committee may exercise the authority of the Board.

(A) Standing Committees - Miscellaneous Provisions:

(i) Prohibited Activities. Standing Section 5.7 Powers of Committees. No committee established by the Board shall not have power to: (i) fill vacancies in on the Board of Directors or any Board Committee; (ii) adopt, amend or appeal or on any of its committees, to amend the Certificate of Incorporation of the Corporation or these Bylaws; (iii) to approve a plan of merger, or the to approve a sale, lease, exchange or other disposition of all, or substantially all, of the property of the Corporation, other than in the usual and regular course of affairs of the Corporation; (iv) to approve a proposal to dissolve the Corporation; or (v) to authorize any other action inconsistent with the Certificate of Incorporation or these Bylaws. The Executive Committee shall have authority to take actions consistent with these Bylaws; all other committees shall act in an advisory capacity only and shall have no power or authority to bind the Corporation, unless expressly authorized by the Board.

(ii) Quorum and Voting Requirements. A majority of all members of a Standing Committee shall constitute a quorum at its meetings. The affirmative vote of a majority of the committee members present at the time the vote is taken shall be the act of such committee, unless the vote of a greater number is required by the Certificate of Incorporation, these Bylaws, or by law.

(iii) Notice Requirements. Notice of the date, time and location of a Standing Committee meeting shall be given to each member of such committee by mail, electronic mail, telecommunications, telephone, facsimile, delivery service or in person at least twenty-four (24) hours before the scheduled time of the meeting. Minutes shall be recorded of each meeting of the committee and submitted at the next regular meeting of the Board of Directors. The committee chair or the chair's designee shall make a full report of each meeting of the committee at the next meeting of the Board of Directors.

Section 7.03 Additional Committees. In addition to the Standing Committees established by Section 7.02 of these Bylaws, the Board may from time to time establish other committees ("Additional Committees") for the purposes and with the powers and responsibilities conferred by the Board. Such committees shall exist solely at the pleasure of the Board. Any Additional Committee that is authorized to act on behalf of the Board shall be composed exclusively of Directors, all of whom shall be appointed by the Chair, and shall be subject to the requirements of Section 7.02(f) of these Bylaws. Any Additional Committee that is advisory

only and does not have the authority to act on behalf of the Board shall consist of at least one (1) Director and two (2) other individuals who may or may not be Directors, all of whom shall be appointed by the Chair.

ARTICLE VI. INDEMNIFICATION

The Corporation shall indemnify and defend the Corporation's Trustees, officers and employees as set forth in the Certificate of Incorporation.

ARTICLE VIII

~~CONFLICT OF INTEREST; CONFIDENTIALITY~~ ARTICLE VII. CONFLICTS OF INTEREST

The Trustees and officers of the Corporation shall comply with any Conflicts of Interest policy adopted by the Corporation, as any such policy may be amended from time to time, and with the provisions of the Nonstock Act related to disclosure and approval of "Director's conflicting interest transactions" (as such term is defined in the Nonstock Act). Consistent with the requirements of the Nonstock Act, any "Director's conflicting interest transaction" shall, when possible, be approved and authorized by either (i) the Member or (i) a majority of the disinterested Trustees voting on the transaction at a meeting at which a majority (but no fewer than two (2)) of all disinterested Trustees on the Board shall constitute a quorum, in each case following any required disclosure of the facts of the conflicting interest transaction.

Section 8.01. "Conflict of Interest" Defined; Conflict of Interest and Confidentiality Policies. The Board of Directors expects Directors to exercise good judgment and follow high ethical standards. Individuals serving the Corporation should never permit private interests to conflict in any way with their obligations to the Corporation and to any entities affiliated with the Corporation. In addition, all members of the Board of Directors must honor the confidential nature of Corporation information and strive to maintain its confidentiality. To this end, from time to time the Board of Directors shall adopt a Conflict of Interest Policy and a Confidentiality Policy; such policies shall be as effective as if they were part of these Bylaws. These policies shall be consistent with requirements of state law, the law of tax exempt organizations, and the requirements of the Joint Commission on the Accreditation of Healthcare Organizations, and shall address, among other things: the definition of "confidential materials" and "related persons;" disclosure by members of the Board of Directors; the purchase of goods and services; compensation decisions; and procedures to implement and enforce these policies.

ARTICLE VIII. MISCELLANEOUS PROVISIONS

Section 8.1 Fiscal Year. The fiscal year of the Corporation shall begin on the first day of October and end on the last day of September in each year unless the Board of Trustees shall otherwise determine.

Section 8.2 Execution of Deeds and Contracts. Except as otherwise directed by the Board, all deeds and mortgages made by the Corporation and all other written contracts, agreements and undertakings to which the Corporation shall be a party shall be executed in its name by the President or such other officers or officers as may be specified by the Board or authorized by the President.

Section 8.3 Execution of Negotiable Instruments. All checks, drafts, notes, bonds, bills of exchange and orders for the payment of money shall be signed by the President or such officer or officers of the Corporation as the Board may specify from time to time.

ARTICLE IX, AMENDMENTS

Subject to approval by the Member, these Bylaws may be amended, altered, or repealed at any meeting of the Board by a majority vote of the Trustees present and voting, a quorum being present. The general nature and purpose of such proposed amendment(s) shall be set forth in the notice of the meeting, and the actual language of the proposed amendments need not be included in the notice. No amendment, alteration or repeal shall take effect until it shall have been approved by the Member.

EXHIBIT A

Actions Requiring Approval of Both the Board and the Member

Notwithstanding anything in these Bylaws to the contrary and except as otherwise provided in Exhibit B relating to the direct authority retained by the Member, the following actions may only be taken with both the prior approval of the Board and the Member:

- A. Merger, consolidation, reorganization or dissolution of this Corporation or any Affiliate or the creation or acquisition of an interest in any corporate entity, including joint ventures;
- B. Amendment or restatement of the Mission, Certificate of Incorporation or the Bylaws of this Corporation or any Affiliate, or any new or revised "doing business as" name;
- C. Adoption of operating and cash flow budgets of the Corporation or any Affiliate, including consolidated or combined budgets of this Corporation and all subsidiary organizations of the Corporation (pursuant to the authority delegated to this Corporation by the Member to adopt such budgets within parameters established by the Member);
- D. Adoption of capital budgets and capital allocations of this Corporation or any Affiliate (pursuant to the authority delegated to this Corporation by the Member to adopt such budgets within parameters established by the Member);
- E. Incurring aggregate operating or capital expenditures on an annual basis that exceed operating or capital budgets of the Corporation adopted by the Member by a specified dollar amount to be determined from time to time by the Member;
- E. Long-term or material agreements including, but not limited to, equity financings, capitalized leases, operating leases and installment contracts; and purchase, sale, lease, disposition, hypothecation, exchange, gift, pledge or encumbrance of any asset, real or personal, with a fair market value in excess of a dollar amount to be determined from time to time by the Member, which shall not be less than 10% of the total annual capital budget of this Corporation;
- G. Approval of any new relationships or agreements for undergraduate or graduate medical education programs or any material amendments to or terminations of existing agreements for undergraduate or graduate medical education programs;
- H. Contracting with an unrelated third party for all or substantially all of the management of the assets or operations of this Corporation or any Affiliate;

- I. Approval of major new programs and clinical services of this Corporation or any Affiliate or discontinuation or consolidation of any such program. The Member shall from time to time define the term "major" in this context;
- J. Approval of strategic plans of this Corporation or any Affiliate, which will comport with the strategic planning processes and strategic plans established by the Member; and
- K. Adoption of safety and quality assurance policies not in conformity with policies established by the Member.

~~Section 9.01. Amendment. Except as otherwise provided by the Certificate of Incorporation, these Bylaws, or by law, the Board of Directors may adopt, amend, or repeal these Bylaws at any meeting of the Board of Directors by the affirmative vote of a majority of the Directors, provided that notice of the general nature of the proposed action has been given in the notice of the meeting.~~

Nothing in these Bylaws shall be construed in a manner that is inconsistent with the authorities with respect to the Corporation that are reserved or retained by the Member pursuant to these Bylaws.

ARTICLE X

MISCELLANEOUS

EXHIBIT B

Direct Authority Retained by the Member

~~Section 10.01. Principal Office.~~ The principal office of the Corporation shall be located in New London, Connecticut. The Corporation may have other offices within or without the State.

Notwithstanding anything in these Bylaws to the contrary, the Member retains authority to take the following actions on behalf of and in the name of this Corporation, directly and without the approval of Connecticut as the Board of Directors may from time to time determine. This Corporation:

~~Section 10.02. Waivers of Notice.~~ Whenever any notice of time, place, purpose or any other matter, including any special notice or form of notice, is required or permitted to be given to any person by law or under the provisions of the Certificate of Incorporation or these Bylaws, or of a resolution of Members or Directors, a written waiver of notice signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice. The Secretary of the Corporation shall cause any such waiver to be filed with or entered upon the records of the Corporation or, in the case of a waiver of notice of a meeting, the records of the meeting. The attendance of any person at or participation in a meeting waives any required notice to that person of the meeting unless at the beginning of the meeting, or promptly upon such person's arrival, the person objects to the holding of the meeting or the transacting of business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

- A. Adoption of targets for the annual operating and cash flow budgets of this Corporation and its Affiliates, including consolidated or combined budgets of this Corporation and all subsidiary organizations of the Corporation;
- B. Adoption of targets for the annual capital budgets and capital allocations of this Corporation and any Affiliate;
- C. Adoption of annual operating, cash flow and annual capital budgets for the Corporation and any Affiliate within the targets established by the Member in the event of any failure of the Corporation to do so;
- D. Issuance and incurrence of indebtedness on behalf of this Corporation;
- E. Management and control of the liquid assets of this Corporation, including the authority to cause such assets to be funded to the Member or as otherwise directed by the Member;

- F. Appointment of the independent auditor for this Corporation and each Affiliate and the management of the audit process and compliance process and procedures for this Corporation and each Affiliate; and
- G. Appointment of the President consistent with Section 4.3(a) which requires prior consultation with the Board.

Adopted at Board of Directors Meeting—July 29, 2013

Other Major Activities Requiring the Approval of the Member

- A. In addition, the Member shall have the authority, except as otherwise provided by the Member and after consultation with the Board of this Corporation, to require the prior review and approval of those activities of this Corporation or any subsidiary or affiliate entity that the Member determines to be "major activities."
- B. "Major activities" shall be those which the Member by a vote of not less than two-thirds (2/3) of its Board of Trustees has declared major, by written notice to this Corporation, delivered personally or transmitted by registered or certified mail return receipt requested. Such notice shall specifically identify the matter or matters requiring approval of the Member, and shall refer to this Bylaw provision granting such approval rights to the Member. Notices received pursuant to this section shall be recorded in the minutes of this Corporation and shall be filed with the minutes of this Corporation.

Attachment to
Articles of Amendment to
Articles of Incorporation for:
LMW Healthcare, Inc.

Section 3 shall be amended to add thereto:

In furtherance of the foregoing, the Corporation shall (i) participate as an integral part of the integrated health care delivery system known as the Yale New Haven Health System (the "System"), which System provides, through its affiliates, comprehensive, cost effective, advanced patient care characterized by safety and clinical and service quality; and (ii) fund and promote activities and programs of the System, including activities and programs of its affiliates, consistent with and in furtherance of the Corporation's charitable purposes and the charitable purposes of all System affiliates.

July 17, 2015 Final Version

DOHP0220

AGP0028A78

Filing Fee: \$35.00



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
Office of the Secretary of State
Division of Business Services
148 W. River Street
Providence, Rhode Island 02904-2815

2012 MAY 29 PM 4: 01
SECRETARY OF STATE
CORPORATIONS DIV

NON-PROFIT CORPORATION

ARTICLES OF INCORPORATION

The undersigned, acting as incorporator(s) of a corporation under Chapter 7-8 of the General Laws of Rhode Island, 1958, as amended, adopt(s) the following Articles of Incorporation for such corporation:

1. The name of the corporation is LMW Healthcare, Inc.
2. The period of its duration is (if perpetual, so state) Perpetual
3. The specific purpose or purposes for which the corporation is organized are:
The Corporation is formed and shall be operated exclusively for scientific, educational, and
charitable purposes, as qualified under Section 501(c)(3) of the Internal Revenue Code of 1986
(as now in effect or may hereafter be amended)(the "Code"). The purpose is to establish, maintain
and carry on an institution with permanent facilities for inpatients and ambulatory patients, with
medical services to provide diagnosis and treatment, to carry on all associated services, and to
engage in any lawful act or activity for which a corporation may be organized under the
Rhode Island Nonprofit Corporation Act, as the same may be amended from time to time.
4. Provisions, if any, not inconsistent with the law, which the incorporators elect to set forth in these articles of incorporation for the regulation of the internal affairs of the corporation are:
See Exhibit A attached hereto

Form No 200
Revised 12/05

DOHP0198

AGP0028A79

5. The address of the initial registered office of the corporation is:

One Citizens Plaza, Suite 500

(Street Address, not P.O. Box)

Providence

(City/Town)

RI 02803

(Zip Code)

and the name of its initial registered agent at

such address is Stephen D. Zubiago, Esq.

(Name of Agent)

6. The number of directors constituting the initial Board of Directors of the Corporation is 3

(not less than 3 directors)

and the names and address of the persons who are to serve as the initial directors are:

Name	Address
<u>Bruce D. Cummings</u>	<u>901 Pequot Avenue, New London, CT 06320</u>
<u>Marilyn Malarba</u>	<u>4 Glen Craig Place, Uncasville, CT 06362</u>
<u>Ulysses B. Hammond</u>	<u>8 Susan Terrace, Waterford, CT 06388</u>
_____	_____
_____	_____

7. The name and address of each incorporator is:

Name	Address
<u>Bruce D. Cummings</u>	<u>901 Pequot Avenue, New London, CT 06320</u>
_____	_____
_____	_____
_____	_____

8. These Articles of Incorporation shall be effective upon filing unless a specified date is provided which shall be no later than the 30th day after the date of this filing Upon Filing

Under penalty of perjury, I/we declare and affirm that I/we have examined these Articles of Incorporation, including any accompanying attachments, and that all statements contained herein are true and correct.

Date: _____

[Signature]

Signature of each Incorporator

Attachment to
Articles of Incorporation for:
LMW Healthcare, Inc.

4. Provisions, if any, not inconsistent with the law, which the incorporators elect to set forth in these articles of incorporation for the regulation of the internal affairs of the corporation are:

(a) No part of the net earnings of the Corporation shall inure to the benefit of any director or officer of the Corporation or any private individual, except that reasonable compensation may be paid for services rendered to or for the Corporation. No director or officer of the Corporation or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the Corporation.

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

(c) Notwithstanding any other provision of these articles, the Corporation is organized exclusively for one or more of the following purposes: religious, charitable, scientific, testing for public safety, literary, or educational purposes, as specified in Section 501(c)(3) of the Code. The Corporation shall not carry on any activities not permitted to be carried on (i) by a corporation exempt from Federal income tax under Section 501(c)(3) of the Code or (ii) by a corporation contributions to which are deductible under Section 170(c)(2) of the Code.

(d) In the event of the liquidation, dissolution, or winding up of the Corporation, whether voluntary or involuntary or by operation of law, all of the remaining assets and property of the Corporation shall after necessary expenses thereof be distributed to one or more organizations which are then qualified under Section 501(c)(3) of the Code to be used in such manner as will best accomplish the general purposes for which this Corporation was formed, to be determined in the discretion of the Board of Directors.

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Exhibit A-1

Execution Version

**AFFILIATION AGREEMENT
BY AND BETWEEN
YALE-NEW HAVEN HEALTH SERVICES CORPORATION
AND
LAWRENCE + MEMORIAL CORPORATION**

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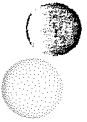
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Exhibits

- Exhibit 1 – Definitions
- Exhibit 2.1.1(A) – L+M Amended Certificate of Incorporation
- Exhibit 2.1.1(B) – L+M Amended Bylaws
- Exhibit 2.1.3(A) – YNHSC Amended Certificate of Incorporation
- Exhibit 2.1.3(B) – YNHSC Amended Bylaws
- Exhibit 2.1.4(A) – LMMG-NEMG Agreement and Plan of Merger
- Exhibit 2.1.4(B) – Amended and Restated Bylaws of NEMG
- Exhibit 2.1.4(C) – Amended and Restated Certificate of Incorporation of NEMG
- Exhibit 2.1.5(a)(1) – LMH Amended Certificate of Incorporation
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AFFILIATION AGREEMENT

This Affiliation Agreement (this "*Affiliation Agreement*") is entered into as of July 17, 2015 (the "*Effective Date*"), by and between Yale-New Haven Health Services Corporation ("*YNHHSC*") and Lawrence + Memorial Corporation ("*L+M*") and pursuant to which, on and subject to the terms and conditions hereof, YNHHSC shall become the sole member of L+M (the "*Affiliation*"). YNHHSC and L+M may be individually referred to herein as a "*Party*" or collectively referred to herein as the "*Parties*."

RECITALS

A. L+M. L+M is a Connecticut non-stock, tax-exempt corporation that is the sole member of its Subsidiaries that operate licensed acute care general hospitals, one in New London, Connecticut and one in Westerly, Rhode Island. L+M and the L+M Affiliates also provide other health care services for the benefit of the communities they serve.

B. YNHHSC. YNHHSC is a Connecticut non-stock, tax-exempt corporation that was organized in 1983 to provide support services to a nonprofit network of affiliated health care providers known, collectively, as the Yale New Haven Health System. YNHHSC also directs and implements certain programs and activities that assist its members in providing high quality, cost-effective health services for the benefit of the communities they serve. The mission of YNHHSC includes collaborating with Yale University to initiate, develop, and maintain educational programs for health care professionals and for the public.

C. System Support. The Parties believe that the Affiliation will provide L+M with benefits in leadership, efficiencies and growth. Efficiencies will result from economies of scale as they relate to information technology, finance, insurance, equipment, supplies and other administrative services. Growth will result from the coordination and implementation of clinical and health programs that are designed to improve the quality, cost-effectiveness and accessibility of health care and educational services in the communities served by L+M. The Affiliation will enable the L+M Affiliates to achieve their mission more effectively and to continue to serve their communities.

D. Shared Values. L+M shares YNHHSC's mission and values, has a strong focus on service excellence, is a lower cost provider committed to its community, has a vibrant outpatient and primary care strategy and strong management, and provides high quality, high value, patient-centered care. L+M shares YNHHSC's commitment of continuing to serve uninsured and underinsured patients, and of continuing to provide robust community benefit and uncompensated care. L+M, with the support of the L+M Subsidiaries, and YNHHSC seek an affiliation that will drive broader efficiencies while increasing high quality outcomes, address increasing consumer demands for integrated collaborative care, manage risk more effectively, enhance the population health infrastructure, improve the efficient access to capital, and maintain and grow provider diversity, consumer choice and access to quality and affordable care.

E. Furthering Mission. The Parties further believe that L+M will add to the strength of the Yale New Haven Health System by sharing its leadership, best practices and community-based services. The Affiliation also will (i) further the commitment of YNHHSC to support the delivery of high quality, cost-effective and accessible health care services in the region; and (ii)

allow both L+M and YNHSC to further their charitable missions and shared vision for the changing health care marketplace.

F. Best Interests. For these reasons, the Parties believe that the Affiliation as set forth in this Affiliation Agreement is in the best interests of each Party.

NOW, THEREFORE, the Parties agree as follows:

ARTICLE 1

INCORPORATION OF RECITALS; DEFINITIONS

1.1 Recitals. The recitals set forth above are incorporated herein and made a part hereof.

1.2 Definitions. All capitalized terms used in this Affiliation Agreement and not otherwise defined shall have the meanings set forth in Exhibit I.

ARTICLE 2

TERMS OF AFFILIATION

2.1 Affiliation Structure. Effective as of the Closing Date, subject to the terms and conditions of this Affiliation Agreement, YNHSC shall become the sole corporate member of L+M and the corporate governance provisions described in this Section 2.1 shall become effective.

2.1.1 Organization and Operation of L+M. The Certificate of Incorporation and Bylaws of L+M shall be amended to appoint YNHSC as the sole corporate member of L+M. As the sole member, YNHSC will have certain retained and reserved powers consistent with the structure established for membership in the YNHSC Obligated Group and will be accorded the direct authority, as the sole member of and on behalf of L+M as the sole member of the L+M Subsidiaries, to exercise with respect to the L+M Subsidiaries the same retained and reserved powers as are accorded to YNHSC as the sole member of L+M, all as described in more detail in the L+M Amended Certificate of Incorporation and the L+M Amended Bylaws (each as defined below). The Amended and Restated Certificate of Incorporation of L+M shall, as of the Closing Date, be in the form attached as Exhibit 2.1.1(A) (the "*L+M Amended Certificate of Incorporation*"), and the Amended and Restated Bylaws of L+M shall, as of the Closing Date, be in the form attached as Exhibit 2.1.1(B) (the "*L+M Amended Bylaws*").

2.1.2 L+M Governance. Effective as of the Closing, the Parties agree that the individuals serving on the Board of Trustees of L+M as of the Closing Date shall remain on the Board of Trustees of L+M for the remainder of their respective terms, subject to the L+M Amended Bylaws, and YNHSC shall appoint an additional member of the Board of Trustees of L+M in accordance with the L+M Amended Bylaws. Thereafter, trustees shall be elected to the Board of Trustees of L+M as set forth in the L+M Amended Bylaws.

2.1.3 Organization and Operation of YNHHS. As of the Closing Date, the Certificate of Incorporation of YNHHS shall be amended to include L+M as an organization that YNHHS supports as set forth in the Amended and Restated Certificate of Incorporation of YNHHS attached as Exhibit 2.1.3(A) (the "*YNHHS Amended Certificate of Incorporation*"). As of the Closing Date and through at least the sixth anniversary of the Closing Date, the person who serves from time to time as the Chair of the Board of L+M shall be elected as a voting member of the Board of Trustees of YNHHS, and such person shall be provided with the opportunity to be a member of the YNHHS Nominating and Governance Committee; provided, however, that in the event that after the Closing Date and during the Initial Period YNHHS becomes the sole member of a health care organization or health system of similar size, revenue and scope of clinical services to L+M of which YNHHS is not the member as of the Effective Date and such new health care organization or health system is provided greater rights with respect to representation on the Board of Trustees of YNHHS than L+M is afforded pursuant to this Affiliation Agreement, L+M shall be provided with the same or substantially similar rights with respect to representation on the Board of Trustees of YNHHS as are afforded to such health care organization or health system. Other members of the Board of Trustees of L+M shall have opportunities to serve on other YNHHS committees, as set forth in the Amended and Restated Bylaws of YNHHS attached hereto as Exhibit 2.1.3(B) (the "*YNHHS Amended Bylaws*").

2.1.4 Medical Foundation Matters. As of the Closing Date, (i) LMMG shall be merged with and into NEMG with NEMG surviving pursuant to an Agreement and Plan of Merger (the "*LMMG-NEMG Agreement and Plan of Merger*") in the form attached as Exhibit 2.1.4(A); (ii) two physician employees of NEMG who are members of the medical staff of LMH and/or LMW, nominated in accordance with the bylaws of NEMG, shall be elected to the board of trustees of NEMG; (iii) the president of L+M or his or her designee shall be elected to the board of trustees of NEMG; (iv) the bylaws of NEMG shall be amended and restated in the form of the Amended and Restated Bylaws of NEMG (the "*Amended and Restated Bylaws of NEMG*") attached hereto as Exhibit 2.1.4(B); (v) the certificate of incorporation of NEMG shall be amended and restated in the form of the Amended and Restated Certificate of Incorporation of NEMG (the "*Amended and Restated Certificate of Incorporation of NEMG*") attached hereto as Exhibit 2.1.4(C); and (vi) the contracts held by Sound Medical Associates, P.C. will be assigned to NEMG PLLC.

2.1.5 Other L+M Subsidiaries. As of the Closing Date, the following organizational documents of LMH, LMW and VNA of Southeastern Connecticut shall be amended and restated to provide to YNHHS direct authority, as sole member of and on behalf of L+M as sole member of each such L+M Subsidiary, to exercise with respect to each such L+M Subsidiary the same retained and reserved powers as are provided to YNHHS by the YNHHS Subsidiaries that are members of the YNHHS Obligated Group:

- (a) the Certificate of Incorporation of LMH shall be amended and restated in the form of the LMH Amended Certificate of Incorporation attached as Exhibit 2.1.5(a)(1), and the Bylaws of

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LMH shall be amended and restated in the form of the LMH Amended Bylaws attached as Exhibit 2.1.5.(a)(2);

- (b) the Certificate of Incorporation of LMW shall be amended and restated in the form of the LMW Amended Certificate of Incorporation attached as Exhibit 2.1.5(b)(1), and the Bylaws of LMW (subject to any applicable LMW Acquisition-Related Obligations) shall be amended and restated in the form of the LMW Amended Bylaws attached as Exhibit 2.1.5.(b)(2); and
- (c) the Certificate of Incorporation of VNA of Southeastern Connecticut shall be amended and restated in the form of the VNA of Southeastern Connecticut Amended Certificate of Incorporation attached as Exhibit 2.1.5(c)(1), and the Bylaws of VNA of Southeastern Connecticut shall be amended and restated in the form of the VNA of Southeastern Connecticut Amended Bylaws attached as Exhibit 2.1.5.(c)(2).

The LMH Amended Certificate of Incorporation, the LMW Amended Certificate of Incorporation and the VNA of Southeastern Connecticut Amended Certificate of Incorporation shall be referred to herein as the "*L+M Subsidiaries Amended Certificates of Incorporation*;" the LMH Amended Bylaws, the LMW Amended Bylaws and the VNA of Southeastern Connecticut Amended Bylaws shall be referred to herein as the "*L+M Subsidiaries Amended Bylaws*." From and after the Closing Date, any other L+M Subsidiaries shall be operated in conformity with the principles reflected in the L+M Subsidiaries Amended Certificates of Incorporation and the L+M Subsidiaries Amended Bylaws.

2.1.6 Support of VNA. After the Closing, YNHHS shall support and maintain VNA of Southeastern Connecticut in a manner that is consistent with the objective of developing the capability of VNA of Southeastern Connecticut and the Yale New Haven Health System to effectively and efficiently engage in population health management and to manage the health of patients across the continuum of care.

2.1.7 Educational and Research Opportunities. After the Closing, YNHHS and L+M shall jointly explore educational and research opportunities at the L+M Affiliates in light of their respective academic strengths and mission commitments.

2.1.8 Healthcare Facilities Commitments. After the Closing, YNHHS and L+M shall develop and implement their strategic plans so as to maintain healthcare services facilities that support the evolving clinical service needs in the communities served by L+M. Moreover, the Parties' further agree:

- (a) to work cooperatively to minimize travel for patients requiring healthcare services that can be appropriately provided by the L+M Affiliates and to encourage the return of patients originating within the communities served by the L+M Affiliates back to the originating facility and its physicians for local and specialty care

following treatment at any other Yale New Haven Health System facility;

- (b) that LMW shall continue to provide the services and commitments it is obligated to provide under the LMW Acquisition-Related Obligations; and
- (c) that the L+M Affiliates may maintain and preserve existing relationships with hospital-based physicians holding exclusive relationships with such L+M Affiliates, including, without limitation hospitalists, emergency physicians, pathologists, anesthesiologist, and radiologists.

2.1.9 Donor Restricted Funds. After the Closing, (i) L+M shall continue to honor any donor restrictions (temporary, permanent or as to purpose) on charitable donations made prior to the Closing Date, and (ii) any donor-imposed restrictions (temporary, permanent or as to purpose) on charitable donations made after the Closing Date shall also be honored by L+M.

2.1.10 Streamlining and Alignment of Board Structure of L+M Affiliates. During the Initial Period, and subject in the case of LMW to the LMW Acquisition-Related Obligations, YNHHS and the L+M Affiliates shall work together to streamline and align the board structure of LMH, LMW and VNA of Southeastern Connecticut with the board structure of L+M.

2.2 Maintenance of Separate Corporate Existence. After giving effect to the Closing, the corporate existence, names, rights, privileges, immunities, powers, franchises, facilities and other licenses, duties and liabilities of L+M and each L+M Subsidiary, other than LMMG, shall be governed by the Board of Trustees of L+M or such L+M Subsidiary, as applicable, subject to the L+M Amended Certificate of Incorporation and the L+M Amended Bylaws or the L+M Subsidiaries Amended Certificates of Incorporation and L+M Subsidiaries Amended Bylaws, as applicable. Except as otherwise contemplated by this Agreement, the Affiliation shall not result in a transfer or conveyance as of the Closing Date of any asset or the assumption of any liability of either Party or any Affiliate of either Party.

2.3 Continuation of Missions and Dedication to Community Benefit. Without limiting the generality of the foregoing, each Party reaffirms its commitment to the delivery of high-quality, effective health care to the communities it serves, and to supporting, enhancing and sustaining the ability of the L+M Affiliates, within the framework of and as members of the Yale New Haven Health System, to provide high-quality, cost-effective care that will drive broader efficiencies while increasing high quality outcomes, address increasing consumer demands for integrated collaborative care, manage risk more effectively, enhance the population health infrastructure, improve the efficient access to capital, and maintain and grow provider diversity, consumer choice and access to quality and affordable care. In furtherance of the foregoing, during the five-year period after the Closing Date, L+M may dedicate and commit at least \$11,000,000 ("*L+M Community Benefit Funds*") to support community benefit programs and reinvestments in the communities that the L+M Affiliates serve, including, without limitation, instituting, maintaining, preserving, and/or reinvesting in ambulance services, mental health

programs, smoking cessation programs, pediatric asthma programs, diabetes outreach, and/or services important to the community and/or at risk populations, in each case, as may be identified in a biennial community needs assessment or that otherwise are in furtherance of L+M's charitable mission; *provided, however*, that when calculating the amount of L+M Community Benefit Funds expended, such calculation shall not take into account Medicaid and/or Medicare shortfalls incurred by the L+M Affiliates. The annual amount of such L+M Community Benefit Funds shall be set forth in the L+M Affiliates' capital and operating budgets, as applicable, and so long as the L+M Community Benefit Funds set forth on such budgets are consistent with the requirements of this Section 2.3, the inclusion of such L+M Community Benefit Funds on a budget shall not be grounds for YNHHS to disapprove, withhold, delay or condition its consent to such budgets.

2.4 Employment Matters.

2.4.1 L+M Chief Executive Officer. The president of L+M shall report to an executive officer of YNHHS designated by the President and Chief Executive Officer of YNHHS and to the Board of Trustees of L+M.

2.4.2 Other Employment Matters. It is the Parties' intent to minimize the impact of the Affiliation on the employees of LMH, LMW, LMMG and VNA of Southeastern Connecticut (each an "*Employee*"). In furtherance of the foregoing:

(a) In the event any Employee who is employed by an L+M Affiliate ceases such employment within ninety (90) days after the Closing and becomes employed by a different YNHHS Affiliate within ninety (90) days after ceasing to be employed by such L+M Affiliate, the Parties agree that such Employee shall be subject to, and shall receive the benefits of, YNHHS's applicable employment practices governing inter-affiliate transfers that are in effect at the time of the applicable employer change, as if such Employee's cessation of employment with such L+M Affiliate occurred immediately prior (and without interruption) to such Employee's employment with such other YNHHS Affiliate. YNHHS's current practice is to provide each Employee that becomes employed by a different YNHHS Affiliate credit for his or her length of service at the applicable L+M Affiliate as of the date such employee ceases to be employed by such L+M Affiliate for purposes of seniority, benefits eligibility and vesting at the applicable YNHHS Affiliate.

(b) From and after the Closing Date, all Employees of LMH, LMW and VNA of Southeastern Connecticut shall remain subject to, and shall receive the benefits of, the applicable L+M Affiliate's employment policies that are in effect from time to time. For the avoidance of doubt, from and after the Closing Date each L+M Affiliate shall be an affiliate of YNHHS and shall have the benefit of YNHHS's inter-affiliate employment transfer practices or policy as is in effect from time to time.

(c) All current collective bargaining agreements to which the L+M Affiliates are parties as of the Closing Date will remain in full force and effect in accordance with their terms.

2.5 YNHHS System-wide Policies. At or after the Closing, on a mutually-agreed timetable that is no longer than twelve (12) months after Closing, L+M shall adopt and

implement YNHHC's system-wide policies and procedures consistent with the adoption and implementation thereof by the members of the Yale New Haven Health System, including without limitation the YNHHC Obligated Group Policies.

2.6 Maintenance of Medical Staff. The medical staffs of LMH and LMW shall remain constituted in accordance with their respective medical staff bylaws (the "*LMH Medical Staff Bylaws*" and the "*LMW Medical Staff Bylaws*", respectively) and such LMH Medical Staff Bylaws and LMW Medical Staff Bylaws shall be consistent with the requirements of Applicable Law and the applicable accrediting agencies.

2.7 YNHHC Branding. From and after the Closing, subject to compliance with the LMW Acquisition-Related Obligations, YNHHC and the L+M Affiliates shall work collaboratively to build the YNHHC brand across the communities served by the L+M Affiliates and LMH, LMW and the other L+M Provider Subsidiaries shall use the YNHHC brand in accordance with YNHHC's graphic standards, guidelines and policies; *provided, however*, that the names "Lawrence + Memorial" and "Westerly" shall be changed only with the approval of the L+M Board of Trustees and the YNHHC Board of Trustees. YNHHC shall develop advertising, marketing and promotional policies for the Yale New Haven Health System. YNHHC shall promote LMH and LMW and identify them as member hospitals of YNHHC in the same manner as the other Hospital Members with a similar scope of services. In furtherance of the intent and purpose of this Section 2.7, promptly upon the Closing, YNHHC shall commence a comprehensive rebranding campaign (the "*Rebranding Campaign*") to rebrand the L+M Affiliates as members of the Yale New Haven Health System. All costs and expenses associated with such Rebranding Campaign shall be the sole responsibility of YNHHC.

2.8 Management Services. YNHHC shall provide management support services to the L+M Affiliates subject to needs of all members of the Yale New Haven Health System and available financial resources. These services shall include, but not be limited to, the following: internal audit, strategic planning and marketing support, business diversification and development assistance, human resource support, trustee orientation and development programs, management information systems' hardware and software support, telecommunications assistance, facilities development, compliance, legal services, quality assessment and risk management support, fund development assistance, physician recruitment and retention support, and managed care contracting (provided that YNHHC may revise, delete from or add to such list of services on a basis that is equitably applied to all Hospital Members). Upon Closing, an implementation plan for the integration and use of these services by the L+M Affiliates will be agreed to by the Parties. The L+M Affiliates will be assessed fees for these services on a basis that is consistent with the basis of assessment for other similarly situated YNHHC Subsidiaries.

2.9 Benefits and Privileges. YNHHC represents and covenants that LMH and LMW shall, in addition and without prejudice to any benefits, rights or privileges contained in this Agreement, enjoy the same privileges and benefits as the Hospital Members and be treated in a manner no less than consistent with the treatment of the Hospital Members, in each case taking into account the different sizes, clinical and financial attributes and performance of the respective Hospital Members. In addition, for so long as YNHHC determines to continue to provide or implement programs and initiatives for the enhancement of quality, cost efficiency, professional development and/or other improvements for the members of the Yale New Haven Health System, each L+M Affiliate shall, in addition and without prejudice to any benefits, rights or

privileges contained in this Agreement, participate in such programs and initiatives on an equitable basis along with other YNHHC Affiliates having attributes (including corporate purpose, size, scope of services and staff) that are similar to those of such L+M Affiliate. At such time in the future as YNHHC determines to offer any new programs or initiatives for the enhancement of quality, cost efficiency, professional development and/or other improvements for the members of the Yale New Haven Health System, each L+M Affiliate shall, in addition and without prejudice to any benefits, rights or privileges contained in this Agreement, participate in such programs and initiatives on an equitable basis along with other YNHHC Affiliates having attributes (including corporate purpose, size, scope of services and staff) that are similar to those of such L+M Affiliate.

2.10 Obligated Group. On the earliest date following the Closing Date that is reasonably determined by YNHHC and in accordance with the requirements of the L+M Master Trust Indenture, YNHHC shall have the authority to cause L+M and LMH, LMW and/or such other L+M Subsidiaries as YNHHC shall determine to become YNHHC Obligated Group Members, and effective upon becoming a YNHHC Obligated Group Member the applicable L+M Affiliate shall execute a joinder to become a party to the YNHHC Obligated Group Agreement and shall take such other steps as YNHHC may require in connection with such status.

2.11 YNHHC Resource Commitments.

(a) YNHHC commits, on and subject to the terms of this Section 2.11 and in accordance with the strategic plan described in Section 2.12, to deploy, directly and through its Affiliates, \$300 million in resources in the Yale New Haven Health System's Eastern Connecticut and Western Rhode Island region over a period of five years commencing with the Closing to enhance and support clinical and operational capabilities and services consistent with community need, the Yale New Haven Health System strategic plan, and mutually agreed upon business plans which display positive return on investment (or in the case of physical plant and infrastructure projects, mutually agreed upon facility management plans and/or project budgets).

(b) As part of the \$300 million commitment described in Section 2.11(a), subject to the Closing, YNHHC commits to make available (from resources other than those generated by the L+M Affiliates) in the Yale New Haven Health System's Eastern Connecticut and Western Rhode Island region an aggregate of \$41 million in resources over the five-year period commencing with the Closing to support the initiatives described in this Section 2.11(b), which the Parties acknowledge are consistent with community need and the Yale New Haven Health System Strategic Plan, and are subject to mutually agreed upon business plans that display positive returns on investment:

- (i) Implementation of Epic, Lawson and other IT platforms;
- (ii) Effectuation and implementation of the branding contemplated by Section 2.7;
- (iii) Up to \$10 million in value represented by participation in and access to YNHHC population health infrastructure;

(iv) Development of clinical programs and services and associated physician recruitment.

(c) As part of the \$300 million commitment described in Section 2.11(a), subject to the Closing, YNHHC commits to make available (from resources other than those generated by the L+M Affiliates) in the Yale New Haven Health System's Eastern Connecticut and Western Rhode Island region an aggregate of \$44 million in resources over the five-year period commencing with the Closing to support the clinical programs and services described in Section 2.11(d) in accordance with mutually agreed-upon individual project business plans that are consistent with community need and the Yale New Haven Health System's strategic plan, display a positive return on investment and include implementation plans and budget allocations.

(d) As part of the \$300 million commitment described in Section 2.11(a), subject to the Closing, YNHHC and Affiliates of YNHHC (including the L+M Affiliates) shall deploy \$215 million in resources (in addition to the resources described in Section 2.11(b) and (c)) in the Yale New Haven Health System's Eastern Connecticut and Western Rhode Island region over a period of five years from and after the Closing Date to enhance and support the clinical and operational capabilities and services described in this Section 2.11(d) consistent with (i) community need, (ii) Yale New Haven Health System's strategic plan, (iii) mutually agreed-upon individual project business plans which display a positive return on investment (or in the case of physical plant and infrastructure projects, mutually agreed upon facility management plans and/or project budgets), and (iv) the performance of the L+M Affiliates measured against the Key Financial Metrics. It is understood that if YNHHC and L+M mutually determine that the performance of the L+M Affiliates for any year during the applicable five-year period has materially deviated (whether positively or negatively) from the Key Financial Metrics, taken collectively, then the level of resources to be deployed by YNHHC and Affiliates of YNHHC pursuant to this Section 2.11(d) will be affected in a way that is mutually agreed by YNHHC and L+M. The clinical and operational capabilities and services described in this Section 2.11(d) are the following clinical and operational capabilities and services (or such other programs and services as YNHHC and L+M may mutually agree):

- (i) Expansion of primary care network and ambulatory presence, including ambulatory surgery;
- (ii) Access to pediatric specialty services;
- (iii) Development of a multi-disciplinary musculoskeletal center with orthopedic, neurosurgery, spine and physiatry clinical complements;
- (iv) Expansion of maternal fetal medicine and obstetrics capabilities;
- (v) Enhancement of oncology services associated with Smilow Cancer Hospital;
- (vi) Reintroduction and expansion of bariatric and/ or laparoscopic surgical programs;
- (vii) Expansion of neuromuscular and stroke programs;

- (viii) Development of a multidisciplinary vascular program and enhancement of cardiac services including electrophysiology;
- (ix) Enhancement of endocrinology/thyroid services;
- (x) Development of population health and risk contracting capabilities and participation in population health infrastructure;
- (xi) Continued access to SkyHealth;
- (xii) Expanded emergency services; and
- (xiii) Physical plant and infrastructure maintenance, development and renovations.

For the avoidance of doubt, the financial performance of the L+M Affiliates as measured against the Key Financial Metrics shall not affect the resources committed by YNHHS under Sections 2.11(b) and (c).

2.12 Strategic Plan. Prior to the Closing, YNHHS, working with L+M, will develop a mutually agreed-upon five-year strategic plan including L+M that will address the major categories of the overall resource deployment described in Sections 2.11(b), (c) and (d). The strategic plan will focus on the retention and enhancement of healthcare services to communities in the Yale New Haven Health System's Eastern Connecticut and Western Rhode Island region, and will include projected resource availability and estimated timeframes in furtherance of the development of the programs and initiatives described in Section 2.11. The strategic plan will be updated every fiscal year and with a rolling three-year horizon consistent with YNHHS practice. As the strategic plan for L+M that forms a component of the overall Yale New Haven Health System strategic plan, the strategic plan described in this Section 2.12 shall be subject to the approval of the board of L+M and the board of YNHHS. This Section 2.12 and the Yale New Haven Health System Strategic Plan shall not be construed or applied so as to limit or restrict the level of the commitments of YNHHS pursuant to Section 2.11, but the strategic plan and the Yale New Haven Health System Strategic Plan may affect the sequence and pacing of the implementation of the deployment of resources to support specific programs and services. The failure of YNHHS and L+M to agree upon a strategic plan for L+M shall not result in a failure of a condition to the Parties' obligations to close the Affiliation or a right of either party to terminate this Affiliation Agreement.

2.13 Compliance with YSM Affiliation Agreement. From and after the Closing Date, the L+M Affiliates will comply with their obligations as applicable under Article IV of the YSM Affiliation Agreement.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES WITH RESPECT TO L+M AFFILIATES

L+M represents and warrants to YNHSC that the statements contained in this Article 3 are correct and complete as of the date of this Agreement, except as set forth in the Disclosure Schedule and except as specifically disclosed to YNHSC. The Disclosure Schedule will be arranged in sections corresponding to the lettered and numbered sections contained in this Article 3. The Parties acknowledge and confirm that any competitively sensitive information called for by this Article 3 (including any schedules of the Disclosure Schedule) shall only be disclosed pursuant to such procedures as the Parties shall mutually agree upon so as to avoid violation of Applicable Law.

3.1 Organization of L+M. L+M is a nonstock corporation which is duly organized, validly existing and in good standing under the laws of the State of Connecticut, and has (and at the Closing will have) full corporate power and authority to own its assets and conduct its operations (as now conducted and as conducted at the Closing). Each of the L+M Subsidiaries is duly organized, validly existing and in good standing under the laws of the state of its formation and has (and at the Closing will have) full corporate power and authority to own its assets and conduct its operations as currently being conducted (as now conducted and as conducted at the Closing).

3.1.1 Schedule 3.1.1 lists all Subsidiaries of L+M. Except as indicated on Schedule 3.1.1: (i) each of the L+M Subsidiaries is a nonstock corporation of which L+M is the sole member and (ii) each of the L+M Affiliates is a Tax-Exempt Organization. Schedule 3.1.1 identifies each of the L+M Affiliates that is inactive.

3.1.2 The certificates of incorporation (or similar organizational documents) and bylaws of the L+M Affiliates, copies of which have heretofore been provided or made available to YNHSC, are true, complete and correct copies of such documents.

3.1.3 Schedule 3.1.1 sets forth the name of each other Person in which any of the L+M Affiliates has any equity or limited liability company membership interest other than a passive minority investment.

3.2 Authorization of Transaction. L+M has full corporate power and authority to execute and deliver this Affiliation Agreement and to perform its obligations hereunder. This Agreement has been duly authorized by all requisite corporate action of L+M. This Agreement has been duly executed and delivered by L+M and, assuming due authorization, execution and delivery by YNHSC, and receipt of the consents and approvals listed in Schedule 3.27, constitutes a valid and binding obligation of L+M, enforceable against L+M in accordance with its terms (except as may be limited by bankruptcy, insolvency, fraudulent transfer, moratorium, reorganization, preference or similar Applicable Laws of general applicability relating to or affecting the rights of creditors generally and subject to general principles of equity (regardless of whether enforcement is sought in equity or at law)). The amendment of the certificate of incorporation of L+M in the form of the L+M Amended Certificate of Incorporation and the amendment of the bylaws of L+M in the form of the L+M Amended Bylaws, in each case

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effective as of and subject to the Closing, has been duly authorized by all requisite corporate action of L+M. The LMMG-NEMG Agreement and Plan of Merger to become effective as of and subject to the Closing; (a) have been duly authorized by all requisite corporate action of L+M; and (b) in the case of LMMG, have been (or upon Closing will be) duly authorized by all requisite corporate action of LMMG. The amendment of the certificate of incorporation of each applicable L+M Subsidiary in the form of: (i) the LMH Amended Certificate of Incorporation; (ii) the LMW Amended Certificate of Incorporation; and (iii) the VNA of Southeastern Connecticut Amended Certificate of Incorporation and the amendment of the bylaws of each applicable L+M Subsidiary in the form of: (x) the LMH Amended Bylaws; (y) the LMW Amended Bylaws; and (z) the VNA of Southeastern Connecticut Amended Bylaws, in each case effective as of and subject to the Closing; (a) has been duly authorized by all requisite corporate action of L+M; and (b) in the case of each applicable L+M Subsidiary, has been (or upon Closing will be) duly authorized by all requisite corporate action of such L+M Subsidiary.

3.3 Non-Contravention. Neither the execution and delivery by L+M of this Affiliation Agreement nor the consummation by L+M and the L+M Subsidiaries of the transactions contemplated hereby, will:

3.3.1 violate any provision of the certificate of incorporation (or similar organizational documents) or, subject only to obtaining any necessary approvals described in Article 5, bylaws of any of the L+M Affiliates; or

3.3.2 subject only to obtaining the approvals set forth in Schedule 3.27, constitute a violation on the part of the L+M Affiliates of any statute, Applicable Law, judgment, decree, order, regulation or rule of any court or Governmental Authority applicable to any of the L+M Affiliates; or

3.3.3 subject only to obtaining the consents set forth in Schedule 3.27, (i) violate, or be in conflict with, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or accelerate the performance required by, or cause the acceleration of the maturity of, any debt, or the revocation or loss of any material license, or (ii) violate, or be in conflict with, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or accelerate the performance required by, any obligation pursuant to any Material Contract to which any of the L+M Affiliates is a party (other than any Material Contract evidencing debt for borrowed money), or result in the revocation or loss of any Material Contracts, grants, endowment funds, permits or insurance policies listed in the Disclosure Schedule, or give any third party any option, right of first refusal or other rights under any Material Contract relating to the operations of any L+M Affiliate which, in case of any document, instrument or policy described in this clause (ii), individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

3.4 Brokers' Fees. L+M has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement.

3.5 Title to Assets. Each of the applicable L+M Affiliates has (subject to Permitted Encumbrances and the Liens described in Schedule 3.5.1) good, valid and marketable title to all (i) real property comprising main hospital facility of LMH; (ii) real property comprising the main

hospital of LMW, and (iii) real property comprising the L+M Cancer Center (the real properties described in clauses (i), (ii) and (iii), collectively, the "*Principal Properties*").

3.5.1 Schedule 3.5.1 sets forth a true and complete list of the Owned Real Property, including the address and owner of each such Owned Real Property. Except as described in Schedule 3.5.1, each of the Principal Properties is owned by the applicable L+M Affiliate in fee simple, free and clear of all Liens, except Permitted Encumbrances. Except as set forth in Schedule 3.5.1, none of the Principal Properties is subject to any right or option of any other Person to purchase or lease an interest in such Principal Property. None of the L+M Affiliates has received any written notice of (i) a condemnation proceeding relating to Owned Real Property, (ii) a violation of Applicable Law relating to the Owned Real Property, except for violations the effect of which would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect or (iii) the imposition of a general or special assessment relating to the Owned Real Property. L+M has provided to YNHSC a copy of current title reports relating to the Principal Properties. The Owned Real Property is in compliance in all material respects with all Applicable Laws, except for violations the effect of which would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect.

3.5.2 Schedule 3.5.2 sets forth a true and complete list of the real property leased or subleased by an L+M Affiliate, with lease payments that in the case of any one lease (i) exceed \$1,000,000 annually or (ii) have a remaining term in excess of three years and lease payments that exceed \$500,000 annually, (the "*L+M Leased Real Property*"), including the address of each such L+M Leased Real Property, the date and names of the parties to the applicable lease. L+M has provided a list or copies to YNHSC of all currently-effective leases or subleases relating to the L+M Leased Real Property, together with all material waivers, amendments, extensions, renewals, guaranties and other Contracts with respect to such leases (collectively, "*L+M Real Property Leases*"). To the Knowledge of L+M, each of the L+M Affiliates has complied and is in compliance in all material respects with the terms of L+M Real Property Leases to the extent that non-compliance would give the counterparty a valid right to terminate the applicable L+M Real Property Lease and none of the L+M Affiliates has received written notice that it is in material breach of or default under such lease or sublease. All L+M Real Property Leases are in full force and effect. To the Knowledge of L+M, no material default exists under any L+M Real Property Lease by any other party thereto that would give the applicable L+M Affiliate a valid right to terminate the applicable L+M Real Property Lease.

3.5.3 No portion of the L+M Real Property has suffered any material damage by fire or other casualty which has not heretofore been repaired and restored or for which insurance proceeds adequate to effect the repair or restoration of such damage or casualty is not available that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No portion of any Principal Property is located in a special flood hazard area as designated by a federal Governmental Authority, except as set forth in Schedule 3.5.3. To the Knowledge of L+M, except as permitted by Environmental, Health and Safety Requirements, there has been no release, discharge, emission or disposal of Hazardous Substances on or under the L+M Real Property that

would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

3.5.4 Except as set forth in Schedule 3.5.4 and for any conditions, defects or other items noted in engineering, property, environmental or other reports obtained by or provided to YNHSC by or on behalf of L+M, the improvements on the L+M Real Property and the Personal Property owned or leased by L+M Affiliates have been reasonably maintained in the ordinary course of business, are in good operating condition (ordinary wear and tear excepted), and are reasonably suitable for the uses for which they are intended.

3.6 Subsidiaries and Related Entities. Except as set forth in Schedule 3.1.1, neither LMH nor LMW has any Subsidiaries and neither owns beneficially or of record any equity interest in any other Person, and neither is a member, shareholder, or partner in any other Person.

3.7 Financial Statements. L+M has provided or made available to YNHSC true and correct copies of (i) the audited consolidated statements of financial position of each of the L+M Affiliates, and related statements of activities and change in net assets, functional expenses and cash flows of each of the L+M Affiliates for the fiscal years ending as of September 30, 2011, 2012 and 2013 including the notes thereto; (ii) the audited consolidated statements of financial position of each of the L+M Affiliates, and related statements of activities and change in net assets, functional expenses and cash flows of each of the L+M Affiliates as of December 31, 2014, including the notes thereto (the "*L+M 2014 Audited Financial Statements*"); and (iii) an unaudited consolidated statement of financial position of each of the L+M Affiliates and unaudited statements of activities, functional expenses and cash flows of each of the L+M Affiliates as of March 31, 2015 (the "*L+M Interim Financial Statements*" and together with the L+M 2014 Audited Financial Statements, the "*L+M Financial Statements*"). The L+M 2014 Audited Financial Statements (i) have been prepared in accordance with GAAP and (ii) fairly present in all material respects the consolidated financial position and the results of operations and cash flows of each of the L+M Affiliates at and as of the dates or for the periods indicated. The L+M Interim Financial Statements (i) have been prepared in accordance with GAAP (subject to certain presentation items consistent with the ordinary course of business, to the absence of footnote disclosure and to normal year-end adjustments) and (ii) fairly present in all material respects the consolidated financial position and the results of operations and cash flows of each of the L+M Affiliates at and as of the respective dates thereof or for the periods ended on such dates, as applicable.

3.7.1 Each of the L+M Affiliates maintains systems of internal accounting controls to provide reasonable assurances that: (i) all transactions are executed in accordance in all material respects with management's general or specific authorization, (ii) all transactions are recorded as necessary to permit the preparation of the L+M Financial Statements in conformity with GAAP and maintain proper accountability for items and (iii) all reserves reflected on the L+M Financial Statements are sufficient for the purposes for which they were established. Since October 1, 2011, none of the L+M Affiliates has received and, to the Knowledge of L+M, there has not been, any complaint, allegation, assertion or claim regarding the L+M Affiliates' accounting or auditing practices, procedures, methodologies or methods, including any complaint, allegation, assertion or claim that any of the L+M Affiliates has engaged in questionable accounting or

auditing practices that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

3.7.2 A true, correct and complete copy of the L+M 2015 Budgets have been delivered to YNHSC.

3.7.3 LMI maintains and at all times has maintained unimpaired statutorily-required paid-in capital and surplus in the form permitted by Applicable Law.

3.8 Subsequent Events. Since the date of the most recent L+M Interim Financial Statements, (i) the L+M Affiliates have conducted their business operations in the ordinary course, and (ii) except as described in Schedule 3.8, there has not been:

(a) Any L+M Material Adverse Effect or event or occurrence of any condition that would reasonably be expected to have a Material Adverse Effect;

(b) Any increase in compensation or other remuneration payable to or for the benefit of or committed to be paid to or for the benefit of any, manager, officer, agent or employee of any L+M Affiliate, or in any benefits granted under any Employee Benefits Plan with or for the benefit of such, manager, officer, agent or employee (other than increases in wages or salaries required under existing contracts or otherwise in the ordinary course of business);

(c) Any borrowing or incurrence of any indebtedness (other than accounts payable in the ordinary course of business) contingent or otherwise for borrowed money, by or on behalf of any L+M Affiliate in excess of any amount not included in the L+M 2015 Budget;

(d) Any purchase by any L+M Affiliate of capital assets or any interests in real property or any lease arrangement (whether as a lessor or lessee or sub-lessor or sub-lessee) entered into by any L+M Affiliate with respect to real property in excess of \$1,000,000;

(e) Any acquisition of or material capital investment in (by merger, exchange, consolidation, purchase, or otherwise) any Person by any L+M Affiliate;

(f) Any acquisition of any assets by any L+M Affiliate (whether through capital spending or otherwise) which are outside of the ordinary course of business or which are in excess of \$500,000, individually or in the aggregate, to any L+M Affiliate;

(g) Any waiver of any claims or rights by any L+M Affiliate that are material or otherwise involve amounts individually or in the aggregate in excess of \$500,000;

(h) Any change in any method of accounting or accounting policies of any L+M Affiliate or any write down in the accounts receivable of any L+M Affiliate in excess of reserves on the L+M Interim Financial Statements;

(i) Any amendment to the certificate of incorporation, bylaws or other organizational documents of any L+M Affiliate;

(j) Any damage to or destruction or loss of any asset or property of any L+M Affiliate, whether or not covered by insurance, adversely affecting the assets, financial condition or prospects of any L+M Affiliate or the business operations thereof in an amount in excess of \$500,000;

(k) Any material change in any Tax election or Tax status of any L+M Affiliate;

(l) Any exhaustion of any primary or excess layers of insurance maintained by or for LMI;

(m) Any binding commitment or agreement by any L+M Affiliate that will result in any of the effects described in the foregoing.

3.9 Compliance with Law.

3.9.1 Regulatory Compliance. To the Knowledge of L+M, each of the L+M Affiliates have, during the previous three years, conducted and continues to conduct the business operations of such L+M Affiliate in substantial compliance with all Applicable Laws, including Environmental, Health and Safety Requirements, and have timely filed all material reports, data, and other information related to the business operations of the L+M Affiliates, except for (i) matters specifically disclosed to YNHHS and (ii) violations the effect of which would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect. Except as specifically disclosed to YNHHS, to the Knowledge of L+M none of the L+M Affiliates that are engaged in the delivery of healthcare has, nor have any of their respective employees, committed a violation of federal or state laws regulating health care fraud, including but not limited to the federal Anti-Kickback Law, 42 U.S.C. §1320a-7b, the Stark I and II Laws, 42 U.S.C. §1395nn, as amended, and the False Claims Act, 31 U.S.C. §3729, et seq. (collectively, "*Health Care Fraud and Abuse Laws*"), except for violations the effect of which would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect. L+M has provided to YNHHS true, correct and complete copies of any voluntary self-disclosure filings made with CMS or any other Governmental Authority and a description of the status of each such self-disclosure filing. To the Knowledge of L+M, each of the L+M Affiliates that are engaged in the delivery of healthcare services is in compliance in all material respects with the administrative simplification provisions required under the HIPAA, including the electronic data interchange regulations and the health care privacy regulations, as of the applicable effective dates for such requirements, except for violations the effect of which would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect. Each of the L+M Affiliates that are engaged in the delivery of healthcare services that is a "covered entity" under HIPAA has designated a director-level employee of the L+M Affiliates as its HIPAA privacy officer. To the Knowledge of L+M, the practices of the L+M Affiliates regarding the collection, access, maintenance, transmission, use, and disclosure of Confidential Information, including Protected Health Information, in connection with the conduct and operations of the L+M Affiliates' business are and have been in all material respects in compliance with any of the L+M Affiliates' contracts or commitments with third parties. To the Knowledge of L+M, the practices of the L+M Affiliates regarding the collection, access, maintenance,

transmission, use, and disclosure of Confidential Information, including Protected Health Information, in connection with the conduct and operations of the L+M Affiliates' business are and have been in accordance in all material respects with any applicable written policy or procedure of the L+M Affiliates since October 1, 2011 (or such later date on which the relevant policy or procedure shall have taken effect). To the Knowledge of L+M, the L+M Affiliates have not had any breach of information security that would constitute (i) a "security incident" (as defined in 45 CFR § 164.304) that resulted in material and actual unauthorized access, use, disclosure, modification or destruction of Protected Health Information or (ii) a "breach" under Section 13402 of the American Recovery and Reinvestment Act of 2009 and any regulations promulgated thereunder or state information security laws or regulations that require notification to or of government officials, or to individuals whose information may have been breached.

3.9.2 Investigations and Penalties. To the Knowledge of L+M, since January 1, 2012, none of the L+M Affiliates that are engaged in the delivery of healthcare services, and, no officer, director or trustee, or board officer or employee thereof with respect to the conduct of business operations of the L+M Affiliates:

(a) has been subject to any investigation, inquiry or suit by any Governmental Authority that has not been fully and finally resolved regarding any alleged violation of applicable governmental authorization or legal requirement which if adversely determined would reasonably be expected to have a Material Adverse Effect;

(b) has paid or been subject to any fine, penalty, corrective action plan, remediation plan, exclusion or other sanction by, or made a self-disclosure to, any Governmental Authority regarding any alleged violation of any applicable governmental authorization or legal requirement that would reasonably be expected to have a Material Adverse Effect;

(c) is a party to any written arrangement, including without limitation a corporate integrity agreement, deferred prosecution agreement, consent decree or settlement agreement, with any Governmental Authority regarding any alleged violation of any applicable governmental authorization or legal requirement that would reasonably be expected to have a Material Adverse Effect;

(d) has been or is currently a defendant in any qui tam, false claims or similar litigation that would reasonably be expected to have a Material Adverse Effect if adversely determined;

(e) to the Knowledge of L+M, is currently subject to any investigation, inquiry or suit by any Governmental Authority regarding any alleged violation of any applicable governmental authorization or legal requirement that would reasonably be expected to have a Material Adverse Effect; or

(f) to the Knowledge of L+M, has received any complaint from any employee, independent contractor, vendor, or any other Person regarding any alleged material violation of any governmental authorization or legal requirement that would reasonably be expected to have a Material Adverse Effect.

3.9.3 Compliance Program. Each of the L+M Affiliates has established and maintains a corporate compliance program which addresses the material requirements of all material Applicable Laws of the Governmental Authorities having jurisdiction over its business and operations. Each of the L+M Affiliates that is engaged in the delivery of healthcare services has designated an executive employee of such L+M Affiliate or of L+M as its chief compliance officer. Except as specifically disclosed to YNHHS, to the Knowledge of L+M, there are no material pending internal investigations that could reasonably be expected to lead to a material fine, penalty, corrective action plan, suspension plan, exclusion or other material sanction by, or a self-disclosure to, any Governmental Authority regarding any alleged violation of any applicable governmental authorization or legal requirement. To the Knowledge of L+M, each of the L+M Affiliates have established and maintain policies or procedures, including without limitation conflict of interest and related policies, for the review of all compensation arrangements and other arrangements that could involve the referral of patients with other Persons, including but not limited to its officers, directors or trustees, physicians, executives, their immediate family members, their professional practice entities and other referral sources, that are specifically designed to maintain compliance with (i) all Applicable Laws, including but not limited to Health Care Fraud and Abuse Laws and the intermediate sanction provisions of the Code and regulations promulgated pursuant thereto, and (ii) their internal policies, including but not limited to any applicable conflicts of interest policy. Except as specifically disclosed to YNHHS, all such compensation and other arrangements with potential referral sources are, to the Knowledge of L+M, in compliance with all Applicable Laws, including but not limited to Health Care Fraud and Abuse Laws.

3.9.4 Communications and Environmental Claims. Except as specifically disclosed to YNHHS, during any applicable statute of limitations, none of the L+M Affiliates have received any communication (written or, to the Knowledge of L+M, oral), whether from any Governmental Authority or third party, alleging that any of the L+M Affiliates are not in compliance with any Health Care Laws and there is no Environmental Claim pending or, to the Knowledge of L+M, threatened against any of the L+M Affiliates, or, to the Knowledge of L+M, pending or threatened, against any other Person or entity with respect to any of the L+M Affiliates, or for whose Liability for any Environmental Claim, with respect to any of the L+M Affiliates, any of the L+M Affiliates have or may have retained or assumed by Contract or by operation of Applicable Law which in any such case would give rise to a Material Adverse Effect.

3.9.5 Permits, Licenses and Accreditations.

(a) Each of the L+M Affiliates has all Permits of Governmental Authorities, including those required under Environmental, Health and Safety Requirements, necessary to conduct the business operations of the L+M Affiliates including without limitation (i) in the case of the L+M Provider Subsidiaries, such Permits as are required to obtain reimbursement under all Contracts, including provider Contracts such as network participation agreements and discount agreements, programs and other arrangements with Payer Programs and (ii) in the case of LMI, such Permits as are required to be duly licensed as a sponsored captive insurance company under the laws administered by the LMI Insurance Regulatory Agency (all such Permits described in this sentence, the "*L+M Permits*"). To the Knowledge of L+M, none of the

L+M Affiliates is in material breach or violation of, or material default under any L+M Permit, except for violations the effect of which would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect. To the Knowledge of L+M, none of the L+M Affiliates is currently subject to or has been given notice of any threatened audit, review or investigation by a Governmental Authority with respect to any L+M Permit.

(b) Each of the L+M Affiliates maintain the accreditations related to its business and operations that are required to be maintained in order for the L+M Affiliates to continue to operate their respective businesses in accordance with their respective past practices, without contingencies, including without limitation accreditation by the Joint Commission, formerly the Joint Commission on Accreditation of Healthcare Organizations (the "*Joint Commission*"). To the Knowledge of L+M, each of the L+M Affiliates have taken all actions required to be taken to maintain such accreditations. There is no pending, and to the Knowledge of L+M, there is no threatened, investigation of any of the L+M Affiliates by any accreditation organization with respect to any material accreditation. None of the L+M Affiliates is subject to any notice of deficiency, plan of correction or similar action with respect to any such material accreditation.

3.9.6 Additional Contracts. True, correct and complete copies of the following Contracts have been provided to YNHHS: C:

(a) each Contract (other than employment contracts) between any of the L+M Affiliates and any of its officers, directors or trustees (or any Person controlled by any of these individuals);

(b) each employment Contract, including but not limited to employment Contracts and severance Contracts, between any L+M Affiliate and a physician;

(c) each lease of real property or equipment with a physician or a physician's professional practice entity (such as a professional corporation or professional limited liability company) and specifying the material terms thereof, including the names of the lessor and lessee, the address, the term and a description of the real property or equipment leased thereunder; and

(d) each Contract and plan providing for payments by any of the L+M Affiliates to any officers, directors, key employees or physicians upon a change of control of L+M or the applicable L+M Subsidiaries or upon severance or termination of their employment, other than Collective Bargaining Agreements and Contracts with individual physicians.

3.9.7 Certain Matters Respecting LMI. LMI is and at all times since October 1, 2011 has been in compliance with requirements of Applicable Law of the jurisdiction of its organization including any conditions attached to its insurance license and any directions to LMI issued by the LMI Insurance Regulatory Agency, except for minor violations the effect of which is not material. LMI has not made any reductions of capital or paid any dividends or distributions during the period since September 30, 2013. LMI has delivered to YNHHS copies of all financial statements and declarations required to be filed by LMI with the LMI Insurance Regulatory Agency since October 1, 2014. LMI is prohibited from joining or contributing to any plan, pool, association or guaranty or insolvency fund under the laws of the jurisdiction of its organization, and LMI is not

entitled to any benefits from any such plan, pool, association or guaranty or insolvency fund for claims arising out of the operations of LMI.

3.10 Tax Matters.

3.10.1 For the six year period preceding the Closing Date, each L+M Affiliate has (i) duly filed or caused to be filed with the appropriate taxing authorities all Tax Returns required to be filed by it (giving effect to as-of- right extensions) and all such Tax Returns are true, correct and complete in all material respects, (ii) timely paid or caused to be paid in full all Taxes shown to be due on such Tax Returns or otherwise due and payable with respect to the operations of the L+M Affiliates and (iii) except as specifically disclosed to YNHHS, complied in all material respects with all Applicable Laws, rules and regulations relating to the withholding of Taxes and the payment of withheld Taxes, and timely and properly withheld and paid over to the appropriate Governmental Authorities all amounts required to be so withheld and paid under all Applicable Laws, rules and regulations.

3.10.2 No deficiencies or assessments for any Taxes of, or relating to, the operations of the L+M Affiliates have been proposed, asserted or assessed which have not been resolved and paid in full except for deficiencies and assessments being contested in good faith as listed and described in Schedule 3.10.2 or as specifically disclosed to YNHHS, and no United States federal, state, local or foreign audits or other administrative or judicial proceedings are presently pending with regard to any Taxes or Tax Returns of, or relating to, the operations of the L+M Affiliates. There are no Liens for Taxes upon any assets owned by the L+M Affiliates except for Permitted Encumbrances.

3.10.3 As of the Closing, except for the L+M Affiliates specifically identified on Schedule 3.1.1, each of the L+M Affiliates is recognized by the IRS as exempt from United States federal income taxation, and is recognized by the State of Connecticut and the State of Rhode Island as exempt from state and local income taxes, real property taxes, and qualifies for sales tax exemptions available to organizations described in Section 501(c)(3) of the Code.

3.10.4 The L+M Affiliates have provided a list to YNHHS of all Tax Returns filed by or with respect to the L+M Affiliates for fiscal years 2011, 2012 and 2013, including without limitation Form 990 "Return of Organization Exempt From Income Tax". The L+M Affiliates also have provided a list to YNHHS of all examination reports of any Tax Return by any Governmental Authorities and statements of deficiencies assessed by any Governmental Authority with respect to Tax Returns of the L+M Affiliates for fiscal years 2011, 2012 and 2013.

3.10.5 Except as listed in Schedule 3.1.1, none of the L+M Affiliates is a party to any joint venture, partnership, or other business arrangement which is treated as a partnership for United States federal income tax purposes.

3.10.6 Except for the real property certiorari proceedings described in Schedule 3.10.6, there are no Tax rulings, requests for rulings or closing agreements either

in effect or pending with any Governmental Authority relating to any of the L+M Affiliates which could affect the L+M Affiliates' Liability for Taxes after the Closing.

3.10.7 L+M has provided to YNHSC copies of the letters and/or rulings from the IRS in its possession which recognize that the L+M Affiliates indicated on Schedule 3.1.1 are Tax-Exempt Organizations exempt from United States federal income taxes under Section 501(a) of the Code as organizations described in Section 501(c)(3) of the Code and not as "private foundations" as such term is defined in Section 509 of the Code (the "*L+M Determination Letters*"). The L+M Determination Letters have not been modified, limited or revoked, in whole or in part, and none of the L+M Affiliates for which L+M Determination Letters have been provided has been notified that the IRS is proposing to revoke a L+M Determination Letter. In the case of L+M Affiliates for which L+M Determination Letters have not been provided, but that are Tax-Exempt Organizations exempt from United States federal income taxes under Section 501(a) of the Code as organizations described in Section 501(c)(3) of the Code and not as "private foundations" as such term is defined in Section 509 of the Code, such L+M Affiliates are listed on the list maintained by the U.S. Internal Revenue Service and known as the IRS Exempt Organizations Select Check (the "*IRS List of Exempt Organizations*"). There is no pending request by any of the L+M Affiliates for a redetermination of tax-exempt status as an organization described in Section 501(c)(3) of the Code. Each of the L+M Affiliates that are the subject of the L+M Determination Letters, or that are listed on the IRS List of Exempt Organizations, are in compliance with all of the terms, conditions, and limitations (i) contained in the L+M Determination Letters or (ii) required for inclusion on the IRS List of Exempt Organizations, as applicable, if any, and there has been no conduct by any such L+M Affiliates, of such nature that would warrant modification, limitation or revocation of the L+M Determination Letters or removal from the IRS List of Exempt Organizations, as applicable. To the best of L+M's Knowledge, none of any such L+M Affiliates has any "unrelated business income" as defined in Sections 511 through 514 of the Code which would adversely affect any of the L+M Affiliates' status as an organization described in Section 501(c)(3) of the Code. None of any such L+M Affiliates has been notified that the IRS is proposing to investigate its continued qualification as an organization described in Section 501(c)(3) of the Code or that there are any administrative or judicial proceedings pending or threatened which may adversely affect the classification of any of any such L+M Affiliates as an organization described in Section 501(c)(3) of the Code and not a private foundation under Section 509 of the Code.

3.10.8 The L+M 2014 Audited Financial Statements identify each tax-exempt financing, including its principal amount outstanding as of September 30, 2014 and the date of original issue, benefiting any of the L+M Affiliates. Each of the L+M Affiliates is in compliance in all material respects with all covenants required to be complied with by it under the L+M Tax-Exempt Bonds.

With respect to the L+M Tax-Exempt Bonds no action has been taken or omitted to be taken by any of the L+M Affiliates which would cause such the L+M Tax-Exempt Bonds to be an "arbitrage bond" under Section 148(a) of the Code. Each of the L+M Tax-Exempt Bonds is in compliance with the arbitrage rebate requirement of Section 148(f) of the Code. No action has been taken or omitted to be taken by any of the L+M

Affiliates which would cause any L+M Tax Exempt Bonds not to be "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code. Each of the L+M Tax-Exempt Bonds satisfies all applicable requirements set forth in Sections 147 and 149 of the Code in order for interest thereon to be excluded from gross income for federal income tax purposes.

3.10.10 With respect to each issue of the L+M Tax-Exempt Bonds, the applicable L+M Affiliates have timely filed with the IRS all Tax Returns, notices and other documents and forms necessary to be filed by the L+M Affiliates to qualify interest thereon for exclusion from gross income for federal income tax purposes and to maintain such exclusion.

3.10.11 At least 95% of the proceeds of the L+M Tax-Exempt Bonds have been used to provide facilities that are owned and operated by a Tax-Exempt Organization (i.e., L+M and LMH), except to the extent that portions of such facilities are permitted to be operated pursuant to a Safe Harbor Management Contract or pursuant to other recognized private business use exceptions.

3.10.12 All of the facilities financed by the L+M Tax-Exempt Bonds are owned for federal income tax purposes by L+M and LMH, each of which is a Tax-Exempt Organization.

3.10.13 At least 95% of the net proceeds of the L+M Tax-Exempt Bonds (net of and after deducting the costs of issuance thereof) are used only by L+M and LMH, each of which is a Tax-Exempt Organization, in activities that are substantially related to the exercise or performance by such Tax-Exempt Organization of purposes or functions constituting the basis for its exemption from federal income taxation under Section 501(a) of the Code.

3.10.14 Except as set forth on Schedule 3.10.14, All of the L+M Tax-Exempt Bonds constitute "qualified hospital bonds" within the meaning of Section 145(c) of the Code.

3.11 Material Contracts.

3.11.1 L+M has made available to YNHHS true, correct and complete copies, including all amendments, supplements and modifications, of all Material Contracts (other than Material Contracts with Payer Programs); provided, however, that those Material Contracts relating to arrangements between an L+M Affiliate on the one hand and any physician on the other hand have been made available only to outside counsel or consultants for YNHHS, who shall be instructed not to provide YNHHS with any pricing, compensation, price sensitive or competitive information.

3.11.2 With respect to each Material Contract, L+M represents that (i) each of the Material Contracts is in full force and effect and constitutes a valid and binding obligation of the L+M Affiliate enforceable against the L+M Affiliate in accordance with its terms, and, to the Knowledge of L+M, against each other party thereto (except as may be limited by bankruptcy, insolvency, fraudulent transfer, moratorium, reorganization,

preference or similar Applicable Laws of general applicability relating to or affecting the rights of creditors generally and subject to general principles of equity (regardless of whether enforcement is sought in equity or at law)); (ii) the L+M Affiliates are not and, to the Knowledge of L+M, no other party thereto is, in breach or default in any material respect under any of the Material Contracts if such breach or default, individually or in the aggregate with other such breaches or defaults, would be reasonably expected to have a Material Adverse Effect; and (iii) the L+M Affiliates have not given and, to the Knowledge of L+M, it has not received from any other Person, any notice or other communication (whether written or oral) regarding any actual or potential violation or breach of, default under, termination of, any Material Contract (other than a termination by expiration of the term of a Material Contract) if such breach or default, individually or in the aggregate with other such breaches or defaults, would reasonably be expected to have a Material Adverse Effect. Except as set forth in Schedule 3.27, none of the Material Contracts for borrowed money or for the lease of real property or Material Contracts with Third Party Payers requires the consent of any other party thereto in connection with the transactions contemplated by this Affiliation Agreement.

3.12 Intellectual Property. To the Knowledge of L+M, each of the L+M Affiliates owns free and clear of all Liens, other than Permitted Encumbrances, Liens securing the L+M Tax-Exempt Bonds and Liens listed or described in Schedule 3.12, or is licensed or otherwise authorized to use, and enforceable right to use, all Intellectual Property used in or necessary to the business operations other than failures to own, be licensed or have the right to use Intellectual Property that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. All such licenses and agreements with third parties relating to such Intellectual Property that are material to the business operations of the L+M Affiliates, taken as a whole, are valid and binding and in full force and effect, and to the Knowledge of L+M, none of the parties thereto is in default thereunder or breach thereof if such breach or default, individually or in the aggregate with such other breaches or defaults and the breaches or defaults described in Section 3.11.2, would reasonably be expected to have a Material Adverse Effect. To the Knowledge of L+M, there is no pending claim by any third party challenging the ownership, validity or use of any material Intellectual Property that is material to the business operations of the L+M Affiliates, taken as a whole.

3.13 Transactions with Affiliates. Except for tuition reimbursement and/or housing assistance loans to employees that are made pursuant to L+M's existing policies, there are no notes receivable of any L+M Affiliate or any other amount payable to any L+M Affiliate owing by any director, officer, member or employee of any L+M Affiliate. Except as set forth in Schedule 3.13 (other than compensation and benefits received in the ordinary course of business as an employee of any L+M Affiliate), and to the Knowledge of L+M no member of any L+M Affiliate's board of directors, and no officer, of any L+M Affiliate, has any interest in: any contract, arrangement or understanding with, or relating to the business or operations of any L+M Affiliate; any loan, arrangement, understanding, agreement or contract for or relating to indebtedness of any L+M Affiliate; or any property (real, personal or mixed), tangible, or intangible, used or currently intended to be used in, the business or operations of any L+M Affiliate.

3.14 [Reserved].

3.15 Litigation.

3.15.1 Except as specifically disclosed to YNHHSO or as disclosed pursuant to Section 3.9, there is no suit, claim, action, proceeding, arbitration, hearing, inquiry or investigations whether at law or equity (individually or collectively as the contest shall require, "*Litigation or Proceedings*") pending or, to the Knowledge of L+M, threatened against the L+M Affiliates, except for any such suit, claim, action, proceeding, arbitration, hearing, inquiry or investigation which (i) is not reasonably expected as of the date hereof, together with any related claims arising out of the same set of facts, to involve an amount in controversy in excess of \$5,000,000, in the aggregate, excluding malpractice, general liability and other claims which are fully insured (subject to customary deductible and retention amounts), or (ii) would not be reasonably expected to have a Material Adverse Effect.

3.15.2 There are no outstanding orders, injunctions or decrees of any Governmental Authority (other than orders, injunctions or decrees of general applicability and which do not specifically name an L+M Affiliate) which would have a Material Adverse Effect.

3.16 Labor Relations.

3.16.1 Except for the Collective Bargaining Agreements described in Schedule 3.16.1 and except as disclosed to YNHHSO, (i) none of the L+M Affiliates is a party to, nor bound by, any labor agreement, collective bargaining agreement, written work rules or practices, or any other labor-related agreement or arrangement, with any labor union, trade union or labor organization (collectively, a "*Collective Bargaining Agreement*"); (ii) none of the L+M Affiliates' employees are covered by the terms of any Collective Bargaining Agreements; (iii) to the Knowledge of L+M, no labor union, trade union or labor organization of the L+M Affiliates has since December 31, 2011, made a pending demand for recognition or certification, as a collective bargaining representative of the L+M Affiliates' employees and, to the Knowledge of L+M, there are no representation election petitions filed with the National Labor Relations Board pertaining to the L+M Affiliates' employees; (iv) L+M has no Knowledge of any union organizing activities with respect to any employees of the L+M Affiliates; (v) since October 1, 2011, to the Knowledge of L+M, there have been no actual or threatened arbitrations, grievances, unfair labor practices, labor disputes, strikes, lockouts, slowdowns or collective work stoppages against the L+M Affiliates except for those that would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect; and (vi) since October 1, 2011, neither the L+M Affiliates nor any of their employees, agents or representatives have committed any material unfair labor practice as defined in the National Labor Relations Act which could reasonably be expected to have a Material Adverse Effect.

3.16.2 Each of the L+M Affiliates: (i) is not in violation in any material respect of any Applicable Law pertaining to labor, employment or employment practices including, but not limited to, all Applicable Laws regarding health and safety, wages and hours, labor relations, employment discrimination, disability rights or benefits, equal opportunity, immigration, plant closures and layoffs, affirmative action, employee leave issues, unemployment insurance and workers' compensation, except for violations the

effect of which would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect, or (ii) except as listed in Schedule 3.16.2, is not a party to any currently pending claim, action, arbitration, audit, hearing, investigation, complaint, charges, litigation or suit or governmental inquiry alleging a violation of any Applicable Law pertaining to labor, employment or employment practices, nor, to the Knowledge of L+M, is any such claim, action, arbitration, audit, hearing, investigation, complaint, charges, litigation or suit or governmental inquiry pending or threatened, except in each case for matters the effect of which would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect.

3.16.3 Except as specifically disclosed to YNHSC, to the Knowledge of L+M, each of the L+M Affiliates: (i) has taken reasonable steps to properly classify and treat all of their workers, interns, trainees and volunteers as independent contractors or employees, (ii) has taken reasonable steps to properly classify and treat all of their employees as "exempt" or "nonexempt" from overtime requirements under Applicable Law, (iii) is not delinquent in any material payments to, or on behalf of, any current or former independent contractors or employees for any services or amounts required to be reimbursed or otherwise paid, (iv) has withheld and reported all material amounts required by Applicable Law or by agreement to be withheld and reported with respect to wages, salaries and other payments to any current or former independent contractors or employees; and (v) is not liable for any material payment to any trust or other fund governed by or maintained by or on behalf of any Governmental Authority with respect to unemployment compensation benefits, social security or other benefits or obligations for any current or former independent contractors or employees (other than routine payments to be made in the normal course of business and consistent with past practice). To the Knowledge of L+M, none of the L+M Affiliates has direct or indirect material Liability as a result of any misclassification of any Person as an independent contractor rather than as an employee.

3.16.4 Except as listed in Schedule 3.16.4, to the Knowledge of L+M, no employee or former employee of the L+M Affiliates is in any material respect in violation of any term of any employment agreement, nondisclosure agreement, common law nondisclosure obligation, fiduciary duty, non-competition agreement, restrictive covenant or other obligation: (i) to the L+M Affiliates or (ii) to a former employer of any such employee relating (A) to the right of any such employee to be employed by the L+M Affiliates or (B) to the knowledge or use of trade secrets or proprietary information in connection with his or her employment with the L+M Affiliates, except for violations the effect of which would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect.

3.16.5 Each of L+M Affiliates is and for the last 18 months has been in compliance with all notice and other requirements under the Worker Adjustment and Retraining Notification Act and any similar state or local Applicable Law relating to plant closings or layoffs (collectively, the "*WARN Act*"). In the 18 months prior to the date hereof, each of the L+M Affiliates has not (i) effectuated a "plant closing" (as defined in the *WARN Act*) or (ii) effectuated a "mass layoff" (as defined in the *WARN Act*).

3.17 Employee Benefits.

3.17.1 No individuals who are not employees of the L+M Affiliates provide any substantial services to the L+M Affiliates except under contracts between an L+M Affiliate and such individual or a business entity which is not an Affiliate. Schedule 3.17.1 lists, as of the date of this Affiliation Agreement, all Employee Benefit Plans maintained by or with respect to which contributions are made by the L+M Affiliates or the L+M Affiliates has any liability (collectively the "*L+M Plans*"). Prior to the date hereof, L+M has provided to YNHSC as part of the Due Diligence Information accurate and complete copies of the L+M Plans (and, if applicable, related trust agreements) and all amendments thereto; the two most recent actuarial reports relating to such L+M Plans; the two most recent annual reports (Form 5500 series) filed with respect to each such L+M Plan; in the case of any L+M Plan that is intended to be qualified under Section 401(a) of the Code, the most recent determination letter or opinion letter issued by the IRS with respect to each such L+M Plan and/or any pending request for such a determination letter; the two most recent nondiscrimination tests performed under the Code (including 401(k) and 401(m) tests) for each such L+M Plan; and all material filings made with any governmental entity for the two most recently completed plan years, including but not limited to any filings under the IRS Voluntary Compliance Resolution or Closing Agreement Program with respect to any such L+M Plan.

3.17.2 Each L+M Plan has been operated in all material respects in accordance with its terms and the requirements of Applicable Law. Neither L+M nor, to the Knowledge of L+M, any ERISA Affiliate has engaged in any transaction or failed to act in a manner that violates the fiduciary requirements of Section 404 of ERISA with respect to any L+M Plan. Neither L+M nor, to the Knowledge of L+M, any ERISA Affiliate has engaged in any prohibited transaction with respect to any L+M Plan that could result in material liability to L+M or any ERISA Affiliate.

3.17.3 All required contributions to each L+M Plan (including both employee and employer contributions), and all material premiums due or payable with respect to insurance policies funding any L+M Plan, have been timely made or paid in full or, if not yet paid, have been properly accrued for. The funding level of each L+M Plan has been specifically disclosed to YNHSC. During the period since October 1, 2010, all distributions required or due to be made from any L+M Plan has been timely and accurately made except (i) as specifically disclosed to YNHSC, and (ii) to the extent that any failure to make any distribution in a timely and accurate manner would not adversely affect the tax attributes or consequences of the applicable L+M Plan taken as a whole.

3.17.4 Except as set forth in Schedule 3.17.4, no Covered Person will become entitled to any bonus, retirement, severance, job security or similar benefit or enhanced such benefit (including acceleration of vesting or exercise of an incentive award) pursuant to a L+M Plan or other agreement (whether written or unwritten) as a result of the transactions contemplated by this Agreement.

3.17.5 No employee is employed outside of the United States by any L+M Affiliate.

3.17.6 A copy of L+M's written severance policy as in effect on the date of this Affiliation Agreement has been provided to YNHHS as part of the Due Diligence Information.

3.17.7 Except as specifically disclosed to YNHHS, no L+M Plan or other arrangement provides for retiree health, retiree life insurance or other retiree welfare benefits (other than COBRA continuation benefits).

3.17.8 No L+M Plan that is a welfare benefit arrangement is (i) a multiple employer welfare arrangement (within the meaning of Section 3(40) of ERISA, (ii) a voluntary employee benefit association under Section 501(c)(9) of the Code, or (iii) any other arrangement that would cause an employee welfare benefit plan to be funded for purposes of ERISA.

3.17.9 No payment or benefit provided under any L+M Plan provides for the deferral of compensation that is not in compliance with Sections 409A and 457(f) of the Code (to the extent applicable). Except as specifically disclosed to YNHHS, no L+M Plan provides for a gross-up, make whole or other additional payment with respect to any Tax, including those imposed by Section 409A.

3.17.10 None of the L+M Affiliates has at any time been obligated to contribute to a multiemployer plan as defined in Section 3(37) of ERISA, and has no unsatisfied actual or inchoate liability (including withdrawal liability) with respect thereto.

3.18 Environmental, Health, and Safety Matters.

3.18.1 Each L+M Affiliate is in material compliance with all Environmental, Health, and Safety Requirements except to the extent that any non-compliance with Environmental, Health, and Safety Requirements would not reasonably be expected to have a Material Adverse Effect.

3.18.2 Except as specifically disclosed to YNHHS, no L+M Affiliate has received any written notice, report or other written information regarding any actual or alleged material violation of Environmental, Health, and Safety Requirements, or any material liabilities or potential material liabilities (whether accrued, absolute, contingent, unliquidated or otherwise), concerning the Remediation of any Environmental Condition or Hazardous Substances relating to the L+M Affiliates that remains outstanding or unresolved.

3.19 Books and Records. The books of account and other financial records of the L+M Affiliates, all of which shall have been made available to YNHHS prior to Closing, are accurate and complete in all material respects. Each transaction of the L+M Affiliates is properly and accurately recorded on the books and records of the applicable L+M Affiliate except for immaterial omissions or inaccuracies, the effect of which is insubstantial. L+M has made or will make available to YNHHS a correct and complete copy of the minute books of the L+M Affiliates, except such portions as may have been redacted or excluded that contain records or discussions pertaining to the entry into or consummation of the transactions contemplated by this Agreement or the process of negotiation leading to the development of this

Agreement. To the extent permitted by Applicable Law and to the extent that doing so would not reasonably be expected to result in the waiver of privilege, L+M has made available to YNHHS a correct and complete copy of the minutes maintained by the L+M Affiliates quality assurance committees since October 1, 2011.

3.20 Illegal Payments. To the Knowledge of L+M, none of the L+M Affiliates, nor any of their respective officers, directors, agents or employees or any other person on behalf of the L+M Affiliates, has made directly or indirectly any illegal payment to or on behalf of, or provided any illegal benefit or inducement for, any physician, supplier or patient of the L+M Affiliates. To the Knowledge of L+M neither the L+M Affiliates, nor any of their respective officers, directors, employees or agents has, directly or indirectly, paid or delivered a fee, commission or other sum of money or item or property, however characterized, to any finder, agent, Governmental Authority or other party, in the United States or any other country, which was or is illegal under any Applicable Law. To the Knowledge of L+M, none of the L+M Affiliates, nor any of their respective officers, directors, employees or agents has made any payment to any supplier of the L+M Affiliates or any officer, director, employee or agent of any patient or supplier of the L+M Affiliates, for the unlawful sharing of fees or to any such patient or supplier or any such officer, director, employee or agent for the unlawful rebating of charges, or engaged in any other unlawful payment or given any other unlawful consideration to any such enrollee, patient or supplier or any such officer, director, employee or agent.

3.21 Bankruptcy. None of the L+M Affiliates is the subject of bankruptcy, insolvency or any similar proceedings.

3.22 Information Systems. L+M has specifically disclosed to YNHHS each major information technology system owned or leased by the L+M Affiliates and used by the L+M Affiliates in their business operations as now conducted.

3.23 Foreign Operations. Other than LMI, the L+M Affiliates have no operations outside the United States.

3.24 [Reserved]

3.25 Insurance Coverage. Each of the L+M Affiliates maintains, and, during the past three-year period, has maintained without interruption, (i) self-insurance arrangements or (ii) policies of insurance, including, without limitation, general liability, property, casualty, malpractice and worker's compensation insurance, issued by responsible insurers, and the coverage provided under such insurance policies has in the applicable L+M Affiliate's reasonable judgment been reasonable in scope and amount in light of the risks attendant to the operation and activities of such L+M Affiliate. A true, correct and complete copy of each insurance policy maintained by an L+M Affiliate as of the date of this Affiliation Agreement has been provided to YNHHS prior to the Effective Date as part of the Due Diligence Information. None of the L+M Affiliates has received written notice of termination (other than termination by expiration of the term thereof) or cancellation of any such policy that is currently in effect. All premiums required to be paid with respect to all such policies covering all periods up to and including the date of this Agreement have been paid. There has been no lapse in coverage under such policies during any period for which any of the L+M Affiliates have conducted their business operations and for which any claim covered by any such policy could be made under

applicable statutes of limitations. Each general liability and malpractice insurance policy under which one of the L+M Affiliates is the named insured is adequate to cover all claims of the kind intended to be covered, and which have been made, under such policies. Each of the L+M Affiliates has complied in all material respects with the terms and provisions of such policies, and is not in default, whether as to payment of premium or of any other material obligation thereunder, under the terms of any such policy. All of the policies described in this Section 3.25 are in full force and effect and such coverage will be continued in full force and effect to and including the Closing Date and thereafter in accordance with their terms.

3.26 Regulatory Matters.

3.26.1 To the Knowledge of L+M, since October 1, 2011, the L+M Affiliates have timely filed all material reports, statements, documents, registrations, filings or submissions required to be filed by the L+M Affiliates with any Governmental Authorities, including in connection with or required by any Material Contracts or in connection with the L+M Tax-Exempt Bonds, except where the failure to timely file has not resulted and would not reasonably be expected to result in a Material Adverse Effect. All such reports, statements, documents, registrations, filings and submissions were true, correct and complete in all material respects when filed, complied in all material respects with Applicable Law in effect when filed. Except as set forth on Schedule 3.26.1, since October 1, 2011, no material deficiencies have been asserted by any such Governmental Authority with respect to such reports, statements, documents, registrations, filings or submissions that have not been satisfied, or, if not yet satisfied, where satisfaction is not yet due. To the Knowledge of L+M, the Material Contracts are in compliance with Applicable Law.

3.26.2 Except as specifically disclosed to YNHHS, since October 1, 2011, the L+M Affiliates have not been subject to any finding, agreement, settlement or fine regarding noncompliance with any Applicable Law (including fraudulent procedures or practices but excluding any finding, agreement, settlement or fine that resulted only in a monetary penalty of \$50,000.00 or less) that resulted in or would reasonably be expected to result in a Material Adverse Effect. Except as specifically disclosed to YNHHS, to the Knowledge of L+M, since October 1, 2011, the L+M Affiliates have not been subject to any pending or threatened audit, investigation or other regulatory review relating to any noncompliance with any Applicable Law (including fraudulent procedures or practices, or, to the Knowledge of L+M, OSHA violations and any warning letters or observations (including any FDA warning letters or FDA Form 483 observations)), other than regularly scheduled periodic audits and reviews.

3.26.3 Neither L+M nor any L+M Subsidiary has been excluded, debarred or otherwise deemed ineligible to participate in Medicare, Medicaid or any other federal or state health care programs or in any federal or state procurement or non-procurement programs, nor has L+M or any L+M Subsidiary been convicted of a criminal offense related to the provision of federal health care items or services, nor, to L+M's Knowledge, is an investigation or proceeding regarding the foregoing pending or threatened. L+M and each of the L+M Subsidiaries that provides services to beneficiaries of Government Payer programs is (i) qualified for participation in, and has current and valid provider contracts with, the Government Payer programs and /or their fiscal

intermediaries or paying agents and is in material compliance with the conditions of participation or requirements applicable with respect to such participation and (ii) eligible for payment under the Government Payer programs for services rendered to qualified beneficiaries.

3.27 Consents and Approvals. No consents with respect to Material Contracts or approvals of any Governmental Authority are required to be obtained by any L+M Affiliate in connection with the execution, delivery and performance by L+M of this Agreement or the consummation of the transactions contemplated by this Agreement, except for (a) the requirements of the HSR Act and (b) as set forth in Schedule 3.27, which shall include, but not be limited to, any filings with, and approvals from, (i) OHCA, (ii) RIDOH upon the recommendation of the Rhode Island Health Services Council and (iii) the Rhode Island Attorney General.

3.28 Billing, Recoupments and Overpayments.

3.28.1 To the Knowledge of L+M, during the period of the applicable statutes of limitation, all claims for reimbursement ("*Reimbursement Claims*") submitted by the L+M Affiliates comply in all material respects with all Applicable Laws, including but not limited to Health Care Fraud and Abuse Laws, and all Payer Program contracts, provider manuals, policies, guidance, and reimbursement requirements governing reimbursement and payment of claims and do not contain any material errors, omissions or disallowances, except as specifically disclosed to YNHHS, to the extent that non-compliance or errors or omissions would not individually or in the aggregate be reasonably expected to have a Material Adverse Effect. Except as specifically disclosed to YNHHS, none of the L+M Affiliates have any outstanding overpayment or refund obligations due to any individual Payer Program in excess of \$5,000,000 in the aggregate. Except as specifically disclosed to YNHHS, none of the L+M Affiliates has received notice of any material disallowance, overpayment, refund or dispute between the L+M Affiliates, on the one hand, and any Payer Program, or agent thereof, on the other hand, regarding such Reimbursement Claims that has not been resolved and, to the Knowledge of L+M, there are no facts or circumstances which may reasonably be expected to give rise to any disallowance, overpayment, refund or dispute that individually or in the aggregate would be reasonably expected to have a Material Adverse Effect.

3.28.2 With respect to each of the last three complete reporting periods, the Cost Reports for L+M and each L+M Subsidiary that provides services to beneficiaries of Government Payer programs have been filed when due, and have been audited (with Notices of Program Reimbursement issued), for the Cost Report periods described in Schedule 3.28.2

3.28.3 Except as specifically disclosed to YNHHS, with respect to each of the last three complete reporting periods, all amounts shown as due from L+M or any L+M Subsidiary in the applicable Cost Reports that either were remitted with such Cost Reports or will be remitted when required by Applicable Law. Except to the extent liabilities and contractual adjustments with respect to L+M and any L+M Subsidiary under the Government Payer programs have been properly reflected and adequately reserved in the L+M Financial Statements, to L+M's Knowledge, neither L+M nor any L+M

Subsidiary has received or submitted any claim for payment to the Government Payer programs (or their fiscal intermediaries or paying agents) in excess in any material respect of the amount provided by Applicable Law or applicable provider contracts, and L+M and the L+M Subsidiaries have not received notice of any dispute or claim by any Governmental Authority, fiscal intermediary or other Person regarding L+M or any of the L+M Subsidiaries in such programs, in each case, that individually or in the aggregate, would be reasonably expected to have a Material Adverse Effect.

3.29 Medical Staff Matters. Prior to the date of this Affiliation Agreement, L+M has provided to YNHHS as part of the Due Diligence Information true, correct, and complete copies of the bylaws, rules and regulations of the medical staff of each of LMH and LMW, as well as a list of all current members of their medical staffs. To the Knowledge of L+M, all actions undertaken by LMH and LMW respectively with respect to its medical staff, including corrective discipline or other professional review, have been carried out in accordance with Applicable Laws.

3.30 Clinical Trials. To the Knowledge of L+M, all clinical trials currently being conducted at the L+M Affiliates are being conducted (i) with the approval and/or waiver of an appropriately constituted and duly registered institutional review board ("*IRB*") and (ii) in compliance with the applicable IRB policies and procedures, study agreements with trial sponsors and/or contract research organizations, and all Applicable Law, except for violations the effect of which would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect. Within the past two years, no clinical trial conducted at the L+M Affiliates has been subject to suspension or termination (other than by the sponsor of the trial due to material non-compliance with the applicable study agreement or Applicable Law, except for suspensions or terminations the effect of which would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect. Within the past two years, none of the L+M Affiliates, nor to the Knowledge of L+M, any investigator involved in a clinical trial at the L+M Affiliates, has received any correspondence or communication relating to the applicable L+M Affiliate's conduct from any trial sponsor, contract research organization, IRB or Governmental Authority, including without limitation the Connecticut Department of Public Health, FDA or the Department of Health and Human Services Office for Human Research Protections ("*OHRP*"), regarding patient safety breaches, billing issues associated with care provided to clinical trial subjects, obligations to register and report results of clinical trials, research misconduct, notice of pending debarment or disqualification, or other material non-compliance with the applicable study agreement or Applicable Law, except for violations the effect of which would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect.

3.31 Relationship with Pharmaceutical and Medical Device Manufacturers, Vendors and Suppliers. Except as specifically disclosed to YNHHS, (i) to the Knowledge of L+M, each of the L+M Affiliates is in compliance with the applicable L+M Affiliate's policies and procedures regarding interactions with pharmaceutical manufacturers, medical device manufacturers, equipment and supply vendors, including without limitation, those relating to conflicts of interest, product samples, transfers of value and remuneration arrangements, and (ii) such policies and procedures are reasonably designed to comply with Applicable Law.

3.32 Solvency of the L+M Affiliates. Immediately after giving effect to the transactions contemplated by this Agreement, none of the L+M Affiliates will (a) be insolvent (either because its financial condition is such that the sum of its Liabilities is greater than the fair value of its assets or because the fair salable value of its assets is less than the amount required to pay probable Liabilities as they mature), (b) have unreasonably small capital with which to engage in its business or (c) have incurred Liabilities beyond its ability to pay as they become due. No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated by this Agreement with the intent to hinder, delay or defraud either present or future creditors of the L+M Affiliates. LMI is solvent according to all applicable standards of solvency administered by the LMI Insurance Regulatory Agency.

3.33 Charitable Funds. To the Knowledge of L+M, L+M and the L+M Subsidiaries have solicited, received, held, invested, expended and applied charitable funds donated to them in all material respects in accordance with all restrictions placed thereon by donors, the terms of any applicable solicitation and Applicable Laws. Neither L+M nor any of the L+M Subsidiaries has received written notice of any, whether actual or alleged, misuse of funds, failure to comply with any donor-imposed restriction, breach of duty related to the funds, or violation of any Applicable Laws which would reasonably be expected to have a L+M Material Adverse Effect, nor to the Knowledge of L+M, has any such misuse, failure, breach or violation occurred.

3.34 No Undisclosed Liabilities. Except as specifically disclosed to YNHHS, none of the L+M Affiliates has material Liabilities or material obligations of any nature (including, without limitation, any direct or indirect Indebtedness, guaranty, endorsement, claim, loss, damage, deficiency, cost, expense, obligation or responsibility, fixed or unfixed, known or unknown, asserted or unasserted, liquidated or unliquidated, secured or unsecured, absolute, accrued, contingent or otherwise and whether due or to become due, or liability or obligations for an overpayment, duplicate payments, refunds discounts or adjustments due to any Third Party Payer, including any federal or state health care program) arising out of, or relating to, the business operations of L+M Affiliates and which are required to be reflected on a balance sheet prepared in accordance with GAAP, except: (i) liabilities or obligations as and to the extent reflected on or accrued or reserved against as set forth in the L+M 2014 Audited Financial Statements; and (ii) liabilities incurred since the date of the L+M 2014 Audited Financial Statements in the ordinary course of business. Neither L+M nor any of the L+M Subsidiaries is in default of any term or condition of any Indebtedness or other Liability in excess of \$250,000, including any trade payable.

3.35 Completeness of Disclosure. No representation or warranty by L+M in this Agreement, or any written certificate, schedule or exhibit when taken as a whole with all such other representations, warranties, certificates, schedules and exhibits contains or will contain any untrue statement of a material fact or will omit to state a material fact required to be stated herein or therein or necessary to make any statement herein or therein not misleading in light of the circumstances under which it was made.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF YNHHC

YNHHC represents and warrants to L+M that the statements contained in this Article 4 are correct and complete as of the date of this Agreement, except as set forth in the Disclosure Schedule and except as specifically disclosed to L+M. The Disclosure Schedule will be arranged in sections corresponding to the lettered and numbered sections contained in this Article 4. The Parties acknowledge and confirm that any competitively sensitive information called for by this Article 4 (including any schedules of the Disclosure Schedule) shall only be disclosed pursuant to such procedures as the Parties shall mutually agree upon so as to avoid violation of Applicable Law.

4.1 Organization of YNHHC. YNHHC is a nonstock corporation, without members, which is duly organized, validly existing and in good standing under the laws of the State of Connecticut, and has (and at the Closing will have) full corporate power and authority to own its assets and conduct its operations (as now conducted and as conducted at the Closing). Each of the YNHHC Subsidiaries is duly organized, validly existing and in good standing under the laws of the state of its formation, and has (and at the Closing will have) full corporate power and authority to own its assets and conduct its operations as currently being conducted (as now conducted and as conducted at the Closing).

Schedule 4.1.1 lists all Subsidiaries of YNHHC. Except as indicated on Schedule 4.1.1, each of the YNHHC Subsidiaries is a nonstock corporation of which YNHHC is the sole member. Except as indicated on Schedule 4.1.1, each of the YNHHC Affiliates is a Tax-Exempt Organization.

4.1.1 The certificates of incorporation (or similar organizational documents) and bylaws of the YNHHC Affiliates, copies of which have heretofore been provided or made available to L+M, are true, complete and correct copies of such documents.

4.1.2 Schedule 4.1.1 sets forth the name of each other Person in which any of the YNHHC Affiliates has any equity or membership interest other than a passive minority investment.

4.2 Authorization of Transaction. YNHHC has full corporate power and authority to execute and deliver this Affiliation Agreement and to perform its obligations hereunder. This Agreement has been duly authorized by all requisite corporate action of YNHHC. This Agreement has been duly executed and delivered by YNHHC and, assuming due authorization, execution and delivery by L+M, and receipt of the consents and approvals listed in Schedule 4.27, constitutes a valid and binding obligation of YNHHC, enforceable against YNHHC in accordance with its terms (except as may be limited by bankruptcy, insolvency, fraudulent transfer, moratorium, reorganization, preference or similar Applicable Laws of general applicability relating to or affecting the rights of creditors generally and subject to general principles of equity (regardless of whether enforcement is sought in equity or at law)). The LMMG-NEMG Agreement and Plan of Merger to become effective as of and subject to the Closing have been duly authorized by all requisite corporate action of NEMG.

4.3 Non-Contravention. Neither the execution and delivery by YNHSC of this Affiliation Agreement nor the consummation by YNHSC and the YNHSC Subsidiaries of the transactions contemplated hereby, will:

4.3.1 violate any provision of the certificate of incorporation (or similar organizational documents) or, subject only to obtaining any necessary approvals described in Article 5, bylaws of any of the YNHSC Affiliates; or

4.3.2 subject only to obtaining the approvals set forth in Schedule 4.27, constitute a violation on the part of the YNHSC Affiliates of any statute, Applicable Law, judgment, decree, order, regulation or rule of any court or Governmental Authority applicable to any of the YNHSC Affiliates; or

4.3.3 subject only to obtaining the consents set forth in Schedule 4.27, (i) violate, or be in conflict with, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or accelerate the performance required by, or cause the acceleration of the maturity of, any debt, or the revocation or loss of any material license, or (ii) violate, or be in conflict with, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or accelerate the performance required by, any obligation pursuant to any Material Contract to which any of the YNHSC Affiliates is a party (other than any Material Contract evidencing debt for borrowed money), or result in the revocation or loss of any Material Contracts, grants, endowment funds, permits or insurance policies listed in the Disclosure Schedule, or give any third party any option, right of first refusal or other rights under any Material Contract relating to the operations of any YNHSC Affiliate which, in case of any document, instrument or policy described in this clause (ii), individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

4.4 Brokers' Fees. YNHSC has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement.

4.5 Title to Assets. Each of the YNHSC Affiliates has (subject to the Liens granted pursuant as the YNHSC Master Trust Indenture) good, valid and marketable title to, or in the case of leased premises as to which it is a tenant a valid, binding and enforceable leasehold or subleasehold interest in, all of the real property owned or leased, as the case may be, by the such YNHSC Affiliate in connection with the conduct the YNHSC Activities, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.5.1 [Reserved]

4.5.2 [Reserved]

4.5.3 [Reserved]

4.5.4 [Reserved]

4.6 [Reserved].

4.7 Financial Statements. YNHHC has provided or made available to L+M true and correct copies of (i) the audited consolidated statements of financial position of each of the YNHHC Affiliates, and related statements of activities and change in net assets, functional expenses and cash flows of each of the YNHHC Affiliates for the fiscal years ending as of September 30, 2011, 2012 and 2013 including the notes thereto; (ii) the audited consolidated statements of financial position of each of the YNHHC Affiliates, and related statements of activities and change in net assets, functional expenses and cash flows of each of the YNHHC Affiliates as of December 31, 2014, including the notes thereto (the “*YNHHC 2014 Audited Financial Statements*”); and (iii) an unaudited consolidated statement of financial position of each of the YNHHC Affiliates and unaudited statements of activities, functional expenses and cash flows of each of the YNHHC Affiliates as of March 31, 2015 (the “*YNHHC Interim Financial Statements*” and together with the YNHHC 2014 Audited Financial Statements, the “*YNHHC Financial Statements*”). The YNHHC 2014 Audited Financial Statements (i) have been prepared in accordance with GAAP and (ii) fairly present in all material respects the consolidated financial position and the results of operations and cash flows of each of the YNHHC Affiliates at and as of the dates or for the periods indicated. The YNHHC Interim Financial Statements (i) have been prepared in accordance with GAAP (subject to certain presentation items consistent with the ordinary course of business, to the absence of footnote disclosure and to normal year-end adjustments) and (ii) fairly present in all material respects the consolidated financial position and the results of operations and cash flows of each of the YNHHC Affiliates at and as of the respective dates thereof or for the periods ended on such dates, as applicable.

4.7.1 Each of the YNHHC Affiliates maintains systems of internal accounting controls to provide reasonable assurances that: (i) all transactions are executed in accordance in all material respects with management’s general or specific authorization, (ii) all transactions are recorded as necessary to permit the preparation of the YNHHC Financial Statements in conformity with GAAP and maintain proper accountability for items and (iii) all reserves reflected on the YNHHC Financial Statements are sufficient for the purposes for which they were established. Since October 1, 2011, none of the YNHHC Affiliates has received and, to the Knowledge of YNHHC, there has not been, any complaint, allegation, assertion or claim regarding the YNHHC Affiliates’ accounting or auditing practices, procedures, methodologies or methods, including any complaint, allegation, assertion or claim that any of the YNHHC Affiliates has engaged in questionable accounting or auditing practices that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.7.2 [Reserved]

4.7.3 [Reserved]

4.8 Subsequent Events. Since the date of the most recent YNHHC Interim Financial Statements, (i) the YNHHC Affiliates have conducted their business operations in the ordinary course, and (ii) except as described in Schedule 4.8, there has not been:

(a) Any YNHHC Material Adverse Effect or event or occurrence of any condition that would reasonably be expected to have a Material Adverse Effect;

(b)-(v) [Reserved]

4.9 Compliance with Law.

4.9.1 Regulatory Compliance. To the Knowledge of YNHHS, each of the YNHHS Affiliates have, during the previous three years, conducted and continues to conduct the business operations of such YNHHS Affiliate in substantial compliance with all Applicable Laws, including Environmental, Health and Safety Requirements, and have timely filed all material reports, data, and other information related to the business operations of the YNHHS Affiliates, except for (i) matters specifically disclosed to L+M and (ii) violations the effect of which would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect. Except as specifically disclosed to L+M, to the Knowledge of YNHHS none of the YNHHS Affiliates that are engaged in the delivery of healthcare has, nor have any of their respective employees, committed a violation of federal or state laws regulating health care fraud, including but not limited to the Health Care Fraud and Abuse Laws, except for violations the effect of which would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect. Each of the YNHHS Affiliates that are engaged in the delivery of healthcare services is in compliance in all material respects with the administrative simplification provisions required under the HIPAA, including the electronic data interchange regulations and the health care privacy regulations, as of the applicable effective dates for such requirements, except for violations the effect of which would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect. Each of the YNHHS Affiliates that are engaged in the delivery of healthcare services that is a "covered entity" under HIPAA has designated an executive employee of the YNHHS Affiliates as its HIPAA privacy officer. To the Knowledge of YNHHS, the practices of the YNHHS Affiliates regarding the collection, access, maintenance, transmission, use, and disclosure of Confidential Information, including Protected Health Information, in connection with the conduct and operations of the YNHHS Affiliates' business are and have been in all material respects in compliance with any of the YNHHS Affiliates' contracts or commitments with third parties. To the Knowledge of YNHHS, the practices of the YNHHS Affiliates regarding the collection, access, maintenance, transmission, use, and disclosure of Confidential Information, including Protected Health Information, in connection with the conduct and operations of the YNHHS Affiliates' business are and have been in accordance in all material respects with any applicable written policy or procedure of the YNHHS Affiliates since October 1, 2011 (or such later date on which the relevant policy or procedure shall have taken effect). To the Knowledge of YNHHS, the YNHHS Affiliates have not had any breach of information security that would constitute (i) a "security incident" (as defined in 45 CFR § 164.304) that resulted in material and actual unauthorized access, use, disclosure, modification or destruction of Protected Health Information or (ii) a "breach" under Section 13402 of the American Recovery and Reinvestment Act of 2009 and any regulations promulgated thereunder or state information security laws or regulations that require notification to or of government officials, or to individuals whose information may have been breached.

4.9.2 Investigations and Penalties. To the Knowledge of YNHHS, since January 1, 2012, none of the YNHHS Affiliates that are engaged in the delivery of

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healthcare services, and, no officer, director or trustee, or board officer or employee thereof with respect to the conduct of business operations of the YNHHC Affiliates:

(a) has been subject to any investigation, inquiry or suit by any Governmental Authority that has not been fully and finally resolved regarding any alleged violation of applicable governmental authorization or legal requirement which if adversely determined would reasonably be expected to have a Material Adverse Effect;

(b) has paid or been subject to any fine, penalty, corrective action plan, remediation plan, exclusion or other sanction by, or made a self-disclosure to, any Governmental Authority regarding any alleged violation of any applicable governmental authorization or legal requirement that would reasonably be expected to have a Material Adverse Effect;

(c) is a party to any written arrangement, including without limitation a corporate integrity agreement, deferred prosecution agreement, consent decree or settlement agreement, with any Governmental Authority regarding any alleged violation of any applicable governmental authorization or legal requirement that would reasonably be expected to have a Material Adverse Effect;

(d) has been or is currently a defendant in any qui tam, false claims or similar litigation that would reasonably be expected to have a Material Adverse Effect if adversely determined;

(e) to the Knowledge of YNHHC, is currently subject to any investigation, inquiry or suit by any Governmental Authority regarding any alleged violation of any applicable governmental authorization or legal requirement that would reasonably be expected to have a Material Adverse Effect; or

(f) to the Knowledge of YNHHC, has received any complaint from any employee, independent contractor, vendor, or any other Person regarding any alleged material violation of any governmental authorization or legal requirement that would reasonably be expected to have a Material Adverse Effect.

4.9.3 Compliance Program. Each of the YNHHC Affiliates has established and maintains a corporate compliance program which addresses the material requirements of all material Applicable Laws of the Governmental Authorities having jurisdiction over its business and operations. Each of the YNHHC Affiliates that is engaged in the delivery of healthcare services has designated an executive employee of such YNHHC Affiliate or of YNHHC as its chief compliance officer. Except as specifically disclosed to YNHHC, to the Knowledge of YNHHC, there are no material pending internal investigations that could reasonably be expected to lead to a material fine, penalty, corrective action plan, remediation plan, exclusion or other material sanction by, or a self-disclosure to, any Governmental Authority regarding any alleged violation of any applicable governmental authorization or legal requirement. To the Knowledge of YNHHC, each of the YNHHC Affiliates have established and maintain policies and procedures, including without limitation conflict of interest and related policies, for the review of all compensation arrangements and other arrangements that could involve the referral of patients with other Persons, including but not limited to its officers, directors or

trustees, physicians, executives, their immediate family members, their professional practice entities and other referral sources, that are reasonably designed to maintain compliance with (i) all Applicable Laws, including but not limited to Health Care Fraud and Abuse Laws and the intermediate sanction provisions of the Code and regulations promulgated pursuant thereto, and (ii) their internal policies, including but not limited to any applicable conflicts of interest policy. Except as specifically disclosed to YNHHS, all such compensation and other arrangements with potential referral sources are, to the Knowledge of YNHHS, in compliance with all Applicable Laws, including but not limited to Health Care Fraud and Abuse Laws.

4.9.4 Communications and Environmental Claims. Except as specifically disclosed to L+M, during any applicable statute of limitations, none of the YNHHS Affiliates have received any communication (written or, to the Knowledge of YNHHS, oral), whether from any Governmental Authority or third party, alleging that any of the YNHHS Affiliates are not in compliance with any Health Care Laws and there is no Environmental Claim pending or, to the Knowledge of YNHHS, threatened against any of the YNHHS Affiliates, or, to the Knowledge of YNHHS, pending or threatened, against any other Person or entity with respect to any of the YNHHS Affiliates, or for whose Liability for any Environmental Claim, with respect to any of the YNHHS Affiliates, any of the YNHHS Affiliates have or may have retained or assumed by Contract or by operation of Applicable Law which in any such case would give rise to a Material Adverse Effect.

4.9.5 Permits, Licenses and Accreditations.

(a) Each of the YNHHS Affiliates has all Permits of Governmental Authorities, including those required under Environmental, Health and Safety Requirements, necessary to conduct the business operations of the YNHHS Affiliates and obtain reimbursement under all Contracts, including provider Contracts such as network participation agreements and discount agreements, programs and other arrangements with Payer Programs ("YNHHS Permits"). To the Knowledge of YNHHS, none of the YNHHS Affiliates is in material breach or violation of, or material default under any YNHHS Permit, except for violations the effect of which would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect. None of the YNHHS Affiliates has made a decision not to renew any YNHHS Permit. To the Knowledge of YNHHS, none of the YNHHS Affiliates is currently subject to or has been given notice of any threatened audit, review or investigation by a Governmental Authority with respect to any YNHHS Permit.

(b) Each of the YNHHS Affiliates maintain the accreditations related to its business and operations that are required to be maintained in order for the YNHHS Affiliates to continue to operate their respective businesses in accordance with their respective past practices, without contingencies, including without limitation accreditation by the Joint Commission. To the Knowledge of YNHHS, each of the YNHHS Affiliates have taken all actions required to be taken to maintain such accreditations. There is no pending, and to the Knowledge of YNHHS, there is no threatened, investigation of any of the YNHHS Affiliates by any accreditation organization with respect to any material accreditation. None of the YNHHS Affiliates is subject to any notice of deficiency, plan of correction or similar action with respect to any such material accreditation.

(c) [Reserved]

4.9.6 [Reserved]

4.9.7 [Reserved]

4.10 Tax Matters.

4.10.1 For the six year period preceding the Closing Date, each YNHSC Affiliate has (i) duly filed or caused to be filed with the appropriate taxing authorities all Tax Returns required to be filed by it (giving effect to as-of- right extensions) and all such Tax Returns are true, correct and complete in all material respects, (ii) timely paid or caused to be paid in full all Taxes shown to be due on such Tax Returns or otherwise due and payable with respect to the operations of the YNHSC Affiliates and (iii) except as specifically disclosed to L+M, complied in all material respects with all Applicable Laws, rules and regulations relating to the withholding of Taxes and the payment of withheld Taxes, and timely and properly withheld and paid over to the appropriate Governmental Authorities all amounts required to be so withheld and paid under all Applicable Laws, rules and regulations.

4.10.2 No deficiencies or assessments for any Taxes of, or relating to, the operations of the YNHSC Affiliates have been proposed, asserted or assessed which have not been resolved and paid in full except for deficiencies and assessments being contested in good faith as listed and described in Schedule 4.10.2 or as specifically disclosed to L+M, and no United States federal, state, local or foreign audits or other administrative or judicial proceedings are presently pending with regard to any Taxes or Tax Returns of, or relating to, the operations of the YNHSC Affiliates. There are no Liens for Taxes upon any assets owned by the YNHSC Affiliates except for Permitted Encumbrances.

4.10.3 As of the Closing, except as specifically disclosed to L+M, each of the YNHSC Affiliates is recognized by the IRS as exempt from United States federal income taxation, and is recognized by the State of Connecticut as exempt from state and local income taxes, real property taxes and qualifies for sales tax exemptions available to organizations described in Section 501(c)(3) of the Code.

4.10.4 [Reserved]

4.10.5 [Reserved]

4.10.6 [Reserved]

4.10.7 YNHSC has provided to L+M copies of the letters and/or rulings from the IRS which recognize that the YNHSC Obligated Group Members are Tax-Exempt Organizations exempt from United States federal income taxes under Section 501(a) of the Code as organizations described in Section 501(c)(3) of the Code and not as "private foundations" as such term is defined in Section 509 of the Code (the "*YNHSC Determination Letters*"). The YNHSC Determination Letters have not been modified, limited or revoked, in whole or in part, and none of the YNHSC Obligated Group

Members for which YNHSC Determination Letters have been provided has been notified that the IRS is proposing to revoke an YNHSC Determination Letter. There is no pending request by any of the YNHSC Obligated Group Members for a redetermination of tax-exempt status as an organization described in Section 501(c)(3) of the Code. Each of the YNHSC Obligated Group Members that are the subject of the YNHSC Determination Letters are in compliance with all of the terms, conditions, and limitations contained in the YNHSC Determination Letters, if any, and there has been no conduct by any such YNHSC Obligated Group Members, of such nature that would warrant modification, limitation or revocation of the YNHSC Determination Letters. To the best of YNHSC's Knowledge, none of any such YNHSC Affiliates has any "unrelated business income" as defined in Sections 511 through 514 of the Code which would adversely affect any of the YNHSC' status as an organization described in Section 501(c)(3) of the Code. None of any such YNHSC Obligated Group Members has been notified that the IRS is proposing to investigate its continued qualification as an organization described in Section 501(c)(3) of the Code or that there are any administrative or judicial proceedings pending or threatened which may adversely affect the classification of any of any such YNHSC Obligated Group Members as an organization described in Section 501(c)(3) of the Code and not a private foundation under Section 509 of the Code.

4.10.8 The YNHSC 2014 Bond Disclosure Documents contains a description of each tax-exempt financing, benefiting any of the Members of the YNHSC Obligated Group. Each of the Members of the YNHSC Obligated Group is in compliance in all material respects with all covenants required to be complied with by it under the YNHSC Tax-Exempt Bonds.

4.10.9 With respect to the YNHSC Tax-Exempt Bonds no action has been taken or omitted to be taken by any of the Members of the YNHSC Obligated Group which would cause such YNHSC Tax-Exempt Bonds to be an "arbitrage bond" under Section 148(a) of the Code. Each of the YNHSC Tax-Exempt Bonds is in compliance with the arbitrage rebate requirement of Section 148(f) of the Code. No action has been taken or omitted to be taken by any of the Members of the YNHSC Obligated Group which would cause any YNHSC Tax-Exempt Bonds not to be "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code. Each of the YNHSC Tax-Exempt Bonds satisfies all applicable requirements set forth in Sections 147 and 149 of the Code in order for interest thereon to be excluded from gross income for federal income tax purposes.

4.11 [Reserved]

4.12 Intellectual Property. To the Knowledge of YNHSC, each of the YNHSC Affiliates owns free and clear of all Liens other than Permitted Encumbrances described in clause (b) or (c) of the definition of such term, Liens granted under the YNHSC Master Trust Indenture securing indebtedness that is disclosed and described in the YNHSC 2014 Audited Financial Statements and Liens listed or described in Schedule 4.12, or is licensed or otherwise has the valid and enforceable right to use, all Intellectual Property used in or necessary to the conduct of its operations other than failures to own, be licensed or have the right to use Intellectual Property that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. All such licenses and agreements with third parties relating to

such Intellectual Property that are material to the business operations of the YNHHC Affiliates, taken as a whole, are valid and binding and in full force and effect, and to the Knowledge of YNHHC, none of the parties thereto is in default thereunder or breach thereof if such breach or default, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect. To the Knowledge of YNHHC, there is no pending claim by any third party challenging the ownership, validity or use of any material Intellectual Property that is material to the business operations of the YNHHC Affiliates, taken as a whole.

4.13 [Reserved]

4.14 [Reserved]

4.15 Litigation.

4.15.1 Except as specifically disclosed to L+M or as disclosed pursuant to Section 4.9, there are no Litigations or Proceedings pending or, to the Knowledge of YNHHC, threatened against the YNHHC Affiliates, except for any such suit, claim, action, proceeding, arbitration, hearing, inquiry or investigation which (i) is not reasonably expected as of the date hereof, together with any related claims arising out of the same set of facts, to involve an amount in controversy in excess of \$5,000,000, in the aggregate, excluding malpractice, general liability and other claims which are fully insured (subject to customary deductible and retention amounts), or (ii) would not be reasonably expected to have a Material Adverse Effect.

4.15.2 There are no outstanding orders, injunctions or decrees of any Governmental Authority (other than orders, injunctions or decrees of general applicability and which do not specifically name an YNHHC Affiliate) which would have a Material Adverse Effect.

4.16 Labor Relations.

4.16.1 Except for the Collective Bargaining Agreements described in Schedule 4.16.1 and except as disclosed to L+M, (i) none of the YNHHC Affiliates is a party to, nor bound by, any Collective Bargaining Agreement; (ii) none of the YNHHC Affiliates' employees are covered by the terms of any Collective Bargaining Agreements; (iii) to the Knowledge of YNHHC, no labor union, trade union or labor organization of the YNHHC Affiliates has since December 31, 2011, made a pending demand for recognition or certification, as a collective bargaining representative of the YNHHC Affiliates' employees and, to the Knowledge of YNHHC, there are no representation election petitions filed with the National Labor Relations Board pertaining to the YNHHC Affiliates' employees; (iv) YNHHC has no Knowledge of any union organizing activities with respect to any employees of the YNHHC Affiliates; (v) since October 1, 2011, to the Knowledge of YNHHC, there have been no actual or threatened arbitrations, grievances, unfair labor practices, labor disputes, strikes, lockouts, slowdowns or collective work stoppages against the YNHHC Affiliates except for those that would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect; and (vi) since October 1, 2011, neither the YNHHC Affiliates nor any of their employees, agents or representatives have committed any material unfair labor practice as defined in the

National Labor Relations Act which could reasonably be expected to have a Material Adverse Effect.

4.16.2 Each of the YNHHC Affiliates: (i) is not in violation in any material respect of any Applicable Law pertaining to labor, employment or employment practices including, but not limited to, all Applicable Laws regarding health and safety, wages and hours, labor relations, employment discrimination, disability rights or benefits, equal opportunity, immigration, plant closures and layoffs, affirmative action, employee leave issues, unemployment insurance and workers' compensation, except for violations the effect of which would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect, or (ii) except as listed in Schedule 4.16.2, is not a party to any currently pending claim, action, arbitration, audit, hearing, investigation, complaint, charges, litigation or suit or governmental inquiry alleging a violation of any Applicable Law pertaining to labor, employment or employment practices, nor, to the Knowledge of YNHHC, is any such claim, action, arbitration, audit, hearing, investigation, complaint, charges, litigation or suit or governmental inquiry pending or threatened, except in each case for matters the effect of which would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect.

4.16.3 Except as specifically disclosed to L+M, to the Knowledge of YNHHC, each of the YNHHC Affiliates: (i) has taken reasonable steps to properly classify and treat all of their workers, interns, trainees and volunteers as independent contractors or employees, (ii) has taken reasonable steps to properly classify and treat all of their employees as "exempt" or "nonexempt" from overtime requirements under Applicable Law, (iii) is not delinquent in any material payments to, or on behalf of, any current or former independent contractors or employees for any services or amounts required to be reimbursed or otherwise paid, (iv) has withheld and reported all material amounts required by Applicable Law or by agreement to be withheld and reported with respect to wages, salaries and other payments to any current or former independent contractors or employees; and (v) is not liable for any material payment to any trust or other fund governed by or maintained by or on behalf of any Governmental Authority with respect to unemployment compensation benefits, social security or other benefits or obligations for any current or former independent contractors or employees (other than routine payments to be made in the normal course of business and consistent with past practice). To the Knowledge of YNHHC, none of the YNHHC Affiliates has direct or indirect material Liability as a result of any misclassification of any Person as an independent contractor rather than as an employee.

4.16.4 Except as listed in Schedule 4.16.4, to the Knowledge of YNHHC, no employee or former employee of the YNHHC Affiliates is in any material respect in violation of any term of any employment agreement, nondisclosure agreement, common law nondisclosure obligation, fiduciary duty, non-competition agreement, restrictive covenant or other obligation: (i) to the YNHHC Affiliates or (ii) to a former employer of any such employee relating (A) to the right of any such employee to be employed by the YNHHC Affiliates or (B) to the knowledge or use of trade secrets or proprietary information in connection with his or her employment with the YNHHC

Affiliates, except for violations the effect of which would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect.

4.16.5 Each of YNHSC Affiliates is and for the last 18 months has been in compliance with all notice and other requirements under the WARN Act. In the 18 months prior to the date hereof, each of the YNHSC Affiliates has not (i) effectuated a "plant closing" (as defined in the WARN Act) or (ii) effectuated a "mass layoff" (as defined in the WARN Act).

4.17 [Reserved]

4.18 Environmental, Health, and Safety Matters.

4.18.1 Each YNHSC Affiliate is in material compliance with all Environmental, Health, and Safety Requirements except to the extent that any non-compliance with Environmental, Health and Safety Requirements would not reasonably be expected to have a Material Adverse Effect.

4.18.2 Except as specifically disclosed to L+M, no YNHSC Affiliate has received any written notice, report or other written information regarding any actual or alleged material violation of Environmental, Health, and Safety Requirements, or any material liabilities or potential material liabilities (whether accrued, absolute, contingent, unliquidated or otherwise), concerning the Remediation of any Environmental Condition or Hazardous Substances relating to the YNHSC Affiliates that remains outstanding or unresolved.

4.19 [Reserved]

4.20 Illegal Payments. To the Knowledge of YNHSC, none of the YNHSC Affiliates, nor any of their respective officers, directors, agents or employees or any other person on behalf of the YNHSC Affiliates, has made directly or indirectly any illegal payment to or on behalf of, or provided any illegal benefit or inducement for, any physician, supplier or patient of the YNHSC Affiliates. To the Knowledge of YNHSC neither the YNHSC Affiliates, nor any of their respective officers, directors, employees or agents has, directly or indirectly, paid or delivered a fee, commission or other sum of money or item or property, however characterized, to any finder, agent, Governmental Authority or other party, in the United States or any other country, which was or is illegal under any Applicable Law. To the Knowledge of YNHSC, none of the YNHSC Affiliates, nor any of their respective officers, directors, employees or agents has made any payment to any supplier of the YNHSC Affiliates or any officer, director, employee or agent of any patient or supplier of the YNHSC Affiliates, for the unlawful sharing of fees or to any such patient or supplier or any such officer, director, employee or agent for the unlawful rebating of charges, or engaged in any other unlawful payment or given any other unlawful consideration to any such enrollee, patient or supplier or any such officer, director, employee or agent.

4.21 Bankruptcy. None of the YNHSC Affiliates is the subject of bankruptcy, insolvency or any similar proceedings.

4.22 [Reserved]

4.23 Foreign Operations. The YNHHC Affiliates have no operations outside the United States.

4.24 [Reserved]

4.25 [Reserved]

4.26 Regulatory Matters.

4.26.1 To the Knowledge of YNHHC, since October 1, 2011, the YNHHC Affiliates have timely filed all material reports, statements, documents, registrations, filings or submissions required to be filed by the YNHHC Affiliates with any Governmental Authorities, including in connection with or required by any Material Contracts, except where the failure to timely file has not resulted and would not reasonably be expected to result in a Material Adverse Effect. All such reports, statements, documents, registrations, filings and submissions were true, correct and complete in all material respects when filed, complied in all material respects with Applicable Law in effect when filed. Except as set forth on Schedule 4.26, since October 1, 2011, no material deficiencies have been asserted by any such Governmental Authority with respect to such reports, statements, documents, registrations, filings or submissions that have not been satisfied, or, if not yet satisfied, where satisfaction is not yet due. To the Knowledge of YNHHC, the Material Contracts are in compliance with Applicable Law.

4.26.2 Except as specifically disclosed to L+M, since October 1, 2011, the YNHHC Affiliates have not been subject to any finding, agreement, settlement or fine regarding noncompliance with any Applicable Law (including fraudulent procedures or practices but excluding any finding, agreement, settlement or fine that resulted only in a monetary penalty of \$350,000.00 or less) that resulted in or would reasonably be expected to result in a Material Adverse Effect. Except as specifically disclosed to L+M, to the Knowledge of YNHHC, since October 1, 2011, the YNHHC Affiliates have not been subject to any pending or threatened audit, investigation or other regulatory review relating to any noncompliance with any Applicable Law (including fraudulent procedures or practices, or, to the Knowledge of YNHHC, OSHA violations and any warning letters or observations (including any FDA warning letters or FDA Form 483 observations)), other than regularly scheduled periodic audits and reviews.

4.26.3 Neither YNHHC nor any YNHHC Subsidiary has been excluded, debarred or otherwise deemed ineligible to participate in Medicare, Medicaid or any other federal or state health care programs or in any federal or state procurement or non-procurement programs, nor has YNHHC or any YNHHC Subsidiary been convicted of a criminal offense related to the provision of federal health care items or services, nor, to YNHHC's Knowledge, is an investigation or proceeding regarding the foregoing pending or threatened. YNHHC and each of the YNHHC Subsidiaries that provides services to beneficiaries of Government Payer programs is (i) qualified for participation in, and has current and valid provider contracts with, the Government Payer programs and /or their fiscal intermediaries or paying agents and is in material compliance with the conditions of

participation or requirements applicable with respect to such participation and (ii) eligible for payment under the Government Payer programs for services rendered to qualified beneficiaries.

4.27 Consents and Approvals. No consents with respect to Material Contracts or approvals of any Governmental Authority are required to be obtained by any YNHHS Affiliates in connection with the execution, delivery and performance by YNHHS of this Agreement or the consummation of the transactions contemplated by this Agreement, except for (a) the requirements of the HSR Act and (b) as set forth in Schedule 4.27, which shall include, but not be limited to, any filings with, and approvals from (i) OHCA, (ii) RIDOH upon the recommendation of the Rhode Island Health Services Council, and (iii) the Rhode Island Attorney General.

4.28 Billing, Recoupments and Overpayments.

4.28.1 To the Knowledge of YNHHS, during the period of the applicable statutes of limitation, all Reimbursement Claims submitted by the YNHHS Affiliates comply in all material respects with all Applicable Laws, including but not limited to Health Care Fraud and Abuse Laws, and all Payer Program contracts, provider manuals, policies, guidance, and reimbursement requirements governing reimbursement and payment of claims and do not contain any material errors, omissions or disallowances, except as specifically disclosed to L+M, to the extent that non-compliance or errors or omissions would not individually or in the aggregate be reasonably expected to have a Material Adverse Effect. Except as specifically disclosed to L+M, none of the YNHHS Affiliates have any outstanding overpayment or refund obligations due to any individual Payer Program in excess of \$5,000,000 in the aggregate. Except as specifically disclosed to L+M, none of the YNHHS Affiliates has received notice of any material disallowance, overpayment, refund or dispute between the YNHHS Affiliates, on the one hand, and any Payer Program, or agent thereof, on the other hand, regarding such Reimbursement Claims that has not been resolved and, to the Knowledge of YNHHS, there are no facts or circumstances which may reasonably be expected to give rise to any disallowance, overpayment, refund or dispute that individually or in the aggregate would be reasonably expected to have a Material Adverse Effect.

4.28.2 [Reserved]

4.29 [Reserved]

4.30 Clinical Trials. To the Knowledge of YNHHS, all clinical trials currently being conducted at the YNHHS Affiliates are being conducted (i) with the approval and/or waiver of an appropriately constituted and duly registered IRB and (ii) in compliance with the applicable IRB policies and procedures, study agreements with trial sponsors and/or contract research organizations, and all Applicable Law, except for violations the effect of which would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect. Within the past two years, no clinical trial conducted at the YNHHS Affiliates has been subject to suspension or termination (other than by the sponsor of the trial due to reasons unrelated to the YNHHS Affiliate's performance of its obligations) due to patient safety concerns, material non-compliance with the applicable study agreement or Applicable Law, except for suspensions

or terminations the effect of which would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect. Within the past two years, none of the YNHHC Affiliates, nor to the Knowledge of YNHHC, any investigator involved in a clinical trial at the YNHHC Affiliates, has received any correspondence or communication relating to the applicable YNHHC Affiliate's conduct from any trial sponsor, contract research organization, IRB or Governmental Authority, including without limitation the Connecticut Department of Public Health, FDA or the OHRP, regarding patient safety breaches, billing issues associated with care provided to clinical trial subjects, obligations to register and report results of clinical trials, research misconduct, notice of pending debarment or disqualification, or other material non-compliance with the applicable study agreement or Applicable Law, except for violations the effect of which would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect.

4.31 Relationship with Pharmaceutical and Medical Device Manufacturers, Vendors and Suppliers. Except as specifically disclosed to L+M, (i) to the Knowledge of YNHHC, each of the YNHHC Affiliates is in compliance with the applicable YNHHC Affiliate's policies and procedures regarding interactions with pharmaceutical manufacturers, medical device manufacturers, equipment and supply vendors, including without limitation, those relating to conflicts of interest, product samples, transfers of value and remuneration arrangements, and (ii) such policies and procedures are reasonably designed to comply with Applicable Law.

4.32 Solvency of the YNHHC Affiliates. Immediately after giving effect to the transactions contemplated by this Agreement, none of the YNHHC Affiliates will (a) be insolvent (either because its financial condition is such that the sum of its Liabilities is greater than the fair value of its assets or because the fair salable value of its assets is less than the amount required to pay probable Liabilities as they mature), (b) have unreasonably small capital with which to engage in its business or (c) have incurred Liabilities beyond its ability to pay as they become due. No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated by this Agreement with the intent to hinder, delay or defraud either present or future creditors of the YNHHC Affiliates.

4.33 Charitable Funds. To the Knowledge of YNHHC, YNHHC and the YNHHC Subsidiaries have solicited, received, held, invested, expended and applied charitable funds donated to them in all material respects in accordance with all restrictions placed thereon by donors, the terms of any applicable solicitation and Applicable Laws. Neither YNHHC nor any of the YNHHC Subsidiaries has received written notice of any, whether actual or alleged, misuse of funds, failure to comply with any donor-imposed restriction, breach of duty related to the funds, or violation of any Applicable Laws which would reasonably be expected to have a YNHHC Material Adverse Effect, nor to the Knowledge of YNHHC, has any such misuse, failure, breach or violation occurred.

4.34 No Undisclosed Liabilities. Except as specifically disclosed to L+M, none of the YNHHC Affiliates has material Liabilities or material obligations of any nature (including, without limitation, any direct or indirect Indebtedness, guaranty, endorsement, claim, loss, damage, deficiency, cost, expense, obligation or responsibility, fixed or unfixed, known or unknown, asserted or unasserted, liquidated or unliquidated, secured or unsecured, absolute, accrued, contingent or otherwise and whether due or to become due, or liability or obligations for an overpayment, duplicate payments, refunds discounts or adjustments due to any Third Party

Payer, including any federal or state health care program) arising out of, or relating to, the business operations of YNHHS Affiliates and which are required to be reflected on a balance sheet prepared in accordance with GAAP, except: (i) liabilities or obligations as and to the extent reflected on or accrued or reserved against as set forth in the YNHHS 2014 Audited Financial Statements; and (ii) liabilities incurred since the date of the YNHHS 2014 Audited Financial Statements in the ordinary course of business. Neither YNHHS nor any of the YNHHS Subsidiaries is in default of any term or condition of any Indebtedness or other Liability in excess of \$250,000, including any trade payable.

4.35 Completeness of Disclosure. No representation or warranty by YNHHS in this Agreement, or any written certificate, schedule or exhibit, when taken as a whole with all such other representations, warranties, certificates, schedules and exhibits, and when taken as a whole with the YNHHS 2014 Bond Disclosure Documents, contains or will contain any untrue statement of a material fact or will omit to state a material fact required to be stated herein or therein or necessary to make any statement herein or therein not misleading in light of the circumstances under which it was made.

ARTICLE 5

OBLIGATIONS BEFORE CLOSING

5.1 L+M's Obligations. From the Effective Date until the Closing (or the earlier termination of this Affiliation Agreement pursuant to Article 8):

5.1.1 Access to Premises and Information. YNHHS and its counsel, accountants, and other representatives shall have reasonable access during normal business hours and upon reasonable prior notice to all properties, books, accounts, records, contracts and documents of or relating to L+M and the L+M Affiliates. Upon reasonable request by YNHHS, L+M shall furnish or cause to be furnished to YNHHS and its representatives all data and information concerning the businesses, finances and properties of L+M and the L+M Affiliates, so long as responding to such requests does not unreasonably interfere with the operations of the L+M Affiliates.

5.1.2 Conduct of Business in Normal Course. L+M shall and shall cause the L+M Subsidiaries to carry on their businesses and activities not other than in the ordinary course of business and in accordance with the terms of this Article 5.

5.1.3 Preservation of Business and Relationships. L+M shall and shall cause the L+M Subsidiaries to use their commercially reasonable efforts to preserve their assets, subject to normal wear and tear and casualty, and business organizations, to keep available their present officers and employees and to substantially preserve their present material relationships with suppliers, payors, patients and others having business relationships with L+M or the L+M Affiliates; provided, however, that nothing in this Section 5.1.3 shall limit or restrict the right of L+M and the L+M Affiliates to terminate, discipline, or change the duties of any officers or employees, or to engage in staff reductions or consolidations prior to the Closing Date (to the extent such actions are consistent with the then current applicable policies and procedures of L+M and /or the L+M Subsidiaries, as applicable, any collective bargaining agreement, any employment

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agreements and Applicable Law and do not give rise to executive severance obligations that exceed standards of reasonableness for services and roles within the L+M Affiliates).

5.1.4 Corporate Matters. L+M shall not and shall cause the L+M Subsidiaries not to, without the prior written consent of YNHHS, amend their certificates of incorporation or bylaws (or other governing documents) except as permitted or required by this Affiliation Agreement to do so.

5.1.5 Maintenance of Insurance. L+M shall and shall cause the L+M Subsidiaries to continue to carry their existing insurance, including any self-insured insurance plans, subject to variations in amounts required by the ordinary operations of its businesses.

5.1.6 Employees and Compensation. Except in the ordinary course of business, as contemplated in the Applicable L+M Budget, required in an express term of a contract, as required by Applicable Law or with YNHHS's prior written consent, L+M shall not and shall cause the L+M Subsidiaries not to do or agree to do any of the following acts:

- (a) Grant any increase in salaries payable or to become payable by any of them to any officer or employee;
- (b) Increase benefits payable to any officer or employee under any bonus or pension plan or other contract or commitment, other than reasonable and customary retention bonuses; or
- (c) Modify any collective bargaining agreement to which L+M or any L+M Affiliate is a party or by which any of them may be bound unless required by Applicable Law or an express term of a collective bargaining agreement (provided that this Section 5.1.6 shall not limit or restrict the right of any L+M Affiliate to renegotiate any collective bargaining agreement that is expired as of or expires after the date of this Affiliation Agreement).

5.1.7 New Transactions. L+M shall not and shall cause the L+M Subsidiaries not to do or agree to do any of the following acts without the prior written consent of YNHHS:

- (a) Enter into any contract, commitment or transaction not in the ordinary course of business;
- (b) [Reserved];
- (c) Make any capital expenditure or expenditures in excess of \$5,000,000 not contemplated by the Applicable L+M Budget, except that on notice to YNHHS L+M or an L+M Subsidiary may make unbudgeted capital expenditures that L+M determines are necessary (i) to remediate unexpected life safety or property safety issues, or (ii) to comply with unexpected issues that, if not remediated, would cause noncompliance with regulatory requirements.

(d) Enter into any lease of capital equipment or property under which the annual lease charge is in excess of \$500,000 that is not contemplated by the Applicable L+M Budget;

(e) Sell or dispose of any capital assets with a net book value in excess of \$500,000 with respect to any individual transaction or \$2,000,000 in the aggregate;

(f) [Reserved];

(g) Incur any Indebtedness (other than a line or lines of credit under which the aggregate availability does not exceed the amount contemplated by the Applicable L+M Budget) or make any loans or advances to any Person other than (i) inter-company advances in the ordinary course of business and (ii) tuition reimbursement and/or housing assistance loans to employees that are made pursuant to L+M's existing policies and are reasonably consistent with past practice;

(h) Enter into any compromise or settlement of any Litigation or Proceeding involving a payment by L+M or any L+M Affiliate exceeding the greater of (i) \$500,000.00 or (ii) the amount reserved, if any, with respect to such Litigation or Proceeding in the Financial Statements, unless (in either case) covered by insurance;

(i) Enter into any agreement that restrains, limits or impedes the ability of L+M or any L+M Affiliate to compete with or conduct any business or line of business;

(j) [Reserved]; or

(k) Enter into any new collective bargaining agreement unless required by law or an express term of a collective bargaining agreement (provided that this Section 5.1.7 shall not limit or restrict the right of any L+M Affiliate to renegotiate any collective bargaining agreement that is expired as of or expires after the date of this Affiliation Agreement).

5.1.8 Consents of Third Parties. L+M shall use its and shall cause the L+M Subsidiaries to use their Commercially Reasonable Best Efforts to obtain the consents of all third parties required to be obtained by L+M or the L+M Subsidiaries for the consummation of the transactions contemplated by this Affiliation Agreement.

5.1.9 Certain Compliance Matters.

(a) After the Effective Date and prior to the Closing Date L+M shall engage a qualified environmental consultant to conduct an operational compliance self-audit of the operations of LMH, LMW, LMMG and VNA of Southeastern Connecticut with respect to Environmental, Health and Safety Requirements and to complete a written report of such self-audit prior to the Closing Date. Prior to the Closing Date, to the extent reasonably feasible, the applicable L+M Affiliates shall implement any necessary corrective or remediation plans or recommendations included in such report (as reasonably determined by L+M) in accordance with the time periods set forth in such reports; *provided, however*, that to the extent that the applicable L+M Affiliates are continuing in good faith to implement such plans or recommendations at

Closing, the failure to have completed such plans and recommendations as of the Closing Date shall not be deemed to be a breach of this Section 5.1.9.

(b) L+M shall be responsible at its expense for preparing and filing with DEEP as transferor and (if applicable) as "certifying party" any filings required by the Transfer Act with respect to any real properties owned, leased or occupied by LMMG (collectively, the "LMMG Properties") or LMMG's business operations that the Parties mutually determine may be deemed to constitute an "establishment" as such terms are defined in the Transfer Act and for prosecuting any investigatory or remediation obligations under the Transfer Act.

(c) To the extent that any Governmental Authority determines that any L+M Real Property or business operation other than the LMMG Properties and business operations is subject to the requirements of the Transfer Act, L+M, or the L+M Affiliate that owns such L+M Real Property or conducts such business operation, shall be responsible at its expense for preparing and filing with DEEP as transferor and (if applicable) as "certifying party" any filings required by the Transfer Act with respect to such L+M Real Property or business operation and for prosecuting any investigatory or remediation obligations under the Transfer Act.

(d) Prior to the Closing Date L+M shall cause to be conducted a Phase I environmental site assessment of each Owned Real Property (which may be an updated Phase I assessment if a Phase I assessment has already been conducted) and, if any Recognized Environmental Condition (as such term is defined in the applicable American Society for Testing and Materials standard) is identified in any such assessment, L+M shall cause such condition to be further investigated through a Phase II or Phase III investigation, as appropriate. Prior to the Closing Date, L+M shall cause a qualified environmental consultant to make recommendations with respect to any corrective or remediation actions that should be carried out based on such environmental site assessments and the requirements of Environmental, Health and Safety Requirements, and to the extent reasonably feasible, L+M shall complete all compliance or remediation recommendations required by Environmental, Health and Safety Requirements; *provided, however*, that to the extent that L+M is continuing in good faith to implement such recommendations at Closing, the failure to have completed such plans and recommendations as of the Closing Date shall not be deemed to be a breach of this Section 5.1.9.

5.1.10 Governmental Approvals. L+M shall and shall cause the L+M Subsidiaries to use their Commercially Reasonable Best Efforts to obtain all licenses, permits, consents, approvals, authorizations, qualifications and orders of any Governmental Authorities as are necessary for each to consummate the transactions contemplated hereby, including, without limitation, the Hart-Scott-Rodino Act filing and the approvals of OHCA, RIDOH and the Rhode Island Attorney General.

5.1.11 No-Shop Clause. From the Effective Date until Closing, L+M shall not and shall cause the L+M Subsidiaries not to, without the prior written consent of YNHHS: (a) offer for sale or consider any offer to purchase, all or substantially all of the assets of or any ownership or control interest of or in L+M or any L+M Subsidiaries or to admit any Person as a member of L+M or any L+M Subsidiary; (b) solicit or consider offers to buy all or substantially all of the assets of or any ownership or control interest of or in L+M or any L+M Affiliate or to admit any Person as a member of L+M or any L+M Subsidiary; (c) hold discussions with any Person or organization (other than YNHHS)

looking toward such an offer or solicitation or looking toward a merger or consolidation of or in or admission of a member to L+M or any L+M Subsidiaries or (d) enter into any agreement with any Person or organization (other than YNHHS) with respect to the sale, management, operation or other disposition of all or substantially all of the assets of or any ownership or control interest in L+M or any L+M Subsidiary, or with respect to any merger, consolidation or similar transaction involving L+M or any L+M Subsidiary, or with respect to the admission of any member to L+M or any L+M Subsidiary, (each such transaction set forth in clauses (a), (b), (c) and (d) being referred to herein as an "*L+M Corporate Transaction*"); provided, however, that nothing in this Section 5.1.11 shall prohibit or restrict L+M from entering into, or causing a L+M Subsidiary to enter into, an L+M Corporate Transaction with L+M or another L+M Subsidiary for the purpose of consolidating an L+M Subsidiary that does not have material business operations as of the date of this Affiliation Agreement.

5.1.12 Satisfaction of Conditions. L+M shall and shall cause each L+M Subsidiary to take all steps reasonably necessary to be taken on its part to cause the conditions precedent to the consummation of the transactions contemplated by Article 6 to be satisfied and to close the Affiliation.

5.1.13 Notice of Breach. In the event that L+M or any L+M Subsidiary breaches, in any material respect, any of its covenants contained in this Article 5, L+M shall promptly deliver written notice of such breach to YNHHS and such notice shall provide a detailed description of such breach and the date that the breach first occurred.

5.1.14 Covered Transactions. At least prior to the consummation by any L+M Affiliate of any Covered Transaction, L+M shall give notice to YNHHS of the intent of such L+M Affiliate to consummate such Covered Transaction, of the parties thereto and of the material terms thereof (except for any such information that counsel to L+M deems to be competitively sensitive, in which case L+M shall cause its counsel to give notice of such information to counsel to YNHHS). Upon the consummation by any L+M Affiliate of any Covered Transaction, L+M shall give notice to YNHHS of the consummation of such Covered Transaction and of any change in the parties thereto and of the material terms thereof as compared to the prior notice given to YNHHS with respect to such Covered Transaction (except for any such information that counsel to L+M deems to be competitively sensitive, in which case L+M shall cause its counsel to give notice of such information to counsel to YNHHS).

5.1.15 L+M Budgets. No later than the last day of each fiscal year of the L+M Affiliates that occurs between the Effective Date and the Closing Date, L+M shall cause each L+M Affiliates to adopt a capital and operating budget for the ensuing fiscal year and to deliver to YNHHS true, correct and complete copies of such capital and operating budget.

5.1.16 Renegotiated Collective Bargaining Agreements. Upon executing any renegotiated collective bargaining agreement that is expired as of or expires after the date of this Affiliation Agreement, L+M shall deliver a true, correct and complete copy of such renegotiated collective bargaining agreement to YNHHS.

5.1.17 L+M Subsidiaries Amended Certificates of Incorporation and Bylaws. On or prior to the Closing Date, L+M shall cause: (i) LMH to adopt the LMH Amended Certificate of Incorporation and the LMH Amended Bylaws; (ii) LMW to adopt the LMW Amended Certificate of Incorporation and the LMW Amended Bylaws; and (iii) VNA of Southeastern Connecticut to adopt the VNA of Southeastern Connecticut Amended Certificate of Incorporation and the VNA of Southeastern Connecticut Amended Bylaws.

5.1.18 YNHHSC Consent Rights. Except as otherwise expressly contemplated in this Affiliation Agreement, to the extent that L+M requests the consent of YNHHSC with respect to any transaction, action or event contemplated in Section 5.1.6 or Section 5.1.7 (i) YNHHSC shall not unreasonably withhold, condition or delay such consent and (ii) YNHHSC shall respond to such request for consent within ten (10) business days after the date on which notice of such request is given in accordance with this Section 5.1.18. Any request under this Section 5.1.18 shall be transmitted by L+M via electronic mail and overnight courier to the persons and in accordance with the address information set forth on Exhibit 5.1.18 and shall be confirmed by telephonic communication to each such person using the telephone numbers set forth on Exhibit 5.1.18. If no response is received from YNHHSC within five (5) business days after notice of the initial request for consent has been so given, a second notice shall be transmitted by L+M via electronic mail and overnight courier, and confirmed by telephone, in the same manner and in accordance with the instructions set forth on Exhibit 5.1.18. If following the giving of both such notices, and the expiration of the ten (10) business day response period, YNHHSC fails to respond to any such request for consent, YNHHSC shall be deemed to have consented to the transaction, action or event described in such request. If YNHHSC responds to any such request for consent within the applicable ten (10) business day period, including by requesting additional information with respect to the request, then YNHHSC's consent shall only be deemed granted if YNHHSC expressly consents in writing to such transaction, action or event.

5.2 YNHHSC Obligations.

5.2.1 Access and Information. YNHHSC shall furnish or cause to be furnished to L+M and its counsel, accountants and other representatives all data and information concerning the businesses and finances of YNHHSC that is pertinent to the transactions contemplated by this Agreement and that is reasonably requested by L+M.

5.2.2 Governmental and Other Approvals. YNHHSC shall use its Commercially Reasonable Best Efforts to (i) obtain all licenses, permits, consents, approvals, authorizations, qualifications and orders of any Governmental Authorities that are required to be obtained by YNHHSC in order to consummate the transactions contemplated hereby, including, without limitation, the Hart-Scott-Rodino Act filing and the approvals of OHCA and RIDOH; and (ii) participate in all other meetings related to obtaining approval for this transaction requested by L+M including without limitation, meetings with (a) local communities as required by Applicable Law; and (b) L+M's Board of Trustees.

5.2.3 Consents of Third Parties. YNHHC shall use its Commercially Reasonable Best Efforts to obtain the consents of all third parties required to be obtained by YNHHC for the consummation of the transactions contemplated by this Agreement.

5.2.4 Satisfaction of Conditions. YNHHC shall take all steps reasonably necessary to be taken on its part to cause the conditions precedent to the consummation of the transactions contemplated by Article 7 to be satisfied and to close the Affiliation.

5.2.5 Notice of Breach. In the event that YNHHC breaches, in any material respect, any of its covenants contained in this Article 5, YNHHC shall promptly deliver written notice of such breach to L+M and such notice shall provide a detailed description of such breach and the date that the breach first occurred.

5.2.6 Notice of YNHHC Change of Control. Within five (5) days after the execution of a definitive agreement contemplating a YNHHC Change of Control (or simultaneously with the execution of a definitive agreement contemplating a YNHHC Change of Control if such execution occurs less than five (5) days prior to the Closing), YNHHC shall give notice to L+M of such contemplated YNHHC Change of Control and of the nature of and the identity of the parties to such YNHHC Change of Control.

5.3 Additional Due Diligence; Disclosure Schedules. YNHHC and L+M have each furnished to the other certain requested Due Diligence Information in order to permit each of the Parties to perform a due diligence analysis of the Affiliation. From the date hereof through the Closing, (i) each Party will promptly disclose to the other Party any information of which such first mentioned Party has Knowledge that has not previously been disclosed in writing as part of the Due Diligence Information and that could, individually or in the aggregate, reasonably be expected to cause a Material Adverse Effect; (ii) L+M will provide to YNHHC, on a monthly basis, a financial information packet on the financial condition of the L+M Affiliates, in the same form provided to L+M's Board of Trustees (except for the deletion of any competitively sensitive information); (iii) L+M will provide YNHHC a copy of each Medicare cost report filed by any L+M Affiliate after the date hereof within five (5) business days after such filing and (iv) prior to the Closing Date (but in no event less than three (3) business days prior to the Closing Date) each Party shall deliver to the other Party updates of such Party's Disclosure Schedule (each, a "Schedule Supplement") solely with respect to (x) any information that first arises or of which the Party delivering such Schedule Supplement first obtains Knowledge after the date of this Affiliation Agreement and that if it existed on the date of this Agreement would be required to be reflected on the Disclosure Schedules and (y) any other information that is necessary to correct any disclosure schedule or representation or warranty and that first arises or of which the Party delivering such Schedule Supplement first obtains Knowledge after the date of this Affiliation Agreement. Each Schedule Supplement shall be deemed to be incorporated into and to supplement and amend the Disclosure Schedules as of the Closing.

5.4 Obligations in Respect of Consents and Approvals.

(a) Each Party shall use its Commercially Reasonable Best 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 Law to consummate and make effective in the most expeditious

manner possible the transactions contemplated by this Affiliation Agreement, including (i) the preparation and filing of all forms, registrations and notices required to be filed to consummate such transactions, (ii) taking all reasonable actions consistent with the definition of Commercially Reasonable Best Efforts to obtain (and cooperating with the other Party in obtaining) any consent, authorization, order or approval of, or any exemption by, any third party, including any Governmental Authority (which actions will include furnishing all information required under the Hart-Scott-Rodino Act and any other Applicable Law relating to antitrust, competition or trade regulation ("*Competition Law*") required to be obtained or made by any Party or their Affiliates in connection with the transactions contemplated by this Affiliation Agreement) and (iii) the execution and delivery of any additional instruments necessary to consummate the transactions contemplated by this Agreement and to fully carry out the purposes of this Agreement. Additionally, each Party will use its Commercially Reasonable Best Efforts to fulfill all conditions precedent to this Affiliation Agreement and will not take any unreasonable action that is not consistent with the definition of Commercially Reasonable Best Efforts after the date of this Affiliation Agreement that would reasonably be expected to materially delay the obtaining of, or result in not obtaining, any permission, approval or consent from any such Governmental Authority or third party required to be obtained prior to the Closing.

(b) Prior to the Closing, the parties will keep each other apprised of the status of matters relating to the completion of the transactions contemplated by this Affiliation Agreement and work cooperatively consistent with the definition of Commercially Reasonable Best Efforts in connection with obtaining all required consents, authorizations, orders or approvals of, or any exemptions by, any Governmental Authorities. In this regard, prior to the Closing, each Party will promptly provide the other Party (or its counsel) with copies of all filings and communications made by such Party with or to any Governmental Authority or any other information supplied by such Party to, or correspondence with, a Governmental Authority in connection with or with respect to this Affiliation Agreement. Each Party will promptly inform the other Party, and if in writing, furnish the other Party with copies of (or, in the case of material oral communications, advise the other parties orally of) any filing or communication from any Governmental Authorities regarding any of the transactions contemplated by this Agreement, and permit the other parties to review and discuss in advance, and consider in good faith the views of the other Party in connection with, any proposed written (or any material proposed oral) communication with any such Governmental Authority. If any Party or any representative of such Party receives a request for additional information or documentary material from any Governmental Authority with respect to the transactions contemplated by this Affiliation Agreement, then such Party will use its Commercially Reasonable Best Efforts to make, or cause to be made, promptly and after consultation with the other Party, an appropriate response in compliance with such request. Each Party will furnish the other Party with such necessary information and reasonable assistance as the other parties may reasonably request consistent with the definition of Commercially Reasonable Best Efforts in connection with its preparation of necessary filings or submissions of information to any Governmental Authority in connection with or with respect to this Agreement. Each Party may, as each deems advisable and necessary, reasonably designate any competitively sensitive material provided to the other parties under this Section 5.4 as "outside counsel and corporate in-house antitrust counsel only." Such materials and the information contained therein will be given only to the outside legal counsel and corporate in-house antitrust counsel of the recipient and will not be disclosed by such outside counsel and corporate in-house antitrust counsel to the directors, officers or

employees (other than corporate in-house antitrust counsel) of the recipient unless express permission is obtained in advance from the source of the materials or its legal counsel. Furthermore, materials provided pursuant to this Section 5.4 may be redacted to remove references concerning each party's evaluation of the terms of the transactions envisioned by this Affiliation Agreement, as necessary to comply with contractual arrangements or as necessary to address reasonable privilege and business confidentiality considerations. To the extent that transfers of any permits issued by any Governmental Authority are required as a result of the execution of this Affiliation Agreement or the consummation of the transactions contemplated hereby, the parties will use their respective Commercially Reasonable Best Efforts to effect such transfers.

(c) The Parties will use their respective Commercially Reasonable Best Efforts to file, as promptly as practicable but in any event no later than sixty (60) days after the date of this Affiliation Agreement, notifications under the Hart-Scott-Rodino Act, and the Parties will use their respective Commercially Reasonable Best Efforts to file, as promptly as practicable, any other filings or notifications that are required under any other applicable Competition Laws. In the event that the parties receive a formal request for additional information or documentary materials after an initial notification pursuant to the Hart-Scott-Rodino Act or any other Competition Law (a "Second Request"), the Parties will use their respective Commercially Reasonable Best Efforts to respond to such Second Request, as applicable, as promptly as practicable and the Parties shall cause their respective counsel to closely cooperate during the entirety of any such Second Request review process.

(d) The parties will use their respective Commercially Reasonable Best Efforts to resolve such objections, if any, as may be asserted by any Governmental Authority respect to the transactions contemplated by this Agreement under the Hart-Scott-Rodino Act or any other applicable Competition Law.

5.5 Certain Expenses. L+M and YNHSC hereby agree that the costs and expenses incurred by the Parties in relation to (i) the preparation and filing of all forms, registrations and notices required to be filed to consummate such transactions, (ii) taking all actions necessary to obtain (and cooperating with each other in obtaining) any consent, authorization, order or approval of, or any exemption by, any third party, including any Governmental Authority, which actions will include furnishing all information required under the Hart-Scott-Rodino Act and any other applicable Competition Laws required to be obtained or made' by any Party or their Affiliates in connection with the transactions contemplated by this Agreement, and/or (iii) participation in any antitrust or other review, proceedings or actions of any Governmental Authority relating to this Affiliation Agreement or any of the transactions envisioned hereby, including any Second Request or other request for information relating to the Affiliation, in each case, shall be allocated and paid for by the Parties in accordance with Exhibit 5.5 attached hereto. This provision shall survive in accordance with Section 11.14 hereof, whether or not the transaction contemplated by this Agreement is ever consummated.

ARTICLE 6

CONDITIONS PRECEDENT TO OBLIGATIONS OF YNHHS

The obligations of YNHHS hereunder are subject to the satisfaction or written waiver (in the sole discretion of YNHHS), on or prior to the Closing Date, of the following conditions:

6.1 Representations/Warranties. The representations and warranties of L+M contained in Article 3 shall be true and correct on and as of the Closing Date as though such representations had been made on the Closing Date (other than representations and warranties made as of a specified date which shall speak as of such specific date), except as set forth in the Disclosure Schedule, except as specifically disclosed to YNHHS and except for (i) matters not set forth in the Disclosure Schedule or specifically disclosed to YNHHS because of the "Material Adverse Effect" qualification in any specific section of this Article 3 and (ii) matters arising from a material breach of a representation or warranties of L+M Article 3 which in the case of clauses (i) and (ii) together do not cumulatively and in the aggregate result in and are not reasonably likely to result in a Material Adverse Effect. No L+M Schedule Supplement individually, nor all L+M Schedule Supplements considered in the aggregate, when taken together with (i) matters not set forth in the Disclosure Schedule or specifically disclosed to YNHHS because of the "Material Adverse Effect" qualification in any specific section of Article 3, and (ii) matters arising from a material breach of any representation or warranty in Article 3, shall cumulatively and in the aggregate result in or be reasonably likely to result in a Material Adverse Effect.

6.2 Covenants. Each covenant contained in this Affiliation Agreement to be complied with or performed by L+M or an L+M Affiliate on or before the Closing Date pursuant to the terms hereof shall have been complied with and performed in all material respects.

6.3 Officer's Certificate. YNHHS shall have received from L+M an officer's certificate, executed on behalf of L+M by its president and/or chief executive officer, chief financial officer or treasurer (solely in his or her capacity as such), dated as of the Closing Date and stating, to the actual knowledge of such individual including the knowledge such person would have absent any grossly negligent or reckless or intentional acts or omissions in the performance of his/her duties as president and/or chief executive officer, chief financial officer or treasurer, as the case may be, that the conditions in Section 6.1 and Section 6.2 have been satisfied.

6.4 Litigation or Proceedings. No Litigation or Proceedings before a court or any other Governmental Authority or authority seeking to materially restrain or prohibit the transactions contemplated hereby shall be pending or threatened, and no injunction, judgment, order, decree, statute, law, rule or regulation that restrains or prohibits the transactions contemplated hereby shall have been issued, enacted or promulgated by a court or any other Governmental Authority.

6.5 Third Party Approvals. All notices, reports and other filings required to be made prior to Closing by L+M or any L+M Affiliate with, and all licenses, permits, consents, certificates of need, approvals, authorizations, clearances, qualifications or orders required to be obtained prior to Closing by YNHHS (provided YNHHS has pursued the same as required by

the terms hereof), L+M or any L+M Affiliate from, any Governmental Authority or any other third party for the consummation of the transactions contemplated hereby that are listed or described on Schedule 6.5 or that are otherwise required to be obtained by Applicable Law shall have been made or obtained.

6.6 Closing Deliveries. L+M shall have made the deliveries required to be made by it under Section 9.2.

6.7 Notification of TD Bank. L+M shall have provided to TD Bank, National Association, the notification required by Section 5.30 of that certain Letter of Credit and Reimbursement Agreement, dated as of November 5, 2013, by and among L+M and LMH on the one hand and TD Bank, National Association, on the other hand.

6.8 Bank of America Consent and Confirmation. L+M and LMH shall have obtained the consent of Bank of America, N.A., to the consummation of the transactions contemplated by this Affiliation Agreement under Section 7(p), and shall have obtained the confirmation of Bank of America, N.A. that the transactions contemplated by this Affiliation Agreement will not contravene Section 7(g), of that certain Continuing Covenants Agreement, dated as of October 13, 2013, by and among L+M and LMH on the one hand and Bank of America, N.A. on the other hand.

6.9 Consent of CHEFA. L+M and LMH shall have obtained the consent of the Connecticut Health and Education Facilities Authority ("CHEFA") to the consummation of the transactions contemplated by this Affiliation Agreement under Section 6.11 of the Master Trust Indenture, dated as of February 1, 1990, by and among L+M and LMH on the one hand and the Master Trustee named therein on the other hand, as the same has been amended or supplemented from time to time in accordance with its terms.

6.10 [[Intentionally Omitted]]

6.11 No L+M Material Adverse Effect. No L+M Material Adverse Effect shall have occurred since the Effective Date.

6.12 No Bankruptcy. No L+M Affiliate shall have: (i) filed for receivership or dissolution; (ii) made any assignment for the benefit of creditors; (iii) admitted in writing its inability to pay its debts as they mature; (iv) been adjudicated bankrupt; or (v) filed a petition in voluntary bankruptcy, a petition or answer seeking reorganization or entered into an arrangement with creditors under the federal bankruptcy law or any other similar law or statute of the United States or any state and shall not have caused any L+M Subsidiary to take such actions set forth in clauses (i) - (v) above.

6.13 Certain Environmental Matters. L+M shall have delivered to YNHHS copies of the reports referred to in Section 5.1.9(a) and Section 5.1.9(d).

ARTICLE 7

CONDITIONS PRECEDENT TO OBLIGATIONS OF L+M

The obligations of L+M hereunder are subject to the satisfaction or written waiver in the sole discretion of L+M, on or prior to the Closing Date, of the following conditions:

7.1 Representations/Warranties. The representations and warranties of YNHSC contained in Article 4 shall be true and correct on and as of the Closing Date as though such representations had been made on the Closing Date (other than representations and warranties made as of a specified date which shall speak as of such specific date), except as set forth in the Disclosure Schedule, except as specifically disclosed to L+M and except for (i) matters not set forth in the Disclosure Schedule or specifically disclosed to L+M because of the "Material Adverse Effect" qualification in any specific section of Article 4 and (ii) matters arising from a material breach of a representation or warranties of YNHSC Article 4 which in the case of clauses (i) and (ii) together do not cumulatively and in the aggregate result in and are not reasonably likely to result in a Material Adverse Effect. No YNHSC Schedule Supplement individually, nor all YNHSC Schedule Supplements considered in the aggregate, when taken together with (i) matters not set forth in the Disclosure Schedule or specifically disclosed to L+M because of the "Material Adverse Effect" qualification in any specific section of Article 4, and (ii) matters arising from a material breach of any representation or warranty in Article 4, shall cumulatively and in the aggregate result in or be reasonably likely to result in a Material Adverse Effect.

7.2 Covenants. Each covenant contained in this Affiliation Agreement to be complied with or performed by YNHSC on or before the Closing Date pursuant to the terms hereof shall have been complied with and performed in all material respects.

7.3 Officer's Certificate. L+M shall have received from YNHSC an officer's certificate, executed by YNHSC by its president and/or chief executive officer, chief financial officer or treasurer (solely in his or her capacity as such), dated as of the Closing Date, stating, to the actual knowledge of such individual including the knowledge such person would have absent any grossly negligent or reckless or intentional acts or omissions in the performance of his/her duties as president and/or chief executive officer, chief financial officer or treasurer, that the conditions in Section 7.1 and Section 7.2 have been satisfied.

7.4 Litigation or Proceedings. No Litigation or Proceedings before a court or any other Governmental Authority or authority seeking to materially restrain or prohibit the transactions contemplated hereby shall be pending or threatened, and no injunction, judgment, order, decree, statute, law, rule or regulation that restrains or prohibits the transactions contemplated hereby shall have been issued, enacted or promulgated by a court or any other Governmental Authority.

7.5 Third Party Approvals. All notices, reports and other filings required to be made prior to Closing by YNHSC with, and all licenses, permits, consents, approvals, authorizations, qualifications or orders required to be obtained prior to Closing by L+M or any L+M Subsidiary (provided that each applicable L+M Affiliate has pursued the same as required by the terms hereof), or YNHSC from, any Governmental Authority or other third party in connection with

the execution and delivery of this Affiliation Agreement and the consummation of the transactions contemplated hereby that are listed on Schedule 7.5 or that are otherwise required to be obtained by Applicable Law shall have been made or obtained.

7.6 Closing Deliveries. YNHHS shall have made the deliveries required to be made by it under Section 9.3.

7.7 Notification of TD Bank. L+M shall have provided to TD Bank, National Association, the notification required by Section 5.30 of that certain Letter of Credit and Reimbursement Agreement, dated as of November 5, 2013, by and among L+M and LMH on the one hand and TD Bank, National Association, on the other hand.

7.8 Bank of America Consent and Confirmation. L+M and LMH shall have obtained the consent of Bank of America, N.A., to the consummation of the transactions contemplated by this Affiliation Agreement under Section 7(p), and shall have obtained the confirmation of Bank of America, N.A. that the transactions contemplated by this Affiliation Agreement will not contravene Section 7(g), of that certain Continuing Covenants Agreement, dated as of October 13, 2013, by and among L+M and LMH on the one hand and Bank of America, N.A. on the other hand.

7.9 Consent of CHEFA. L+M and LMH shall have obtained the consent of the Connecticut Health and Education Facilities Authority ("CHEFA") to the consummation of the transactions contemplated by this Affiliation Agreement under Section 6.11 of the Master Trust Indenture, dated as of February 1, 1990, by and among L+M and LMH on the one hand and the Master Trustee named therein on the other hand, as the same has been amended or supplemented from time to time in accordance with its terms.

7.10 No YNHHS Material Adverse Effect. No YNHHS Material Adverse Effect shall have occurred since the Effective Date.

7.11 No Bankruptcy. YNHHS shall not have: (i) filed for receivership or dissolution; (ii) made any assignment for the benefit of creditors; (iii) admitted in writing its inability to pay its debts as they mature; (iv) been adjudicated bankrupt; or (v) filed a petition in voluntary bankruptcy, a petition or answer seeking reorganization or entered into an arrangement with creditors under the Federal bankruptcy law or any other similar law or statute of the United States or any state and shall not have caused any YNHHS Subsidiary to take such actions set forth in clauses (i) - (v) above.

ARTICLE 8

TERMINATION

8.1 Termination. This Affiliation Agreement may be terminated prior to Closing as follows:

- (a) by the mutual written consent of L+M and YNHHS; or

(b) by either Party by notice to the other Party if the Closing shall not have occurred within twenty-four (24) months after the Effective Date (the "*Outside Date*") other than as a result of a breach or default by the Party giving such notice; or

(c) by L+M or YNHHC prior to Closing, upon the entry of a final and non-appealable injunction issued by a court of competent jurisdiction preventing the consummation of the transactions contemplated by this Affiliation Agreement; or

(d) by L+M prior to Closing, by written notice to YNHHC, if YNHHC shall have (i) breached any of its representations or warranties contained in this Affiliation Agreement (A) that are qualified by reference to "Material Adverse Effect" or (B) that are not qualified by reference to Material Adverse Effect in any manner which results or could reasonably be expected to result in a YNHHC Material Adverse Effect or (ii) materially breached any of its covenants contained in this Affiliation Agreement, in each case which breach cannot be or has not been cured within sixty (60) calendar days after the giving of written notice to YNHHC, or such longer period as is necessary if such breach cannot be cured within such sixty (60) day period, so long as YNHHC is continuing in good faith to use its best efforts to cure such breach (provided that in no event will the provisions of this 8(d) override or extend the Outside Date provisions of Section 8.1(b)); it is understood for purposes of this Section 8.1(d) that if YNHHC is required by the terms of Section 5.2 to take an action by a specific date and fails to take such action by such date but takes such action within the cure period specified in this Section 8.1(d) then YNHHC shall not be deemed to have breached such covenant so long as L+M is not prejudiced by such delay; or

(e) by YNHHC prior to Closing, by written notice to L+M, if L+M shall have (i) breached any of its representations or warranties contained in this Affiliation Agreement (A) that are qualified by reference to "Material Adverse Effect" or (B) that are not qualified by reference to Material Adverse Effect in any manner which results or could reasonably be expected to result in a L+M Material Adverse Effect or (ii) materially breached any of its covenants contained in this Affiliation Agreement, in each case which breach cannot be or has not been cured within sixty (60) calendar days after the giving of written notice to L+M; or such longer period as is necessary if such breach cannot be cured within such sixty (60) day period, so long as L+M is continuing in good faith to use its best efforts to cure such breach (provided that in no event will the provisions of this 8(e) override or extend the Outside Date provisions of Section 8.1(b)); it is understood for purposes of this Section 8.1(e) that if L+M is required by the terms of Section 5.1 to take an action by a specific date and fails to take such action by such date but takes such action within the cure period specified in this Section 8.1(e) then L+M shall not be deemed to have breached such covenant so long as YNHHC is not prejudiced by such delay; or

(f) by YNHHC prior to Closing by written notice to L+M, if there occurs any L+M Material Adverse Effect; or

(g) by L+M prior to the Closing by written notice to YNHHC, if there occurs any YNHHC Material Adverse Effect occurs; or

(h) by YNHHC by notice to L+M if any consent or approval of any Governmental Authority that is required to be obtained as a condition of the Closing is obtained but contains or is subject to the fulfillment of conditions or requirements that YNHHC in good

faith determines are materially inconsistent with YNHHC's obligations under this Affiliation Agreement or YNHHC's business and strategic plan, or such consent or approval includes additional conditions or requirements that could reasonably be expected to result in a L+M Material Adverse Effect or a YNHHC Material Adverse Effect; provided, however that YNHHC shall not exercise the termination right described in this Section 8.1(h) unless the senior executives of YNHHC and L+M have met to discuss such conditions or requirements; or

(i) if L+M gives notice to YNHHC that an L+M Affiliate proposes to undertake a Covered Transaction, and if within thirty (30) days after such notice YNHHC gives notice to L+M that if such Covered Transaction is consummated then YNHHC will determine that such Covered Transaction alone or together with the other Covered Transactions undertaken by L+M after the date of this Affiliation Agreement are materially inconsistent with the business and strategic objectives and plans of YNHHC or is materially adverse to the ability of YNHHC to accomplish its objectives with respect to the Affiliation, and if the applicable L+M Affiliate consummates such Covered Transaction, then within thirty (30) days after L+M gives notice to YNHHC of the consummation of such Covered Transaction, YNHHC shall have the right to terminate this Affiliation Agreement, provided, however that YNHHC shall not exercise the termination right described in this Section 8.1(i) unless YNHHC shall first have offered to L+M the opportunity to have the respective senior executives of L+M and YNHHC meet to discuss such determination; or

(j) by L+M by notice to YNHHC given within sixty (60) days after YNHHC gives notice to L+M of a YNHHC Change of Control.

8.2 Effect of Pre-Closing Termination. In the event of the termination of this Affiliation Agreement prior to Closing and the abandonment of the transactions contemplated hereby pursuant to Section 8.1, neither Party shall have any rights or obligations under this Agreement, except for those rights and obligations of the Parties under this Affiliation Agreement that expressly survive any such termination.

8.3 [Reserved]

8.4 Effect of Affiliation Agreement Post-Closing. The survival of the covenants or agreements of the Parties contained in this Agreement, and in any instrument, certificate, exhibit, schedule or other writing provided for in it, shall be governed by the provisions of Section 11.14, without prejudice to the terms and conditions of the Parties' respective corporate organizational documents and such contractual and other arrangements as may be in effect from time to time between them.

ARTICLE 9

CLOSING

9.1 Closing; Closing Date. The closing (the "*Closing*") of the transactions contemplated by this Agreement shall be as soon as practicable after all the conditions precedent in Article 6 and Article 7 have been satisfied; provided, however, that such date shall not be later than sixty (60) days after the Parties and any related Subsidiaries have received all necessary approvals of Governmental Authorities (the date of the Closing, the "*Closing Date*"). The

Closing shall take place at the offices of YNHHS, or at such other place as the Parties may agree. The Closing of all transactions contemplated by this Affiliation Agreement shall be effective as of 12:01 a.m. on the day after the Closing Date (the "*Effective Time*").

9.2 Deliverables of L+M at Closing. At Closing, L+M shall deliver or cause to be delivered to YNHHS:

(a) A copy of the L+M Amended Certificate of Incorporation, and of the L+M Subsidiaries Amended Certificates of Incorporation for each L+M Subsidiary other than LMMG, with evidence of filing thereof with the Secretary of the State;

(b) A copy of the L+M Amended Bylaws, and of the L+M Subsidiaries Amended Bylaws for each of the applicable L+M Subsidiaries other than LMMG, certified to be in full force and effect and to be true and correct by the secretary or assistant secretary of L+M;

(c) An executed copy of the LMMG-NEMG Agreement and Plan of Merger in proper form for filing with the Secretary of State;

(d) Certified resolutions of L+M and the L+M Affiliates authorizing the transactions contemplated by this Affiliation Agreement;

(e) The Officer's Certificate required by Section 6.3 hereof;

(f) [Reserved];

(g) [Reserved]; and

(h) All other documents required to be delivered by the L+M hereunder or deemed reasonably necessary or advisable by legal counsel to YNHHS.

9.3 Deliverables of YNHHS at Closing. At Closing, YNHHS shall deliver to L+M:

(a) A copy of the YNHHS Amended Certificate of Incorporation, with evidence of filing thereof with the Secretary of the State;

(b) A copy of the YNHHS Amended Bylaws, certified to be true and correct by the secretary or assistant secretary of YNHHS;

(c) Certified resolutions of YNHHS authorizing the transactions contemplated by this Affiliation Agreement;

(d) The Officer's Certificate required by Section 7.3 hereof;

(e) An executed copy of the LMMG-NEMG Agreement and Plan of Merger in proper form for filing with the Secretary of State;

(f) A copy of the Amended and Restated Bylaws of NEMG and the Amended and Restated Certificate of Incorporation of NEMG, certified to be true and correct by the Secretary or Assistant Secretary of NEMG; and

(g) All other documents required to be delivered by the YNHHS hereunder or deemed reasonably necessary or advisable by legal counsel to L+M.

ARTICLE 10

LIMITATION OF REMEDIES

10.1 [Reserved]

10.2 [Reserved]

10.3 Exclusive Remedies.

(a) If this Agreement is terminated pursuant to Section 8.1(d) or Section 8.1(e) and a Party (the "*Defaulting Party*") is determined by a final judgment of a court of competent jurisdiction to have breached or defaulted in respect of its representations and/or warranties hereunder in a manner that permits the other Party (the "*Non-Defaulting Party*") to terminate this Agreement, then the Defaulting Party shall be liable to the Non-Defaulting Party for damages in an aggregate amount equal to the third party out-of-pocket transaction expenses expended by the Non-Defaulting Party in connection with the transactions contemplated by this Agreement up to a maximum amount of \$500,000 (Five Hundred Thousand Dollars) (the "*Third Party Expenses*"). If this Agreement is terminated pursuant to Section 8.1(d) or Section 8.1(e) due to a breach of Section 5.1 or Section 5.2, and the Defaulting Party is determined by a final judgment of a court of competent jurisdiction to have breached or defaulted in respect of its obligations under such covenants in a manner that permits the Non-Defaulting Party to terminate this Agreement, then the Defaulting Party shall be liable to the Non-Defaulting Party for damages in an aggregate amount equal to the sum of (i) the Third Party Expenses of the Non-Defaulting Party and (ii) a breakup fee (the "*Breakup Fee*") in an aggregate amount equal to (A) \$5,000,000 (Five Million Dollars) if the Defaulting Party is L+M or (B) \$35,000,000 (Thirty Five Million Dollars) if the Defaulting Party is YNHHS. The Parties agree and confirm that the Breakup Fee is in the nature of liquidated damages, that the actual damages that would be suffered by a Party in the event of a breach or default by the other Party of Section 5.1 or 5.2 would be impossible to calculate and that the Breakup Fee does not constitute a penalty. In all other respects, the Parties hereto expressly waive and agree to forgo any and all rights to seek and obtain any form of monetary, economic or other damages (including actual, consequential, punitive and other forms of monetary or economic damages), and each of the Parties further agrees that each of the Parties will be solely entitled to injunctive relief to prevent a violation of this Agreement and to obtain specific performance to require adherence to the obligations created by this Affiliation Agreement.

(b) Before any Party brings legal action against the other Party (the "*Alleged Defaulting Party*") for failure to perform in any material respect any of its obligations under this Agreement, the entity alleging the breach (the "*Alleging Party*") will first give the Alleged Defaulting Party written notice setting forth such failure in reasonable detail and stating that the

Alleging Party requires such obligation to be performed, and will give the Alleged 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 Alleged Defaulting Party such obligation cannot be performed within such sixty (60) day period, so long as the Alleged Defaulting Party is continuing in good faith to use its best efforts to perform such obligation (provided that in no event will the provisions of this Section 10.3 override or extend the Outside Date provisions of Section 8.1(b)). If any legal action relating to the enforcement of this Agreement is brought by a Party against the other Party, the prevailing Party will be entitled to recover its reasonable costs, expenses and attorneys' fees.

(c) If the Closing shall occur, then each Party hereby waives and agrees not to assert any remedy that is in the nature of the rescission of this Agreement or the Affiliation.

ARTICLE 11

GENERAL PROVISIONS

11.1 Headings. The subject headings of the sections of this Affiliation Agreement are included for convenience only and shall not affect the construction or interpretation of any of its provisions.

11.2 Entire Agreement. This Affiliation Agreement, including any Exhibits or Disclosure Schedules, constitutes the entire agreement between the Parties regarding the terms of the Affiliation.

11.3 Third Party Beneficiaries. Except for intended third party beneficiaries expressly contemplated herein, nothing in this Affiliation Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Affiliation Agreement upon any persons other than the parties to it and their respective successors and assigns, nor is anything in this Affiliation Agreement intended to relieve or discharge any obligation or liability of any third persons to a party to this Affiliation Agreement, nor shall any provisions give any third parties any rights of subrogation or action against or with respect to a party to this Affiliation Agreement.

11.4 Notices. All notices, requests, demands, waivers, consents and other communications hereunder shall be in writing, shall be delivered either in person, by overnight air courier or by mail, and shall be deemed to have been duly given and to have become effective (a) upon receipt if delivered in person, (b) one business day after having been delivered to an air courier for overnight delivery, or (c) three (3) business days after having been deposited in the mail as certified or registered mail, return receipt requested, all fees prepaid, directed to the Party at the addresses listed below (or at such other address as shall be given in writing by a Party). A Party may change its address for purposes of this Section by giving the other Party written notice of the new address in the manner set forth in this Section 11.4.

If to YNHHS:

Yale-New Haven Health Services Corporation
789 Howard Avenue
New Haven, CT 06510
Attention: President and Chief Executive Officer

With a copy to:

Yale-New Haven Health Services Corporation
Legal & Risk Services Department
789 Howard Avenue, CB 230
New Haven, CT 06510
Attention: General Counsel

If to L+M:

Lawrence + Memorial Hospital
365 Montauk Avenue
New London, CT 06320
Attention: Chief Executive Officer

With a copy to:

Lawrence + Memorial Hospital
365 Montauk Avenue
New London, CT 06320
Attention: General Counsel

11.5 Counterparts. This Agreement may be executed in one or more counterparts, and when so executed each counterpart shall be deemed to be an original; said counterparts together shall constitute one and the same instrument. The transmission of an executed signature page of this Agreement or of any document, certificate, instrument or agreement required or contemplated to be executed and delivered hereby by facsimile or portable document format (.pdf) shall have the same effect as the delivery of a manually executed counterpart of this Agreement or of such document, certificate, instrument or agreement.

11.6 Assignment. Neither Party may assign or transfer any rights under this Affiliation Agreement without prior written consent of the other Party in its sole discretion.

11.7 Binding Effect. This Affiliation Agreement shall be binding upon and inure to the benefit of the Parties hereto. Each Party shall be responsible hereunder only for its own obligations and shall not be deemed to guarantee or otherwise have responsibility for the representations, acts or omissions of the other Party. Notwithstanding any assignment or delegation of rights or duties under this Affiliation Agreement by a Party that may be consented to by the other Party, no such assignment or delegation shall relieve the assigning Party of any obligation or liability under this Affiliation Agreement.

11.8 [Reserved]

11.9 Governing Law and Forum Selection. This Affiliation Agreement shall be interpreted and construed in accordance with the laws of the State of Connecticut, without regard to conflict of laws principles. Any action or proceeding between the parties relating to the Agreement must be brought in the courts of the State of Connecticut or the United States District Court for Connecticut. Each Party consents to the jurisdiction of such courts, agrees to accept service of process by mail, and waives all jurisdictional and venue defenses otherwise available to the Parties.

11.10 Severability. Should any provision of this Affiliation Agreement, or part thereof, be determined to be invalid for any reason, it shall be severed from this Affiliation Agreement and the remaining provisions of this Affiliation Agreement shall remain in full force and effect and shall be enforceable in accordance with its terms.

11.11 Cost of Transaction. Except as is otherwise provided in Sections 5.5 and 10.3, each Party shall pay the fees, expenses and disbursements of its own agents, representatives, accountants and counsel incurred in connection with the subject matter hereof and any amendments hereto.

11.12 Confidentiality. The Parties agree that any information submitted to or compiled by a Party in connection with this Agreement, including without limitation, which involves future plans or intentions, budgetary information, personnel records, patient records, marketing plans, financial statements, trade secrets, research concepts, methods or products or proprietary information belonging to or provided by third parties (the "*Confidential Information*") shall be confidential, except to the extent (i) the person or entity who provided such information consents to its disclosure or disclosure is required by law; (ii) is now or subsequently becomes generally available to the public through no fault of either Party; or (iii) can be demonstrated by either Party to be rightfully in its possession prior to receipt from the other Party in connection with the Affiliation. Each Party agrees that it shall maintain the confidentiality of all such Confidential Information delivered to it by the other Party or its agents in connection with the negotiation of this Affiliation Agreement or in compliance with the terms, conditions and covenants hereof and shall only disclose such Confidential Information to its duly authorized officers, members, trustees, directors, representatives and agents. For the avoidance of doubt, each Party's respective obligations with respect to any Confidential Information delivered to it by the other Party shall terminate as of the Closing; provided however, that each Party further agrees that if the transactions contemplated hereby are not consummated, it shall return all such Confidential Information and all copies thereof in its possession to the other Party to this Affiliation Agreement, each party shall instruct its agents and representatives to return or destroy any such material in its possession, and neither Party shall use the Confidential Information for its own benefit or the benefit of others except as specifically contemplated herein. Nothing in this Section, however, shall prohibit the use of such Confidential Information for such governmental filings as in the opinion of the counsel for a Party are (i) required by law or governmental regulations or (ii) otherwise appropriate. Each Party shall cause its Subsidiaries and its and their directors, trustees, officers, employees and agents to comply with this Section 11.12.


11.13 Public Announcements. The Parties mutually agree that they shall jointly develop a plan of communications concerning the transactions herein contemplated, and further that neither Party shall release, publish or otherwise make available to the public in any manner whatsoever any information or announcement regarding the transactions herein contemplated without the prior consent of the other Party, except for information or filings reasonably necessary to be directed to Governmental Authorities to fully and lawfully effect the transactions herein contemplated or required in connection with Applicable Laws. Nothing herein shall prohibit either Party from responding to questions presented by the press or media without first obtaining prior consent of the other Party hereto provided such responses are made in accordance with previously agreed upon communications.

11.14 Survival. The provisions of Article 10 and Article 11 (other than Section 11.12 and Section 11.13) shall survive the Closing and any termination of this Affiliation Agreement. If the Closing shall occur, the provisions of Article 2 and Section 5.5 shall survive the Closing for a period equal to the Initial Period (provided that (i) the second sentence of Section 2.1.3, other than the proviso thereof, shall survive until the sixth anniversary of the Closing Date, as expressly contemplated thereby and (ii) the provisions of Section 2.13 shall survive for so long as the YSM Affiliation Agreement remains in effect).

[Signature page follows.]

IN WITNESS WHEREOF, the Parties have executed this Affiliation Agreement as of the Effective Date set forth above.

**LAWRENCE + MEMORIAL
CORPORATION**

By: 
Name: Bruce Cummings
Title: President and Chief Executive Officer

**YALE-NEW HAVEN HEALTH SERVICES
CORPORATION**

By: _____
Name: Marna P. Borgstrom
Title: President and Chief Executive Officer

DOHP0658

AGP0028A159

IN WITNESS WHEREOF, the Parties have executed this Affiliation Agreement as of the Effective Date set forth above.

LAWRENCE + MEMORIAL
CORPORATION

By: _____
Name: Bruce Cummings
Title: President and Chief Executive Officer

YALE-NEW HAVEN HEALTH SERVICES
CORPORATION

By: Maria P. Borgstrom
Name: Maria P. Borgstrom
Title: President and Chief Executive Officer

DOHP0659

AGP0028A160

EXHIBIT 1

Definitions

"Affiliate" means, as to the entity in question and at the time of reference thereto, any Person that directly or indirectly controls, is controlled by, or is under common control with, the entity in question; and the term "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity whether through ownership of voting securities, membership interests, by contract, the power to appoint directors or trustees or otherwise.

"Affiliation" has the meaning set forth in the introductory paragraph.

"Affiliation Agreement" has the meaning set forth in the introductory paragraph.

"Applicable L+M Budgets" means, in the case of an expenditure that is made, or a transaction entered into, by an L+M Affiliate during a given fiscal year, the capital and/or operating budget (as applicable) for such L+M Affiliate for such fiscal year described in Section 5.1.15.

"Applicable Law" means any constitution, law, ordinance, principle of common law, code, statute, act, treaty or order of general applicability of any Governmental Authority, including the rules and regulations promulgated thereunder.

"Associated Specialists" means Associated Specialists of Southeastern Connecticut, Inc., a Connecticut non-stock corporation.

"Closing" has the meaning set forth in Section 9.1.

"Closing Date" has the meaning set forth in Section 9.1.

"CMS" means the Centers for Medicare and Medicaid Services.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collective Bargaining Agreement" has the meaning set forth in Section 3.16.1.

"Commercially Reasonable Best Efforts" means that the applicable Party will exert every reasonable effort and expend material amounts of resources in order to accomplish an objective, that the level of such efforts and expenditures shall be such as would be expended to achieve a fundamental business objective and shall be over and above the level that would be expended to achieve an ordinary course of business; provided however that Commercially Reasonable Best Efforts shall not require a Party to (i) expend extraordinary resources, (ii) agree to change its fundamental business organization, practices or relationships (such as, but not limited to, divesting of any material business activities or undertaking material restrictive covenants), or (iii) undertake administrative proceedings, judicial action or litigation in order to achieve an objective.

Execution Version

"CON Filing" means the filings, application and process by and pursuant to which Certificate of Need authorization is requested from OHCA and any other Governmental Authority with respect to this Affiliation Agreement and the transactions contemplated hereunder.

"Confidential Information" has the meaning set forth in Section 11.12.

"Consents and Approvals" means the consent to or approval of the Affiliation by any Governmental Authorities and other third parties.

"Contract(s)" means all rights, benefits and interests of any Person in, to and under all contracts relating to the conduct of their respective businesses, including, without limitation, physician agreements, agreements with third party payors, joint venture or partnership agreements, supply purchase agreements, employment agreements, equipment leases, equipment maintenance agreements, agreements with municipalities and labor organizations, settlement agreements, loan agreements, bonds, mortgages, liens or other security agreements, but excluding the Leases.

"Cost Reports" means all cost and other reports related to any Person filed within the last three years pursuant to the requirements of the Government Payer programs for cost-based payments or reimbursement due to or claimed by such Person from the Government Reimbursement Programs or their fiscal intermediaries or payor agents, including all cost report receivables or payables and all related appeals and appeal rights and other forms or claims filed or submitted by such Person to the Government Payer programs or their fiscal intermediaries or payor agents for payment or reimbursement due to or claimed by such Person on a fee-for-service, prospective payment, fee schedule or other similar basis.

"Covered Person" means a current or former employee, officer, director or consultant of an L+M Affiliate.

"Covered Transaction" means any (i) acquisition or disposition by any L+M Affiliate of a material line of business or of the equity or assets of such L+M Affiliate to or with an entity that is not an L+M Affiliate as of the date of this Affiliation Agreement, in each case other than acquisitions of physician practices, which shall be governed by item (ii) below; (ii) acquisition of a physician practice by an L+M Affiliate that involves more than eight (8) employed physicians; (iii) contracting with an unrelated third party for the management of all or substantially all of the assets or operations of an L+M Affiliate; (iv) entering into a contract for the management of a clinical service line of any L+M Affiliate if (A) such L+M Affiliate does not contract with the manager of such clinical service line for the management of such clinical service line as of the Effective Date or (B) the non-cancellable term of such contract is more than three (3) years; or (v) any new relationships or agreements for graduate medical education or any material amendments to or terminations of existing agreements for graduate medical education programs.

"DEEP" means the Connecticut Department of Energy and Environmental Protection.

"Disclosure Schedule" means the disclosure schedule, dated as of the date hereof, that is attached hereto and incorporated in and made a part of this Affiliation Agreement, as updated by any Schedule Supplement.

“*DPH*” means the Connecticut Department of Public Health.

“*Due Diligence Information*” means the information disclosed by YNHSC to L+M and the information disclosed by L+M to YNHSC pursuant to due diligence request lists provided by each Party to the other Party prior to the date of this Affiliation Agreement.

“*Effective Date*” has the meaning set forth in the introductory paragraph.

“*Employee Benefit Plan*” means any “employee benefit plan” (as such term is defined in ERISA §3(3)) and any other employee benefit plan, program or arrangement.

“*Environmental Claim*” means with respect to any party, any claim, action, cause of action, investigation or notice (written or oral) by any Governmental Authority or third party alleging potential Liability (including, without limitation, potential Liability for investigatory costs, cleanup costs, governmental response costs, natural resources damages, property damages, personal injuries or penalties) against such party arising out of, based on or resulting from (a) the presence, or release into the environment, of any Hazardous Substances at any location, owned, occupied or operated by such party at any time, or (b) any violation, or alleged violation, of any Environmental, Health or Safety Requirement by such party.

“*Environmental Condition*” means (i) the presence of, spills of, leaks of, emissions of, disposal of, discharge of, release of or threatened release to the environment, prior to the Closing Date, of Hazardous Substances on, in, under, originating from or emanating from the Owned Real Property or the Leased Real Property in violation of Environmental, Health, and Safety Requirements, including any migration of those Hazardous Substances through the air, soil or groundwater, and (ii) any claim, prior to the Closing Date, for injury to, destruction of, damage to or loss of natural resources, including reasonable costs of assessing such injury, destruction or loss relating to the acts or omissions of the L+M Affiliates prior to or on the Closing Date.

“*Environmental, Health, and Safety Requirements*” means all applicable federal, state, local, and foreign statutes, laws, rules, regulations, codes, ordinances, standards, guidelines, authorizations and orders of any federal, state or local public agency or authority that deal with Solid Waste, toxic or hazardous waste, wastewater discharges, water quality, drinking water, air emissions, air quality, lead-based paint or employee health, safety or community right-to-know, or otherwise concerning public health and safety, worker health and safety, pollution, or protection of the environment, including all those relating to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control, or cleanup of any Hazardous Substances (including Medical Hazards), as such requirements are enacted and in effect on or prior to the Closing Date, provided that Environmental Health and Safety Requirements shall not include Health Care Laws.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended.

“*ERISA Affiliate*” means a trade or business, whether or not incorporated, which is deemed to be in common control or affiliated with L+M within the meaning of Section 414(b)(c)(m) or (o) of the Code.

"**GAAP**" means generally accepted accounting principles in the United States.

"**Government Reimbursement Programs**" means the Medicare program, the Connecticut Medicaid program, the federal TRICARE program, and any other, similar or successor federal, state or local health care payment programs with or sponsored by Governmental Authorities, including without limitation, current federal and Connecticut disproportionate share "DSH" reimbursement or adjustments applicable to any Person, and federal reimbursement or adjustments for or related to any of the Parties graduate medical education programs.

"**Governmental Authority**" means any federal, state, local or any foreign governmental unit, agency, commission or authority.

"**Governmental Payer**" means any Governmental Authority that provides reimbursement for health care services, including but not limited to Medicare, Medicaid, CHAMPUS, TRICARE and other federal, state and local reimbursement and payment programs.

"**Guarantee**" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing or otherwise supporting in whole or in part the payment of any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, by agreements to keep well, to purchase assets, goods, securities or services, to take or pay, or to maintain financial statement conditions or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness or other obligations of the payment of such Indebtedness or to protect such obligee against loss in respect of such Indebtedness (in whole or in part). The term "Guarantee" used as a verb has a correlative meaning.

"**Hart-Scott-Rodino Act**" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"**Hazardous Substances**" means asbestos, radioactive substances, radon, PCBs, petroleum, Medical Hazards and any chemical, substance or material that is listed or regulated under Environmental, Health, and Safety Requirements as a hazardous or toxic substance, material, chemical substance, pollutant, waste, pesticide or fungicide or that under Environmental, Health, and Safety Requirements requires special handling or notification of any federal, state or local governmental agency or authority in its collection, storage, treatment, recycling or disposal.

"**Health Care Fraud and Abuse Laws**" has the meaning set forth in Section 3.9.1.

"**Health Care Laws**" means, collectively, any and all federal, state or local statutes, rules, regulations and administrative manuals, orders, guidelines and requirements of law of any Governmental Authority governing the licensure of or regulating healthcare providers, professionals, facilities or payors or otherwise governing or regulating the provision of, or payment for, healthcare services, the sale of controlled substances or other pharmaceuticals, medical devices or supplies and the like. Without limiting the generality of the foregoing, Health

Care Laws include, without limitation, state corporate practice of medicine laws, statutes and regulations, Section 1128B(b) of the Social Security Act, as amended, 42 U.S.C. Section 1320a 7(b) (Criminal Penalties Involving Medicare or State Health Care Programs), commonly referred to as the "Federal Anti-Kickback Statute," Section 1877 of the Social Security Act, as amended, 42 U.S.C. Section 1395nn and related regulations (Prohibition Against Certain Referrals), commonly referred to as "Stark Law," the federal False Claims Act, 31 U.S.C. Section 3729 et seq., corresponding state laws and other state and federal fraud and abuse laws.

"*Health Information Laws*" has the meaning set forth in Section 3.24.1.

"*HIPAA Regulations*" has the meaning set forth in Section 3.24.1.

"*Hospital Members*" shall mean each acute care hospital that is a YNHHSO Obligated Group Member.

"*Indebtedness*" of any Person means either (a) any liability of such Person (i) for borrowed money (including the current portion thereof), (ii) under any reimbursement obligation relating to a letter of credit, bankers' acceptance or note purchase facility, (iii) evidenced by a bond, note, debenture or similar instrument (including a purchase money obligation), (iv) for the payment of money relating to any lease that is required to be classified as a capitalized lease obligation in accordance with GAAP, (v) for all or any part of the deferred purchase price of property or services (other than trade or accounts payables), including any "earnout" or similar payments or any noncompete payments, (vi) under interest rate swap, hedging or similar agreements or (vii) for any credit card payables with respect to charges having a transaction date of thirty (30) days or more prior to the Closing Date or related to non-business related activities; or (b) any liability of others described in the preceding clause (a) that such Person has Guaranteed, that is recourse to such Person or any of its assets or that is otherwise its legal liability or that is secured in whole or in part by the assets of such Person.

"*Initial Period*" means the period from the Closing Date to the fifth anniversary of the Closing Date.

"*Intellectual Property*" means all intellectual property rights of any kind, throughout the world, all rights of privacy and rights to personal information, all telephone numbers and Internet protocol addresses, all documentation and media constituting, describing or relating to the above, including memoranda, manuals, technical specifications and other records wherever created throughout the world, all rights in the foregoing and in other similar intangible assets, and all rights and remedies (including the right to sue for and recover damages, profits and any other remedy for past, present, or future infringement, misappropriation or other violation relating to any of the foregoing.

"*IRB*" has the meaning set forth in Section 3.30.

"*IRS List of Exempt Organizations*" has the meaning set forth in Section 3.10.7.

"*Joint Commission*" has the meaning set forth in Section 3.9.5(b).

"Key Financial Metrics" means the metrics set forth on Exhibit 2.11 as the targets associated with such metrics are revised and updated in a mutually agreed-upon manner at Closing based upon the development of mutually-agreed upon investment business plans, the five-year strategic plan referred to in Section 2.12 and the financial condition and results of operations of the L+M Affiliates as of the Closing Date.

"Knowledge" shall, with respect to the particular provision it qualifies, mean (a) with respect to an L+M Affiliate, the actual knowledge of the president and/or chief executive officer or the chief financial officer of L+M, including, with respect to each, what he or she knows or should know in the exercise of his or her duties in the course of employment with L+M or a L+M Affiliate or as the result of due inquiry of the president and/or chief executive officer and chief financial officer of each L+M Subsidiary, or (b) with respect to YNHSC, the actual knowledge of the president and chief executive officer or the chief financial officer of YNHSC, including, with respect to each, what he or she knows or should know in the exercise of his or her duties in the course of employment with YNHSC or as the result of due inquiry of the president and/or chief executive officer and chief financial officer of each YNHSC Subsidiary.

"L+M" has the meaning set forth in the introductory paragraph.

"L+M 2014 Audited Financial Statements" has the meaning set forth in Section 3.7.

"L+M Activities" means the business of each applicable L+M Affiliate, as the context may require.

"L+M Affiliates" means L+M and each L+M Subsidiary, including without limitation, LMH, LMW, LMMG, L+M Systems, Inc., VNA of Southeastern Connecticut, L+M HealthCare, Inc. and L&M Indemnity Company Ltd.

"L+M Amended Bylaws" has the meaning set forth in Section 2.1.1.

"L+M Amended Certificate of Incorporation" has the meaning set forth in Section 2.1.1.

"L+M Bondholders" means the holders of the L+M Tax-Exempt Bonds.

"L+M Corporate Transaction" has the meaning set forth in Section 5.1.11.

"L+M Determination Letters" has the meaning set forth in Section 3.10.7.

"L+M Financial Statements" has the meaning set forth in Section 3.7.

"L+M Interim Financial Statements" has the meaning set forth in Section 3.7.

"L+M Leased Real Property" has the meaning set forth in Section 3.5.2.

"L+M Master Trust Indenture" means that certain Master Trust Indenture, dated as of February 1, 1990, by and between the L+M Obligated Group and U.S Bank National Association, as successor master trustee, as amended and supplemented from time to time.

"L+M Material Adverse Effect" means any occurrence, condition, change, development, circumstance, effect, event or fact, occurring after the Effective Date (a "Matter"), that individually or in the aggregate, would be reasonably expected to have a monetary effect on L+M and the L+M Affiliates taken as a whole that would exceed the L+M Materiality Threshold, or such an effect that prevents L+M or any L+M Affiliate from performing its material obligations under, or from consummating the transactions contemplated by, this Affiliation Agreement. Notwithstanding anything herein to the contrary, "L+M Material Adverse Effect" shall be deemed not to include, and a L+M Material Adverse Effect shall not be deemed to have resulted from or arisen out of: (i) any reduction in the rates of reimbursement or payment received by L+M or any L+M Affiliate under any Government Reimbursement Program that affects similarly situated providers similarly, (ii) any Matter specifically disclosed on the Disclosure Schedules at the Effective Date; (iii) [reserved]; (iv) the public announcement of this Affiliation Agreement, compliance with terms of this Affiliation Agreement or the consummation of the Affiliation; (v) any Matter, to the extent affecting (A) global or national or regional economic, business, regulatory, market or political conditions or national financial markets, (B) the healthcare industry generally or such industry in Connecticut or Rhode Island, or (C) the hospital business generally or in Connecticut or Rhode Island; (vi) any changes or any proposed changes in law or governmental programs after the Effective Date that are not directed at L+M or YNHSC, in each instance to the exclusion of others; (vii) [reserved]; (viii) any increase in competitive activity by other health care providers in L+M's service area; (ix) [reserved]; or (x) any action taken by L+M at the direction of, or with the prior written consent of, YNHSC.

"L+M Materiality Threshold" means a dollar amount equal to \$50,000,000 (Fifty Million Dollars).

"L+M Obligated Group" means the obligated group consisting of L+M and LMH.

"L+M Permits" has the meaning set forth in Section 3.9.5.1.

"L+M Plans" has the meaning set forth in Section 3.17.1.

"L+M Provider Subsidiaries" means the L+M Subsidiaries that are licensed providers of clinical services (individually or collectively as the context shall require).

"L+M Real Property" means the Owned Real Property and the L+M Leased Real Property.

"L+M Real Property Leases" has the meaning set forth in Section 3.5.2.

"L+M Subsidiaries Amended Bylaws" has the meaning set forth in Section 2.1.5.

"L+M Subsidiaries Amended Certificates of Incorporation" has the meaning set forth in Section 2.1.5.

"L+M Tax-Exempt Bonds" means the State of Connecticut Health and Educational Facilities Authority Revenue Bonds Lawrence + Memorial Issue, Series F, Series G and Series H.

"L+M Subsidiary" means each Subsidiary of L+M and each direct or indirect Subsidiary of any such Subsidiary.

"Leases" means all rights, benefits and interests of L+M or any L+M Affiliate, as the case may be, as the lessor, lessee or sublessee, as the case may be, in, to or under any lease or sublease relating to real property.

"Liability" or **"Liabilities"** means debts, obligations, contracts or other liabilities of any kind, character or description, accrued, absolute, contingent, determined, determinable or otherwise, whether presently in existence or arising hereafter.

"Lien" or **"Encumbrance"** means any lien, pledge, claim, liability, interest, restriction or other encumbrance.

"Litigation or Proceedings" has the meaning set forth in Section 3.15.1.

"LMH" means Lawrence + Memorial Hospital, Inc., a Connecticut non-stock corporation.

"LMH Amended Bylaws" has the meaning set forth in Section 2.1.5(a).

"LMH Amended Certificate of Incorporation" has the meaning set forth in Section 2.1.5(a).

"LMH Medical Staff Bylaws" has the meaning set forth in Section 2.6.

"LMI" means L&M Indemnity Company Ltd., a Cayman Island company limited by shares.

"LMI Insurance Regulatory Agency" means Cayman Islands Monetary Authority.

"LMMG" means L+M Physician Association Inc., a Connecticut non-stock medical foundation doing business as L+M Medical Group.

"LMMG-NEMG Agreement and Plan of Merger" has the meaning set forth in Section 2.1.4.

"LMW" means LMW Healthcare, Inc., a Rhode Island nonprofit corporation doing business as Westerly Hospital.

"LMW Acquisition Related Obligations" means those specific obligations undertaken by Lawrence + Memorial Corporation, LMW Healthcare, Inc. and LMW Physicians, Inc., a Rhode Island nonprofit corporation ("**LMW Physicians**") that expressly relate to the management and operation of The Westerly Hospital and Related Entities, as such term is defined in those provisions of the following documents under which LMW has ongoing obligations:

i. As set forth in that certain Asset Purchase Agreement, as amended, made as of June 20, 2012, by and among W. Mark Russo, Esq., solely in his capacity as the court-appointed

Special Master (the "*Special Master*") for Westerly Hospital Healthcare, Inc., The Westerly Hospital, Atlantic Medical Group, Inc., Ocean Myst, MSO, LLC, Women's Health of Westerly, LLC, and North Stonington Health Center, Inc. and LMW Healthcare, Inc., a Rhode Island nonprofit corporation, and LMW Physicians, Inc., a Rhode Island nonprofit corporation (the "*Westerly Agreement*").

ii. As set forth in the Order Approving the Sale of Assets of The Westerly Hospital and The Related Entities Free and Clear of Liens and Liabilities in the case of *Charles S. Kinney, Chief Executive and Trustee v. Westerly Hospital Healthcare, Inc., The Westerly Hospital, Atlantic Medical Group, Inc., Ocean Myst, MSO LLC, Women's Health of Westerly, LLC and North Stonington Health Center, Inc.*, C.A. No, 2011-0781, dated as of September 10, 2012.

iii. As set forth in the Decision of the State of Rhode Island Department of Attorney General, dated as of April 17, 2013, *In Re: Expedited Review Hospital Conversion Initial Application of Westerly Hospital Healthcare, Inc., The Westerly Hospital, LMW Healthcare Inc., LMW Physicians, Inc., and Lawrence + Memorial Corporation.*

iv. As set forth in the Report of the Committee of the Health Services Council on the application of Lawrence & Memorial Corporation for change in effective control of The Westerly Hospital, dated as of April 9, 2013.

v. As set forth in the Amended Decision with Conditions regarding the Affiliation of Westerly Hospital Health Care Inc., The Westerly Hospital and Lawrence + Memorial Corporation, LMW Healthcare, Inc., and LMW Physicians, Inc. Under the Hospital Conversion Act of Rhode Island by the Rhode Island Department of Health, dated as of April 16, 2013.

vi. As set forth in the Consent Order Regarding Post-Closing Items in the case of *Charles S. Kinney, Chief Executive and Trustee v. Westerly Hospital Healthcare, Inc., The Westerly Hospital, Atlantic Medical Group, Inc., Ocean Myst, MSO LLC, Women's Health of Westerly, LLC and North Stonington Health Center, Inc.*, C.A. No, 2011-0781, dated as of May 23, 2014.

"*LMW Amended Bylaws*" has the meaning set forth in Section 2.1.5(b).

"*LMW Amended Certificate of Incorporation*" has the meaning set forth in Section 2.1.5(b).

"*LMW Medical Staff Bylaws*" has the meaning set forth in Section 2.6.

"*LMW Physicians*" has the meaning set forth in the definition of LMW Acquisition-Related Obligations.

"*Material Adverse Effect*" means an L+M Material Adverse Effect or a YNHHS Material Adverse Effect, as the context shall require.

"*Material Contracts*" means, any Contract of a Party or a direct or indirect Subsidiary of a Party that is a:

- a) Contract under which debt for borrowed money has been or can be incurred in excess of \$500,000 (other than contracts described in the L+M 2014 Audited Financial Statements or the YNHHS 2014 Audited Financial Statements, as applicable, true, correct and complete copies of which have been delivered by the applicable Party to the other Party);
- b) Capital lease for real property or equipment under which the annual obligations payable by the lessee exceed (i) \$500,000 in the case of L+M or any L+M Subsidiary or (ii) \$3,500,000 in the case of YNHHS or any YNHHS Subsidiary;
- c) Contract with a third party payor under which during the last full fiscal year of such Party payments were made by the third party payor in excess of (i) \$2,000,000 in the case of L+M or any L+M Subsidiary or (ii) \$14,000,000 in the case of YNHHS or any YNHHS Subsidiary;
- d) Academic or clinical affiliation agreement (other than agreements with Yale University) for medical education for residents, fellows, medical students and/or physician's assistants at the undergraduate or graduate level;
- e) Grant agreement under which during the last full fiscal year of such Party such Party or such Subsidiary of a Party received payments in excess of (i) \$1,000,000 in the case of L+M or any L+M Subsidiary or (ii) \$7,000,000 in the case of YNHHS or any YNHHS Subsidiary;
- f) Contract under which such Party or such Subsidiary guarantees the performance or payment obligations of a third party (i.e. a Person other than such Party or a Subsidiary thereof);
- g) Contract that limits the freedom of such Party or such Subsidiary to conduct business;
- h) Contract (other than a contract for the purchase of supplies, equipment, or software) under which the value of the obligations of such Party and its Subsidiaries, taken as a whole, exceeds (i) \$2,000,000 annually in the case of L+M or any L+M Subsidiary or (ii) \$14,000,000 annually in the case of YNHHS or any YNHHS Subsidiary; or
- i) Any primary or excess professional or general liability insurance policy.

"Medical Hazards" means all biological and chemical materials that under applicable Environmental, Health, and Safety Requirements or industry standards are required to be handled in accordance with certain procedures, and all other materials that may contain or be contaminated with such biological or chemical materials, and all devices or materials that could puncture or cut the skin (including, without limitation, those commonly known as "sharps").

"NEMG" means Northeast Medical Group Inc., a Connecticut nonstock corporation of which YNHHS is the sole member.

"OHCA" means the Office of Health Care Access of the State of Connecticut.

“*OHRP*” has the meaning set forth in Section 3.30.

“*Owned Real Property*” means any real property in which any L+M Affiliate owns a fee interest.

“*Party*” and “*Parties*” have the meanings set forth in the introductory paragraph.

“*Payer Programs*” means collectively, Third Party Payers and Governmental Payers.

“*Permits*” means any licenses, approvals, permits, orders, registrations, certificates, variances, and similar rights obtained from any Governmental Authority.

“*Permitted Encumbrances*” means (a) Liens or Encumbrances created by YNHSC, (b) Liens or Encumbrances for Taxes, assessments or other similar governmental charges which are not due and payable as of the Closing Date, (c) as to real property, Liens, Encumbrances, covenants, restrictions, utility easements and agreements of record, and encroachments that do not render title unmarketable or materially and adversely affect the applicable owner’s ability to use such Real Property for its current use, (d) Liens and Encumbrances set forth on Schedule 3.5.1 hereof, (e) Liens and Encumbrances which shall be satisfied in full and discharged of record by L+M on or prior to the Closing, (f) the Leases and Contracts that exist as of the date hereof and such Leases and Contracts that are entered into, modified or renewed after the date hereof not in violation of this Affiliation Agreement; (g) all violations of building, fire, sanitary, environmental, housing and such other laws, regulations and ordinances; (h) all matters of record superior to the Leases pursuant to which an L+M Affiliate is a tenant; and (i) all laws, regulations and ordinances including, without limitation, all environmental, building and zoning restrictions affecting the Owned Real Property or the ownership, use or operation thereof adopted by any governmental authority having jurisdiction over the Owned Real Property or the ownership, use or operation thereof, and all amendments or additions thereto now in effect or which may be in force or effect on the Closing Date.

“*Person*” means any individual, sole proprietorship, partnership, corporation, limited liability company, limited partnership, joint venture, unincorporated society or association, trust, estate or other entity or organization, or any division of such Person.

“*Personal Property*” means tangible personal property (including, without limitation, equipment, fixtures, vehicles, furniture, tools, furnishings, machinery, instruments, spare parts, supplies, pharmaceuticals and inventory).

“*Physician*” means any licensed doctor of medicine or osteopathy, doctor of dental surgery or dental medicine, doctor of podiatric medicine, doctor of optometry or chiropractor, or any group, partnership, corporation, of whatever form, made up of one more such persons.

“*Principal Properties*” shall have the meaning assigned to that term in Section 3.5.

“*Protected Health Information*” shall have the meaning assigned to that term in Section 103 of 45 C.F.R. Part 160.

"Rating Agencies" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., Moody's Investors Service, Inc., Fitch Inc., their successor and assigns, and such other nationally recognized securities rating agency as shall have awarded a rating to the Obligations (as defined in the YNHSC Master Trust Indenture).

"Reimbursement Claims" has the meaning set forth in Section 3.28.

"Remediation" means any or all of the following activities to the extent they relate to or arise from the presence of Hazardous Substances or any Environmental Condition: (1) the monitoring, investigation, assessment, treatment, cleanup, containment, removal, mitigation, response or restoration work; (2) obtaining any Permits, consents, approvals or authorizations of any Governmental Authority necessary to conduct any such activity; (3) preparing and implementing any plans or studies for any such activity; (4) obtaining a written notice from a Governmental Authority with jurisdiction over the Hazardous Substances or Environmental Condition under the Environmental, Health, and Safety Requirements that no additional work is required by such Governmental Authority; and (5) any other activities reasonably determined by a Person to be necessary or appropriate or required under the Environmental, Health, and Safety Requirements to address the presence of Hazardous Substances or the Environmental Condition.

"RIDOH" means the Department of Health, Office of Health Systems Development, of the State of Rhode Island.

"Safe Harbor Management Contract" means a contract or arrangement that satisfies the "safe harbors" set forth in IRS Rev. Proc. 97-13, as amended or supplemented.

"Schedule Supplement" has the meaning set forth in Section 5.3.

"Secretary of State" means the Secretary of the State of the State of Connecticut or Rhode Island, as the context may require.

"Solid Waste" means any substance deemed under any applicable federal or state law or regulations as waste.

"Solvent" or **"Solvency"** means, with respect to either Party: (a) the fair value of entity's assets exceeds the fair value of the entity's liabilities, including contingent liabilities; (b) neither Party has, and is not incurring debts or liabilities beyond its respective ability to pay as such debts and liabilities mature; (c) each Party is generally able to pay its debts as they become due and payable and are, in fact, paying such debts as they become due and payable; and (d) neither Party is engaged in a business or transaction, and is not about to engage in a business or transaction, for which either Party's property would constitute unreasonably small capital to carry on its businesses as it is then conducted. The amount of contingent liabilities at any time shall be computed as the amount that, in light of all the facts and circumstances existing at the time, represents the amount that can reasonably be expected to become an actual or matured liability. If at any time in the future a Party projects that it will be in non-payment default with respect to debt for borrowed money, it shall be assumed that such non-payment default will not result in the acceleration of such debt.

"Special Master" has the meaning set forth in the definition of LMW Acquisition-Related Obligations.

"Subsidiary" means at the time of reference thereto (i) any corporation with respect to which a specified Person owns a majority of the common stock or membership rights or has the power to vote or direct the voting of sufficient securities or membership rights to elect a majority of the directors (or Persons performing similar functions), (ii) any corporation with respect to which a specified Person is a member and has the right to exercise reserved power or authorities, (iii) any corporation a majority of the governing board of which is made up of persons who are also members of the governing board of the specified Person and (iv) any entity of which a specified Person is a 50% or more beneficial owner.

"Tax" or "Taxes" means all taxes, fees, levies or other assessments imposed by the United States or any state, country, local or foreign government or subdivision or agency thereof, including, without limitation, income, gross receipts, excise, real and personal property, premiums, municipal, capital, value-added, goods and services, consumption, sales, transfer, license, payroll and franchise taxes, and such term shall include any interest, penalties or additions to tax attributable to such taxes, fees, levies or other assessments.

"Tax-Exempt Organization" means a Person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code and exempt from federal income taxes under Section 501(a) of the Code.

"Tax Returns" means any report, return or other information required to be supplied to any federal, state or local taxing authority in connection with Taxes.

"Third Party Expenses" has the meaning set forth in Section 10.3.

"Third Party Payer" means any commercial or non-profit entity that provides reimbursement for health care services, including but not limited to, health maintenance organizations, preferred provider organizations, accountable care organizations, health benefit plans, insurers, health insurance plans, third party administrators, workers' compensation, auto insurance and other third party reimbursement and payment programs.

"Transfer Act" means the Transfer Act of the State of Connecticut, Conn. Gen. Stat. §§22a-134 *et seq.*

"VNA of Southeastern Connecticut" means Visiting Nurse Association of Southeastern Connecticut Inc., a Connecticut non-stock corporation.

"VNA of Southeastern Connecticut Amended Bylaws" has the meaning set forth in Section 2.1.5(c).

"VNA of Southeastern Connecticut Amended Certificate of Incorporation" has the meaning set forth in Section 2.1.5(c).

"Westerly Agreement" has the meaning set forth in the definition of LMW Acquisition-Related Obligations.

"Yale New Haven Health System" means the health system comprised of YNHHC and the YNHHC Subsidiaries.

"YNHHC" has the meaning set forth in the introductory paragraph.

"YNHHC 2014 Bond Disclosure Documents" means (i) the official statement, dated May 29, 2014, of the State of Connecticut Health and Education Facilities Authority with respect to the YNHHC Tax-Exempt Bonds, (ii) the private placement memorandum, dated May 29, 2014, of YNHHC with respect to its Taxable Bonds, Series 2014, and (iii) the continuing disclosure notifications filed on behalf of YNHHC pursuant to the Electronic Municipal Market Access system administered by the Municipal Securities Rulemaking Board.

"YNHHC 2014 Audited Financial Statements" has the meaning set forth in Section 4.7.

"YNHHC Activities" means the business activities of each of the YNHHC Affiliates, as the context may require.

"YNHHC Affiliates" means YNHHC and all of its Subsidiaries.

"YNHHC Amended Bylaws" has the meaning set forth in Section 2.1.3.

"YNHHC Amended Certificate of Incorporation" has the meaning set forth in Section 2.1.3.

"YNHHC Change of Control" means any transaction as a result of which (i) any entity other than Yale University and the Hospital Members has the right to appoint a majority of the board of trustees of YNHHC or (ii) any entity or entities other than Yale University or one or more YNHHC Affiliates becomes a corporate member of YNHHC.

"YNHHC Determination Letters" has the meaning set forth in Section 4.10.7.

"YNHHC Financial Statements" has the meaning set forth in Section 4.7.

"YNHHC Interim Financial Statements" has the meaning set forth in Section 4.7.

"YNHHC Leased Real Property" has the meaning set forth in Section 4.5.3.

"YNHHC Master Trust Indenture" means that certain Master Trust Indenture (Security Agreement), dated as of February 1, 2013 and effective on June 23, 2014 among the YNHHC Obligated Group and U.S. Bank National Association, as Master Trustee, as it may be supplemented from time to time.

"YNHHC Material Adverse Effect" means any occurrence, condition, change, development, circumstance, effect, event or fact, occurring after the Effective Date (a "**Matter**"), that individually or in the aggregate, would be reasonably expected to have a monetary effect on YNHHC and the YNHHC Obligated Group members, taken as a whole, that would exceed the YNHHC Materiality Threshold, or such an effect that prevents YNHHC or on the YNHHC

Obligated Group from performing its material obligations under, or from consummating the transactions contemplated by, this Affiliation Agreement. Notwithstanding anything herein to the contrary, "YNHHSC Material Adverse Effect" shall be deemed not to include, and a YNHHSC Material Adverse Effect shall not be deemed to have resulted from or arisen out of (i) any reduction in the rates of reimbursement or payment received by YNHHSC or any YNHHSC Obligated Group Member under any Government Reimbursement Program that affects similarly situated providers similarly; (ii) any Matter specifically disclosed on the Disclosure Schedules at the Effective Date; (iii) [reserved]; (iv) the public announcement of this Affiliation Agreement, compliance with terms of this Affiliation Agreement or the consummation of the Affiliation; (v) any Matter, to the extent affecting (A) global or national or regional economic, business, regulatory, market or political conditions or national financial markets, (B) the healthcare industry generally or such industry in Connecticut, or (C) the hospital business generally or in Connecticut; (vi) any changes or any proposed changes in law after the Effective Date that are not directed at L+M or YNHHSC, in each instance to the exclusion of others; (vii) [reserved]; or (viii) [reserved].

"**YNHHSC Materiality Threshold**" means a dollar amount equal to \$350,000,000 (Three Hundred Fifty Million Dollars).

"**YNHHSC Obligated Group**" means the members, as of a given date, of the Obligated Group (as such term is defined in the YNHHSC Master Trust Indenture) pursuant to the YNHHSC Master Trust Indenture.

"**YNHHSC Obligated Group Agreement**" means the obligated group agreement, dated as of June 23, 2014 by and among YNHHSC and the other members of the YNHHSC Obligated Group.

"**YNHHSC Obligated Group Bonds**" means the YNHHSC Tax-Exempt Bonds and the Yale New Haven Health Taxable Bonds Series 2014.

"**YNHHSC Obligated Group Member**" means each member, as of the date of reference thereto, of the YNHHSC Obligated Group.

"**YNHHSC Obligated Group Policies**" has the meaning ascribed to the term "OGA Policies" in the YNHHSC Obligated Group Agreement.

"**YNHHSC Owned Real Property**" has the meaning set forth in Section 4.5.2.

"**YNHHSC Permits**" has the meaning set forth in Section 4.9.5(a).

"**YNHHSC Plans**" has the meaning set forth in Section 4.15.

"**YNHHSC Real Property**" has the meaning set forth in Section 4.5.3.

"**YNHH Real Property Leases**" has the meaning set forth in Section 4.5.3.

"**YNHHSC Subsidiary**" means each Subsidiary of YNHHSC and each direct or indirect Subsidiary of any such Subsidiary.

Execution Version

“YNHHSC Tax Exempt Bonds” means the State of Connecticut Health and Educational Facilities Authority Revenue Bonds, Yale New Haven Health Issue, Series A, Series B, Series C, Series D and Series E.

“YSM Affiliation Agreement” means the Affiliation Agreement, dated as of June 25, 1999, by and between Yale University and YNHHC, as the same may be amended from time to time.

**L+M SCHEDULES
TO THE
AFFILIATION AGREEMENT**

by and between

YALE-NEW HAVEN HEALTH SERVICES CORPORATION

AND

LAWRENCE + MEMORIAL CORPORATION

July 17, 2015

DOHP0676

AGP0028A177

Introduction

Reference is made to the Affiliation Agreement (the "Affiliation Agreement"), entered into as of July 17, 2015, by and between Yale-New Haven Health Services Corporation ("YNHHSC") and Lawrence + Memorial Corporation ("L+M"). This document constitutes the Disclosure Schedule of L+M pursuant to the Affiliation Agreement. Each of YNHHSC and L+M is referred to herein as a "Party" and collectively as the "Parties." All capitalized terms used, but not defined, herein shall have the meaning ascribed to such term in the Affiliation Agreement.

Section and sub-section numbers and letters used herein correspond to the section and sub-section numbers and letters in the Affiliation Agreement, unless otherwise noted, and any information disclosed in any section or sub-section herein shall be deemed to be disclosed to YNHHSC for all purposes of the Affiliation Agreement so long as such disclosure's relevance to the applicable section(s) of the Affiliation Agreement is reasonably apparent on its face. The captions of each Schedule are included for convenience only and are not intended to limit the scope of such part, paragraph or section of the Disclosure Schedule as set forth in the Affiliation Agreement.

No disclosure made herein constitutes an admission of any liability or obligation of any L+M Affiliate, an admission against any interest of any L+M Affiliate or a concession as to any defense available to any L+M Affiliate. Unless the Affiliation Agreement specifically provides otherwise, the disclosure of a specific item herein shall not be deemed to constitute an admission that such item is not in the ordinary course of business. To the extent that any representation or warranty contained in the Affiliation Agreement is limited or qualified by the materiality of the matters to which the representation or warranty is given, the inclusion of any matter in this Disclosure Schedule does not constitute an admission that such matters are material or will have a L+M Material Adverse Effect. Certain information set forth herein is included solely for informational purposes and may not be required to be disclosed pursuant to the Affiliation Agreement.

If there is any inconsistency between any provision or statement in the Affiliation Agreement and any provision or statement in the Disclosure Schedule (other than an exception in any section or subsection to a specific representation or warranty), then the provision or statement in the Affiliation Agreement shall control.

Schedule 3.1.1

L+M Subsidiaries

Direct Subsidiaries of Lawrence + Memorial Corporation:

- Lawrence + Memorial Hospital, Inc.*
- LMW Healthcare, Inc.*
- L&M Physician Association, Inc.*
- L & M Systems, Inc.
- Visiting Nurse Association of Southeastern Connecticut Inc.*
- [L & M Health Care, Inc.]
- L+M Indemnity Company Ltd.
- [Lawrence and Memorial Foundation, Inc.]*
- [Southeastern Connecticut Health Partners, Inc.]
- [LMW Physicians, Inc.]

Direct Subsidiaries of Lawrence + Memorial Hospital, Inc.:

- Associated Specialists of Southeastern Connecticut, Inc.*
- [Southeastern Connecticut Imaging Center, LLC]

Direct Subsidiaries of LMW Healthcare, Inc.:

- The Westerly Hospital Foundation, Inc.*
- Westerly Hospital Energy Company, LLC
- The Westerly Hospital Auxiliary, Inc.*

Direct Subsidiaries of L & M Systems, Inc.:

- L&M Home Care Services, Inc.
- L & M Home Medical Equipment, LLC

Other Entities in which any L+M Affiliate has an interest:

- DVA Healthcare of New London, LLC
- Connecticut Hospital Laboratory Network, LLC
- Value Care Alliance, LLC
- Northeast Purchasing Coalition, LLC

* Tax-Exempt Organization

[] Inactive Entity

___ L+M Determination Letter has been received

DOHP0678

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Schedule 3.5.1

Owned Real Property

List of Owned Real Property:

Owner	Street	City/Town	State
LMH	365 Montauk Ave	New London	CT
LMH	436-441 Ocean Ave	New London	CT
LMH	48R Minor Lane	Waterford	CT
LMH	900 Bank Street	New London	CT
LMH	230 Waterford Parkway South	Waterford	CT
LMH	194 Howard Street	New London	CT
LMH (the "Pequot Property")*	52 Hazelnut Hill Road	Groton	CT
LMH	412 Ocean Ave	New London	CT
LMH 7/8 interest; Bank of America 1/8 interest (in trust on behalf of Elizabeth Stamm Estate) (the "Beach Property")^	Pequot Ave	New London	CT
LMW	1 Rhody Drive	Westerly	RI
LMW	65 Wells Street	Westerly	RI
LMW	11 Wells Street Unit 6	Westerly	RI
LMW	45 East Avenue	Westerly	RI
LMW	3 Rhody Drive	Westerly	RI
LMW	26 Wells Street	Westerly	RI
LMW	45 Wells Street, Unit 101	Westerly	RI
LMW	45 Wells Street, Unit 201	Westerly	RI
LMW	25 Wells Street	Westerly	RI
LMW	81 Beach Street	Westerly	RI
Visiting Nurse Association of Southeastern Connecticut Inc.	403 N Frontage Rd	Waterford	CT
LMH	One Huntley Road	Old Lyme	CT
L+M	230 Waterford Parkway South (land)	Waterford	CT
LMH	230 Waterford Parkway South (building)	Waterford	CT

*The fee interest in the land on which the Pequot Property is situated is not owned by an L+M Affiliate, but is leased by LMH from the City of Groton, CT, pursuant to a Ground Lease, dated May 1, 1991.

^LMH owns a 7/8 interest in the Beach Property (a beach located in New London, CT for the use of L+M employees and their families). The remaining 1/8 interest in the Beach Property is held by Bank of America, in trust, on behalf of the Elizabeth Stamm Estate.

Encumbrances or Liens on Principal Properties:

230 Waterford Parkway, Waterford Connecticut (Cancer Center)

1. Assessment & Connecticut Fee Lien in favor of the Town of Waterford in the amount of \$84,636.12 recorded in Volume 1315 at Page 352 of the Waterford Land Records.
2. Waiver and relinquishment of rights of access as set forth in a deed dated November 13, 1947 and recorded in Volume 61 at Page 458 of the Waterford Land Records.
3. Easement in favor of the American Telephone and Telegraph Company dated October 10, 1942 and recorded in Volume 65 at Page 481 of the Waterford Land Records.
4. Rights in favor of the State of Connecticut as set forth in a Certificate of Taking dated November 21, 1961 and recorded in Volume 138 at Page 206 of the Waterford Land Records.
5. Rights of way as set forth in a deed dated July 22, 1974 and recorded in Volume 211 at Page 662 and in a deed dated June 11, 1978 and recorded in Volume 224 at Page 394, both of the Waterford Land Records.
6. Easement in favor of the Southern New England Telephone Company dated October 9, 1974 and recorded in Volume 213 at Page 179 of the Waterford Land Records.
7. Rights, agreements, reservations and conditions as set forth in a deed dated March 30, 1983 and recorded in Volume 270 at Page 889 of the Waterford Land Records.
8. Easements and rights in favor of the State of Connecticut as set forth in an Easement dated November 27, 2001 and recorded in Volume 540 at Page 47 of the Waterford Land Records.
9. Easements, notations, zone lines, rights of way, notes, facts and conditions as shown on Maps Nos. 1893 and 1894, both on file in the Office of the Waterford Town Clerk.
10. Riparian rights of others in and to any watercourse on, flowing through and/or abutting the subject premises.
11. Water Line Easement in favor of the Town of Waterford dated May 24, 2012 and recorded in Volume 1247 at Page 129 of the Waterford Land Records.
12. Electric Distribution Easement in favor of The Connecticut Light and Power Company dated September 11, 2012 and recorded in Volume 1270 at Page 155 of the Waterford Land Records.

365 Montauk Avenue, New London, Connecticut (Main Campus)

1. Covenants and Restrictions affecting lots shown on map "Plan of Building Lots, New London, Conn., F.B. Brandegee and T.M. Waller, 1895, Scale: 40 feet to the inch, surveyed and drawn by Daboll and Crandall" which map is on file in the New London Town Clerk's Office in Map Volume 1 Map 73, reference is made to Warranty Deed from Frank B. Brandegee to The Joseph Lawrence Free Public Hospital dated November 19, 1918 and recorded in Volume 135 at Page 170 of the New London Land Records.

2. Restrictions and conditions set forth in a Deed of T.M. Waller and F. B. Brandegee to Mary E. Esler dated October 18, 1911 and recorded in Volume 118 at Page 159 of the New London Land Records.
3. Covenants, reservations and restrictions set forth in a Warranty Deed from Frank B. Brandegee to Thomas G. Haney dated September 26, 1917 and recorded in Volume 131 at page 229 of the New London Land Records.
4. Restrictions or reservations referred to in the Deed of Georgie A. Fields to C. Graham Chapin dated June 23, 1926 and recorded in Volume 163 at Page 158 of the New London Land Records.
5. Reservations as contained in Quit Claim Deed from the United States of America to The Lawrence and Memorial Associated Hospitals dated January 22, 1952 and recorded in Volume 254 at Page 418 of the New London Land Records.
6. Agreement by and between Lawrence and Memorial Hospitals, The Joseph Lawrence Free Public Hospital, The Manwaring Memorial Hospital and the State of Connecticut Health & Educational Facilities Authority dated July 21, 1969 and recorded in Volume 336 at Page 96 of the New London Land Records.
7. Lease by and among the State of Connecticut Health and Educational Facilities Authority and Lawrence and Memorial Hospitals, The Joseph Lawrence Free Public Hospital and The Manwaring Memorial Hospital dated July 21, 1969 and recorded in Volume 336 at Page 107 of the New London Land Records.
8. Easement from Lawrence and Memorial Hospitals to the State of Connecticut dated June 25, 1979 and recorded in Volume 468 at Page 270 of the New London Land Records.
9. Variance to L&M Hospitals granted by- The City of New London Zoning Board of Appeals dated November 17, 1983 and recorded in Volume 560 at Page 162 of the New London Land Records.
10. Conditions of Special Permit to L& M Hospitals granted by The City of New London Zoning Commission dated November 17, 1983 and recorded in Volume 560 at Page 164 of the New London Land Records.
11. Special Permit to Lawrence and Memorial Hospitals granted by The City of New London Zoning Commission dated December 1, 1986 and recorded in Volume 625 at Page 9 of the New London Land Records.
12. Variance to Lawrence & Memorial Hospital granted by The City of New London Zoning Board of Appeals dated August 25, 1988 and recorded in Volume 714 at Page 237 of the New London Land Records.
13. Special Permit to Lawrence & Memorial Hospital granted by The City of New London Zoning Board of Appeals dated February 10, 1989 and recorded in Volume 735 at Page 306 of the New London Land Records.
14. Certificate of Acceptance of Merger by the State of Connecticut dated July 11, 1957 and recorded April 5, 1989 in Volume 740 at Page 340 of the New London Land Records.

15. Variance to Lawrence & Memorial Hospital granted by City of New London Zoning Board of Appeal dated June 13, 1989 and recorded in Volume 750 at Page 14 of the New London Land Records.

16. Terms and conditions in a Lease and Right of First Refusal from Lawrence & Memorial Hospital, Inc., to 345 Montauk Avenue, LLC dated June 27, 1997 and recorded in Volume 1011 at Page 155 of the New London Land Records

17. Notice of Agreement between Lawrence & Memorial Hospital (Owner) and Message Center Management, Inc., (Manager) dated September 15, 1999 and recorded in Volume 1148 at Page 232 of the New London Land Records, Amended by Amendment to Notice of Agreement dated February 14, 2003 and March 21, 2003 and recorded July 23, 2003 in Volume 1366 at Page 36 of the New London Land Records.

18. Conditions of Notice of Grant of Special Use Permit to Lawrence & Memorial Hospital by the City of New London Planning & Zoning Commission dated September 8, 2003 and recorded in Volume 1381 at Page 291 of the New London Land Records.

19. Conditions of Notice of Grant of Special Use Permit to Lawrence and Memorial Hospital by the City of New London Zoning Board of Appeals dated November 3, 2009 and recorded in Volume 1857 at Page 61 of the New London Land Records.

20. Memorandum of License Agreement by and between Lawrence and Memorial Hospital (Licensor) and Message Center Management, Inc. (Managing Agent) and MetroPCS Massachusetts (Licensee) dated September 29, 2010 and recorded in Volume 1910 at Page 4 of the New London Land Records.

25 Wells Street, Westerly Rhode Island (Westerly Hospital)

1. Easement from The Westerly Hospital to The Narragansett Electric Company recorded in Book 525 at Page 15 in the Westerly Land Evidence Records.

2. Rights and easements as set forth in that Warranty Deed recorded in Book 656 at Page 52; as amended in Book 697 at Page 69 in the Westerly Land Evidence Records.

3. Lease by and between The Westerly Hospital, as Lessor, and Metro Mobile CTS of Providence, Inc., as Lessee, dated March 16, 1995 and evidenced and affected by Assignment of Lease by and between Metro Mobile CTS of Providence, Inc., as Assignor, and SNET Cellular, Inc., as Assignee recorded in Book 562 at Page 161 in the Westerly Land Evidence Records.

4. Rights and easements as set forth in that Warranty Deed recorded in Book 625 at Page 102 in the Westerly Land Evidence Records.

5. Memorandum of Agreement by and between The Westerly Hospital and CoxCom, Inc. d/b/a Cox Communications New England recorded in Book 871 at Page 269 in the Westerly Land Evidence Records.

6. Grant of Easement from The Westerly Hospital to The Narragansett Electric Company recorded in Book 916 at Page 122 in the Westerly Land Evidence Records.

7. Lease by and between The Westerly Hospital, as Lessor, and Celico Partnership d/b/a Verizon Wireless, as Lessee dated July 22, 2002 and evidenced by Memorandum of Lease recorded in Book 1043 at Page 99 in the Westerly Land Evidence Records.

8. Memorandum of Agreement by and between Westerly Hospital (Owner) and Cox TMI Wireless, LLC (Tenant) recorded in Book 1836 at Page 159.

9. A title company may require the recording of a certified copy of the Order Granting the Special Master's Petition to Sell Real Estate Free and Clear of Liens in connection with the issuance of a title policy.

Schedule 3.5.2

L+M Leased Real Property

(1) Lease Agreement, dated as of May 1, 2015, by and between LMH and LMMG for certain medical office space located in the building at 194 Howard Street, New London, Connecticut and for the use of certain parking areas located at 194 Howard Street and 210 Howard Street, New London, Connecticut.

(2) (a) Lease Agreement (the "Radiology Lease"), dated as of July 20, 2004, between Waterford Real Estate Holdings, LLC ("Waterford Real Estate") and Ocean Radiology Associates, P.C. ("Ocean Radiology") for medical office space located at 196 Waterford Parkway South, Waterford, Connecticut (subsequently assigned to LMH pursuant to that certain Assignment, Consent and Termination Agreement, dated as of February 26, 2010, by and among Ocean Radiology, LMH, Southeastern Connecticut Imaging Center, LLC and Waterford Real Estate), as amended by First Amendment to Lease Agreement, dated as of December 15, 2005, and Second Amendment to Lease Agreement, dated as of April 30, 2015, (b) Lease Agreement (the "Cardiology Lease" and, together with the Radiology Lease, the "Waterford Leases"), dated as of July 20, 2004, between Waterford Real Estate and Eastern Connecticut Cardiology Group, P.C. ("ECCG") for medical office space located at 196 Waterford Parkway South, Waterford, Connecticut (subsequently assigned to LMH pursuant to that certain Assignment and Assumption of Lease, dated as of May 1, 2012, by and between Waterford Cardiology Realty Group, LLC, ECCG and LMH), as amended by First Amendment to Lease Agreement, dated as of November 1, 2005, Second Amendment to Lease Agreement, dated as of July 31, 2014 and Third Amendment to Lease Agreement, dated as of April 30, 2015, and (c) Sublease Agreement by and between LMH and LMMG, dated as of May 1, 2012, for the property subject to the Cardiology Lease.

Schedule 3.5.3

Flood Hazard Areas

The property on which the L+M Cancer Center is located is partially located within a Special Flood Hazard Area. The existing structure, however, is not affected and is not in the floodplain.

Schedule 3.5.4
Conditions Affecting Assets

None.

Schedule 3.8

Subsequent Events

(a) None.

(b) *Integrated Leave Program* - Effective April 1, 2015, LMH adopted a new integrated leave program for Directors and Managers and Vice Presidents that are paid biweekly (impacting 120 employees), which includes LMH paid short term disability (self-insured) and long term disability (fully insured) insurance through Unum (plan SPD not yet available). The plan also moves affected employees to an "All Time" bank for days off rather than Separate Paid Time Off ("PTO") and Sick banks and provides for a 2015 PTO cash out of up to 5 days (with 10 days permitted to be kept in the PTO bank) and eliminates Sick day cash out for new employees (current employees may maintain up to 100 days in frozen Sick bank until used for short term disability paid at 75% and L+M has promised to pay each applicable employee for any hours in excess of 800 in their respective Sick banks at such employee's current base rate (up to \$10,000). No PTO cash out will be permitted in 2016.

(c) None.

(d)

(1) LMH has purchased an Aptio Equipment Lab from Siemens on June 4, 2015 for \$570,000 and a Hematology Analyzer from Sysmex on June 3, 2015 for \$426,364. On July 9, 2015, LMH made an 80% payment on a Magnetic Resonance Imaging (MRI) machine from General Electric.

(2) As of April 30, 2015, LMH entered into a Third Amendment to the Cardiology Lease and a Second Amendment to the Radiology Lease Among other things, the amendments to the Cardiology Lease and the Radiology Lease each contain a cross-default provision that provides that a default by LMH under either Waterford Lease constitutes a default under the other Waterford Lease.

(e) None.

(f) None.

(g) Letter Agreement, dated as of June 23, 2014, by and among Teijin Holdings USA, Inc.; L & M Systems, Inc. and L&M Home Medical Equipment, LLC.

(h) None.

(i) None.

(j) None.

(k) None.

(l) None.

(m) None.

Schedule 3.10.2

Tax Deficiencies and Assessments

None.

Schedule 3.10.6
Real Property Certiorari Proceedings

None.

Schedule 3.10.14

L+M Non-Hospital Bonds

\$5.4 million of the Series F L+M Tax-Exempt Bonds constitute L+M Non-Hospital Bonds.

Schedule 3.12

Intellectual Property

Filing #, Type, Date & Time	Debtor exactly as listed on UCC	Secured Party (Assignee, if any)	Notes
201514890510 03/17/2015 @ 3:11 pm Original Financing Statement	LMW Healthcare, Inc.	Cardinal Health	All business assets, including but not limited to, goods, equipment, inventory, accounts, accounts receivable, chattel paper, instruments, investment property and all general intangibles, books and records, computer programs and records, and other personal property, tangible or intangible, related to any of the foregoing; all accessions and additions to, substitutions for, and replacements of any of the foregoing; all proceeds or products of any of the foregoing and all rights to payments under any insurance or warranty, guaranty, or indemnity payable with respect to any of the foregoing
201312705070 07/03/2013 @ 9:55 am Original Financing Statement	Westerly Hospital	Sysco Boston, LLC	Customer hereby grants to SYSCO and each SYSCO-related company a continuing security interest in all presently owned or hereafter acquired property of customer consisting of goods, inventory, instruments, chattel paper, documents, accounts, accounts receivable, general intangibles, payment intangibles and any proceeds and all support obligations of any of the foregoing. The collateral secures customer's liabilities and obligations to SYSCO and each SYSCO - related company, whether now existing or hereafter arising.#687945020800062XXXX, dated March 14, 2012, and all of Lessee's rights, title and interest in and to use any software and services financed under and described in the Account, along with any additions, financed amounts, modifications or supplements to the Account and all substitutions, additions, accessions and replacements to the Equipment and Software.

License rights of licensors of third party software and other licensed intellectual property.

Schedule 3.13

Transactions with Affiliates

- (1) Affiliate Management Agreement, dated as of May 1, 2010, by and between Sound Medical Associates, P.C.*, a Connecticut professional corporation ("Sound Medical") and LMMG.
- (2) Leased Physician Agreement, dated as of January 1, 2010, by and between Sound Medical and LMMG, as amended by Amendment No. 1 to Leased Physician Agreement, dated as of May 1, 2010.
- (3) Stock Transfer Restriction Agreement, dated as of September 2007, by and among Sound Medical, LMH and Daniel M. Rissi, M.D.
- (4) L & M Systems, Inc. is a Participating Employer in the frozen Sound Medical Associates, P.C. Profit Sharing Plan, originally effective on January 1, 1995, restated on January 1, 2009 and frozen effective December 31, 2009.
- (5) L+M is in the process of negotiating a Medical Office Lease to be by and between L+M and The New London Medical Arts Group, LLC (an entity partially owned by Ross J. Sanfilippo, D.M.D., a member of the L+M Board of Directors) for property located at 4 Shaw's Cove, New London CT.
- (6) Lease, dated April 1, 2015, between LMW and Shoreline Pulmonary Associates, LLC (owned all, or in part, by Niall J. Duhig, MD).
- (7) Letter Agreement, dated January 1, 2015, between Niall J. Duhig, MD and LMH (for Dr. Duhig's services as the LMH Medical Staff Vice President).
- (8) Professional Services Agreement for Pulmonary Critical Care Services, dated as of June 1, 2008, by and between The Westerly Hospital and Niall Duhig, M.D. and continued with LMW pursuant to that certain Letter Agreement, dated May 20, 2013, by and between LMW and Niall Duhig, M.D. (entered into in connection with the acquisition of the assets of The Westerly Hospital by LMW).
- (9) Letter Agreement, dated January 1, 2014, between Donald J. Felitto, MD and LMH (for Dr. Felitto's services as the LMH Medical Staff Immediate Past President).
- (10) Letter Agreement, dated January 5, 2015, between Rachel McCormick, M.D. and LMW (for Dr. McCormick's services as LMW Medical Staff President-Elect).
- (11) Letter Agreement, dated January 5, 2015, between William Conlin, MD and LMW (for Dr. Conlin's services as the LMW Medical Staff Immediate Past President).
- (12) Letter Agreement, dated January 5, 2015, between Dr. Adrian Hamburger and LMW (for Dr. Hamburger's services as LMW Medical Staff President).
- (13) Letter Agreement, dated January 1, 2014, between David F. Reisfeld, MD and LMH (for Dr. Reisfeld's services of LMH Medical Staff President)

*The sole member of Sound Medical is Daniel Rissi, M.D., the Vice President and Chief Medical and Clinical Operations Officer of L+M.

Schedule 3.16.1

Collective Bargaining Matters

- (1) Agreement by and between LMH and Lawrence + Memorial Hospital Healthcare Workers Union, Local 5123, AFT-CT, AFT, AFL-CIO ("Local 5123"), dated as of June 1, 2012, including certain Memoranda of Agreement and Understanding by and between LMH and Local 5123, dated as of January 31, 2008, July 3, 2012, September 5, 2012, September 10, 2012, January 22, 2014, October 1, 2013, March 31, 2014, April 2, 2014, April 3, 2014, May 15, 2014, August 8, 2014, January 8, 2015, and also including that certain Memorandum of Agreement by and between LMH and Locals 5049, 5123, and 5051, dated as of June 12, 2008, and also including that certain Memorandum of Agreement by and between LMH and Locals 5049, 5051 and 5123, dated as of April 30, 2014.
- (2) Agreement by and between LMH and AFT-CT, AFT Healthcare, AFL-CIO, Local 5051 ("Local 5051"), dated as of December 19, 2013, including that certain Memorandum of Agreement by and between LMH and Local 5049, Local 5123, and Local 5051 dated as of June 12, 2008, and also including that certain Memorandum of Agreement by and between LMH and Locals 5049, 5051 and 5123, dated as of April 30, 2014.
- (3) Agreement by and between LMH and AFT-CT, AFT Healthcare, AFL-CIO, Local 5049 ("Local 5049"), dated as of December 19, 2013, including that certain Memorandum of Agreement by and between LMH and Local 5049, Local 5123, and Local 5051, dated as of June 12, 2008, and also including that certain Memorandum of Agreement by and between LMH and Locals 5049, 5051 and 5123, dated as of April 30, 2014.
- (4) Agreement by and between LMH and International Union, Security, Police and Fire Professionals of America, dated as of February 4, 2015.
- (5) Agreement by and between LMW and The Westerly United Nurses and Allied Professionals, Local 5104 ("Local 5104"), dated as of July 1, 2014, including that certain Memorandum of Agreement by and between LMH Local 5075 and 5104, undated.
- (6) Agreement by and between LMW and the Westerly United Nurses and Allied Professionals, Local 5075 ("Local 5075"), dated as of July 1, 2014, including certain Memoranda of Understanding by and between LMW and Local 5075, dated as of January 15, 1991, May 8, 1992, April 27, 1994, February 15, 2001, and also including that certain Memorandum of Agreement by and between LMH and Locals 5075 and 5104, undated, and also including certain Memoranda of Agreement by and between LMW and Local 5075, undated.
- (7) Collective Bargaining Agreement by and between Visiting Nurse Association of Southeastern Connecticut, Inc. and the Visiting Nurses Association of Southeastern Connecticut Federation of Registered Nurses and Home Health Aides, Local 5119, AFT-CT, AFT, AFL-CIO, dated as of October 1, 2014 (RNs).
- (8) Collective Bargaining Agreement by and between Visiting Nurse Association of Southeastern Connecticut, Inc. and the Visiting Nurse Association of Southeastern Connecticut Federation of Registered Nurses and Home Health Aides, Local 5119, AFT-CT, AFT, AFL-CIO, dated as of October 1, 2014 (Home Health Aides).
- (9) The National Labor Relations Board scheduled a union election at the Medical Office Building location of LMMG on November 25, 2014. The union, AFT-Connecticut, was seeking to represent

LPNs, medical assistants, patient coordinators, patient care navigators and surgical schedulers. The election resulted in a no vote for AFT-Connecticut representation.

Schedule 3.16.2
Certain Labor-Related Claims

None.

Schedule 3.16.4
Violation of Certain Agreements

None.

Schedule 3.17.1

L+M Plans

- (1) LMH §403(b) Plan, as amended and restated effective as of January 1, 2009, as amended by that certain First Amendment to the LMH §403(b) Plan, effective as of October 1, 2010.
- (2) LMH §457(b) Plan for Select Management Employees, effective as of October 28, 2002, as amended by that certain First Amendment to the LMH § 457(b) Plan, effective as of October 1, 2010.
- (3) LMH 401(k) Plan, originally effective as of July 1, 1999, as amended by that certain First Amendment to the LMH 401(k) Plan, effective as of January 1, 2004 and further amended as of January 4, 2010.
- (4) LMH Pension Plan, effective as of January 1, 2014.
- (5) LMH CEO 457(f) Retirement Plan, effective as of January 1, 2006.
- (6) LMH 457(f) Supplemental Retirement Plan, effective as of January 1, 2011.
- (7) Group Basic Dependent Life, Basic Term Life, Supplemental Term Life, Basic Accidental Death and Dismemberment, Supplemental Accidental Death and Dismemberment, Policy Number GL-033240 for Employees of L+M and Provided by Hartford Life and Accident Insurance Company, effective as of October 1, 1991, as amended by certain Amendatory Riders effective as of March 1, 2014 and May 1, 2014.
- (8) Group Long Term Disability Plan, Policy Number 301778011, provided by Unum Life Insurance Company of America for Employees of L+M, as amended.
- (9) Group Long Term Disability Plan, Policy Number 521870011, provided by Unum Life Insurance Company of America for Employees of L&M Corporation, effective as of December 1, 1997, as amended.
- (10) CIGNA Dental Preferred Provider Insurance to Employees of LMH, effective as of January 1, 2010.
- (11) LMH Section 125 Plan, Plan Number 501, effective as of October 1, 2010.
- (12) LMH Lumenos Health Savings Account, Provided by Anthem Blue Cross and Blue Shield, effective as of January 1, 2012.
- (13) Fully Insured Anthem Medicare Supplement to Retirees of LMH.
- (14) LMH offered a VERP in 1993 under which LMH pays a portion of the Medicare Supplement.
- (15) LMH Medical Insurance Provided by Anthem BCBS and Century Preferred PPO.
- (16) Vision Service Plan to Employees of LMMG.
- (17) Hyatt Legal Plan to Employees of LMMG.
- (18) 529 College Savings Plan to Employees of LMMG.

- (19) Professional Liability Insurance to Employees of LMMG.
- (20) Visiting Nurse Association of Southeastern Connecticut, Inc. Flexible Benefits Plan, Plan Number 501, effective as of October 1, 2005.
- (21) Visiting Nurse Association of Southeastern Connecticut, Inc. Anthem Blue Cross (PPO and HSA) Medical Insurance Plan.
- (22) Visiting Nurse Association of Southeastern Connecticut, Inc. CIGNA Dental Insurance Plan.
- (23) Visiting Nurse Association of Southeastern Connecticut, Inc. Dependent Care Assistance Plan.
- (24) Visiting Nurse Association of Southeastern Connecticut, Inc. Health Care Expense Reimbursement Plan, effective as of October 1, 2005.
- (25) Visiting Nurse Association of Southeastern Connecticut, Inc. Vision Plan.
- (26) Visiting Nurse Association of Southeastern Connecticut, Inc. Tuition Reimbursement Plan.
- (27) Basic Group Term Life Insurance, Basic Accidental Death and Dismemberment Insurance, Short and Long Term Disability Insurance Provided by Anthem Life Insurance Company, Policy Number AL00003237 Sponsored by Visiting Nurse Association of Southeastern Connecticut, Inc.
- (28) Defined Contribution Pension Plan for Employees of Visiting Nurse Association of Southeastern Connecticut, Inc. provided by Mutual of America Life Insurance Company, effective as of July 1, 1988.
- (29) Tax-Deferred Annuity Plan for Employees of Visiting Nurse Association of Southeastern Connecticut, Inc., Provided by Mutual of America Life Insurance Company, effective as of January 1, 2009.
- (30) Group Long Term Disability Plan, Policy Number 213795001, provided by Unum Life Insurance Company of America for Employees of LMW, effective as of January 1, 2013, and amended by that certain Amendment No. 1, dated as of May 1, 2014.
- (31) Integrated Leave Program for Biweekly Directors and Managers, including long term and short term disability insurance provided by Unum Life Insurance Company of America, effective as of April 1, 2015 (separately set forth below).
- (32) Employment Agreement (the "CEO Employment Agreement"), dated October 31, 2005, between LMH and Bruce D. Cummings (the "CEO").
- (33) LMH leases vehicles for the CEO (pursuant to the CEO Employment Agreement) and for Christopher Lehrach, M.D.
- (34) LMH maintains a life insurance policy with Canada Life Assurance Company (Policy No. 2380459) on behalf of John F. Mirabito, the former Chief Executive Officer of L+M. The 2015 Annual Premium for the policy is \$4,115.00.
- (35) Group Short Term Disability Insurance, Policy Number 640639-C, provided by Standard Insurance Company for Employees of L&M Corporation, effective as of November 1, 2000.

(36) Long Term Disability Insurance Plan, Policy Number 468882001, provided by Unum Life Insurance Company of America to Employees of L&M Corporation, effective as of April 1, 2015.

(37) Sound Medical Associates, P.C. Profit Sharing Plan, amended and restated effective as of January 1, 2009, as amended by that certain Amendatory Agreement, effective as of December 31, 2009, as further amended by that certain Amendment to Sound Medical Associates Profit Sharing Plan, effective as of February 24, 2015.

(38) Unum Administrative Services Agreement for Self-Insured Short Term Income Protection or Salary Continuation Plan, Policy Number 468881, provided by Unum Life Insurance Company of America to Employees of L&M Corporation, effective as of April 1, 2015.

Schedule 3.17.4

Benefits Triggered by Agreements

L+M is currently considering adopting retention bonuses for certain select individuals in connection with the consummation of the transactions contemplated by the Affiliation Agreement.

Schedule 3.26.1

Deficiencies Asserted by Governmental Authorities

None.

Schedule 3.27

Consents and Approvals

(1) See Schedule 7.5

(2) Cancer Center Services Agreement by and among L+M, Associated Specialists of Southeastern Connecticut, Inc. and Dana-Farber Cancer Institute, Inc., dated as of April 1, 2011, as amended by that certain Amendment to the Cancer Center Services Agreement, dated as of October 1, 2013, as further amended by that certain Second Amendment to Cancer Center Services Agreement, dated as of December 1, 2014, as further amended by that certain Third Amendment to Cancer Center Services Agreement, dated as of May 27, 2015.

(3) Respironics Somnolyzer 24x7 Hosting Agreement by and between Respironics, Inc. and LMMG, dated as of October 22, 2014.

(4) Operating Agreement of Value Care Alliance, LLC, dated as of December 23, 2013, by and among Griffin Hospital, LMH and Middlesex Hospital.

(5) Travelers Casualty and Surety Company of America, Fiduciary Liability Policy No. 1050763618.

(6) Appointment of YNHHS as the ultimate parent of LMI may require approval of the Cayman Island Monetary Authority under Section 12 of the Cayman Island Insurance Law.

Schedule 3.28.2

Cost Report Periods

Government Payer Program	Last Three Complete Report Periods
Medicare	10/1/2011 - 9/30/2012
	10/1/2012 - 9/30/2013
	10/1/2013 - 9/30/2014
Medicaid	10/1/2010 - 9/30/2011
	10/1/2011 - 9/30/2012
	10/1/2012 - 9/30/2013

Schedule 7.5

Third Party Approvals

- (1) The Federal Trade Commission must be given notice of the appointment of YNHHS as the sole member of L+M through the premerger notification program under the HSR Act, and the transaction may not close until the HSR-required waiting period has passed.
- (2) The appointment of YNHHS as the sole corporate member of L+M will require Certificate of Need approval from OHCA.
- (3) The merger of LMMG with and into NEMG will require notice to OHCA of LMMG Board approval of the merger and Certificate of Need approval from OHCA, and thirty (30) days prior to consummating the merger and closing the aforementioned transaction, notice must be filed with the Connecticut Attorney General.
- (4) The appointment of YNHHS as the ultimate corporate parent of LMW must be approved by both RIDOH and the Rhode Island Attorney General through a Hospital Conversion Act application. The change in control effected by the appointment of YNHHS as the ultimate parent of LMW must also be approved by the RIDOH Office of Health Systems Development through a Change in Effective Control application.
- (5) Notice of the Affiliation must be given to the Connecticut Attorney General at the same time that premerger notification under the HSR Act is given to the Federal Trade Commission. (7) Consent of Bank of America, N.A. to the consummation of the transactions contemplated by the Affiliation Agreement under Section 7(p), and confirmation of Bank of America, N.A. that the transactions contemplated by the Affiliation Agreement will not contravene Section 7(g), of that certain Continuing Covenants Agreement, dated as of October 13, 2013, by and among L+M and LMH on the one hand and Bank of America, N.A. on the other hand.
- (6) Consent of the Connecticut Health and Education Facilities Authority to the consummation of the transactions contemplated by the Affiliation Agreement under Section 6.11 of the Master Trust Indenture, dated as of February 1, 1990, by and among L+M and LMH on the one hand and the Master Trustee named therein on the other hand, as the same has been amended or supplemented from time to time in accordance with its terms.
- (7) Notification to TD Bank, National Association pursuant to Section 5.30 of that certain Letter of Credit and Reimbursement Agreement, dated as of November 5, 2013, by and among L+M and LMH on the one hand and TD Bank, National Association, on the other hand.

**YNHHC SCHEDULES
TO THE
AFFILIATION AGREEMENT**

by and between

YALE-NEW HAVEN HEALTH SERVICES CORPORATION

AND

LAWRENCE + MEMORIAL CORPORATION

July 17, 2015

203173113.7

DOHP0705

AGP0028A206

Introduction

Reference is made to the Affiliation Agreement (the "Affiliation Agreement"), entered into as of July 17, 2015, by and between Yale-New Haven Health Services Corporation ("YNHHSC") and Lawrence + Memorial Corporation ("L+M"). This document constitutes the Disclosure Schedule of YNHHSC pursuant to the Affiliation Agreement. Each of YNHHSC and L+M is referred to herein as a "Party" and collectively as the "Parties." All capitalized terms used, but not defined, herein shall have the meaning ascribed to such term in the Affiliation Agreement.

Section and sub-section numbers and letters used herein correspond to the section and sub-section numbers and letters in the Affiliation Agreement, unless otherwise noted, and any information disclosed in any section or sub-section herein shall be deemed to be disclosed to L+M for all purposes of the Affiliation Agreement so long as such disclosure's relevance to the applicable section(s) of the Affiliation Agreement is reasonably apparent on its face. The captions of each Schedule are included for convenience only and are not intended to limit the scope of such part, paragraph or section of the Disclosure Schedule as set forth in the Affiliation Agreement.

No disclosure made herein constitutes an admission of any liability or obligation of any YNHHSC Affiliate, an admission against any interest of any YNHHSC Affiliate or a concession as to any defense available to any YNHHSC Affiliate. Unless the Affiliation Agreement specifically provides otherwise, the disclosure of a specific item herein shall not be deemed to constitute an admission that such item is not in the ordinary course of business. To the extent that any representation or warranty contained in the Affiliation Agreement is limited or qualified by the materiality of the matters to which the representation or warranty is given, the inclusion of any matter in this Disclosure Schedule does not constitute an admission that such matters are material or will have a YNHHSC Material Adverse Effect. Certain information set forth herein is included solely for informational purposes and may not be required to be disclosed pursuant to the Affiliation Agreement.

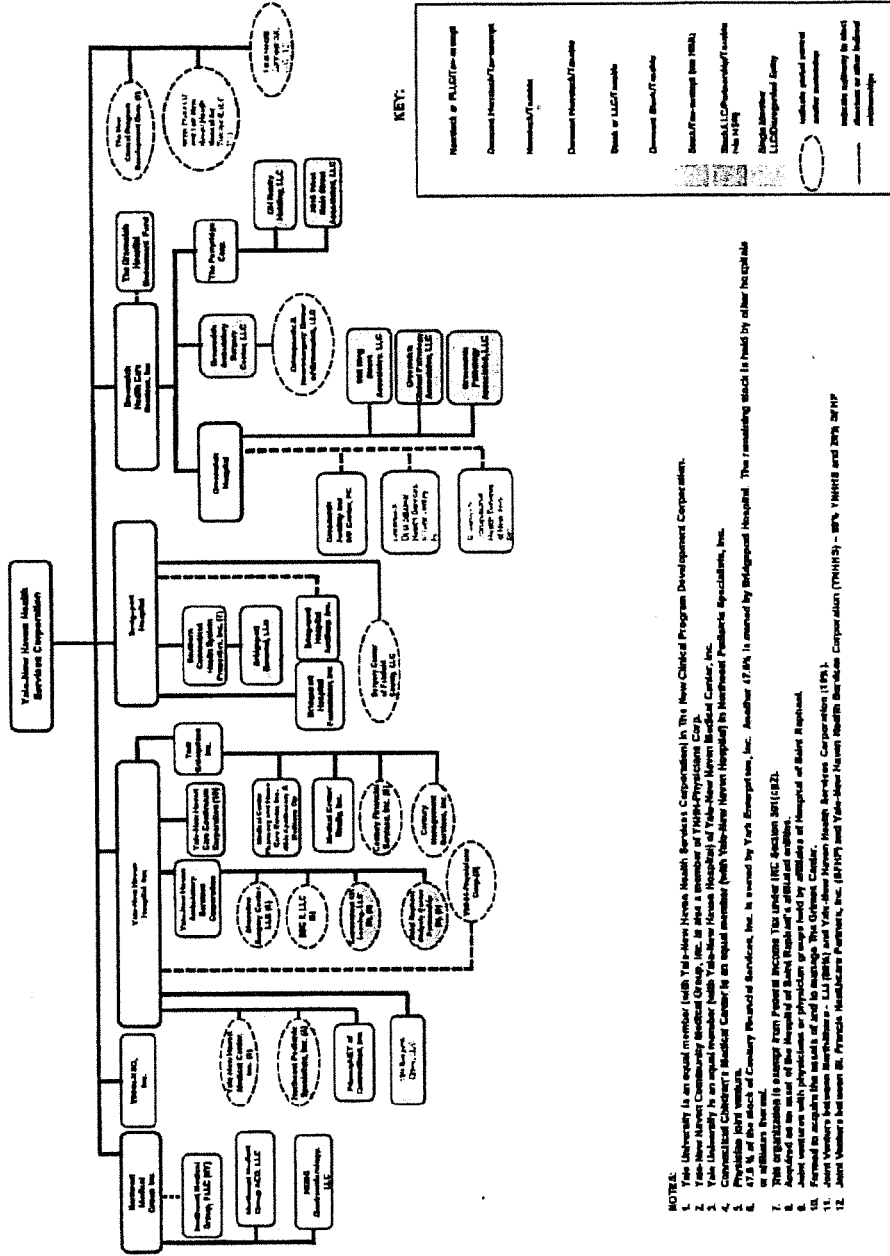
If there is any inconsistency between any provision or statement in the Affiliation Agreement and any provision or statement in the Disclosure Schedule (other than an exception in any section or subsection to a specific representation or warranty), then the provision or statement in the Affiliation Agreement shall control.

Schedule 4.1.1

YNHHSC Subsidiaries

Yale New Haven Health System

Last Updated 07/26/2015



- KEY:**
- Rectangle = FLOT/FCM-exempt
 - Oval = FLOT/FCM-reporting
 - Circle with slash = FLOT/FCM-reporting (not FCM)
 - Circle with dot = FCM-reporting
 - Circle with horizontal line = FCM-reporting (not FLOT)
 - Circle with vertical line = FCM-reporting (not FLOT)
 - Circle with diagonal line = FCM-reporting (not FLOT)
 - Circle with cross = FCM-reporting (not FLOT)
 - Circle with asterisk = FCM-reporting (not FLOT)
 - Circle with triangle = FCM-reporting (not FLOT)
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 - Circle with square-up-down = FCM-reporting (not FLOT)
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 - Circle with star-up-down-left-right = FCM-reporting (not FLOT)
 - Circle with circle-up-down-left-right = FCM-reporting (not FLOT)
- NOTES:**
1. Yale University is an equal member (with Yale-New Haven Health Services Corporation) in The New Clinical Program Development Corporation.
 2. Yale-New Haven Community Medical Group, Inc. is not a member of YNHH-Physician Corp.
 3. Yale University is an equal member (with Yale-New Haven Hospital) of Yale-New Haven Medical Center, Inc.
 4. Connecticut Children's Medical Center is an equal member (with Yale-New Haven Hospital) in Northeast Pediatric Specialists, Inc.
 5. Yale University is an equal member (with Yale-New Haven Hospital) in Yale-New Haven Hospital.
 6. 41% of the stock of Century Financial Services, Inc. is owned by York Emergency, Inc. Another 47.5% is owned by Bridgeport Hospital. The remaining stock is held by other hospitals or affiliates thereof.
 7. This organization is exempt from Federal income tax under IRC Section 501(c)(3).
 8. Accredited as an actor of the Hospital of Saint Raphael's affiliated entities.
 9. Accredited as an actor of the Hospital of Saint Raphael.
 10. Formed to acquire the assets of and to manage The Oxford Center.
 11. Joint Venture between Northshore - LI (NSH) and Yale-New Haven Health Services Corporation (YNHHSC) - 50% YNHHSC and 50% NSH.
 12. Joint Venture between St. Francis Healthcare Partners, Inc. (SFHP) and Yale-New Haven Health Services Corporation (YNHHSC) - 50% YNHHSC and 50% SFHP.

Schedule 4.8

Subsequent Events

In June 2015, the State of Connecticut passed a budget that included increases to the hospital tax and cuts to hospital funding that disproportionately impact YNHHS Affiliates. The net tax impact on all Yale New Haven Health System hospitals for FY 2016, taking into account the supplemental pool distributions hospitals receive to offset the cost of providing services to Medicaid and uninsured patients, is \$300,309,281 (the hospitals will pay \$556,267,268 in taxes, but get only \$241,119,999 back from the supplemental pool). Overall, the net tax burden on hospitals in the state in FY 2016 will be \$60,082,014 more than it was in FY 2015, which is tantamount to a cut in funding to hospitals by \$60 million. Yale New Haven Health System as a whole will shoulder 84.3% of that cut in funding (approximately \$51M).

In addition, Yale New Haven Health System appears to have been specifically targeted for property tax increases in the budget implementer bill. That legislation will subject to taxation certain property acquired by health systems on and after October 1, 2015, but only if the health system had, for the fiscal year ending September 30, 2013, net patient revenue from facilities located within the state of \$1.5 billion or more. Yale New Haven Health System and Hartford Health Care appear to be the only two health systems impacted

Schedule 4.10.2
Tax Deficiencies and Assessments

NONE

203173113.7

5

DOHP0709

AGP0028A210

Schedule 4.12

Intellectual Property

License rights of licensors of third party software and other licensed intellectual property.

Schedule 4.16.1

Collective Bargaining Matters

- **Collective Bargaining Agreement between Yale-New Haven Hospital and New England Health Care Employees Union, District 1199, SEIU, expiring December 31, 2018**
- **Collective Bargaining Agreement between Yale-New Haven Hospital Saint Raphael Campus and Teamsters Local Union 443, effective September 12, 2012 through September 12, 2015**
- **Collective Bargaining Agreement between Yale New Haven Care Continuum Corporation d/b/a Grimes Center and Teamsters Local Union 443, effective September 12, 2012 through September 12, 2015**
- **Representation election petition dated January 13, 2012 filed by International Union of Operating Engineers Local 30, AFL-CIO. Employer – Greenwich Hospital. Letter approving withdrawal request dated January 20, 2012.**

Schedule 4.16.2
Certain Labor-Related Claims

NONE

203173113.7

8

DOHP0712

Schedule 4.16.4

Violation of Certain Agreements

NONE

203173113.7

9

DOHP0713

Schedule 4.26
Deficiencies Asserted by Governmental Authorities

NONE

203173113.7

10

DOHP0714

Schedule 4.27

Consents and Approvals

1. The Federal Trade Commission must be given notice of the appointment of YNHHS as the sole member of L+M through the premerger notification program under the HSR Act, and the transaction may not close until the HSR-required waiting period has passed.
2. The appointment of YNHHS as the sole corporate member of L+M will require Certificate of Need approval from OHCA.
3. The merger of LMMG with and into NEMG will require notice to OHCA of LMMG Board approval of the merger and Certificate of Need approval from OHCA, and thirty (30) days prior to consummating the merger and closing the aforementioned transaction, notice must be filed with the Connecticut Attorney General.
4. The appointment of YNHHS as the ultimate corporate parent of LMW must be approved by both RIDOH and the Rhode Island Attorney General through a Hospital Conversion Act application. The change in control effected by the appointment of YNHHS as the ultimate parent of LMW must also be approved by the RIDOH Office of Health Systems Development through a Change in Effective Control application.
5. Notice of the Affiliation must be given to the Connecticut Attorney General at the same time that premerger notification under the HSR Act is given to the Federal Trade Commission.
6. A Transaction Test certificate is required to be delivered as a condition to the merger of LMMG with and into NEMG in satisfaction of the requirements of Section 408 of the YNHHS Master Trust Indenture; Section 6.27 of that certain Reimbursement Agreement by and between YNHHS and Bank of America, N.A., dated as of June 1, 2014; and each of the three International Swap Dealers Association, Inc. Master Agreements, each dated as of June 23, 2014, by and between YNHHS and the following counterparties respectively: (i) Barclays Bank PLC; (ii) JPMorgan Chase Bank, N.A. ("*JPMC*"); and (iii) Goldman Sachs Bank USA.
7. The written consent of Wells Fargo Bank, National Association ("*Wells Fargo*") is required to be obtained as a condition of the merger of LMMG with and into NEMG, pursuant to Section 7.6(b) of that certain Amended and Restated Letter of Credit and Reimbursement Agreement by and among Wells Fargo, Yale-New Haven Hospital, Inc. and YNHHS, dated as of June 23, 2014.
8. The written consent of JPMC is required to be obtained as a condition of the merger of LMMG with and into NEMG, pursuant to Section 15(d) of that certain Letter of Credit and Reimbursement Agreement by and between YNHHS and JPMC, dated as of June 1, 2014.
9. The 1999 Affiliation Agreement between Yale University and YNHHS, as amended

(the "1999 Affiliation Agreement") requires that if a health care provider becomes a member of Yale New Haven Health System, YNHSC must promptly notify the Yale School of Medicine ("YSM") and, if such new system member has medical education affiliation agreements with medical schools other than YSM, YNHSC must give notice of the expiration date and material program terms of such medical education affiliation agreements.

Schedule 6.5

YNHHSC Third Party Approvals

1. The Federal Trade Commission must be given notice of the appointment of YNHHSC as the sole member of L+M through the premerger notification program under the HSR Act, and the transaction may not close until the HSR-required waiting period has passed.
2. The appointment of YNHHSC as the sole corporate member of L+M will require Certificate of Need approval from OHCA.
3. The merger of LMMG with and into NEMG will require notice to OHCA of LMMG Board approval of the merger and Certificate of Need approval from OHCA, and thirty (30) days prior to consummating the merger and closing the aforementioned transaction, notice must be filed with the Connecticut Attorney General.
4. The appointment of YNHHSC as the ultimate corporate parent of LMW must be approved by both RIDOH and the Rhode Island Attorney General through a Hospital Conversion Act application. The change in control effected by the appointment of YNHHSC as the ultimate parent of LMW must also be approved by the RIDOH Office of Health Systems Development through a Change in Effective Control application.
5. Notice of the Affiliation must be given to the Connecticut Attorney General at the same time that premerger notification under the HSR Act is given to the Federal Trade Commission.
6. A Transaction Test certificate is required to be delivered as a condition to the merger of LMMG with and into NEMG in satisfaction of the requirements of Section 408 of the YNHHSC Master Trust Indenture; Section 6.27 of that certain Reimbursement Agreement by and between YNHHSC and Bank of America, N.A., dated as of June 1, 2014; and each of the three International Swap Dealers Association, Inc. Master Agreements, each dated as of June 23, 2014, by and between YNHHSC and the following counterparties respectively: (i) Barclays Bank PLC; (ii) JPMorgan Chase Bank, N.A. ("JPMC"); and (iii) Goldman Sachs Bank USA.
7. The written consent of Wells Fargo Bank, National Association ("*Wells Fargo*") is required to be obtained as a condition of the merger of LMMG with and into NEMG, pursuant to Section 7.6(b) of that certain Amended and Restated Letter of Credit and Reimbursement Agreement by and among Wells Fargo, Yale-New Haven Hospital, Inc. and YNHHSC, dated as of June 23, 2014.
8. The written consent of JPMC is required to be obtained as a condition of the merger of LMMG with and into NEMG, pursuant to Section 15(d) of that certain Letter of Credit and Reimbursement Agreement by and between YNHHSC and JPMC, dated as of June 1, 2014.
9. The 1999 Affiliation Agreement between Yale University and YNHHSC, as amended

(the "1999 Affiliation Agreement") requires that if a health care provider becomes a member of Yale New Haven Health System, YNHHS must promptly notify the Yale School of Medicine ("YSM") and, if such new system member has medical education affiliation agreements with medical schools other than YSM, YNHHS must give notice of the expiration date and material program terms of such medical education affiliation agreements.

Exhibit 2.1.1(A)

L+M Amended Certificate of Incorporation

DOHP0719

**Amended and Restated
Certificate of Incorporation**

of

Lawrence + Memorial Corporation

Section 1. The name of the corporation is Lawrence + Memorial Corporation (the "Corporation").

Section 2. The Corporation is organized and shall be operated exclusively for charitable, scientific and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as the same may be amended from time to time, and the corresponding provisions of any future United States Internal Revenue Law (the "Code"). The Corporation shall serve as the parent corporation of a network of health care affiliates in southeastern Connecticut and Rhode Island (the "L+M Network"), and the nature of the activities to be conducted, or the purposes to be promoted or carried out by the Corporation are as follows:

- (a) To benefit, perform the functions of, carry out the purposes of, and uphold, promote, develop and further the welfare, programs and activities of the entities affiliated with the L+M Network (the "L+M Entities"), including the following:
 - (i) initiating, developing, recommending and carrying out for the L+M Entities goals and priorities for new or expanded programs for the benefit of the L+M Network and the communities served by the L+M Network;
 - (ii) continuously reevaluating, maintaining and revising a master plan for the programs and facilities of the L+M Network;
 - (iii) considering and recommending the acquisition of properties or the construction of facilities by or for the use of the L+M Entities;
 - (iv) planning for the acquisition and placement of new facilities and equipment by or for the use of the L+M Entities; and
 - (v) performing public relations work on behalf of the L+M Network, and soliciting and receiving subscriptions and gifts for the exclusively charitable purposes of the L+M Entities.
- (b) To initiate, develop, operate and maintain, for the L+M Network and for other hospitals and health care facilities which are not part of the L+M Network, programs directed toward improving the efficiency of utilization of health care facilities and services in the States of Connecticut and Rhode Island, and in New

London County and surrounding areas in particular, and reducing the cost of health care to the public while maintaining a high quality of such care;

- (c) To initiate, develop, operate and maintain educational programs for health professionals and for the public, including programs of nursing education, continuing medical education, residency training and community health education;
- (d) To initiate, develop and maintain, in cooperation with the L+M Entities and with other hospitals and health care facilities, and operate directly or through one or more separate corporations, programs for the delivery of health care services to persons other than hospital patients;
- (e) To acquire, improve, hold and lease to the L+M Entities and to other hospitals and health care facilities any real or personal property useful to the accomplishment of the purposes of this Corporation, the L+M Entities or such other hospitals or health care facilities;
- (f) To receive and accept public and private gifts, trusts, donations, grants, loans and other sources of funding to promote the purposes of the Corporation;
- (g) Generally to do and perform such other acts and to exercise such other powers as may be authorized or permitted under the laws of the State of Connecticut to promote and attain the purposes set forth herein; and
- (h) To engage in any lawful act or activity for which a corporation may be organized under the Connecticut Revised Nonstock Corporation Act, as the same may be amended from time to time, and the corresponding provisions of any future Connecticut nonstock corporation law.

In furtherance of the foregoing, the Corporation shall (i) participate as an integral part of the integrated health care delivery system known as the Yale New Haven Health System (the "System"), which System provides, through its affiliates, comprehensive, cost effective, advanced patient care characterized by safety and clinical and service quality; and (ii) fund and promote activities and programs of the System, including activities and programs of its affiliates, consistent with and in furtherance of the Corporation's charitable purposes and the charitable purposes of all System affiliates.

Section 3. The Corporation is nonprofit and shall not have or issue shares of stock or pay dividends.

Section 4. The Corporation shall have but one member, Yale-New Haven Health Services Corporation, which shall have the rights, powers and privileges provided in the Bylaws

and by the State of Connecticut, including certain expressly reserved powers and retained rights described in the Bylaws.

Section 5. Subject to the rights, powers and privileges accorded to Yale-New Haven Health Services Corporation under the Bylaws and by the State of Connecticut, the Corporation shall be governed by its Board of Trustees. The Bylaws may provide that persons occupying certain positions within or without the Corporation shall be ex-officio trustees who may vote and be counted in determining a quorum. As may be further provided in the Bylaws of the Corporation, the terms of elected trustees may be staggered by dividing the trustees into groups so that approximately an equal number of such trustees have terms that expire each year.

Section 6. No part of the net earnings of the Corporation shall inure to the benefit of or be distributable to the Corporation's trustees, officers or other private persons, except that the Corporation, subject to the provisions of the Bylaws, shall be authorized and empowered to pay reasonable compensation for services rendered. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of (or in opposition to) any candidate for public office. Notwithstanding any other provision of this Certificate of Incorporation, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

Section 7. Upon any dissolution of the Corporation, all of its property and assets shall, after payment of the lawful debts of the Corporation and the expenses of its dissolution, be delivered, conveyed and paid over (subject to any restrictions imposed by any applicable will, deed, grant, conveyance, agreement, memorandum, writing or other governing document) to Yale-New Haven Health Services Corporation, as long as it is at that time an organization that qualifies as an exempt organization under Section 501(c)(3) of the Code, or, if at the time of the dissolution or termination of existence of the Corporation, Yale-New Haven Health Services Corporation is not in existence or does not qualify as an exempt organization under Section 501(c)(3) of the Code, to one or more charitable, scientific or education organizations located in the State of Connecticut and qualified as exempt organizations under Section 501(c)(3) of the Code, in such proportions and for such exclusively charitable, scientific or educational purposes as the Board of Trustees may determine.

Section 8. In addition to, and not in derogation of, any other rights conferred by law, a trustee shall not be personally liable for monetary damages for breach of duty as a trustee in an amount greater than the compensation received by such trustee for serving the Corporation during the year of such breach if such breach does not (A) involve a knowing and culpable violation of law by such trustee, (B) enable such trustee or an associate (as defined in Section 33-840 of the Connecticut General Statutes), to receive an improper personal economic gain, (C) show a lack of good faith and conscious disregard for the duty of such trustee to the Corporation

under circumstances in which such trustee was aware that his conduct or omission created an unjustifiable risk of serious injury to the Corporation, or (D) constitute a sustained and unexcused pattern of inattention that amounted to an abdication of such trustee's duty to the Corporation. Any lawful repeal or modification of this Section 8 or the adoption of any provision inconsistent herewith by the Board of Trustees or member of the Corporation shall not, with respect to a person who is or was a trustee, adversely affect any limitation of liability, right or protection of such person existing at or prior to the effective date of such repeal, modification or adoption of a provision inconsistent herewith. The limitation of liability of any person who is or was a trustee provided for in this Section 8 shall not be exclusive of any other limitation or elimination of liability contained in, or which may be provided to any person under, Connecticut law.

Section 9. The Corporation shall provide its trustees with the full amount of indemnification that the Corporation is permitted to provide pursuant to the Connecticut Revised Nonstock Corporation Act and shall advance expenses to trustees consistent with Section 33-1119 of the Connecticut General Statutes. In furtherance of the foregoing, the Corporation shall indemnify its trustees against liability as defined in Section 33-1116(4) of the Connecticut General Statutes to any person for any action taken, or any failure to take any action, as a trustee, except liability that (A) involves a knowing and culpable violation of law by such trustee, (B) enables such trustee or an associate (as defined in Section 33-840 of the Connecticut General Statutes), to receive an improper personal economic gain, (C) shows a lack of good faith and conscious disregard for the duty of such trustee to the Corporation under circumstances in which such trustee was aware that his conduct or omission created an unjustifiable risk of serious injury to the Corporation, or (D) constitutes a sustained and unexcused pattern of inattention that amounted to an abdication of such trustee's duty to the Corporation.

The Corporation may indemnify and advance expenses to each officer, employee or agent of the Corporation who is not a trustee, or who is a trustee but is made a party to a proceeding in his or her capacity solely as an officer, employee or agent, to the same extent as the Corporation is permitted to provide the same to a trustee, and may indemnify and advance expenses to such persons to the extent permitted by Section 33-1122 of the Connecticut General Statutes.

Notwithstanding any provision hereof to the contrary, the Corporation shall not indemnify any trustee, officer, employee or agent against any penalty excise taxes assessed against such person under Section 4958 of the Internal Revenue Code.

Section 10. The Bylaws of the Corporation may be amended or repealed, and new Bylaws may be adopted, only with the approval of the Board of Trustees and the member.

Exhibit 2.1.1(B)
I.+M Amended Bylaws

DOHP0724

LAWRENCE + MEMORIAL CORPORATION
AMENDED AND RESTATED BYLAWS

Amended and Restated as of _____, 201_

DOHP0725

AGP0028A226

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**LAWRENCE + MEMORIAL CORPORATION
AMENDED AND RESTATED BYLAWS**

ARTICLE I. NAME AND GENERAL PURPOSES

Section 1.1 Name. The name of the corporation is Lawrence + Memorial Corporation (the "Corporation").

Section 1.2 General Purposes. The purposes of the Corporation shall be as set forth in the Corporation's Certificate of Incorporation as in effect from time to time. These Bylaws, the powers of the Corporation, its member, trustees and officers, and all matters concerning the conduct and regulation of the affairs of the Corporation shall be subject to the Certificate of Incorporation.

ARTICLE II. MEMBERSHIP

Section 2.1 Member. The Corporation shall have a single member, Yale-New Haven Health Services Corporation (the "Member").

Section 2.2 Rights, Powers and Privileges. The Member shall have all the rights, powers and privileges usually or by law accorded to the member of a Connecticut nonstock, nonprofit corporation under the Connecticut Revised Nonstock Corporation Act as may be amended from time to time (the "Nonstock Act") and not conferred thereby or by the Certificate of Incorporation or these Bylaws upon the Board of Trustees of the Corporation (the "Board"), including the right to elect the members of the Board in accordance with these Bylaws.

Notwithstanding anything in these Bylaws to the contrary:

(a) Neither the Board, nor any officer or employee of the Corporation, may take any of the actions set forth in Exhibit A of these Bylaws, nor may the Board or any officer or employee of the Corporation approve the taking of any such action by an Affiliate (as hereafter defined), without the prior approval of the Member. For purposes hereof, an "Affiliate" of the Corporation shall mean, unless otherwise determined by the Member, any entity which at the time Affiliate status is being determined is directly or indirectly controlling or controlled by or under the direct or indirect common control with the Corporation. "Control" shall mean the legal power to (a) elect or cause the election of a majority of the governing body of the subject entity, or (b) direct or cause the direction of the subject entity's operations or management, whether the foregoing power(s) exist(s) through voting securities, other voting rights, reserved powers, contract rights, or other legally enforceable means.

(b) In addition to the approval rights reserved to the Member set forth in Exhibit A, the Member expressly retains the rights to take the actions set forth in Exhibit B on behalf of and in the name of the Corporation, directly and without the approval of the Board of this Corporation.

(c) The Board shall have the authority, from time to time, to delegate to the Member any rights, powers and privileges that would otherwise be exercised by the Board to the fullest extent permitted by applicable law.

Section 2.3 Liability and Reimbursement of Expenses. Unless the Member expressly agrees otherwise in writing, the Member shall not be liable for the debts or obligations of the Corporation. The Member may be reimbursed for expenses reasonably incurred on behalf of the Corporation.

ARTICLE III. BOARD OF TRUSTEES

Section 3.1 Powers and Duties. Subject to the powers retained by, conferred upon, or reserved to the Member by law or under these Bylaws, the Board shall have charge, control and management of the affairs, property and funds of the Corporation in the manner and subject to the limitations set forth in these Bylaws. Each Trustee shall discharge his or her duties in good faith with the care an ordinarily prudent person in like position would exercise under similar circumstances and in a manner he or she reasonably believes to be in the best interests of the Corporation.

Section 3.2 Composition. The Board shall consist of two classes of voting Trustees, the Elected Trustees and the Ex Officio Trustees (collectively, the "Trustees").

(a) **Elected Trustees.** Elected Trustees shall be the persons elected by the Member for terms as set forth in these Bylaws, following nomination and approval pursuant to Section 3.4 of this Article III. Elected Trustees will represent a cross section of major segments of the community served by the Corporation and shall be selected, on the basis of demonstrated skill and ability, for their potential contribution to the governance of the affairs of the Corporation.

(b) **Ex Officio Trustees.** In addition to the Elected Trustees, there shall be the following Ex Officio Trustees, each of whom shall serve automatically by virtue of and while holding the designated office:

- (i) the President/Chief Executive Officer of the Member (or his or her designee);
- (ii) the President of the Corporation;
- (iii) the Chair of the Board of Lawrence + Memorial Hospital, Inc. ("L+M Hospital");
- (iv) the Chair of the Board of LMW Healthcare, Inc., doing business as Westerly Hospital ("Westerly Hospital"); and
- (v) the Chair of the Board of Visiting Nurse Association of Southeastern Connecticut, Inc. ("VNASC").

Ex Officio Trustees shall be counted in determining the presence of a quorum and shall have the right to vote on all matters that come before the Board.

Section 3.3 Number. The Board shall consist of no fewer than eight (8) nor more than seventeen (17) Trustees, such number to be determined from time to time by the Member.

Section 3.4 Election of Trustees. At the annual meeting of the Member, the Member shall elect successors to the Elected Trustees whose terms are then expiring. The Member shall elect such successors from among the nominees presented by the Board; provided, however, that in the event the Member does not elect any such nominee, the Board shall present a different nominee to the Member for election; and provided further that in the event any such successor nominee is not elected by the Member within ninety (90) days following the original nomination, the Member may solicit alternative nominees or elect its own nominee. In all events, the Elected Trustees shall be individuals who meet the requirements set forth in Section 3.2(a) of this Article III.

Notwithstanding anything herein to the contrary, the Elected Trustees shall include:

(a) up to three (3) health care providers on the Medical Staffs of L+M Hospital and Westerly Hospital who shall be selected from a group of five (5) candidates proposed to the Nominating and Governance Committee by each of the respective Medical Staffs, provided that at least one (1) such Elected Trustee shall be on the Medical Staff of L+M Hospital and at least one (1) such Elected Trustee shall be on the Medical Staff of Westerly Hospital;

and (b) Up to six (6) community members from the L+M Hospital service area;

(c) Up to three (3) community members from the Westerly Hospital service area.

Section 3.5 Term and Term Limits. There shall be three (3) classes of Elected Trustees, with approximately one-third of the Elected Trustees in each class, and the terms of all Trustees in the same class shall expire at the adjournment of the same annual meeting of the Member at which Trustees are elected. Elected Trustees shall take office at the close of the meeting of the Member at which they were elected or at such later date as may be established by the Member and, subject to Section 3.6 of this Article III, shall hold office for a term of three (3) years and until a successor is duly elected and qualified.

Notwithstanding anything herein to the contrary:

(a) No person shall be elected a Trustee for a term beginning after the date of his or her seventy-sixth birthday, provided that an Elected Trustee who is seventy-six (76) years of age or older may be re-elected for another term if (i) the Trustee is also elected as an officer of the Corporation or appointed chair of a standing committee at the beginning of such term; or (ii) the Member determines that additional service is appropriate due to the Trustee's unique expertise and commitment to the Board. In the instance of re-election as a Trustee for an

additional term as provided in clause (i) of the foregoing sentence, Board membership shall be coterminous with said Trustee's service as an officer or committee chair.

(b) An Elected Trustee who has served three (3) consecutive full terms (provided that for the purposes of this Section 3.5 a term of service of more than one-half of a full term shall be considered a full term) shall not be eligible for re-election for a period of one year, provided that a Trustee may be re-elected for an additional consecutive term if (i) the Trustee is also elected as an officer of the Corporation or appointed chair of a standing committee at the beginning of such additional term; or (ii) the Member determines that additional service is appropriate due to the Trustee's unique expertise and commitment to the Board, which such determination shall be made only in limited circumstances and shall be made prior to each proposed re-election after the Trustee's completion of three (3) consecutive full terms. In the instance of re-election as a Trustee for an additional term as provided in clause (i) of the foregoing sentence, Board membership shall be coterminous with said Trustee's service as an officer or committee chair.

(c) The provisions of paragraphs (a) and (b) of this Section shall not apply to an Elected Trustee in the event such Trustee also serves as a trustee of Yale-New Haven Health Services Corporation at the time such person is elected to serve as an Elected Trustee for a term otherwise prohibited by such paragraphs (a) and (b). In the instance of re-election as a Trustee for an additional term as provided in this paragraph (c), Board membership shall be coterminous with said Trustee's service as a trustee of Yale-New Haven Health Services Corporation.

Section 3.6 Resignation. Any Elected Trustee may resign at any time by giving written notice of such resignation to the Secretary of this Corporation. Such resignation shall be effective at the time specified in the notice, or if no time is specified, upon receipt by the Secretary. The acceptance of such resignation shall not be necessary to make it effective. Any Ex Officio Trustee who for any reason ceases to hold the office or position from which his or her status as an Ex Officio Trustee derives shall automatically be deemed to have resigned as a Trustee of the Corporation and from any position held by virtue of such office with any Affiliate.

Section 3.7 Removal. One or more Elected Trustees may be removed from the Board with or without cause by action of the Member, which action may be taken upon its own initiative or upon the recommendation of the Board.

Section 3.8 Vacancies. In the event of the death, resignation or removal of an Elected Trustee, the vacancy resulting therefrom may be filled only by the Member and may be filled at any time in accordance with the process set forth in Section 3.4 of these Bylaws. An individual elected to fill a vacancy shall serve the remainder of the term of the Trustee replaced.

Section 3.9 Meetings.

(a) **Annual Meetings.** The annual meeting of the Board shall be held on such date and time as the Chair of the Board shall designate.

(b) **Regular Meetings.** Regular meetings of the Board shall be held at least quarterly or more frequently as needed on such dates and at such times and places as the Chair shall designate.

(c) **Special Meetings.** Special meetings of the Board may be called at any time by the Chair or President and shall be called upon the written request of any three (3) Trustees.

Section 3.10 Notice of Meetings. Notice of the date, time and place of any meeting of the Board shall be given to each Trustee and to the Member at least five (5) days in advance of the meeting, except that no notice need be given of a regular meeting held in accordance with a schedule established at the beginning of the fiscal year and provided to the Board in writing. Any notice of a meeting required under these Bylaws may be communicated to a Trustee in person, by mail or other delivery service, or by telephone, facsimile or other electronic means, including electronic mail directed to an electronic email address at which a Trustee has consented to receive notice. Notice to the Member shall be directed to the President/Chief Executive Officer of the Member and may be provided in person, by mail, or by telephone, facsimile or other electronic means, including electronic mail directed to an electronic mail address at which the President/Chief Executive Officer of the Member has consented to receive notice.

Section 3.11 Waiver of Notice. Notice of any meeting of the Board may be waived in writing by all the Trustees and, if any Trustee present at a meeting of the Board does not protest prior to or at the commencement of the meeting the lack of proper notice, he or she shall be deemed to have waived notice of such meeting.

Section 3.12 Action by Unanimous Written Consent. Any action required or permitted to be taken by the Board may be taken without a meeting if all the Trustees unanimously consent to such action in writing. Such written consent(s) shall be filed with the minutes of the Corporation and shall have the same force and effect as a vote of Trustees at a duly convened meeting. For purposes of this section, a Trustee may evidence his or her consent with any manual, facsimile, conformed or electronic signature, including an email communication from the Trustee to the Corporation from an email address provided by the Trustee to the Corporation.

Section 3.13 Participation by Conference Call. The members of the Board may participate in a meeting of the Board by means of conference telephone or similar communications equipment (including, without limitation, video conferencing equipment) affording all persons participating in the meeting the ability to hear one another, and such participation in the meeting by means of such equipment shall constitute presence in person at such meeting.

Section 3.14 Quorum and Voting. A majority of the number of Trustees in office at the time shall constitute a quorum for the transaction of business at all meetings of the Board, provided that if less than a majority of the Trustees is present at said meeting, a majority of the Trustees present may adjourn the meeting from time to time without further notice. The act of a majority of the Trustees present at a meeting at which a quorum is present at the time of the act shall be the act of the Board, unless the act of a greater number is required by these Bylaws, by the

Certificate of Incorporation or by law. Notwithstanding the foregoing, in the event that any Trustee has a conflict of interest with respect to any transaction to be undertaken by the Corporation, such transaction shall require the approval of the Board or the Member consistent with Article VII.

ARTICLE IV. OFFICERS

Section 4.1 Officers. The officers of the Corporation shall consist of a President, a Chair, one or more Vice Chairs, a Secretary, a Treasurer and such other officers as may be appointed from time to time consistent with Section 4.6. The Chair and any Vice Chair shall be selected from among members of the Board of Trustees. The offices of the President, the Chair and the Treasurer shall be held by different individuals.

Section 4.2 Election and Term of Office. The President shall be appointed in accordance with Section 4.3(a) of this Article IV. The Chair, Vice Chairs, Secretary and Treasurer shall be nominated in consultation with the Nominating and Governance Committee and elected annually by the Board for a term of one year and until their successors are duly elected and qualified. The Board may create and fill such other offices as it deems necessary consistent with Section 4.6.

Section 4.3 Powers. The officers shall have the powers and perform the duties commonly incident to their respective offices, including the powers and duties listed below.

(a) **President.** The President of the Corporation shall be appointed by the Member, following consultation with the Board. The appointed President shall serve at the pleasure of the Member.

The President shall be a person who in the judgment of the Member has the combination of education, experience, professional standards and demonstrated leadership ability to fulfill successfully the responsibilities of the position and to command the confidence and respect of the Board, the Medical Staffs of L+M Hospital and Westerly Hospital, Corporation personnel and the community.

The President shall be delegated the responsibility for overall management of the Corporation and shall have all authority necessary to carry out this responsibility, subject only to such policies as may be adopted by the Board. The President shall act as the duly authorized representative of the Board in all matters in which the Board has not formally delegated some other person to so act. The duties, responsibilities and authority of the President shall be defined in a written statement adopted by the Member in consultation with the Board.

The President shall be a voting member of all standing committees except as otherwise specified in these Bylaws. The President shall report to the President/Chief Executive Officer of the Member (or his or her designee) as well as to the Board.

(b) **Chair.** The Chair of the Board shall preside at meetings of the Board and shall be a voting member of all committees except the Nominating and Governance Committee.

The Chair shall perform such other duties as the Board may from time to time prescribe.

(c) **Vice Chair.** The Board shall designate one or more Vice Chairs, who shall exercise the powers and duties of the Chair during absence or disability. The Vice Chair(s) shall perform such other duties as the Board or the Chair may from time to time prescribe.

(d) **Secretary.** The Secretary shall have the custody of the records of the Corporation pertaining to the Secretary's office; shall keep minutes of the meetings of the Board, and shall cause notice of such meetings to be given as required by law or these Bylaws. The Secretary shall perform such other duties as the Board or the Chair may from time to time prescribe.

(e) **Treasurer.** The Treasurer of the Corporation shall be responsible for the safekeeping of all funds and securities of the Corporation, shall see that proper records showing all financial transactions of the Corporation are maintained, and shall present financial reports to the Board.

Section 4.4 **Resignation and Removal.**

(a) An officer of the Corporation may resign at any time by giving written notice of such resignation to the Secretary. Such resignation shall be effective at the time specified in the notice, or if no time is specified, upon receipt by the Secretary. The acceptance of such resignation shall not be necessary to make it effective.

(b) The Board may remove from office any officer with or without cause; provided, however, that the President of the Corporation may be removed from office by the Member following consultation with the Board. Removal of an officer shall be without prejudice to the officer's contract rights, if any.

Section 4.5 **Vacancies.** In the case of the death, resignation or removal of any officer, except the President, the vacancy may be filled by the Board of Trustees for the unexpired term. A vacancy in the office of President shall be filled in accordance with Section 4.3(a).

Section 4.6 **Other Officers.** The Corporation may have such other officer or officers, including assistant officers, as the Board may from time to time determine. Any such officer or assistant officer shall be appointed or elected in the manner and for the term determined by the Board, and the officer shall have the duties assigned by the Board.

ARTICLE V. COMMITTEES

Section 5.1 **Classification.** There shall be such standing committees as are provided for in this Article V and such other committees as shall be established by Board resolution from time to time. Standing committees shall have the powers and duties set forth in this Article V and in a charter approved by the Board. Other committees shall have the powers and duties set forth in the resolution establishing them and in a charter approved by the Board. Each committee shall periodically review its charter and revise it as necessary; provided, however, that no amendment shall become effective until approved by the Board.

Section 5.2 Appointment of Committee Members. Except as otherwise provided in these Bylaws, members and chairs of all standing committees shall be appointed by the Board on nomination of the Nominating and Governance Committee. All such committee members and chairs shall serve at the pleasure of the Board until the next annual meeting of the Board and until their successors shall be chosen. Unless otherwise provided, individuals who are not Trustees may be appointed to committees and each such person so appointed shall have a vote and be included for purposes of determining a quorum; provided, however, that if a committee is authorized to act on behalf of the Board, any such action must be approved by a majority of the committee members who are Trustees. Every committee of the Board shall include among its members a representative of the Member, who shall be appointed by the President/Chief Executive Officer of the Member and who shall have a vote and be included for purposes of determining a quorum.

Section 5.3 Committee Governance.

(a) **Quorum and Voting.** A majority of the committee members shall constitute a quorum at committee meetings except as otherwise provided in these Bylaws. The act of a majority of the committee members present at a meeting at which a quorum is present at the time of the act shall be the act of such committee, unless the act of a greater number is required by these Bylaws, by resolution of the Board or by law.

(b) **Meetings.** Except as otherwise provided in these Bylaws or by resolution of the Board, each committee shall establish its own rules and procedures and shall fix the time and place of its meetings. Each committee shall keep minutes of its meetings which shall be made available to the Board upon request.

Section 5.4 Standing Committees.

(a) **Executive Committee.** The Executive Committee shall consist of the President, the Chair, the Secretary, the Treasurer, a member of the Board selected by the Member, and any other member of the Board that the Board may choose to appoint. The Chair shall serve as the chair of the Executive Committee. The Executive Committee shall possess and may exercise in the intervals between meetings of the Board all such powers of the Board, except as may otherwise be provided by law, these Bylaws, or resolution of the Board.

(b) **Finance Committee.** The Finance Committee shall consist of at least three (3) Trustees, including the Treasurer, a member of the Board selected by the Member, and such other members as are necessary to properly perform the functions of the Finance Committee. The Finance Committee shall have such duties as are established by the Member and set forth in the Finance Committee charter. These duties shall include, but not be limited to, approval of local operating and capital budgets and examination and monitoring of other operating and capital budgets involving the Corporation.

(c) **Nominating and Governance Committee.** The Nominating and Governance Committee shall develop recommended criteria for membership on the Board and on committees of the Board. The Nominating and Governance Committee shall, after

consultation with the President, nominate candidates to be voted upon in electing officers and members of the Board and nominate for appointment by the Board the chairs and members of all standing committees. The Nominating and Governance Committee shall also periodically review of Board governance matters and recommend enhancements to strengthen the Board and ensure the comprehensiveness and efficiency of its governance process. The composition of the Nominating and Governance Committee shall be as set forth in its Charter and shall include a member of the Board selected by the Member.

(d) **Executive Compensation Committee.** The Executive Compensation Committee shall set compensation for executives of the Corporation (other than the President and any other officer whose compensation is set by the Member) who are in a position to exercise substantial influence over the affairs of the Corporation as determined by the Executive Compensation Committee. The Executive Compensation Committee shall obtain and rely upon appropriate comparability data, including from the Member, in making its compensation decisions, and shall ensure that such compensation decisions are in compliance with the laws relating to organizations described in Section 501(c)(3) of the Internal Revenue Code. The composition of the Executive Compensation Committee shall be as set forth in its Charter and shall include a member of the Board selected by the Member.

Section 5.6 Other Committees. The Board may establish and appoint from among the Trustees or others, such other committees with such powers and authority as the Board shall designate, except that no such committee may exercise the authority of the Board.

Section 5.7 Powers of Committees. No committee established by the Board shall have power to fill vacancies on the Board or on any of its committees, to amend the Certificate of Incorporation of the Corporation or these Bylaws, to approve a plan of merger, to approve a sale, lease, exchange or other disposition of all, or substantially all, of the property of the Corporation other than in the usual and regular course of affairs of the Corporation, to approve a proposal to dissolve, or to authorize any other action inconsistent with the Certificate of Incorporation or these Bylaws. The Executive Committee shall have authority to take actions consistent with these Bylaws; all other committees shall act in an advisory capacity only and shall have no power or authority to bind the Corporation, unless expressly authorized by the Board.

ARTICLE VI. INDEMNIFICATION

The Corporation shall indemnify and defend the Corporation's Trustees, officers and employees as set forth in the Certificate of Incorporation.

ARTICLE VII. CONFLICTS OF INTEREST

The Trustees and officers of the Corporation shall comply with any Conflicts of Interest policy adopted by the Corporation, as any such policy may be amended from time to time, and with the provisions of the Nonstock Act related to disclosure and approval of "Director's conflicting interest transactions" (as such term is defined in the Nonstock Act). Consistent with

the requirements of the Nonstock Act, any "Director's conflicting interest transaction" shall, when possible, be approved and authorized by either (i) the Member or (i) a majority of the disinterested Trustees voting on the transaction at a meeting at which a majority (but no fewer than two (2)) of all disinterested Trustees on the Board shall constitute a quorum, in each case following any required disclosure of the facts of the conflicting interest transaction.

ARTICLE VIII. MISCELLANEOUS PROVISIONS

Section 8.1 Fiscal Year. The fiscal year of the Corporation shall begin on the first day of October and end on the last day of September in each year unless the Board of Trustees shall otherwise determine.

Section 8.2 Execution of Deeds and Contracts. Except as otherwise directed by the Board, all deeds and mortgages made by the Corporation and all other written contracts, agreements and undertakings to which the Corporation shall be a party shall be executed in its name by the President or such other officers or officers as may be specified by the Board or authorized by the President.

Section 8.3 Execution of Negotiable Instruments. All checks, drafts, notes, bonds, bills of exchange and orders for the payment of money shall be signed by the President or such officer or officers of the Corporation as the Board may specify from time to time.

ARTICLE IX. AMENDMENTS

Subject to approval by the Member, these Bylaws may be amended, altered, or repealed at any meeting of the Board by a majority vote of the Trustees present and voting, a quorum being present. The general nature and purpose of such proposed amendment(s) shall be set forth in the notice of the meeting, and the actual language of the proposed amendments need not be included in the notice. No amendment, alteration or repeal shall take effect until it shall have been approved by the Member.

EXHIBIT A

Actions Requiring Approval of Both the Board and the Member

Notwithstanding anything in these Bylaws to the contrary and except as otherwise provided in Exhibit B relating to the direct authority retained by the Member, the following actions may only be taken with both the prior approval of the Board and the Member:

- A. Merger, consolidation, reorganization or dissolution of this Corporation or any Affiliate or the creation or acquisition of an interest in any corporate entity, including joint ventures;
- B. Amendment or restatement of the Mission, Certificate of Incorporation or the Bylaws of this Corporation or any Affiliate, or any new or revised "doing business as" name;
- C. Adoption of operating and cash flow budgets of the Corporation or any Affiliate, including consolidated or combined budgets of this Corporation and all subsidiary organizations of the Corporation (pursuant to the authority delegated to this Corporation by the Member to adopt such budgets within parameters established by the Member);
- D. Adoption of capital budgets and capital allocations of this Corporation or any Affiliate (pursuant to the authority delegated to this Corporation by the Member to adopt such budgets within parameters established by the Member);
- E. Incurring aggregate operating or capital expenditures on an annual basis that exceed operating or capital budgets of the Corporation adopted by the Member by a specified dollar amount to be determined from time to time by the Member;
- F. Long-term or material agreements including, but not limited to, equity financings, capitalized leases, operating leases and installment contracts; and purchase, sale, lease, disposition, hypothecation, exchange, gift, pledge or encumbrance of any asset, real or personal, with a fair market value in excess of a dollar amount to be determined from time to time by the Member, which shall not be less than 10% of the total annual capital budget of this Corporation;
- G. Approval of any new relationships or agreements for undergraduate or graduate medical education programs or any material amendments to or terminations of existing agreements for undergraduate or graduate medical education programs;
- H. Contracting with an unrelated third party for all or substantially all of the management of the assets or operations of this Corporation or any Affiliate;

- I. Approval of major new programs and clinical services of this Corporation or any Affiliate or discontinuation or consolidation of any such program. The Member shall from time to time define the term "major" in this context;
- J. Approval of strategic plans of this Corporation or any Affiliate, which will comport with the strategic planning processes and strategic plans established by the Member; and
- K. Adoption of safety and quality assurance policies not in conformity with policies established by the Member.

Nothing in these Bylaws shall be construed in a manner that is inconsistent with the authorities with respect to the Corporation that are reserved or retained by the Member pursuant to these Bylaws.

EXHIBIT B

Direct Authority Retained by the Member

Notwithstanding anything in these Bylaws to the contrary, the Member retains authority to take the following actions on behalf of and in the name of this Corporation, directly and without the approval of the Board of this Corporation:

- A. Adoption of targets for the annual operating and cash flow budgets of this Corporation and its Affiliates, including consolidated or combined budgets of this Corporation and all subsidiary organizations of the Corporation;
- B. Adoption of targets for the annual capital budgets and capital allocations of this Corporation and any Affiliate;
- C. Adoption of annual operating, cash flow and annual capital budgets for the Corporation and any Affiliate within the targets established by the Member in the event of any failure of the Corporation to do so;
- D. Issuance and incurrence of indebtedness on behalf of this Corporation;
- E. Management and control of the liquid assets of this Corporation, including the authority to cause such assets to be funded to the Member or as otherwise directed by the Member;
- F. Appointment of the independent auditor for this Corporation and each Affiliate and the management of the audit process and compliance process and procedures for this Corporation and each Affiliate; and
- G. Appointment of the President consistent with Section 4.3(a), which requires prior consultation with the Board.

Other Major Activities Requiring the Approval of the Member

- A. In addition, the Member shall have the authority, except as otherwise provided by the Member and after consultation with the Board of this Corporation, to require the prior review and approval of those activities of this Corporation or any subsidiary or affiliate entity that the Member determines to be "major activities."
- B. "Major activities" shall be those which the Member by a vote of not less than two-thirds (2/3) of its Board of Trustees has declared major, by written notice to this Corporation, delivered personally or transmitted by registered or certified mail return receipt requested. Such notice shall specifically identify the matter or matters requiring approval of the Member, and shall refer to this Bylaw provision granting such approval rights to the Member. Notices received pursuant to this

section shall be recorded in the minutes of this Corporation and shall be filed with the minutes of this Corporation.

Exhibit 2.1.3(A)
YNHHSC Amended Certificate of Incorporation

DOHP0742

AGP0028A243

**AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION**

YALE-NEW HAVEN HEALTH SERVICES CORPORATION

1. The name of the corporation is YALE-NEW HAVEN HEALTH SERVICES CORPORATION.

2. The nature of the activities to be conducted, or the purposes to be promoted or carried out by the corporation shall be exclusively charitable, scientific and educational within the meaning of Section 501(c)(3) of the Code (as defined in paragraph 8 hereof) and shall include the following:

A. To benefit and carry out the purposes of, to perform the functions of, and uphold, promote and further the welfare, programs and activities of an integrated health care delivery system known as the Yale New Haven Health System (the "System") and its affiliates, including Bridgeport Hospital, Greenwich Hospital, Yale-New Haven Hospital, Lawrence + Memorial Corporation, Northeast Medical Group, Inc. and such other organizations as may become affiliates of the System from time to time (collectively, the "YNHHS Members");

B. To engage directly in, and collaborate with, the YNHHS Members and Yale University and other hospitals and health care institutions and other organizations in, the initiation, development and maintenance of programs directed toward improving the efficiency and reducing the cost of health care services while maintaining a high quality of such care;

C. To collaborate with Yale University and with other colleges and schools in the initiation, development and maintenance of educational programs for health professionals and for the public, including programs of medical and nursing education, continuing education, graduate medical education and community health education;

D. to collaborate with the YNHHS Members, with Yale University and with other hospitals, health care institutions, colleges and schools in the initiation, development and maintenance of programs of scientific research related to the care of the sick and injured;

E. To initiate, develop, operate and maintain, directly and in collaboration with the YNHHS Members, and with other hospitals and health care institutions and organizations, programs for the delivery of health care services through one or more separate corporations;

F. To acquire, improve, hold and lease any real or personal property useful to the accomplishment of the purposes of this corporation;

G. To own and operate facilities, directly and in collaboration with the YNHHS Members, and with other hospitals and health care institutions and organizations, to achieve the purposes of the corporation;

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H. To receive and accept public and private gifts, trusts, donations, grants, loans and other sources of funding to promote the purposes of this corporation; and generally to do and perform such other acts and to exercise such other powers as may be authorized or permitted under the laws of the State of Connecticut to promote and attain the purposes set forth herein; and

I. To engage in any lawful act or activity for which a corporation may be organized under the Connecticut Revised Nonstock Act in furtherance of the foregoing.

3. The corporation is nonprofit and shall not have or issue shares of stock or pay dividends.

4. The corporation shall have no Members, and the corporation shall be operated under the management of a Board of Trustees.

5. The Board of Trustees shall be composed of two designations of trusteeships, Elected Trustees and Ex Officio Trustees, with the trustees to be elected as provided in the Bylaws. Ex Officio Trustees may be counted in determining a quorum and have the right to vote as shall be provided in the Bylaws. As may be further provided in the Bylaws, the terms of Elected Trustees may be staggered by dividing the Elected Trustees into groups so that approximately an equal number of such Trustees have terms that expire each year.

6. No part of the net earnings of the corporation shall inure to the benefit of or be distributable to the corporation's trustees, officers or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Paragraph 2 hereof. No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of (or in opposition to) any candidate for public office. Notwithstanding any other provision of this Certificate of Incorporation, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from Federal Income Tax under Section 501(c)(3) of the Code or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

7. Upon any dissolution or termination of the existence of the corporation, all of its property and assets shall, after payment of the lawful debts of the corporation and the expenses of its dissolution or termination, be delivered, conveyed and paid over (subject to any restrictions imposed by any applicable will, deed, grant, conveyance, agreement, memorandum, writing or other governing document) to Bridgeport Hospital, Greenwich Hospital, Yale-New Haven Hospital, Lawrence + Memorial Corporation, and Northeast Medical Group, Inc., provided they shall then qualify as exempt organizations under Section 501(c)(3) of the Code, in such proportions as the Board of Trustees may deem appropriate consistent with the relative financial and other contributions of each to the corporation, and to such other charitable, scientific or educational organizations qualified as exempt organizations under Section 501(c)(3) of the Code.

in such proportions and for such exclusively charitable, scientific or educational purposes as the Board of Trustees may determine.

8. References to sections of the Code shall be deemed references to the Internal Revenue Code of 1986, as the same may be amended from time to time, and to the corresponding provisions of any future United States Internal Revenue Law.

9. In addition to, and not in derogation of, any other rights conferred by law, a Trustee shall not be personally liable for monetary damages for breach of duty as a Trustee in an amount greater than the compensation received by the Trustee for serving the corporation during the year of the violation if such breach did not (1) involve a knowing and culpable violation of law by the Trustee, (2) enable the Trustee or an associate as defined in Section 33-840 of the Connecticut General Statutes, to receive an improper personal economic gain, (3) show a lack of good faith and conscious disregard for the duty of the Trustee to the corporation under circumstances in which the Trustee was aware that his conduct or omission created an unjustifiable risk of serious injury to the corporation, or (4) constitute a sustained and unexcused pattern of inattention that amounted to an abdication of the Trustee's duty to the corporation. Any lawful repeal or modification of this Section 9 or the adoption of any provision inconsistent herewith by the Board of Trustees of the corporation shall not, with respect to a person who is or was a Trustee, adversely affect any limitation of liability, right or protection of such person existing at or prior to the effective date of such repeal, modification or adoption of a provision inconsistent herewith. The limitation of liability of any person who is or was a Trustee provided for in this Section 9 shall not be exclusive of any other limitation or elimination of liability contained in, or which may be provided to any person under, Connecticut law.

Section 10. The corporation shall provide its Trustees with the full amount of indemnification that the corporation is permitted to provide pursuant to the Connecticut Revised Nonstock Corporation Act and shall advance expenses to Trustees consistent with Section 33-1119 of the Connecticut General Statutes. In furtherance of the foregoing, the corporation shall indemnify its Trustees against liability as defined in Section 33-1116(4) of the Connecticut General Statutes to any person for any action taken, or any failure to take any action, as a trustee, except liability that (1) involved a knowing and culpable violation of law by the Trustee, (2) enabled the Trustee or an associate to receive an improper personal economic gain, (3) showed a lack of good faith and a conscious disregard for the duty of the Trustee to the corporation under circumstances in which the Trustee was aware that his or her conduct or omission created an unjustifiable risk of serious injury to the corporation, or (4) constituted a sustained and unexcused pattern of inattention that amounted to an abdication of the Trustee's duty to the corporation.

The corporation may indemnify and advance expenses to each officer, employee or agent of the corporation who is not a Trustee, or who is a Trustee but is made a party to a proceeding in his or her capacity solely as an officer, employee or agent, to the same extent as the corporation is permitted to provide the same to a Trustee, and may indemnify and advance expenses to such persons to the extent permitted by Section 33-1122 of the Connecticut General Statutes.

Notwithstanding any provision hercof to the contrary, the Corporation shall not indemnify any trustee, officer, employee or agent against any penalty excise taxes assessed against such person under Section 4958 of the Internal Revenue Code.

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Exhibit 2.1.3(B)
YNHHSC Amended Bylaws

DOHP0747

**YALE-NEW HAVEN HEALTH SERVICES CORPORATION
AMENDED AND RESTATED BYLAWS**

Amended and Restated as of _____, 201__

July 17, 2015 Final Version

DOHP0748

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**YALE-NEW HAVEN HEALTH SERVICES CORPORATION
AMENDED AND RESTATED BYLAWS**

ARTICLE I. NAME AND GENERAL PURPOSES

Section 1.1 Name. The name of the corporation is Yale-New Haven Health Services Corporation (the "Corporation").

Section 1.2 General Purposes. The purposes of the Corporation shall be as set forth in the Corporation's Certificate of Incorporation as in effect from time to time. These Bylaws, the powers of the Corporation, its trustees and officers, and all matters concerning the conduct and regulation of the affairs of the Corporation shall be subject to the Certificate of Incorporation.

ARTICLE II. MEMBERSHIP

The Corporation shall have no members and shall be governed by a self-perpetuating Board of Trustees (the "Board") as set forth herein.

ARTICLE III. BOARD OF TRUSTEES

Section 3.1 Powers and Duties. The Board shall have charge, control and management of the affairs, property and funds of the Corporation. Each Trustee shall discharge his or her duties in good faith with the care an ordinarily prudent person in like position would exercise under similar circumstances, and in a manner he or she reasonably believes to be in the best interests of the Corporation.

Section 3.2 Composition. The Board shall consist of two classes of voting Trustees, the Elected Trustees and the Ex Officio Trustees (collectively, the "Trustees").

(a) **Elected Trustees.** Elected Trustees shall be the persons elected by the Board for terms as set forth in these Bylaws, following nomination and approval pursuant to Section 3.4 of this Article III. Elected Trustees will represent a cross section of major segments of the communities and geographics served by the Corporation and shall be selected, on the basis of demonstrated skill and ability, for their potential contribution to the governance of the affairs of the Corporation.

(b) **Ex Officio Trustees.** In addition to the Elected Trustees, there shall be the following Ex Officio Trustees, each of whom shall serve automatically by virtue of and while holding the designated office:

- (i) the President/Chief Executive Officer of the Corporation;
- (ii) the President of Yale University;
- (iii) the Chair of the Board of Trustees of Yale-New Haven Hospital,

Inc.;

- (iv) the Chair of the Board of Trustees of Bridgeport Hospital;
- (v) the Chair of the Board of Trustees of Greenwich Hospital.

Section 3.3 Number. The Board shall consist of up to twenty-one (21) Trustees, inclusive of Ex Officio Trustees.

Section 3.4 Election of Trustees. At the annual meeting of the Board, the Board shall elect successors to the Elected Trustees whose terms are then expiring. The Board shall elect such successors consistent with the following:

(a) Nine (9) of the Trustees, at least one of whom shall, when nominated, be a trustee of Yale-New Haven Hospital, Inc., shall be individuals nominated by the Chair of the Board of Trustees of Yale-New Haven Hospital, Inc.

(b) Three (3) of the Trustees, at least one of whom shall, when nominated, be a trustee of Yale-New Haven Hospital, Inc., shall be individuals nominated by the President of Yale University; provided that (x) no more than two (2) Trustees nominated and elected in accordance with this clause shall be employees of Yale University; and (y) if any Trustee nominated in accordance with this clause is an employee of Yale University, then such Trustee shall hold an officer position at Yale University throughout the term of such individual's service as a Trustee.

(c) All other Elected Trustees shall be elected from among the nominees presented by the Nominating and Governance Committee.

In all events, the Elected Trustees shall be individuals who meet the requirements set forth in Section 3.2(a) of this Article III.

Section 3.5 Term and Term Limits. There shall be three (3) classes of Elected Trustees, with approximately one-third of the Elected Trustees in each class, and the terms of all Trustees in the same class shall expire at the adjournment of the same annual meeting of the Board at which Trustees are elected. Elected Trustees shall take office at the close of the meeting of the Board at which they were elected or at such later date as may be established by the Board and, subject to Section 3.6 of this Article III, shall hold office for a term of three (3) years and until a successor is duly elected and qualified.

Notwithstanding anything herein to the contrary:

(a) No person shall be elected a Trustee for a term beginning after the date of his or her seventy-sixth birthday, provided that an Elected Trustee who is seventy-six (76) years of age or older may be re-elected for another term if:

(i) the Trustee is also elected as an officer of the Corporation or appointed chair of a standing committee at the beginning of such term; or

(ii) the Board determines that additional service is appropriate due to the Trustee's unique expertise and commitment to the Board.

In the instance of re-election as a Trustee for an additional term as provided in clause (i) above, Board membership shall be coterminous with said Trustee's service as an officer or committee chair.

(b) An Elected Trustee who has served three (3) consecutive full terms (provided that for the purposes of this Section 3.5 a term of service of more than one-half of a full term shall be considered a full term) shall not be eligible for re-election for a period of one year, provided, however, that a Trustee may be re-elected for one or more additional consecutive terms if:

(i) the Trustee is also elected as an officer of the Corporation or appointed chair of a standing committee at the beginning of such additional term; or

(ii) the Board determines that additional service is appropriate due to the Trustee's unique expertise and commitment to the Board, which such determination shall be made only in limited circumstances and shall be made prior to each proposed re-election after the Trustee's completion of three (3) consecutive full terms.

In the instance of re-election as a Trustee for an additional term as provided in clause (i) above, Board membership shall be coterminous with said Trustee's service as an officer or committee chair.

Section 3.6 Resignation. Any Elected Trustee may resign at any time by giving written notice of such resignation to the Secretary of this Corporation. Such resignation shall be effective at the time specified in the notice, or if no time is specified, upon receipt by the Secretary. The acceptance of such resignation shall not be necessary to make it effective. Any Ex Officio Trustee who for any reason ceases to hold the office or position from which his or her status as an Ex Officio Trustee derives shall automatically be deemed to have resigned as a Trustee of the Corporation and from any position held by virtue of such office with any Affiliate.

Section 3.7 Removal. One or more Elected Trustees may be removed from the Board with cause by action of the Board. Action to remove an Elected Trustee may be taken at any meeting of the Board, provided that the notice of the meeting at which such action will be voted on shall state that the purpose or one of the purposes, of the meeting is removal of the Trustee.

Section 3.8 Vacancies. In the event of the death, resignation or removal of an Elected Trustee, the vacancy resulting therefrom may be filled by the Board in accordance with Section 3.4 of these Bylaws. If the vacancy results from the death, resignation or removal of a Trustee elected on nomination of Yale-New Haven Hospital, Inc., Bridgeport Hospital, Greenwich Hospital or Yale University, the institution that nominated the Trustee who died, resigned or was removed shall submit a name of a replacement Trustee consistent with Section 3.4. In the event that the remaining Trustees on the Board do not constitute a quorum, a vacancy may be filled by the concurring vote of a majority of such remaining Trustees. An individual elected to fill a vacancy shall serve the remainder of the term of the Trustee replaced.

Section 3.9 Meetings.

(a) **Annual Meetings.** The annual meeting of the Board shall be held on such date and time as the Chair or the President/Chief Executive Officer shall designate.

(b) **Regular Meetings.** Regular meetings of the Board shall be held at least quarterly or more frequently as needed on such dates and at such times and places as the Chair or the President/Chief Executive Officer shall designate.

(c) **Special Meetings.** Special meetings of the Board may be called at any time by the Chair or the President/Chief Executive Officer and shall be called upon the written request of any three (3) Trustees.

Section 3.10 Notice of Meetings. Notice of the date, time and place of any meeting of the Board shall be given to each Trustee at least five (5) days in advance of the meeting, except that no notice need be given of a regular meeting held in accordance with a schedule established at the beginning of the fiscal year and provided to the Board in writing. Any notice of a meeting required under these Bylaws may be communicated to a Trustee in person, by mail or other delivery service, or by telephone, facsimile or other electronic means, including electronic mail directed to an electronic email address at which a Trustee has consented to receive notice.

Section 3.11 Waiver of Notice. Notice of any meeting of the Board may be waived in writing by all the Trustees and, if any Trustee present at a meeting of the Board does not protest prior to or at the commencement of the meeting the lack of proper notice, he or she shall be deemed to have waived notice of such meeting.

Section 3.12 Action by Unanimous Written Consent. Any action required or permitted to be taken by the Board may be taken without a meeting if all the Trustees unanimously consent to such action in writing. Such written consent(s) shall be filed with the minutes of the Corporation and shall have the same force and effect as a vote of Trustees at a duly convened meeting. For purposes of this section, a Trustee may evidence his or her consent with any manual, facsimile, conformed or electronic signature, including an email communication from the Trustee to the Corporation from an email address provided by the Trustee to the Corporation.

Section 3.13 Participation by Conference Call. The members of the Board may participate in a meeting of the Board by means of conference telephone or similar communications equipment (including, without limitation, video conferencing equipment) affording all persons participating in the meeting the ability to hear one another, and such participation in the meeting by means of such equipment shall constitute presence in person at such meeting.

Section 3.14 Quorum and Voting. A majority of the number of Trustees in office at the time shall constitute a quorum for the transaction of business at all meetings of the Board, provided that if less than a majority of the Trustees are present at said meeting, a majority of the Trustees present may adjourn the meeting from time to time without further notice. The act of a majority of the Trustees present at a meeting at which a quorum is present at the time of the act shall be the act of the Board, unless the act of a greater number is required by these Bylaws, by the

Certificate of Incorporation or by law. Notwithstanding the foregoing, in the event that any Trustee has a conflict of interest with respect to any transaction to be undertaken by the Corporation, such transaction shall require the approval of the Board consistent with Article VII.

ARTICLE IV. OFFICERS

Section 4.1 Officers. The officers of the Corporation shall consist of a President/Chief Executive Officer, a Chair, a Secretary, a Treasurer and such other officers as may be appointed from time to time consistent with Section 4.6. The Chair and any Vice Chair shall be members of the Board.

Section 4.2 Election and Term of Office. Employees of the Corporation who are designated as officers shall be appointed by the Board and shall hold office at the pleasure of the Board. Officers who are not paid employees of the Corporation shall be nominated by the Nominating and Governance Committee and elected annually by the Board for a term of one year and until their successors are duly elected and qualified. The Board may create and fill such other offices as it deems necessary consistent with Section 4.6.

Section 4.3 Powers. The officers shall have the powers and perform the duties commonly incident to their respective offices, including the powers and duties listed below.

(a) **President/Chief Executive Officer.** The President/Chief Executive Officer shall be the chief executive officer of the Corporation.

The President/Chief Executive Officer shall be a person who in the judgment of the Board has the combination of education, experience, professional standards and demonstrated leadership ability to fulfill successfully the responsibilities of the position and to command the confidence and respect of the Board, employees and the community.

The President/Chief Executive Officer shall be delegated the responsibility for overall management of the Corporation and shall have all authority necessary to carry out this responsibility, subject only to such policies as may be adopted by the Board. The President/Chief Executive Officer shall act as the duly authorized representative of the Board in all matters in which the Board has not formally delegated some other person to so act. The duties, responsibilities and authority of the President/Chief Executive Officer shall be defined in a written statement adopted by the Board.

The President/Chief Executive Officer shall be a voting member of all standing committees except as otherwise specified in these Bylaws. In the absence of the Chair and the Vice Chair, or if there be no Chair or Vice Chair, the President/Chief Executive Officer shall preside at all meetings of the Board.

The President/Chief Executive Officer shall serve, as long as he or she is appointed by the Board of Yale-New Haven Hospital, Inc., as the chief executive officer of Yale-New Haven Hospital, Inc.

(b) **Chair.** The Chair of the Board shall preside at meetings of the Board and shall perform such other duties as the Board may from time to time prescribe.

(c) **Vice Chair.** The Board shall designate one or more Vice Chairs, who shall exercise the powers and duties of the Chair during absence or disability. The Vice Chair(s) shall perform such other duties as the Board or the Chair may from time to time prescribe.

(d) **Secretary.** The Secretary shall have the custody of the records of the Corporation pertaining to the Secretary's office, shall keep minutes of the meetings of the Board, and shall cause notice of such meetings to be given as required by law or these Bylaws. The Secretary shall perform such other duties as the Board or the Chair may from time to time prescribe.

(e) **Treasurer.** The Treasurer of the Corporation shall be responsible for the safekeeping of all funds and securities of the Corporation, shall see that proper records showing all financial transactions of the Corporation are maintained, and shall present financial reports to the Board.

Section 4.4 **Resignation and Removal.**

(a) An officer of the Corporation may resign at any time by giving written notice of such resignation to the Secretary. Such resignation shall be effective at the time specified in the notice, or if no time is specified, upon receipt by the Secretary. The acceptance of such resignation shall not be necessary to make it effective.

(b) The Board may remove from office any officer with or without cause. Removal of an officer shall be without prejudice to the officer's contract rights, if any.

Section 4.5 **Vacancies.** In the case of the death, resignation or removal of any officer, the vacancy may be filled by the Board for the unexpired term.

Section 4.6 **Other Officers.** The Corporation may have such other officer or officers, including assistant officers, as the Board may from time to time determine. Any such officer or assistant officer shall be appointed or elected in the manner and for the term determined by the Board, and the officer shall have the duties assigned by the Board.

ARTICLE V. COMMITTEES

Section 5.1 **Classification.** There shall be such standing committees as are provided for in this Article V and such other committees as shall be established by Board resolution from time to time. Standing committees shall have the powers and duties set forth in this Article V and in a charter approved by the Board. Other committees shall have the powers and duties set forth in the resolution establishing them and in a charter approved by the Board. Each committee shall periodically review its charter and revise it as necessary; provided, however, that no amendment shall become effective until approved by the Board.

Section 5.2 **Appointment of Committee Members.** Except as otherwise provided in these Bylaws, members and chairs of all standing committees shall be appointed by the Board on nomination of the Nominating and Governance Committee. All such committee members

and chairs shall serve at the pleasure of the Board until the next annual meeting of the Board and until their successors shall be chosen. All committees shall have the power to choose their own secretaries. Unless otherwise provided, individuals who are not Trustees may be appointed to committees and each such person so appointed shall have a vote and be included for purposes of determining a quorum; provided, however, that if a committee is authorized to act on behalf of the Board, any such action must be approved by a majority of the committee members who are Trustees. Each committee shall be chaired by a member of the Board.

Section 5.3 Committee Governance.

(a) Quorum and Voting. A majority of the committee members shall constitute a quorum at committee meetings except as otherwise provided in these Bylaws. The act of a majority of the committee members present at a meeting at which a quorum is present at the time of the act shall be the act of such committee, unless the act of a greater number is required by these Bylaws, by resolution of the Board or by law.

(b) Meetings. Except as otherwise provided in these Bylaws or by resolution of the Board, each committee shall establish its own rules and procedures and shall fix the time and place of its meetings. Each committee shall keep minutes of its meetings which shall be made available to the Board upon request.

Section 5.4 Standing Committees.

(a) Finance Committee. The Finance Committee shall consist of such members as may be appointed by the Board on nomination of the Nominating and Governance Committee and shall include at least one (1) representative from each of the founding hospital members of the obligated group led by the Corporation. Notwithstanding anything herein to the contrary, (i) at least one member of the Finance Committee shall have financial expertise, as determined by the Board; and (ii) a majority of the members of the Finance Committee shall be Trustees. The Finance Committee shall have such duties as are established by the Board and set forth in the Finance Committee charter. These duties shall include, but not be limited to, fact-finding for the Board on matters relating to the financial administration of the Corporation and its affiliates, examination and analysis of financial reports of the Corporation and its affiliates, and preparation of annual operating and capital budgets for presentation to the Board that take into account the financial plans for the Corporation and its affiliates.

(b) Audit Committee. The Audit Committee shall consist of such members as may be appointed by the Board on nomination of the Nominating and Governance Committee. Notwithstanding anything herein to the contrary, (i) at least one member of the Audit Committee shall have financial expertise, as determined by the Board; (ii) a majority of the members of the Audit Committee shall be Trustees; and (iii) no member of the Audit Committee shall have any material business relationship (including but not limited to an employment relationship) with the Corporation or any of its affiliates. The Audit Committee shall have such duties as are established by the Board and set forth in the Audit Committee charter. These duties shall include, but not be limited to, monitoring the integrity of the financial statements of the Corporation and its affiliates; recommending to the Board an independent auditor for the Corporation and its affiliates; reviewing the outside auditor's independence, qualifications and

performance; meeting with the independent auditor from time to time to review financial results and controls of the Corporation and its affiliates; overseeing the effectiveness of internal controls of the Corporation and its affiliates.

(c) **Nominating and Governance Committee.** The Nominating and Governance Committee shall consist of not fewer than five (5) nor more than eight (8) members of whom the following shall be Ex Officio members: (i) the Chair of the Board of Yale-New Haven Hospital; (ii) the President of Yale University; (iii) the President/Chief Executive Officer of the Corporation; (iv) the Chair of the Board of Bridgeport Hospital; and (v) the Chair of the Board of Greenwich Hospital. Ex Officio members shall be counted in determining a quorum and shall have full voting rights. All other members shall be elected by the Board subject to the consent of the Chair of the Board of Yale-New Haven Hospital and at least one of such additional members shall be a member of the Board of Trustees of Yale-New Haven Hospital, Inc. The Nominating and Governance Committee shall nominate candidates to be voted upon in electing officers and members of the Board and nominate for appointment by the Board the chairs and members of all other standing committees. The Nominating and Governance Committee shall also review Board governance matters and recommend enhancements to strengthen the Board and ensure the comprehensiveness and efficiency of its governance process.

(d) **System Investment Committee.** The System Investment Committee shall consist of such members as may be appointed by the Board on nomination of the Nominating and Governance Committee and shall include one (1) representative from each of the founding hospital members of the obligated group led by the Corporation. At all times, a majority of the members of the System Investment Committee shall be Trustees. The System Investment Committee shall have such duties as are delegated to it by the Board. These duties include oversight of investment activities of the Corporation.

Section 5.6 Other Committees. The Board may establish and appoint from among the Trustees or others, such other committees with such powers and authority as the Board shall designate, except that no such committee may exercise the authority of the Board.

Section 5.7 Powers of Committees. No committee established by the Board shall have power to fill vacancies on the Board or on any of its committees, to amend the Certificate of Incorporation of the Corporation or these Bylaws, to approve a plan of merger, to approve a sale, lease, exchange or other disposition of all, or substantially all, of the property of the Corporation other than in the usual and regular course of affairs of the Corporation, to approve a proposal to dissolve, or to authorize any other action inconsistent with the Certificate of Incorporation or these Bylaws.

ARTICLE VI. INDEMNIFICATION

The Corporation shall indemnify and defend the Corporation's Trustees, officers and employees as set forth in the Certificate of Incorporation.

ARTICLE VII. CONFLICTS OF INTEREST

The Trustees and officers of the Corporation shall comply with any Conflicts of Interest policy adopted by the Corporation, as any such policy may be amended from time to time, and with the provisions of the Connecticut Revised Nonstock Corporation Act, as such act may be amended from time to time (the "Nonstock Act") related to disclosure and approval of "Director's conflicting interest transactions" (as such term is defined in the Nonstock Act). Consistent with the requirements of the Nonstock Act, any "Director's conflicting interest transaction" shall, when possible, be approved and authorized by majority of the disinterested Trustees voting on the transaction at a meeting at which a majority (but no fewer than two (2)) of all disinterested Trustees on the Board shall constitute a quorum, in each case following any required disclosure of the facts of the conflicting interest transaction.

ARTICLE VIII. MISCELLANEOUS PROVISIONS

Section 8.1 Fiscal Year. The fiscal year of the Corporation shall begin on the first day of October and end on the last day of September in each year unless the Board of Trustees shall otherwise determine.

Section 8.2 Execution of Deeds and Contracts. Except as otherwise directed by the Board, all deeds and mortgages made by the Corporation and all other written contracts, agreements and undertakings to which the Corporation shall be a party shall be executed in its name by the President/Chief Executive Officer or such other officers or officers as may be specified by the Board or authorized by the President/Chief Executive Officer.

Section 8.3 Execution of Negotiable Instruments. All checks, drafts, notes, bonds, bills of exchange and orders for the payment of money shall be signed by the President/Chief Executive Officer or such officer or officers of the Corporation as the Board may specify from time to time.

Section 8.4 Related Corporations. The Corporation is nonprofit and shall not engage directly in activities for profit. It may, however, from time to time organize and control, through stock ownership or otherwise, one or more corporations organized and operated for profit. In considering the appropriateness of organizing or controlling corporations organized and operated for profit, the Corporation shall give principal consideration to corporations engaged in activities which relate to health care or which directly or indirectly support, advance or contribute to the purposes and objectives of the Corporation and its affiliates that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, as the same may be amended from time to time. The Board shall establish guidelines, consistent with the provisions of this Section, for consideration of activities which might suitably be developed through for profit corporations controlled by the Corporation.

ARTICLE IX. AMENDMENTS

These Bylaws may be amended, altered, or repealed at any meeting of the Board by a two-thirds vote of the Trustees present and voting, a quorum being present, provided that the general nature and

purpose of such proposed amendment(s) shall be set forth in the notice of the meeting, and the actual language of the proposed amendments need not be included in the notice.

Notwithstanding anything herein to the contrary:

(i) any amendment to reduce or alter the number, conditions of office, or terms of Trustees who either (x) are required to be trustees of Yale-New Haven Hospital, Inc. or (y) are nominated for election by the Chair of the Board of Yale-New Haven Hospital, Inc., shall be subject to approval by at least a majority of the following Trustees: the Chair of the Board of Yale-New Haven Hospital, Inc. and all Trustees nominated by the Chair of the Board of Yale-New Haven Hospital, Inc.

(ii) any amendment to reduce or alter (x) the number, conditions of office, or terms of Trustees who serve Ex Officio by virtue of his or her position with Bridgeport Hospital or Greenwich Hospital or (y) the rights of Bridgeport Hospital or Greenwich Hospital to have a representative on certain enumerated committees of the Board, shall be subject to approval by a two-thirds vote of the Trustees present and voting, a quorum being present, and to approval by the Ex Officio Trustee representing the affected hospital(s).

(iii) any amendment, alteration or repeal of these Bylaws shall be consistent with the Affiliation Agreement between the Corporation and Yale University dated June 25, 1999 and any amendments thereto.

Exhibit 2.1.4(A)

LMMG-NEMG Agreement and Plan of Merger

DOHP0760

AGP0028A261

AGREEMENT AND PLAN OF MERGER

of

L&M PHYSICIAN ASSOCIATION, INC.
a Connecticut medical foundation

with and into

NORTHEAST MEDICAL GROUP, INC.,
a Connecticut medical foundation

ARTICLE I
PARTIES

The parties to the merger (the "Merger") are L&M Physician Association, Inc., a Connecticut medical foundation (the "Merging Corporation"), and Northeast Medical Group, Inc., a Connecticut medical foundation (the "Surviving Corporation") and, together with the Merging Corporation, the "Constituent Corporations"). The Merging Corporation shall merge with and into the Surviving Corporation in accordance with the Connecticut Medical Foundations Law and the Connecticut Revised Nonstock Corporation Act (together, the "Act").

ARTICLE II
SURVIVING CORPORATION, NAME

Northeast Medical Group, Inc. shall be the surviving corporation of the Merger. The Constituent Corporations shall cause an appropriate Certificate of Merger (the "Certificate of Merger") reflecting the Merger to be filed with the Secretary of the State of the State of Connecticut. Upon the Effective Time (as defined below) of the Merger, the name of the Surviving Corporation shall continue to be Northeast Medical Group, Inc.

ARTICLE III
EFFECTIVE TIME AND DATE

The Constituent Corporations shall do all acts and things as shall be necessary or desirable to effect the Merger. The effective time and date of the Merger provided for herein shall be the time and date on which the Certificate of Merger is filed with the Secretary of the State of the State of Connecticut (the "Effective Time").

July 17, 2015 Final Version

DOHP0761

AGP0028A262

ARTICLE IV
PURPOSES OF THE PLAN OF MERGER

(a) L&M Physician Association, Inc. is a corporation without capital stock organized and existing under the Act. Northeast Medical Group, Inc. is a corporation without capital stock organized and existing under the Act.

(b) This Agreement and Plan of Merger (the "Plan") is intended to accomplish the merger of L&M Physician Association, Inc. with and into Northeast Medical Group, Inc., with Northeast Medical Group, Inc. as the surviving corporation, in the manner stated in this Plan and in accordance with the provisions of the Act.

ARTICLE V
MEMBERSHIP, CERTIFICATE OF INCORPORATION, BYLAWS, OFFICERS AND TRUSTEES

At the Effective Time, the following shall happen automatically and immediately, without the need for any other action by the board of directors of the Merging Corporation, the board of trustees of the Surviving Corporation, or the respective members of either of the Constituent Corporations, and without any filing other than the filing of the Certificate of Merger:

(a) As of the Effective Time, the separate existence of the Merging Corporation shall cease, and the membership of the Merging Corporation shall not convert into membership of the Surviving Corporation.

(b) The Certificate of Incorporation and the Bylaws of Northeast Medical Group, Inc. shall each be amended and restated at the Effective Time as a result of the Merger. The Amended and Restated Certificate of Incorporation and the Amended and Restated Bylaws of the Surviving Corporation, are set forth as Exhibit A and Exhibit B, respectively, to this Plan, and shall be effective from and after the Effective Time, until further amended pursuant to the Act and in the manner prescribed therein.

(c) The officers and trustees of Northeast Medical Group, Inc. in office immediately prior to the Effective Time shall be the officers and trustees of the Surviving Corporation until such time as they may be changed in accordance with the Bylaws of the Surviving Corporation and other applicable law.

ARTICLE VI
EFFECT OF MERGER

Upon the Effective Time of the Merger, the separate existence of L&M Physician Association, Inc. shall cease. The effect of the Merger shall be as set forth in §33-1158 of the Act.

ARTICLE VII
OTHER TERMS AND CONDITIONS

If, at any time after the Effective Time, the Surviving Corporation or its successor or assigns determines that any documentation, action or other things are necessary or desirable to further carry out the purposes of this Plan or to vest the Surviving Corporation with all right, title and interest in to and under all of the assets, properties, rights, claims, privileges, immunities, powers, franchises and authority of each of the Constituent Corporations, the officers and directors of the Surviving Corporation shall be authorized to execute and deliver, in the name of and on behalf of any Constituent Corporation or otherwise, all such documentation, and to take and do, in the name and on behalf of any Constituent Corporation or otherwise, all such other actions and things.

END OF PLAN OF MERGER

[Signature page follows.]

IN WITNESS WHEREOF, each of the Constituent Entities has caused this Agreement and Plan of Merger to be executed on its behalf by its duly authorized officers on this ____ day of _____.

L&M PHYSICIAN ASSOCIATION, INC.

By: _____
Name: Christopher M. Lehrach, M.D.
Title: President

NORTHEAST MEDICAL GROUP, INC.

By: _____
Name: Amit Rastogi, M.D.
Title: Interim President

EXHIBIT A
to
AGREEMENT AND PLAN OF MERGER

Amended and Restated Certificate of Incorporation
of
Northeast Medical Group, Inc.

July 17, 2015 Final Version

DOHP0765

AGP0028A266

EXHIBIT B
to
AGREEMENT AND PLAN OF MERGER

Amended and Restated Bylaws
of
Northeast Medical Group, Inc.

July 17, 2015 Final Version

DOHP0766

AGP0028A267

Exhibit 2.1.4(B)
Amended and Restated Bylaws of NEMG

DOHP0767

AGP0028A268

**NORTHEAST MEDICAL GROUP, INC.
AMENDED AND RESTATED BYLAWS**

Amended and Restated as of _____, 201__

July 17, 2015 Final Version

DOHP0768

AGP0028A269

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July 17, 2015 Final Version

**NORTHEAST MEDICAL GROUP, INC.
AMENDED AND RESTATED BYLAWS**

ARTICLE I. NAME AND GENERAL PURPOSES

Section 1.1 Name. The name of the corporation is Northeast Medical Group, Inc. (the "Corporation").

Section 1.2 General Purposes. The purposes of the Corporation shall be as set forth in the Corporation's Certificate of Incorporation as in effect from time to time. These Bylaws, the powers of the Corporation, its member, trustees and officers, and all matters concerning the conduct and regulation of the affairs of the Corporation shall be subject to the Certificate of Incorporation.

ARTICLE II. MEMBERSHIP

Section 2.1 Member. The Corporation shall have a single member, Yale-New Haven Health Services Corporation (the "Member"), a "Health System" as defined in Section 33-182aa of the Connecticut General Statutes.

Section 2.2 Rights, Powers and Privileges. The Member shall have all the rights, powers and privileges usually or by law accorded to the member of a medical foundation under the Chapter 594b of the Connecticut General Statutes (as it may be amended from time to time, the "Foundation Act") and of a Connecticut nonstock, nonprofit corporation under the Connecticut Revised Nonstock Corporation Act (as it may be amended from time to time, the "Nonstock Act") and not conferred thereby or by the Certificate of Incorporation or these Bylaws upon the Board of Trustees of the Corporation (the "Board"), including the right to elect the members of the Board in accordance with these Bylaws.

Notwithstanding anything in these Bylaws to the contrary:

(a) Neither the Board, nor any officer or employee of the Corporation, may take any of the actions set forth in Exhibit A of these Bylaws, nor may the Board or any officer or employee of the Corporation approve the taking of any such action by an Affiliate (as hereafter defined), without the prior approval of the Member. For purposes hereof, an "Affiliate" of the Corporation shall mean, unless otherwise determined by the Member, any entity which at the time Affiliate status is being determined is directly or indirectly controlling or controlled by or under the direct or indirect common control with the Corporation. "Control" shall mean the legal power to (a) elect or cause the election of a majority of the governing body of the subject entity, or (b) direct or cause the direction of the subject entity's operations or management, whether the foregoing power(s) exist(s) through voting securities, other voting rights, reserved powers, contract rights, or other legally enforceable means.

(b) In addition to the approval rights reserved to the Member set forth in Exhibit A, the Member expressly retains the rights to take the actions set forth in Exhibit B on

behalf of and in the name of the Corporation, directly and without the approval of the Board of this Corporation.

(c) The Board shall have the authority, from time to time, to delegate to the Member any rights, powers and privileges that would otherwise be exercised by the Board to the fullest extent permitted by applicable law.

Section 2.3 Liability and Reimbursement of Expenses. Unless the Member expressly agrees otherwise in writing, the Member shall not be liable for the debts or obligations of the Corporation. The Member may be reimbursed for expenses reasonably incurred on behalf of the Corporation.

ARTICLE III. BOARD OF TRUSTEES

Section 3.1 Powers and Duties. Subject to the powers retained by, conferred upon, or reserved to the Member by law or under these Bylaws, the Board shall have charge, control and management of the affairs, property and funds of the Corporation in the manner and subject to the limitations set forth in these Bylaws. Each Trustee shall discharge his or her duties in good faith with the care an ordinarily prudent person in like position would exercise under similar circumstances, and in a manner he or she reasonably believes to be in the best interests of the Corporation.

Section 3.2 Composition. The Board shall consist of two classes of voting Trustees, the Elected Trustees and the Ex Officio Trustees (collectively, the "Trustees").

(a) **Elected Trustees.** Elected Trustees shall be the persons elected by the Member for terms as set forth in these Bylaws, following nomination and approval pursuant to Section 3.4 of this Article III. Elected Trustees will represent a cross section of major segments of the community served by the Corporation and shall be selected, on the basis of demonstrated skill and ability, for their potential contribution to the governance of the affairs of the Corporation.

(b) **Ex Officio Trustees.** In addition to the Elected Trustees, there shall be the following Ex Officio Trustees, each of whom shall serve automatically by virtue of and while holding the designated office:

- (i) the President of the Corporation; and
- (ii) the President of each Affiliated Delivery Network, or his or her designee.

For purposes hereof, "Affiliated Delivery Network" shall mean Bridgeport Hospital, Greenwich Hospital, Lawrence + Memorial Corporation, Yale-New Haven Hospital and such other providers that may affiliate with the Yale New Haven System in the future, as designated by the Member.

Section 3.3 Number. The Board shall consist of no fewer than thirteen (13) nor more

than twenty-four (24) Trustees, inclusive of Ex Officio Trustees. The number of Trustees within the range set forth in the preceding sentence shall be determined from time to time by the Member.

Section 3.4 Election of Trustees. At the annual meeting of the Member, the Member shall elect successors to the Elected Trustees whose terms are then expiring. The Member shall elect such successors consistent with the following Board composition:

(a) two (2) representatives of senior management of the Member (each, a "YNHHSC Board Member");

(b) one (1) representative from each Affiliated Delivery Network other than Lawrence + Memorial Corporation (in addition to the President, or his or her designee, who shall serve Ex Officio as set forth in Section 3.2(b));

(c) two (2) physicians employed by the Corporation, each of whom is a member in good standing on the medical staff of Lawrence + Memorial Hospital or Westerly Hospital;

(d) up to eight (8) individuals, each of whom is either (1) nominated by a majority vote of the Board and approved by the Member; or (2) self-nominated and appointed by the Member; provided, however, that each such individual, whether nominated by a majority vote of the Board or self-nominated, shall be a Provider (as defined in the Foundation Act) employed or engaged by the Corporation and a member in good standing on the medical staff of one or more Affiliated Delivery Network;

(e) two (2) representatives of Yale School of Medicine;

(f) such other individuals nominated Yale School of Medicine and approved by the Member; provided, however, that each such other individual shall be a Provider employed or engaged by the Corporation and a member in good standing on the medical staff of one or more Affiliated Deliver Network.

Notwithstanding anything herein to the contrary: (x) in accordance with the Foundation Act, the number of Trustees on the Board who are Providers shall equal or exceed the number of Trustees on the Board who are nonprovider employees of the Member; and (y) the number of Trustees appointed to the Board as representatives of, or on the nomination of, Yale School of Medicine shall constitute twenty-five percent (25%) of the total number of Trustees on the Board.

Section 3.5 Term and Term Limits. There shall be three (3) classes of Elected Trustees, with approximately one-third of the Elected Trustees in each class, and the terms of all Trustees in the same class shall expire at the adjournment of the same annual meeting of the Member at which Trustees are elected. Elected Trustees shall take office at the close of the meeting of the Member at which they were elected or at such later date as may be established by the Member and, subject to Section 3.6 of this Article III, shall hold office for a term of three (3) years and until a successor is duly elected and qualified.

Notwithstanding anything herein to the contrary:

(a) No person shall be elected a Trustee for a term beginning after the date of his or her seventy-sixth birthday, provided that an Elected Trustee who is seventy-six (76) years of age or older may be re-elected for another term if (i) the Trustee is also elected as an officer of the Corporation or appointed chair of a standing committee at the beginning of such term; or (ii) the Member determines that additional service is appropriate due to the Trustee's unique expertise and commitment to the Board. In the instance of re-election as a Trustee for an additional term as provided in clause (i) of the foregoing sentence, Board membership shall be coterminous with said Trustee's service as an officer or committee chair.

(b) An Elected Trustee who has served three (3) consecutive full terms (provided that for the purposes of this Section 3.5 a term of service of more than one-half of a full term shall be considered a full term) shall not be eligible for re-election for a period of one year, provided that a Trustee may be re-elected for an additional consecutive term if (i) the Trustee is also elected as an officer of the Corporation or appointed chair of a standing committee at the beginning of such additional term; or (ii) the Member determines that additional service is appropriate due to the Trustee's unique expertise and commitment to the Board, which such determination shall be made only in limited circumstances and shall be made prior to each proposed re-election after the Trustee's completion of three (3) consecutive full terms. In the instance of re-election as a Trustee for an additional term as provided in clause (i) of the foregoing sentence, Board membership shall be coterminous with said Trustee's service as an officer or committee chair.

(c) The provisions of paragraphs (a) and (b) of this Section shall not apply to an Elected Trustee in the event such Trustee also serves as a trustee of Yale-New Haven Health Services Corporation at the time such person is elected to serve as an Elected Trustee for a term otherwise prohibited by such paragraphs (a) and (b). In the instance of re-election as a Trustee for an additional term as provided in this paragraph (c), Board membership shall be coterminous with said Trustee's service as a trustee of Yale-New Haven Health Services Corporation.

Section 3.6 Resignation. Any Elected Trustee may resign at any time by giving written notice of such resignation to the Secretary of this Corporation. Such resignation shall be effective at the time specified in the notice, or if no time is specified, upon receipt by the Secretary. The acceptance of such resignation shall not be necessary to make it effective. Any Ex Officio Trustee who for any reason ceases to hold the office or position from which his or her status as an Ex Officio Trustee derives shall automatically be deemed to have resigned as a Trustee of the Corporation and from any position held by virtue of such office with any Affiliate.

Section 3.7 Removal. One or more Elected Trustees may be removed from the Board with cause by action of the Member, which action may be taken upon its own initiative or upon the recommendation of the Board.

Section 3.8 Vacancies. In the event of the death, resignation or removal of an Elected Trustee, the vacancy resulting therefrom may be filled only by the Member in accordance with Section 3.4 of these Bylaws. An individual elected to fill a vacancy shall serve the remainder of the term of the Trustee replaced.

Section 3.9 Meetings.

(a) **Annual Meetings.** The annual meeting of the Board shall be held on such date and time as the Board or the President shall designate.

(b) **Regular Meetings.** Regular meetings of the Board shall be held on such dates and at such times and places as the Board or President shall designate.

(c) **Special Meetings.** Special meetings of the Board may be called at any time by the President and shall be called by the President upon the written request of the Member or any Trustee.

Section 3.10 Notice of Meetings. Notice of the date, time and place of any meeting of the Board shall be given to each Trustee and to the Member at least five (5) days in advance of the meeting, except that no notice need be given of a regular meeting held in accordance with a schedule established at the beginning of the fiscal year and provided to the Board and the Member in writing. Any notice of a meeting required under these Bylaws may be communicated to a Trustee in person, by mail or other delivery service, or by telephone, facsimile or other electronic means, including electronic mail directed to an electronic email address at which a Trustee has consented to receive notice. Notice to the Member shall be directed to the President/Chief Executive Officer of the Member and may be provided in person, by mail, or by telephone, facsimile or other electronic means, including electronic mail directed to an electronic mail address at which the President/Chief Executive Officer of the Member has consented to receive notice.

Section 3.11 Waiver of Notice. Notice of any meeting of the Board may be waived in writing by all the Trustees and, if any Trustee present at a meeting of the Board does not protest prior to or at the commencement of the meeting the lack of proper notice, he or she shall be deemed to have waived notice of such meeting.

Section 3.12 Action by Unanimous Written Consent. Any action required or permitted to be taken by the Board may be taken without a meeting if all the Trustees unanimously consent to such action in writing. Such written consent(s) shall be filed with the minutes of the Corporation and shall have the same force and effect as a vote of Trustees at a duly convened meeting. For purposes of this section, a Trustee may evidence his or her consent with any manual, facsimile, conformed or electronic signature, including an email communication from the Trustee to the Corporation from an email address provided by the Trustee to the Corporation.

Section 3.13 Participation by Conference Call. The members of the Board may participate in a meeting of the Board by means of conference telephone or similar communications equipment (including, without limitation, video conferencing equipment) affording all persons participating in the meeting the ability to hear one another, and such participation in the meeting by means of such equipment shall constitute presence in person at such meeting.

Section 3.14 Quorum and Voting. A majority of the number of Trustees in office at the time shall constitute a quorum for the transaction of business at all meetings of the Board, provided

that if less than a majority of the Trustees is present at said meeting, a majority of the Trustees present may adjourn the meeting from time to time without further notice. The act of a majority of the Trustees present at a meeting at which a quorum is present at the time of the act shall be the act of the Board, unless the act of a greater number is required by these Bylaws, by the Certificate of Incorporation or by law. Notwithstanding the foregoing, in the event that any Trustee has a conflict of interest with respect to any transaction to be undertaken by the Corporation, such transaction shall require the approval of the Board or the Member consistent with Article VII.

ARTICLE IV. OFFICERS

Section 4.1 Officers. The officers of the Corporation shall consist of a Chair, a President, a Secretary, a Treasurer and such other officers, including Vice Chairs, as may be appointed from time to time consistent with Section 4.6. The Chair and any Vice Chair shall be members of the Board.

Section 4.2 Election and Term of Office. The President shall be appointed in accordance with Section 4.3(a) of this Article IV. The Chair, any Vice Chairs, the Secretary and the Treasurer shall be nominated by the Nominating and Governance Committee and elected annually by the Board for a term of one year and until their successors are duly elected and qualified. The Board may create and fill such other offices as it deems necessary consistent with Section 4.6.

Section 4.3 Powers. The officers shall have the powers and perform the duties commonly incident to their respective offices, including the powers and duties listed below.

(a) **President.** The President of the Corporation shall be appointed by the Member, following consultation with the Board. The appointed President shall serve at the pleasure of the Member.

The President shall be a person who in the judgment of the Member has the combination of education, experience, professional standards and demonstrated leadership ability to fulfill successfully the responsibilities of the position and to command the confidence and respect of the Board, employees and the community.

The President shall be delegated the responsibility for overall management of the Corporation and shall have all authority necessary to carry out this responsibility, subject only to such policies as may be adopted by the Board. The President shall act as the duly authorized representative of the Board in all matters in which the Board has not formally delegated some other person to so act. The duties, responsibilities and authority of the President shall be defined in a written statement adopted by the Member in consultation with the Board.

The President shall be a voting member of all standing committees except as otherwise specified in these Bylaws.

(b) **Chair.** The Chair of the Board shall preside at meetings of the Board. The Chair shall perform such other duties as the Board may from time to time prescribe.

(c) **Vice Chair.** The Board may designate one or more Vice Chairs, who shall exercise the powers and duties of the Chair during absence or disability. The Vice Chair(s), if any, shall perform such other duties as the Board or the Chair may from time to time prescribe.

(d) **Secretary.** The Secretary shall have the custody of the records of the Corporation pertaining to the Secretary's office, shall keep minutes of the meetings of the Board, and shall cause notice of such meetings to be given as required by law or these Bylaws. The Secretary shall perform such other duties as the Board or the Chair may from time to time prescribe.

(e) **Treasurer.** The Treasurer of the Corporation shall be responsible for the safekeeping of all funds and securities of the Corporation, shall see that proper records showing all financial transactions of the Corporation are maintained, and shall present financial reports to the Board.

Section 4.4 Resignation and Removal.

(a) An officer of the Corporation may resign at any time by giving written notice of such resignation to the Secretary. Such resignation shall be effective at the time specified in the notice, or if no time is specified, upon receipt by the Secretary. The acceptance of such resignation shall not be necessary to make it effective.

(b) The Board may remove from office any officer with or without cause; provided, however, that the President may be removed from office by the Member following consultation with the Board. Removal of an officer shall be without prejudice to the officer's contract rights, if any.

Section 4.5 Vacancies. In the case of the death, resignation or removal of any officer, except the President, the vacancy may be filled by the Board for the unexpired term. A vacancy in the office of President shall be filled in accordance with Section 4.3(a).

Section 4.6 Other Officers. The Corporation may have such other officer or officers, including assistant officers, as the Board may from time to time determine. Any such officer or assistant officer shall be appointed or elected in the manner and for the term determined by the Board, and the officer shall have the duties assigned by the Board.

ARTICLE V. COMMITTEES

Section 5.1 Classification. There shall be such standing committees as may be provided for, from time to time, in this Article V and such other committees as shall be established by Board resolution from time to time. Standing committees shall have the powers and duties set forth in this Article V and in a charter approved by the Board. Other committees shall have the powers and duties set forth in the resolution establishing them and in a charter approved by the Board. Each committee shall periodically review its charter and revise it as necessary; provided, however, that no amendment shall become effective until approved by the Board.

Section 5.2 Appointment of Committee Members. Except as otherwise provided in

these Bylaws, members and chairs of all standing committees shall be appointed by the Board on nomination of the Nominating and Governance Committee. All such committee members and chairs shall serve at the pleasure of the Board until the next annual meeting of the Board and until their successors shall be chosen. All committees shall have the power to choose their own secretaries. Unless otherwise provided, individuals who are not Trustees may be appointed to committees and each such person so appointed shall have a vote and be included for purposes of determining a quorum; provided, however, that if a committee is authorized to act on behalf of the Board, any such action must be approved by a majority of the committee members who are Trustees.

Section 5.3 Committee Governance.

(a) **Quorum and Voting.** A majority of the committee members shall constitute a quorum at committee meetings except as otherwise provided in these Bylaws. The act of a majority of the committee members present at a meeting at which a quorum is present at the time of the act shall be the act of such committee, unless the act of a greater number is required by these Bylaws, by resolution of the Board or by law.

(b) **Meetings.** Except as otherwise provided in these Bylaws or by resolution of the Board, each committee shall establish its own rules and procedures and shall fix the time and place of its meetings. Each committee shall keep minutes of its meetings which shall be made available to the Board upon request.

Section 5.4 Standing Committees.

(a) **Executive Committee.** The Executive Committee shall consist of the Chair, who shall act as chair of the committee, the President, the Treasurer, and any other member of the Board that the Board may choose to appoint. The Executive Committee shall possess and may exercise in the intervals between meetings of the Board all such powers of the Board, except as may otherwise be provided by law, these Bylaws or resolution of the Board.

(b) **Nominating and Governance Committee.** The Nominating and Governance Committee shall consist of Trustees elected by the Board. The Nominating and Governance Committee shall, after consultation with the President and other Trustees, nominate candidates to be voted upon in electing officers and members of the Board and nominate for appointment by the Board the chairs and members of all standing committees. The Nominating and Governance Committee shall also review Board governance matters and recommend enhancements to strengthen the Board and ensure the comprehensiveness and efficiency of its governance process.

(c) **Finance Committee.** The Finance Committee shall have such duties as are established by the Member and set forth in the Finance Committee charter. These duties shall include, but not be limited to, approval of local operating and capital budgets and examination and monitoring of other operating and capital budgets involving the Corporation.

Section 5.6 Other Committees. The Board may establish and appoint from among the Trustees or others, such other committees with such powers and authority as the Board shall designate, except that no such committee may exercise the authority of the Board.

Section 5.7 Powers of Committees. No committee established by the Board shall have power to fill vacancies on the Board or on any of its committees, to amend the Certificate of Incorporation of the Corporation or these Bylaws, to approve a plan of merger, to approve a sale, lease, exchange or other disposition of all, or substantially all, of the property of the Corporation other than in the usual and regular course of affairs of the Corporation, to approve a proposal to dissolve, or to authorize any other action inconsistent with the Certificate of Incorporation or these Bylaws.

ARTICLE VI. INDEMNIFICATION

The Corporation shall indemnify and defend the Corporation's Member, Trustees, officers and employees as set forth in the Certificate of Incorporation.

ARTICLE VII. CONFLICTS OF INTEREST

The Trustees and officers of the Corporation shall comply with any Conflicts of Interest policy adopted by the Corporation, as any such policy may be amended from time to time, and with the provisions of the Nonstock Act related to disclosure and approval of "Director's conflicting interest transactions" (as such term is defined in the Nonstock Act). Consistent with the requirements of the Nonstock Act, any "Director's conflicting interest transaction" shall, when possible, be approved and authorized by either (i) the Member or (j) a majority of the disinterested Trustees voting on the transaction at a meeting at which a majority (but no fewer than two (2)) of all disinterested Trustees on the Board shall constitute a quorum, in each case following any required disclosure of the facts of the conflicting interest transaction.

ARTICLE VIII. MISCELLANEOUS PROVISIONS

Section 8.1 Fiscal Year. The fiscal year of the Corporation shall begin on the first day of October and end on the last day of September in each year unless the Board of Trustees shall otherwise determine.

Section 8.2 Execution of Deeds and Contracts. Except as otherwise directed by the Board, all deeds and mortgages made by the Corporation and all other written contracts, agreements and undertakings to which the Corporation shall be a party shall be executed in its name by the President or such other officers or officers as may be specified by the Board or authorized by the President.

Section 8.3 Execution of Negotiable Instruments. All checks, drafts, notes, bonds, bills of exchange and orders for the payment of money shall be signed by the President or such officer or officers of the Corporation as the Board may specify from time to time.

ARTICLE IX. AMENDMENTS

Subject to approval by the Member, these Bylaws may be amended, altered, or repealed at any meeting of the Board by a majority vote of the Trustees present and voting, a quorum being present. The general nature and purpose of such proposed amendment(s) shall be set forth in the notice of the meeting, and the actual language of the proposed amendments need not be included in the notice. No amendment, alteration or repeal shall take effect until it shall have been approved by the Member.

EXHIBIT A

Actions Requiring Approval of the Member

Notwithstanding anything in these Bylaws to the contrary, neither the Board nor any officer or employee of the Corporation may take any of the following actions, or approve an Affiliate taking any of the following actions, without the prior approval of the Member:

- A. Merger, consolidation, reorganization or dissolution of this Corporation or any Affiliate and the creation or acquisition of an interest in any corporate entity, including joint ventures;
- B. Amendment or restatement of the Mission, Certificate of Incorporation or the Bylaws of this Corporation or any Affiliate, or any new or revised "doing business as" name;
- C. Adoption of operating and cash flow budgets of the Corporation or any Affiliate, including consolidated or combined budgets of this Corporation and all subsidiary organizations of the Corporation (pursuant to the authority delegated to this Corporation by the Member to adopt such budgets within parameters established by the Member);
- D. Adoption of capital budgets and capital allocations of this Corporation or any Affiliate (pursuant to the authority delegated to this Corporation by the Member to adopt such budgets within parameters established by the Member);
- E. Incurring aggregate operating or capital expenditures on an annual basis that exceed operating or capital budgets of the Corporation adopted by the Member by a specified dollar amount to be determined from time to time by the Member;
- F. Long-term or material agreements including, but not limited to, equity financings, capitalized leases, operating leases and installment contracts; and purchase, sale, lease, disposition, hypothecation, exchange, gift, pledge or encumbrance of any asset, real or personal, with a fair market value in excess of a dollar amount to be determined from time to time by the Member, which shall not be less than 10% of the total annual capital budget of this Corporation;
- G. Approval of any new relationships or agreements for undergraduate or graduate medical education programs or any material amendments to or terminations of existing agreements for undergraduate or graduate medical education programs;
- H. Contracting with an unrelated third party for all or substantially all of the management of the assets or operations of this Corporation or any Affiliate;

- I. Approval of major new programs and clinical services of this Corporation or any Affiliate or discontinuation or consolidation of any such program. The Member shall from time to time define the term "major" in this context;
- J. Approval of strategic plans of this Corporation or any Affiliate;
- K. Adoption of safety and quality assurance policies not in conformity with policies established by the Member; and
- L. Adoption of any polices relating to compensation of employed physicians or the taking of any other action to establish or adjust compensation of employed physicians. For purposes hereof, compensation shall include salary, fringe benefits and deferred compensation.

Other Major Activities

- A. In addition, the Member shall have the authority, except as otherwise provided by the Member and after consultation with this Corporation, to require the prior review and approval of those activities of this Corporation or any subsidiary or affiliate entity that the Member determines to be "major activities."
- B. "Major activities" shall be those which the Member by a vote of not less than two-thirds (2/3) of its Board of Trustees has declared major, by written notice to this Corporation, delivered personally or transmitted by registered or certified mail return receipt requested. Such notice shall specifically identify the matter or matters requiring approval of the Member, and shall refer to this Bylaw provision granting such approval rights to the Member. Notices received pursuant to this section shall be recorded in the minutes of this Corporation and shall be filed with the minutes of this Corporation.

Nothing in these Bylaws shall be construed in a manner that is inconsistent with the authorities with respect to the Corporation that are reserved or retained by the Member pursuant to these Bylaws and the Bylaws of the Member.

EXHIBIT B

Actions Direct Authority Retained by the Member

Notwithstanding anything in these Bylaws to the contrary, the Member retains authority to take the following actions on behalf of and in the name of this Corporation, directly and without the approval of the Board of this Corporation:

- A. Adoption of targets for the annual operating and cash flow budgets of this Corporation and its Affiliates, including consolidated or combined budgets of this Corporation and all subsidiary organizations of the Corporation;
- B. Adoption of targets for the annual capital budgets and capital allocations of this Corporation and any Affiliate;
- C. Adoption of annual operating, cash flow and annual capital budgets for the Corporation and any Affiliate within the targets established by the Member in the event of any failure of the Corporation to do so;
- D. Issuance and incurrence of indebtedness on behalf of this Corporation;
- E. Management and control of the liquid assets of this Corporation, including the authority to cause such assets to be funded to the Member or as otherwise directed by the Member;
- F. Appointment of the independent auditor for this Corporation and each Affiliate and the management of the audit process and compliance process and procedures for this Corporation and each Affiliate; and
- G. Appointment of the President consistent with Section 4.3(a).

Exhibit 2.1.4(C)

Amended and Restated Certificate of Incorporation of NEMG

DOHP0784

AGP0028A285

**AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
NORTHEAST MEDICAL GROUP, INC.**

§1. Name. The name of the Corporation shall hereafter be: NORTHEAST MEDICAL GROUP, INC. (the "Corporation").

§2. Purposes. The nature of the activities to be conducted and the purposes to be promoted or carried out by the Corporation shall be exclusively charitable, scientific and educational within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and shall include the following:

- (a) to operate and maintain one or more offices or facilities for the study, diagnosis and treatment of human ailments and injuries by licensed persons;
- (b) to render medical and surgical treatment, consultation or advice by duly licensed employees or agents of the Corporation to patients without regard to race, color, creed, sex, age or ability to pay for such care and services;
- (c) to promote, enhance, improve, and develop medical, surgical and scientific research at providers affiliated with Yale-New Haven Health Services Corporation, including, for so long as such providers are affiliated with Yale-New Haven Health Services Corporation, Bridgeport Hospital, Greenwich Hospital, Lawrence + Memorial Corporation, Yale-New Haven Hospital and such other providers that may affiliate with Yale-New Haven Health Services Corporation in the future (the "Affiliated Delivery Networks") and throughout the communities they serve;
- (d) to promote, enhance, improve and augment the quality of medical and clinical education and patient care at Affiliated Delivery Networks and at any other sites determined by the Corporation;
- (e) to promote and enhance a high quality of medical care and other human services for the benefit of all persons in the communities it serves;
- (f) to augment the planning process for the promotion of the general well-being and human health needs of the communities it serves;
- (g) to solicit, accept, hold, invest, reinvest, and administer any contributions, grants, donations, gifts, bequests, devises, benefits of trusts (but not to act as trustee of any trust), and property of any sort, without limitation as to amount or value, and to use, disperse or donate the income or principal thereof for exclusively charitable and educational purposes in such manner as, in the judgment of the Board of Trustees and the member of the Corporation, will best promote the purposes of the Corporation;

(h) to contract for, purchase, receive, own, manage, operate or lease property, real, personal and mixed, wheresoever situated, as may be necessary to promote and further the purposes and objectives of the Corporation; and

(i) to engage in any lawful act or activity for which a medical foundation may be organized under Chapter 594b of the General Statutes of Connecticut or for which a nonstock corporation may be organized under Chapter 602 of the General Statutes of Connecticut.

The member of the Corporation has elected to bring the Corporation within the provisions of Chapter 594b of the General Statutes of Connecticut.

In furtherance of the purposes set forth herein, the Corporation shall (i) participate as an integral part of the integrated health care delivery system known as the Yale New Haven Health System (the "System"), which System provides, through the corporation and its affiliates, comprehensive, cost effective, advanced patient care characterized by safety and clinical and service quality; and (ii) fund and promote activities and programs of the System, including activities and programs of its affiliates, consistent with and in furtherance of the corporation's charitable purposes and the charitable purposes of all System affiliates.

§3. Nonprofit. The Corporation is nonprofit and shall not have or issue shares of stock or make distributions.

§4. Member. The Corporation shall have but one voting member. The member shall be Yale-New Haven Health Services Corporation, a "Health System" as defined in Section 33-182aa of the Connecticut General Statutes. The member shall have the rights, powers and privileges provided in the Corporation's Bylaws and by Connecticut law, including certain expressly reserved powers and retained rights described in the Bylaws.

§5. Duration. The duration of the Corporation shall be perpetual.

§6. Board of Trustees. Subject to the rights, powers and privileges of the member, the Corporation shall operate under the management of its Board of Trustees. The Bylaws may provide that certain persons occupying certain positions within or without the Corporation shall be ex-officio trustees, who may be counted in determining a quorum and may have the right to vote as may be provided in the Bylaws. As may be further provided in the Bylaws, the terms of elected trustees may be staggered by dividing the elected trustees into up to three groups so that approximately an equal number of such trustees have terms that expire each year. Trustees may be removed by the member for cause as set forth in the Bylaws.

§7. Restrictions. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, the Corporation's trustees, officers or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Section 2 hereof. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of "statements")

any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of this Certificate of Incorporation, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

§8. Dissolution. Upon the dissolution or termination of the existence of the Corporation, all of its property and assets, after payment of the lawful debts of the Corporation and the expenses of its dissolution or termination, shall be delivered, conveyed and paid over (subject to any restrictions imposed by any applicable will, deed, grant, conveyance, agreement, memorandum, writing or other governing document) to Yale-New Haven Health Services Corporation, or, if at the time of the dissolution or termination of the existence of the Corporation, Yale-New Haven Health Services Corporation is not in existence or does not qualify as exempt under Section 501(c)(3) of the Code, to any organization (or organizations) that qualifies as an organization exempt under Section 501(c)(3) of the Code, in such proportions and for such exclusively charitable, scientific or educational purposes as the Board of Trustees may determine.

§9. Limitation of Liability of Trustees. In addition to and not in derogation of any other rights conferred by law, a Trustee shall not be personally liable for monetary damages for breach of duty as a Trustee in an amount greater than the amount of compensation received by the Trustee for serving the Corporation during the year of the violation, provided that such breach (a) involves a knowing and culpable violation of law by the Trustee, (b) enable the Trustee or an associate to receive an improper personal economic gain, (c) show a lack of good faith and a conscious disregard for the duty of the Trustee to the Corporation under circumstances in which the Trustee was aware that his/her conduct or omission created an unjustifiable risk of serious injury to the Corporation, or (d) constitute a sustained and unexcused pattern of inattention that amounted to an abdication of the Trustee's duty to the Corporation. Any lawful repeal or modification of this Section 9 or the adoption of any provision inconsistent herewith by the Board of Trustees or member of the Corporation shall not, with respect to a person who is or was a Trustee, adversely affect any limitation of liability, right or protection of such person existing at or prior to the effective date of such repeal, modification or adoption of a provision inconsistent herewith. The limitation of liability of any person who is or was a Trustee provided for in this Section 9 shall not be exclusive of any other limitation or elimination of liability contained in, or which may be provided to any person under, Connecticut law.

§10. Indemnification. The Corporation shall provide its Trustees with the full amount of indemnification that the Corporation is permitted to provide pursuant to the Connecticut Revised Nonstock Corporation Act. In furtherance of the foregoing, the Corporation shall indemnify its Trustees against liability as defined in Section 33-1116(4) of the Connecticut General Statutes to any person for any action taken, or any failure to take any action, as a Trustee, except liability that (1) involved a knowing and culpable violation of law by the Trustee, (2) enabled the Trustee or an associate to receive an improper personal economic gain, (3) showed a lack of good faith and a conscious disregard for the duty of the Trustee to the Corporation under circumstances in which the Trustee was aware that his or her conduct or omission created an

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unjustifiable risk of serious injury to the Corporation, or (4) constituted a sustained and unexcused pattern of inattention that amounted to an abdication of the Trustee's duty to the Corporation.

The Corporation may indemnify and advance expenses to each officer, employee or agent of the Corporation who is not a Trustee, or who is a Trustee but is made a party to a proceeding in his or her capacity solely as an officer, employee or agent, to the same extent as the Corporation is permitted to provide the same to a Trustee, and may indemnify and advance expenses to such persons to the extent permitted by Section 33-1122 of the Connecticut General Statutes.

Notwithstanding any provision hereof to the contrary, the Corporation shall not indemnify any Trustee, officer, employee or agent against any penalty excise taxes assessed against such person under Section 4958 of the Internal Revenue Code.

§11. Amendment of Bylaws. The Bylaws of the Corporation may be amended or repealed, and new Bylaws may be adopted, only with the approval of the Board of Trustees and the member.

Exhibit 2.1.5(a)(1)

LMH Amended Certificate of Incorporation

DOHP0789

AGP0028A290

**Amended and Restated
Certificate of Incorporation**

of

Lawrence + Memorial Hospital, Inc.

Sec. 1. The name of the corporation is Lawrence + Memorial Hospital, Inc. (the "Hospital").

Sec. 2. The nature of the activities to be conducted, and the purposes to be promoted or carried out by the Hospital, shall be exclusively charitable, scientific and educational within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as the same may be amended from time to time, and the corresponding provisions of any future United States Internal Revenue Law (the "Code") and shall include the following:

(a) To establish, maintain and carry on an institution with permanent facilities for inpatients and ambulatory patients, with medical services to provide diagnosis and treatment, to carry on all associated services, and to assure that there is no unlawful discrimination under any program or in any facility of the Hospital;

(b) To participate, so far as circumstances may warrant, in any activity designed and carried on to promote the general health needs of the community;

(c) To conduct and participate in educational and scientific research activities related to providing care to the sick and injured, to the promotion of health, or to the development of personnel in the health professions or occupations, which, in the opinion of the Board of Trustees may be justified and supported by the facilities, personnel, funds or other requirements that are or can be made available; and

(d) To engage in any lawful act or activity for which a corporation may be organized under the Connecticut Revised Nonstock Corporation Act, as the same may be amended from time to time, and the corresponding provisions of any future Connecticut nonstock corporation law.

In furtherance of the foregoing, the Hospital shall (i) participate as an integral part of the integrated health care delivery system known as the Yale New Haven Health System (the "System"), which System provides, through its affiliates, comprehensive, cost effective, advanced patient care characterized by safety and clinical and service quality; and (ii) fund and promote activities and programs of the System, including activities and programs of its affiliates, consistent with and in furtherance of the Hospital's charitable purposes and the charitable purposes of all System affiliates.

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Sec. 3. The Hospital is nonprofit and shall not have or issue shares of stock or pay dividends.

Sec. 4. The Hospital shall have but one member, Lawrence + Memorial Corporation (the "Sole Member"), which shall have the rights, powers and privileges provided in the Bylaws and by the State of Connecticut, including the right to exercise, on behalf of and as directed by its sole member, Yale-New Haven Health Services Corporation ("YNHHSC"), certain expressly reserved powers and retained rights described in the Bylaws.

Sec. 5. Subject to the rights, powers and privileges accorded to the Sole Member and to YNHHSC under the Bylaws and by the State of Connecticut, the Hospital shall be governed by its Board of Trustees. The Bylaws may provide that persons occupying certain positions within or without the Hospital shall be ex-officio trustees who may vote and be counted in determining a quorum. As may be further provided in the Bylaws of the Hospital, the terms of elected trustees may be staggered by dividing the trustees into groups so that approximately an equal number of such trustees have terms that expire each year.

Sec. 6. No part of the net earnings of the Hospital shall inure to the benefit of or be distributable to the Hospital's trustees, officers or other private persons, except that the Hospital, subject to the provisions of the Bylaws, shall be authorized and empowered to pay reasonable compensation for services rendered. No substantial part of the activities of the Hospital shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Hospital shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of (or in opposition to) any candidate for public office. Notwithstanding any other provision of this Certificate of Incorporation, the Hospital shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

Sec. 7. Upon any dissolution of the Hospital, all of its property and assets shall, after payment of the lawful debts of the Hospital and the expenses of its dissolution, be delivered, conveyed and paid over (subject to any restrictions imposed by any applicable will, deed, grant, conveyance, agreement, memorandum, writing or other governing document) to Lawrence + Memorial Corporation, so long as it is at that time an organization that qualifies as an exempt organization under Section 501(c)(3) of the Code, or, if at the time of the dissolution of the Hospital, Lawrence + Memorial Corporation is not in existence or does not so qualify, to one or more charitable, scientific or educational organizations located in the State of Connecticut and qualified as exempt organizations under Section 501(c)(3) of the Code, in such proportions and for such exclusively charitable, scientific or educational purposes as the Board of Trustees may determine.

Sec. 8. In addition to, and not in derogation of, any other rights conferred by law, a trustee of the Hospital shall not be personally liable for monetary damages for breach of duty as a trustee in an amount greater than the compensation received by the trustee for serving the Hospital during the year of such breach if such breach does not (A) involve a knowing and culpable violation of law by such trustee, (B) enable such trustee or an associate (as defined in

Section 33-840 of the Connecticut General Statutes) to receive an improper personal economic gain, (C) show a lack of good faith and conscious disregard for the duty of such trustee to the Hospital under circumstances in which such trustee was aware that his conduct or omission created an unjustifiable risk of serious injury to the Hospital, or (D) constitute a sustained and unexcused pattern of inattention that amounted to an abdication of such trustee's duty to the Hospital. Any lawful repeal or modification of this Section 8 or the adoption of any provision inconsistent herewith by the Board of Trustees or the Sole Member of the Hospital shall not, with respect to a person who is or was a trustee, adversely affect any limitation of liability, right or protection of such person existing at or prior to the effective date of such repeal, modification or adoption of a provision inconsistent herewith. The limitation of liability of any person who is or was a trustee provided for in this Section 8 shall not be exclusive of any other limitation or elimination of liability contained in, or which may be provided to any person under, Connecticut law.

Sec. 9. The Hospital shall provide its trustees with the full amount of indemnification that the Hospital is permitted to provide pursuant to the Connecticut Revised Nonstock Corporation Act and shall advance expenses to trustees consistent with Section 33-1119 of the Connecticut General Statutes. In furtherance of the foregoing, the Hospital shall indemnify its trustees against liability as defined in Section 33-1116(4) of the Connecticut General Statutes to any person for any action taken, or any failure to take any action, as a trustee, except liability that (A) involves a knowing and culpable violation of law by such trustee, (B) enables such trustee or an associate (as defined in Section 33-840 of the Connecticut General Statutes) to receive an improper personal economic gain, (C) shows a lack of good faith and conscious disregard for the duty of such trustee to the Hospital under circumstances in which such trustee was aware that his conduct or omission created an unjustifiable risk of serious injury to the Hospital, or (D) constitutes a sustained and unexcused pattern of inattention that amounted to an abdication of such trustee's duty to the Hospital.

The Hospital may indemnify and advance expenses to each officer, employee or agent of the Hospital who is not a trustee, or who is a trustee but is made a party to a proceeding in his or her capacity solely as an officer, employee or agent, to the same extent as the Hospital is permitted to provide the same to a trustee, and may indemnify and advance expenses to such persons to the extent permitted by Section 33-1122 of the Connecticut General Statutes.

Notwithstanding any provision hereof to the contrary, the Hospital shall not indemnify any trustee, officer, employee or agent against any penalty excise taxes assessed against such person under Section 4958 of the Internal Revenue Code.

Sec. 10. This Certificate of Incorporation and the Bylaws of the Hospital may be amended or repealed, and new Bylaws may be adopted, only with the approval of the Sole Member and YNHHS.

Exhibit 2.1.5(a)(2)
LMH Amended Bylaws

DOHP0793

AGP0028A294

LAWRENCE + MEMORIAL HOSPITAL, INC.
AMENDED AND RESTATED BYLAWS

Amended and Restated as of _____, 201__

July 17, 2015 Final Version

DOHP0794

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**LAWRENCE + MEMORIAL HOSPITAL, INC.
AMENDED AND RESTATED BYLAWS**

ARTICLE I. NAME AND GENERAL PURPOSES

Section 1.1 Name. The name of the corporation is **Lawrence + Memorial Hospital, Inc.** (the "Corporation").

Section 1.2 General Purposes. The purposes of the Corporation shall be as set forth in the Corporation's Certificate of Incorporation as in effect from time to time. These Bylaws, the powers of the Corporation, its member, trustees and officers, and all matters concerning the conduct and regulation of the affairs of the Corporation shall be subject to the Certificate of Incorporation.

ARTICLE II. MEMBERSHIP

Section 2.1 Member. The Corporation shall have a single member, **Lawrence + Memorial Corporation** (the "Member").

Section 2.2 Rights, Powers and Privileges. The Member shall have all the rights, powers and privileges usually or by law accorded to the member of a Connecticut nonstock, nonprofit corporation under the Connecticut Revised Nonstock Corporation Act as may be amended from time to time (the "Nonstock Act") and not conferred thereby or by the Certificate of Incorporation or these Bylaws upon the Board of Trustees of the Corporation (the "Board"), including the right to elect the members of the Board in accordance with these Bylaws. If and to the extent that actions by the Member cannot be taken without the approval of the sole member of the Member, **Yale-New Haven Health Services Corporation ("YNHHSC")**, or actions have been reserved to YNHHSC, the Member may take such actions only as directed by YNHHSC.

Notwithstanding anything in these Bylaws to the contrary:

(a) Neither the Board, nor any officer or employee of the Corporation, may take any of the actions set forth in Exhibit A or Exhibit B of these Bylaws, nor may the Board or any officer or employee of the Corporation approve the taking of any such action by an Affiliate (as hereafter defined), except that, with respect to the actions on Exhibit A, the Board's recommendation may be requested by the Member and YNHHSC consistent with Section 3.1(a) below. For purposes hereof, an "Affiliate" of the Corporation shall mean, unless otherwise determined by the YNHHSC, any entity which at the time Affiliate status is being determined is directly or indirectly controlling or controlled by or under the direct or indirect common control with the Corporation. "Control" shall mean the legal power to (a) elect or cause the election of a majority of the governing body of the subject entity, or (b) direct or cause the direction of the subject entity's operations or management, whether the foregoing power(s) exist(s) through voting securities, other voting rights, reserved powers, contract rights, or other legally enforceable means.

(b) In addition to the rights reserved to the Member and YNHHSC to take the actions set forth in Exhibit A on behalf of and in the name of the Corporation, directly and without

the approval or the recommendation of the Board, YNHSC (or the Member, acting on the direction of YNHSC) expressly retains the rights to take the actions set forth in Exhibit B on behalf of and in the name of the Corporation, directly and without the approval or the recommendation of the Board or the Member of this Corporation.

(c) The Board shall have the authority, from time to time, to delegate to the Member and YNHSC any rights, powers and privileges that would otherwise be exercised by the Board to the fullest extent permitted by applicable law.

Section 2.3 Liability and Reimbursement of Expenses. Unless the Member expressly agrees otherwise in writing, the Member shall not be liable for the debts or obligations of the Corporation. The Member may be reimbursed for expenses reasonably incurred on behalf of the Corporation.

ARTICLE III. BOARD OF TRUSTEES

Section 3.1 Powers and Duties. Subject to the powers retained by, conferred upon, or reserved to the Member or YNHSC by law or under these Bylaws, the Board shall have charge, control and management of the affairs, property and funds of the Corporation in the manner and subject to the limitations set forth in these Bylaws. Each Trustee shall discharge his or her duties in good faith with the care an ordinarily prudent person in like position would exercise under similar circumstances and in a manner he or she reasonably believes to be in the best interests of the Corporation.

The Board shall have among its duties those duties required to be exercised by the governing body by applicable regulatory, licensing or accreditation agencies. Without limiting the generality of the foregoing, the Board shall be responsible for the appointment, organization and activities of the Medical Staff (the "Medical Staff"), shall hold the Medical Staff responsible for recommendations concerning medical matters, and shall make decisions regarding initial staff appointments, reappointments, terminations of appointments, and the granting, termination, curtailment or revision of clinical privileges (directly or as delegated by the Board to the Patient Safety and Clinical Quality Committee in accordance with Section 5.4(b) of these Bylaws).

Further without limiting the generality of the foregoing, and subject to Section 2.2 and Exhibit A and Exhibit B of these Bylaws, the Board may:

- (a) Make the following recommendations to the Member and YNHSC:
 - (i) Recommend to the Member and YNHSC the philosophy, mission and values of the Hospital and any changes thereto;
 - (ii) Recommend to the Member and YNHSC the Corporation's strategic plans;

(iii) Recommend to the Member and YNHHS the Corporation's annual operating and financial targets, major clinical and/or financial initiatives, and financial plans (including capital and operating budgets);

(iv) Recommend to the Member and YNHHS the sale, transfer or substantial change in use of all or substantially all of the assets, the divestiture, dissolution and/or disposition of assets, closure, merger, consolidation, change in corporate membership or ownership or corporate reorganization of the Corporation or any Affiliate;

(v) Recommend to the Member and YNHHS the formation or acquisition by the Corporation of any Affiliates or any other new direct or indirect subsidiaries, joint ventures or affiliations;

(vi) Recommend to the Member and YNHHS the introduction or termination of any services to be offered by the Corporation not otherwise included in an approved budget or a strategic or financial plan; and

(vii) Recommend to the Member and YNHHS changes to the Corporation's Certificate of Incorporation and Bylaws.

(b) Make the following recommendations to the Member:

(i) Recommend to the Member approval of any consent decree or settlements from state and federal authorities;

(ii) Recommend to the Member nominations for and removal of Trustees of the Corporation; and

(iii) Recommend to the Member the appointment and evaluation of the President of the Corporation.

(c) Take the following actions:

(i) Annually assess the Corporation's performance against approved budgets, initiatives and strategic plans adopted by the Member and YNHHS;

(ii) Except for the President of the Corporation, elect officers of the Board (following consultation with the Member's Nominating and Governance Committee in accordance with Section 4.2 of these Bylaws) and remove from office any officer (except for the President of the Corporation) with or without cause (in accordance with Section 4.4(b) of these Bylaws);

(iii) Approve any business transaction or contract that is not otherwise included in an approved budget or a strategic or financial plan, except for long-term or material agreements that require the approval of the Member and YNHSC in accordance with Exhibit A;

(iv) Periodically assess the Corporation's Quality Initiatives, including tracking and reporting on the Hospital's performance under quality measures, quality and patient safety programs and initiatives, patient satisfaction and cultural competence initiatives;

(v) Periodically assess the Corporation's Development Plans and its Planned Giving Plans;

(vi) Periodically assess the Corporation's Community Relations Initiatives and Community Outreach Programs;

(vii) Approve actions with respect to the privileges and credentials of members of the Corporation's medical staff in accordance with state and federal law, applicable accreditation standards, the Corporation's Medical Staff Bylaws and any System guidelines established by the Member, subject to the Board's delegation of authority to the Board Patient Safety and Clinical Quality Committee; and

(viii) Evaluate the Board's performance.

Section 3.2 Composition. The Board shall consist of two classes of voting Trustees, the Elected Trustees and the Ex Officio Trustees (collectively, the "Trustees").

(a) **Elected Trustees.** Elected Trustees shall be the persons elected by the Member for terms as set forth in these Bylaws, following nomination and approval pursuant to Section 3.4 of this Article III. Elected Trustees will represent a cross section of major segments of the community served by the Corporation and shall be selected, on the basis of

demonstrated skill and ability, for their potential contribution to the governance of the affairs of the Corporation.

(b) **Ex Officio Trustees.** In addition to the Elected Trustees, there shall be the following Ex Officio Trustees, each of whom shall serve automatically by virtue of and while holding the designated office:

- (i) the President/Chief Executive Officer of YNHSC (or his or her designee);
- (ii) the President of the Member (if such person is not also concurrently serving as the President of the Corporation);
- (iii) the President of the Corporation (if such person is not also concurrently serving as the President of the Member);
- (iv) the President of the Medical Staff; and
- (v) the Vice President of the Medical Staff.

Ex Officio Trustees shall be counted in determining the presence of a quorum and shall have the right to vote on all matters that come before the Board.

(c) **Other Board Participants.** Any present or former Trustee who has served with unusual distinction, or faithfully over a number of years, shall be eligible for election by the Board as a Trustee Emeritus. A Trustee Emeritus shall have the privilege of attending meetings of the Board and shall have the privilege of the floor, but shall have no vote at meetings of the Board and shall not be counted in determining a quorum thereof.

Section 3.3 Number. The Board shall consist of no fewer than six (6) nor more than twelve (12) Trustees, such number to be determined from time to time by the Member.

Section 3.4 Election of Trustees. At the annual meeting of the Member, the Member shall elect successors to the Elected Trustees whose terms are then expiring. The Member shall elect such successors from among the nominees presented by the Board; provided, however, that in the event the Member does not elect any such nominee, the Board shall present a different nominee to the Member for election; and provided further that in the event any such successor nominee is not elected by the Member within ninety (90) days following the original nomination, the Member may solicit alternative nominees or elect its own nominee. In all events, the Elected Trustees shall be individuals who meet the requirements set forth in Section 3.2(a) of this Article III and who are satisfactory to YNHSC.

Notwithstanding anything herein to the contrary, the Elected Trustees shall include one (1) physician on the Medical Staff who has previously held the position of President of the Medical Staff.

Section 3.5 Term and Term Limits. There shall be three (3) classes of Elected

Trustees, with approximately one-third of the Elected Trustees in each class, and the terms of all Trustees in the same class shall expire at the adjournment of the same annual meeting of the Member at which Trustees are elected. Elected Trustees shall take office at the close of the meeting of the Member at which they were elected or at such later date as may be established by the Member and, subject to Section 3.6 of this Article III, shall hold office for a term of three (3) years and until a successor is duly elected and qualified.

Notwithstanding anything herein to the contrary:

(a) No person shall be elected a Trustee for a term beginning after the date of his or her seventy-sixth birthday, provided that an Elected Trustee who is seventy-six (76) years of age or older may be re-elected for another term if (i) the Trustee is also elected as an officer of the Corporation or appointed chair of a standing committee at the beginning of such term; or (ii) the Member determines that additional service is appropriate due to the Trustee's unique expertise and commitment to the Board. In the instance of re-election as a Trustee for an additional term as provided in clause (i) of the foregoing sentence, Board membership shall be coterminous with said Trustee's service as an officer or committee chair.

(b) An Elected Trustee who has served three (3) consecutive full terms (provided that for the purposes of this Section 3.5 a term of service of more than one-half of a full term shall be considered a full term) shall not be eligible for re-election for a period of one year, provided that a Trustee may be re-elected for an additional consecutive term if (i) the Trustee is also elected as an officer of the Corporation or appointed chair of a standing committee at the beginning of such additional term; or (ii) the Member determines that additional service is appropriate due to the Trustee's unique expertise and commitment to the Board, which such determination shall be made only in limited circumstances and shall be made prior to each proposed re-election after the Trustee's completion of three (3) consecutive full terms. In the instance of re-election as a Trustee for an additional term as provided in clause (i) of the foregoing sentence, Board membership shall be coterminous with said Trustee's service as an officer or committee chair.

(c) The provisions of paragraphs (a) and (b) of this Section shall not apply to an Elected Trustee in the event such Trustee also serves as a trustee of YNHHS at the time such person is elected to serve as an Elected Trustee for a term otherwise prohibited by such paragraphs (a) and (b). In the instance of re-election as a Trustee for an additional term as provided in this paragraph (c), Board membership shall be coterminous with said Trustee's service as a trustee of YNHHS.

Section 3.6 Resignation. Any Elected Trustee may resign at any time by giving written notice of such resignation to the Secretary of this Corporation. Such resignation shall be effective at the time specified in the notice, or if no time is specified, upon receipt by the Secretary. The acceptance of such resignation shall not be necessary to make it effective. Any Ex Officio Trustee who for any reason ceases to hold the office or position from which his or her status as an Ex Officio Trustee derives shall automatically be deemed to have resigned as a Trustee of the Corporation and from any position held by virtue of such office with any Affiliate.

Section 3.7 Removal. One or more Elected Trustees may be removed from the Board

with or without cause by action of the Member, which action may be taken upon its own initiative or upon the recommendation of the Board. The Member shall remove an Elected Trustee at the direction of YNHHS.

Section 3.8 Vacancies. In the event of the death, resignation or removal of an Elected Trustee, the vacancy resulting therefrom may be filled only by the Member in accordance with Section 3.4 of these Bylaws. An individual elected to fill a vacancy shall serve the remainder of the term of the trustee replaced.

Section 3.9 Meetings.

(a) **Annual Meetings.** The annual meeting of the Board shall be held on such date and time as the Chair of the Board shall designate.

(b) **Regular Meetings.** Regular meetings of the Board shall be held at least quarterly or more frequently as needed on such dates and at such times and places as the Chair shall designate.

(c) **Special Meetings.** Special meetings of the Board may be called at any time by the Chair or President and shall be called upon the written request of any three (3) Trustees.

Section 3.10 Notice of Meetings. Notice of the date, time and place of any meeting of the Board shall be given to each Trustee and to the Member at least five (5) days in advance of the meeting, except that no notice need be given of a regular meeting held in accordance with a schedule established at the beginning of the fiscal year and provided to the Board in writing. Any notice of a meeting required under these Bylaws may be communicated to a Trustee in person, by mail or other delivery service, or by telephone, facsimile or other electronic means, including electronic mail directed to an electronic email address at which a Trustee has consented to receive notice. Notice to the Member shall be directed to the President of the Member and may be provided in person, by mail, or by telephone, facsimile or other electronic means, including electronic mail directed to an electronic mail address at which the President of the Member has consented to receive notice.

Section 3.11 Waiver of Notice. Notice of any meeting of the Board may be waived in writing by all the Trustees and, if any Trustee present at a meeting of the Board does not protest prior to or at the commencement of the meeting the lack of proper notice, he or she shall be deemed to have waived notice of such meeting.

Section 3.12 Action by Unanimous Written Consent. Any action required or permitted to be taken by the Board may be taken without a meeting if all the Trustees unanimously consent to such action in writing. Such written consent(s) shall be filed with the minutes of the Corporation and shall have the same force and effect as a vote of Trustees at a duly convened meeting. For purposes of this section, a Trustee may evidence his or her consent with any manual, facsimile, conformed or electronic signature, including an email communication from the Trustee to the Corporation from an email address provided by the Trustee to the Corporation.

Section 3.13 Participation by Conference Call. The members of the Board may participate in a meeting of the Board by means of conference telephone or similar communications equipment (including, without limitation, video conferencing equipment) affording all persons participating in the meeting the ability to hear one another, and such participation in the meeting by means of such equipment shall constitute presence in person at such meeting.

Section 3.14 Quorum and Voting. A majority of the number of Trustees in office at the time shall constitute a quorum for the transaction of business at all meetings of the Board, provided that if less than a majority of the Trustees is present at said meeting, a majority of the Trustees present may adjourn the meeting from time to time without further notice. The act of a majority of the Trustees present at a meeting at which a quorum is present at the time of the act shall be the act of the Board, unless the act of a greater number is required by these Bylaws, by the Certificate of Incorporation or by law. Notwithstanding the foregoing, in the event that any Trustee has a conflict of interest with respect to any transaction to be undertaken by the Corporation, such transaction shall require the approval of the Board or the Member consistent with Article VII.

ARTICLE IV. OFFICERS

Section 4.1 Officers. The officers of the Corporation shall consist of a President, a Chair, one or more Vice Chairs, a Secretary, a Treasurer and such other officers as may be appointed from time to time consistent with Section 4.6. The Chair and any Vice Chair shall be selected from among members of the Board of Trustees. The offices of the President, the Chair and the Treasurer shall be held by different individuals.

Section 4.2 Election and Term of Office. The President shall be appointed in accordance with Section 4.3(a) of this Article IV. The Chair, Vice Chairs, Secretary and Treasurer shall be nominated in consultation with the Nominating and Governance Committee of the Member and elected annually by the Board for a term of one year and until their successors are duly elected and qualified. The Board may create and fill such other offices as it deems necessary consistent with Section 4.6.

Section 4.3 Powers. The officers shall have the powers and perform the duties commonly incident to their respective offices, including the powers and duties listed below.

(a) **President.** The President of the Corporation shall be appointed by the Member, following consultation with the Board and with the approval of YNHHS. The appointed President shall serve at the pleasure of the Member and YNHHS.

The President shall be a person who in the judgment of the Member and YNHHS has the combination of education, experience, professional standards and demonstrated leadership ability to fulfill successfully the responsibilities of the position and to command the confidence and respect of the Board, the Medical Staff, Corporation personnel, YNHHS and the community.

The President shall be delegated the responsibility for overall management of the Corporation and shall have all authority necessary to carry out this responsibility, subject only to

such policies as may be adopted by the Board. The President shall act as the duly authorized representative of the Board in all matters in which the Board has not formally delegated some other person to so act. The duties, responsibilities and authority of the President shall be defined in a written statement adopted by the Member in consultation with the Board and with the approval of YNHSC.

The President shall be a voting member of all standing committees except as otherwise specified in these Bylaws. The President shall report to the President of the Member (or his or her designee) as well as to the Board.

(b) **Chair.** The Chair of the Board shall preside at meetings of the Board and shall be a voting member of all committees except the Governance Committee. The Chair shall perform such other duties as the Board may from time to time prescribe.

(c) **Vice Chair.** The Board shall designate one or more Vice Chairs, who shall exercise the powers and duties of the Chair during absence or disability. The Vice Chair(s) shall perform such other duties as the Board or the Chair may from time to time prescribe.

(d) **Secretary.** The Secretary shall have the custody of the records of the Corporation pertaining to the Secretary's office; shall keep minutes of the meetings of the Board, and shall cause notice of such meetings to be given as required by law or these Bylaws. The Secretary shall perform such other duties as the Board or the Chair may from time to time prescribe.

(e) **Treasurer.** The Treasurer of the Corporation shall be responsible for the safekeeping of all funds and securities of the Corporation, shall see that proper records showing all financial transactions of the Corporation are maintained, and shall present financial reports to the Board.

Section 4.4 Resignation and Removal.

(a) An officer of the Corporation may resign at any time by giving written notice of such resignation to the Secretary. Such resignation shall be effective at the time specified in the notice, or if no time is specified, upon receipt by the Secretary. The acceptance of such resignation shall not be necessary to make it effective.

(b) The Board may remove from office any officer with or without cause; provided, however, that the President of the Corporation may be removed from office by the Member at the direction of YNHSC following consultation with the Board. Removal of an officer shall be without prejudice to the officer's contract rights, if any.

Section 4.5 Vacancies. In the case of the death, resignation or removal of any officer, except the President, the vacancy may be filled by the Board of Trustees for the unexpired term. A vacancy in the office of President shall be filled in accordance with Section 4.3(a).

Section 4.6 Other Officers. The Corporation may have such other officer or officers, including assistant officers, as the Board may from time to time determine. Any such officer or assistant officer shall be appointed or elected in the manner and for the term determined by the Board, and the officer shall have the duties assigned by the Board.

ARTICLE V. COMMITTEES

Section 5.1 Classification. There shall be such standing committees as are provided for in this Article V and such other committees as shall be established by Board resolution from time to time. Standing committees shall have the powers and duties set forth in this Article V and in a charter approved by the Board. Other committees shall have the powers and duties set forth in the resolution establishing them and in a charter approved by the Board. Each committee shall periodically review its charter and revise it as necessary; provided, however, that no amendment shall become effective until approved by the Board.

Section 5.2 Appointment of Committee Members. Except as otherwise provided in these Bylaws, members and chairs of all standing committees shall be appointed by the Board. All such committee members and chairs shall serve at the pleasure of the Board until the next annual meeting of the Board and until their successors shall be chosen. Unless otherwise provided, individuals who are not Trustees may be appointed to committees and each such person so appointed shall have a vote and be included for purposes of determining a quorum; provided, however, that if a committee is authorized to act on behalf of the Board, any such action must be approved by a majority of the committee members who are Trustees.

Section 5.3 Committee Governance.

(a) **Quorum and Voting.** A majority of the committee members shall constitute a quorum at committee meetings except as otherwise provided in these Bylaws. The act of a majority of the committee members present at a meeting at which a quorum is present at the time of the act shall be the act of such committee, unless the act of a greater number is required by these Bylaws, by resolution of the Board or by law.

(b) **Meetings.** Except as otherwise provided in these Bylaws or by resolution of the Board, each committee shall establish its own rules and procedures and shall fix the time and place of its meetings. Each committee shall keep minutes of its meetings which shall be made available to the Board upon request.

Section 5.4 Standing Committees.

(a) **Executive Committee.** The Executive Committee shall consist of the President, the Chair, the Secretary, the Treasurer, the President of the Member (if such person is not also concurrently serving as the President of the Corporation), a member of the Board selected by YNHSC, and any other member of the Board that the Board may choose to appoint. The Chair shall serve as the chair of the Executive Committee. The Executive Committee shall possess and may exercise in the intervals between meetings of the Board all such powers of the Board, except as may otherwise be provided by law, these Bylaws, or resolution of the Board.

(b) **Patient Safety and Clinical Quality Committee.** The Patient Safety and Clinical Quality Committee shall have such duties as are delegated to it by the Board. These duties include authority to render decisions in cases of uncontested medical staff appointments, reappointments, and renewals or modifications of clinical privileges. The Patient Safety and Clinical Quality Committee shall also periodically review patient safety and clinical quality metrics to ensure the provision of high quality, effective care. Other delegated duties may be set forth in the Medical Staff Bylaws. The Patient Safety and Clinical Quality Committee shall serve as a liaison for communication between the Board, the Medical Staff and hospital administration. To the extent that such committee engages in peer review activity, such committee shall function as a "peer review committee" within the meaning of that term as set forth in Chapter 368a of the Connecticut General Statutes, as amended from time to time.

Section 5.5 Other Committees. The Board may establish and appoint ad-hoc committees from time to time as the Board may deem necessary to carry out special fund raising events or other initiatives of the Board. Such committees may not exercise the authority of the Board, and any acts taken by them shall be solely advisory in nature. The members and chairs of each such committee shall be appointed by the Board, and each such committee shall consist of at least one (1) Trustee and two (2) other individuals who may or may not be Trustees. Each such committee shall be chaired by a Trustee of the Board. Committee members shall serve at the pleasure of the Board and until their successors are elected.

Section 5.6 Powers of Committees. No committee established by the Board shall have power to fill vacancies on the Board or on any of its committees, to amend the Certificate of Incorporation of the Corporation or these Bylaws, to approve a plan of merger, to approve a sale, lease, exchange or other disposition of all, or substantially all, of the property of the Corporation other than in the usual and regular course of affairs of the Corporation, to approve a proposal to dissolve, or to authorize any other action inconsistent with the Certificate of Incorporation or these Bylaws. The Executive Committee shall have authority to take actions consistent with these Bylaws; all other committees shall act in an advisory capacity only and shall have no power or authority to bind the Corporation, unless expressly authorized by the Board.

ARTICLE VI. INDEMNIFICATION

The Corporation shall indemnify and defend the Corporation's Trustees, officers and employees as set forth in the Certificate of Incorporation.

ARTICLE VII. CONFLICTS OF INTEREST

The Trustees and officers of the Corporation shall comply with any Conflicts of Interest policy adopted by the Corporation, as any such policy may be amended from time to time, and with the provisions of the Nonstock Act related to disclosure and approval of "Director's conflicting interest transactions" (as such term is defined in the Nonstock Act). Consistent with the requirements of the Nonstock Act, any "Director's conflicting interest transaction" shall, when possible, be approved and authorized by either (i) the Member or (i) a majority of the disinterested Trustees voting on the transaction at a meeting at which a majority (but no fewer

than two (2)) of all disinterested Trustees on the Board shall constitute a quorum, in each case following any required disclosure of the facts of the conflicting interest transaction.

ARTICLE VIII. MISCELLANEOUS PROVISIONS

Section 8.1 Fiscal Year. The fiscal year of the Corporation shall begin on the first day of October and end on the last day of September in each year unless the Board of Trustees shall otherwise determine.

Section 8.2 Execution of Deeds and Contracts. Except as otherwise directed by the Board, all deeds and mortgages made by the Corporation and all other written contracts, agreements and undertakings to which the Corporation shall be a party shall be executed in its name by the President or such other officers or officers as may be specified by the Board or authorized by the President.

Section 8.3 Execution of Negotiable Instruments. All checks, drafts, notes, bonds, bills of exchange and orders for the payment of money shall be signed by the President or such officer or officers of the Corporation as the Board may specify from time to time.

Section 8.4 Auxiliary. There may be an auxiliary organized to further the purposes and interests of the Corporation (the "Auxiliary"). The Auxiliary shall have the authority, subject to the review and approval of the Board, to adopt and amend bylaws for its operations which shall state its purpose, duties and organization.

Section 8.5 Department Chairs. The Corporation shall consult with YNHSC regarding the recruitment and selection of all Department Chairs or other comparable positions at the Corporation and/or any of its Affiliates.

ARTICLE IX. AMENDMENTS

Except as otherwise provided by the Certificate of Incorporation or by law, and subject to approval by YNHSC, these Bylaws may be amended, altered, or repealed by the Member.

EXHIBIT A

Actions Requiring Approval of the Member and YNHHS

Notwithstanding anything in these Bylaws to the contrary, the following actions may only be taken upon the approval of the Member and YNHHS, without the approval of the Board of this Corporation:

- A. Merger, consolidation, reorganization or dissolution of this Corporation or any Affiliate or the creation or acquisition of an interest in any corporate entity, including joint ventures;
- B. Amendment or restatement of the Mission, Certificate of Incorporation or the Bylaws of this Corporation or any Affiliate, or any new or revised "doing business as" name;
- C. Adoption of operating and cash flow budgets of the Corporation or any Affiliate, including consolidated or combined budgets of this Corporation and all subsidiary organizations of the Corporation (pursuant to the authority delegated to this Corporation by YNHHS to adopt such budgets within parameters established by YNHHS);
- D. Adoption of capital budgets and capital allocations of this Corporation or any Affiliate (pursuant to the authority delegated to this Corporation by YNHHS to adopt such budgets within parameters established by YNHHS);
- E. Incurring aggregate operating or capital expenditures on an annual basis that exceed operating or capital budgets of the Corporation adopted by YNHHS by a specified dollar amount to be determined from time to time by YNHHS;
- F. Long-term or material agreements including, but not limited to, equity financings, capitalized leases, operating leases and installment contracts; and purchase, sale, lease, disposition, hypothecation, exchange, gift, pledge or encumbrance of any asset, real or personal, with a fair market value in excess of a dollar amount to be determined from time to time by YNHHS, which shall not be less than 10% of the total annual capital budget of this Corporation;
- G. Approval of any new relationships or agreements for undergraduate or graduate medical education programs or any material amendments to or terminations of existing agreements for undergraduate or graduate medical education programs;
- H. Contracting with an unrelated third party for all or substantially all of the management of the assets or operations of this Corporation or any Affiliate;
- I. Approval of major new programs and clinical services of this Corporation or any Affiliate or discontinuation or consolidation of any such program. YNHHS shall from time to time define the term "major" in this context;

- J. Approval of strategic plans of this Corporation or any Affiliate;
- K. Adoption of safety and quality assurance policies not in conformity with policies established by YNHHSK;
- L. Oversee the Corporation's management and investment of its permanent and temporarily restricted funds;
- M. Approve any voluntary change to the federal income tax exemption granted by the IRS to the Corporation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended;
- N. Initiate or consent to any form of insolvency proceeding undertaken by the Corporation or any direct or indirect subsidiary of the Corporation;
- O. Approve any change in the name of the Corporation, and establish advertising, marketing and promotional policies applicable to the Corporation; and
- P. Appointment of the President of this Corporation consistent with Section 4.3(a).

Nothing in these Bylaws shall be construed in a manner that is inconsistent with the authorities with respect to the Corporation that are reserved or retained by the Member or YNHHSK pursuant to these Bylaws and the Bylaws of the Member and of YNHHSK.

EXHIBIT B

Direct Authority Retained by YNHHSC

Notwithstanding anything in these Bylaws to the contrary, YNHHSC (or, where required by law, the Member acting at the direction of YNHHSC) retains authority to take the following actions on behalf of and in the name of this Corporation, directly and without the approval of the Board of this Corporation:

- A. Adoption of targets for the annual operating and cash flow budgets of this Corporation and its Affiliates, including consolidated or combined budgets of this Corporation and all subsidiary organizations of the Corporation;
- B. Adoption of targets for the annual capital budgets and capital allocations of this Corporation and any Affiliate;
- C. Adoption of annual operating, cash flow and annual capital budgets for the Corporation and any Affiliate within the targets established by YNHHSC in the event of any failure of the Corporation to do so;
- D. Issuance and incurrence of indebtedness on behalf of this Corporation;
- E. Management and control of the liquid assets of this Corporation, including the authority to cause such assets to be funded to YNHHSC or as otherwise directed by YNHHSC; and
- F. Appointment of the independent auditor for this Corporation and each Affiliate and the management of the audit process and compliance process and procedures for this Corporation and each Affiliate,

Other Major Activities

- A. In addition, YNHHSC shall have the authority, except as otherwise provided by YNHHSC and after consultation with the Member, to require the prior review and approval of those activities of this Corporation or any subsidiary or affiliate entity that YNHHSC determines to be "major activities."
- B. "Major activities" shall be those which YNHHSC by a vote of not less than two-thirds (2/3) of its Board of Trustees has declared major, by written notice to the Member, delivered personally or transmitted by registered or certified mail return receipt requested. Such notice shall specifically identify the matter or matters requiring approval of YNHHSC, and shall refer to this Bylaw provision granting such approval rights to YNHHSC. Notices received pursuant to this section shall be recorded in the minutes of the Member and of this Corporation, and shall be filed with the minutes of the Member and of this Corporation.

Exhibit 2.1.5(b)(1)

LMW Amended Certificate of Incorporation

DOHP0812

AGP0028A313

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Office of the Secretary of State
Corporations Division
148 W. River Street
Providence, Rhode Island 02904-2615
(401) 222-3040

**INSTRUCTIONS FOR FILING
ARTICLES OF AMENDMENT TO THE ARTICLES OF INCORPORATION
OF A DOMESTIC NON-PROFIT CORPORATION**

Section 7-6-40 of the General Laws of Rhode Island, 1958, as amended

The attached form is designed to meet minimal statutory filing requirements pursuant to the relevant statutory provision. This form and the information provided are not substitutes for the advice and services of an attorney and/or tax specialist.

1. In order to procure a Certificate of Amendment, a non-profit corporation must file Articles of Amendment to the Articles of Incorporation (Form No. 201) with the Office of the Secretary of State, Corporations Division, at the above address. When the Articles are properly completed, signed and submitted with the correct filing fee, a Certificate of Amendment, shall be issued.
2. Upon filing the Articles, the corporation must be in good standing and current with the filing of its annual reports and the maintenance of its registered agent and its registered office in this state.
3. The filing fee for the Articles of Amendment is \$10.00, and payment should be made payable to the Rhode Island Secretary of State.
4. A corporation may amend its articles of incorporation, from time to time, in any and as many respects as may be desired, so long as its articles of incorporation as amended contain only such provisions as are lawful under this chapter. The following instructions apply if the corporation is changing its corporate name, and/or changing, enlarging or diminishing its corporate purpose.
 - (a) The name of any non-profit corporation must be "distinguishable upon the records of the secretary of state." This means the Office of the Secretary of State will deny a request for a name if such name is identical to or not distinguishable from any entity, name reservation, or registration on file with the Business Section of the Corporations Division. A preliminary name availability check can be made by checking the Name Availability Database on our website, or by phoning us at the above telephone number. This preliminary check is not statutorily required, is not binding upon the Secretary of State, and does not ensure that the name will be available upon filing the Articles of Incorporation. It is suggested that you do not make any financial expenditures or execute documents utilizing the name based upon a preliminary name availability check. The final determination as to availability of the name will be made when the documents are submitted for filing.
 - (b) The specific purpose or purposes of the corporation must be stated. General statements such as "any lawful purpose" or "any lawful business" will not be accepted.
5. The Articles must be signed by the corporation's president or vice president and secretary or assistant secretary. A signature must appear on each line even if the same person holds both offices.

If you have any questions, please call us at (401) 222-3040, Monday through Friday, between 8:30 a.m. and 4:30 p.m.

Filing Fee: \$10.00

ID Number: 790660



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Office of the Secretary of State
Corporations Division
148 W. River Street
Providence, Rhode Island 02904-2615

NON-PROFIT CORPORATION

**ARTICLES OF AMENDMENT TO
ARTICLES OF INCORPORATION**

Pursuant to the provisions of Section 7-6-40 of the General Laws of Rhode Island, 1956, as amended, the undersigned corporation adopts the following Articles of Amendment to its Articles of Incorporation:

1. The name of the corporation is LMW Healthcare, Inc.

2. The following amendment to the Articles of Incorporation was adopted by the corporation:

[Insert Amendment]

Please see amendment attached.

Multiple horizontal lines for text entry, mostly blank.

3. The amendment was adopted in the following manner:

(check one box only)

- The amendment was adopted at a meeting of the members held on _____, at which meeting a quorum was present, and the amendment received at least a majority of the votes which members present or represented by proxy at such meeting were entitled to cast.
- The amendment was adopted by a consent in writing on _____, signed by all members entitled to vote with respect thereto.
- The amendment was adopted at a meeting of the Board of Directors held on _____ and received the vote of a majority of the directors in office, there being no members entitled to vote with respect thereto.

4. Date when amendment is to become effective _____
(not prior to, nor more than 30 days after, the filing of these Articles of Amendment)

Under penalty of perjury, we declare and affirm that we have examined these Articles of Amendment to the Articles of Incorporation, including any accompanying attachments, and that all statements contained herein are true and correct.

Date: _____

LMW Healthcare, Inc.
Print Corporate Name

By _____

President or Vice President (check one)

AND

By _____

Secretary or Assistant Secretary (check one)

Attachment to
Articles of Amendment to
Articles of Incorporation for:
LMW Healthcare, Inc.

Section 3 shall be amended to add thereto:

In furtherance of the foregoing, the Corporation shall (i) participate as an integral part of the integrated health care delivery system known as the Yale New Haven Health System (the "System"), which System provides, through its affiliates, comprehensive, cost effective, advanced patient care characterized by safety and clinical and service quality; and (ii) fund and promote activities and programs of the System, including activities and programs of its affiliates, consistent with and in furtherance of the Corporation's charitable purposes and the charitable purposes of all System affiliates.

July 17, 2015 Final Version

DOHP0816

AGP0028A317

Exhibit 2.1.5(b)(2)
LMW Amended Bylaws

DOHP0817

AGP0028A318

LMW HEALTHCARE, INC. D/B/A WESTERLY HOSPITAL
AMENDED AND RESTATED BYLAWS

Amended and Restated as of _____, 201__

July 17, 2015 Final Version

DOHP0818

AGP0028A319 _____

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**LMW HEALTHCARE, INC. D/B/A WESTERLY HOSPITAL
AMENDED AND RESTATED BYLAWS**

ARTICLE I. NAME AND GENERAL PURPOSES

Section 1.1 Name. The name of the corporation is **LMW Healthcare, Inc.** (the "**Corporation**"). The Corporation shall conduct business under the name "**Westerly Hospital.**"

Section 1.2 General Purposes. The purposes of the Corporation shall be as set forth in the Corporation's Articles of Incorporation as in effect from time to time. These Bylaws, the powers of the Corporation, its member, trustees and officers, and all matters concerning the conduct and regulation of the affairs of the Corporation shall be subject to the Articles of Incorporation.

ARTICLE II. MEMBERSHIP

Section 2.1 Member. The Corporation shall have a single member, Lawrence + Memorial Corporation (the "**Member**").

Section 2.2 Rights, Powers and Privileges. The Member shall have all the rights, powers and privileges usually or by law accorded to the member of a Rhode Island nonprofit corporation under the Rhode Island Nonprofit Corporation Act as may be amended from time to time (the "**Act**") and not conferred thereby or by the Articles of Incorporation or these Bylaws upon the Board of Trustees of the Corporation (the "**Board**"), including the right to elect the members of the Board in accordance with these Bylaws. If and to the extent that actions by the Member cannot be taken without the approval of the sole member of the Member, Yale-New Haven Health Services Corporation ("**YNHHSC**"), or actions have been reserved to YNHHSC, the Member may take such actions only as directed by YNHHSC.

Notwithstanding anything in these Bylaws to the contrary:

(a) Neither the Board, nor any officer or employee of the Corporation, may take any of the actions set forth in Exhibit A or Exhibit B of these Bylaws, nor may the Board or any officer or employee of the Corporation approve the taking of any such action by an Affiliate (as hereafter defined), except that, with respect to the actions on Exhibit A, the Board's recommendation may be requested by the Member and YNHHSC consistent with Section 3.1(a) below. For purposes hereof, an "Affiliate" of the Corporation shall mean, unless otherwise determined by the YNHHSC, any entity which at the time Affiliate status is being determined is directly or indirectly controlling or controlled by or under the direct or indirect common control with the Corporation. "Control" shall mean the legal power to (a) elect or cause the election of a majority of the governing body of the subject entity, or (b) direct or cause the direction of the subject entity's operations or management, whether the foregoing power(s) exist(s) through voting securities, other voting rights, reserved powers, contract rights, or other legally enforceable means.

(b) In addition to the rights reserved to the Member and YNHHSC to take the actions set forth in Exhibit A on behalf of and in the name of the Corporation, directly and without

the approval or the recommendation of the Board, YNHHS (or the Member, acting on the direction of YNHHS) expressly retains the rights to take the actions set forth in Exhibit B on behalf of and in the name of the Corporation, directly and without the approval or the recommendation of the Board or the Member of this Corporation.

(c) The Board shall have the authority, from time to time, to delegate to the Member and YNHHS any rights, powers and privileges that would otherwise be exercised by the Board to the fullest extent permitted by applicable law.

Section 2.3 Liability and Reimbursement of Expenses. Unless the Member expressly agrees otherwise in writing, the Member shall not be liable for the debts or obligations of the Corporation. The Member may be reimbursed for expenses reasonably incurred on behalf of the Corporation.

ARTICLE III. BOARD OF TRUSTEES

Section 3.1 Powers and Duties. Subject to the powers retained by, conferred upon, or reserved to the Member or YNHHS by law or under these Bylaws, the Board shall have charge, control and management of the affairs, property and funds of the Corporation in the manner and subject to the limitations set forth in these Bylaws. Each Trustee shall discharge his or her duties in good faith with the care an ordinarily prudent person in like position would exercise under similar circumstances and in a manner he or she reasonably believes to be in the best interests of the Corporation.

The Board shall have among its duties those duties required to be exercised by the governing body by applicable regulatory, licensing or accreditation agencies. Without limiting the generality of the foregoing, the Board shall be responsible for the appointment, organization and activities of the Medical Staff (the "Medical Staff"), shall hold the Medical Staff responsible for recommendations concerning medical matters, and shall make decisions regarding initial staff appointments, reappointments, terminations of appointments, and the granting, termination, curtailment or revision of clinical privileges (directly or as delegated by the Board to the Patient Safety and Clinical Quality Committee in accordance with Section 5.4(b) of these Bylaws).

Further without limiting the generality of the foregoing, and subject to Section 2.2 and Exhibit A and Exhibit B of these Bylaws, the Board may:

- (a) Make the following recommendations to the Member and YNHHS:
 - (i) Recommend to the Member and YNHHS the philosophy, mission and values of the Corporation and any changes thereto;
 - (ii) Recommend to the Member and YNHHS the Corporation's strategic plans;
 - (iii) Recommend to the Member and YNHHS the Corporation's annual operating and financial targets, major clinical and/or financial initiatives, and financial plans (including capital and operating budgets);

(iv) Recommend to the Member and YNHSC the sale, transfer or substantial change in use of all or substantially all of the assets, the divestiture, dissolution and/or disposition of assets, closure, merger, consolidation, change in corporate membership or ownership or corporate reorganization of the Corporation or any Affiliate;

(v) Recommend to the Member and YNHSC the formation or acquisition by the Corporation of any Affiliates or any other new direct or indirect subsidiaries, joint ventures or affiliations;

(vi) Recommend to the Member and YNHSC the introduction or termination of any services to be offered by the Corporation not otherwise included in an approved budget or a strategic or financial plan; and

(vii) Recommend to the Member and YNHSC changes to the Corporation's Certificate of Incorporation and Bylaws.

(b) Make the following recommendations to the Member:

(i) Recommend to the Member approval of any consent decree or settlements from state and federal authorities;

(ii) Recommend to the Member nominations for and removal of Trustees of the Corporation; and

(iii) Recommend to the Member the appointment and evaluation of the President of the Corporation.

(c) Take the following actions:

(i) Annually assess the Corporation's performance against approved budgets, initiatives and strategic plans adopted by the Member and YNHSC;

(ii) Except for the President of the Corporation, elect officers of the Board (following consultation with the Member's Nominating and Governance Committee in accordance with Section 4.2 of these Bylaws) and remove from office any officer (except for the President of the Corporation) with or without cause (in accordance with Section 4.4(b) of these Bylaws);

(iii) Approve any business transaction or contract that is not otherwise included in an approved budget or a strategic or financial plan, except for long-term or material agreements that require the approval of the Member and YNHSC in accordance with Exhibit A;

(iv) Periodically assess the Corporation's Quality Initiatives, including tracking and reporting on the Corporation's performance under quality measures, quality and patient safety programs and initiatives, patient satisfaction and cultural competence initiatives;

(v) Periodically assess the Corporation's Development Plans and its Planned Giving Plans;

(vi) Periodically assess the Corporation's Community Relations Initiatives and Community Outreach Programs;

(vii) Approve actions with respect to the privileges and credentials of members of the Corporation's medical staff in accordance with state and federal law, applicable accreditation standards, the Corporation's Medical Staff Bylaws and any System guidelines established by the Member, subject to the Board's delegation of authority to the Board Patient Safety and Clinical Quality Committee; and

(viii) Evaluate the Board's performance.

Section 3.2 Composition. The Board shall consist of two classes of voting Trustees, the Elected Trustees and the Ex Officio Trustees (collectively, the "Trustees").

(a) **Elected Trustees.** Elected Trustees shall be the persons elected by the Member for terms as set forth in these Bylaws, following nomination and approval pursuant to Section 3.4 of this Article III. Elected Trustees will represent a cross section of major segments of the community served by the Corporation and shall be selected, on the basis of demonstrated skill and ability, for their potential contribution to the governance of the affairs of the Corporation.

(b) **Ex Officio Trustees.** In addition to the Elected Trustees, there shall be the following Ex Officio Trustees, each of whom shall serve automatically by virtue of and while holding the designated office:

(i) the President/Chief Executive Officer of YNHHS (or his or her designee);

(ii) the President of the Member (if such person is not also concurrently serving as the President of the Corporation);

(iii) the President of the Corporation (if such person is not also concurrently serving as the President of the Member);

(iv) the President of the Medical Staff; and

(v) the Vice President of the Medical Staff.

Ex Officio Trustees shall be counted in determining the presence of a quorum and shall have the right to vote on all matters that come before the Board.

(c) **Other Board Participants.** Any present or former Trustee who has served with unusual distinction, or faithfully over a number of years, shall be eligible for election by the Board as a Trustee Emeritus. A Trustee Emeritus shall have the privilege of attending meetings of the Board and shall have the privilege of the floor, but shall have no vote at meetings

of the Board and shall not be counted in determining a quorum thereof.

Section 3.3 Number. The Board shall consist of no fewer than six (6) nor more than twelve (12) Trustees, such number to be determined from time to time by the Member.

Section 3.4 Election of Trustees. At the annual meeting of the Member, the Member shall elect successors to the Elected Trustees whose terms are then expiring. The Member shall elect such successors from among the nominees presented by the Board; provided, however, that in the event the Member does not elect any such nominee, the Board shall present a different nominee to the Member for election; and provided further that in the event any such successor nominee is not elected by the Member within ninety (90) days following the original nomination, the Member may solicit alternative nominees or elect its own nominee. In all events, the Elected Trustees shall be individuals who meet the requirements set forth in Section 3.2(a) of this Article III and who are satisfactory to YNHHS.

Notwithstanding anything herein to the contrary, the Elected Trustees shall include one (1) physician on the Medical Staff who has previously held the position of President of the Medical Staff.

Section 3.5 Term and Term Limits. There shall be three (3) classes of Elected Trustees, with approximately one-third of the Elected Trustees in each class, and the terms of all Trustees in the same class shall expire at the adjournment of the same annual meeting of the Member at which Trustees are elected. Elected Trustees shall take office at the close of the meeting of the Member at which they were elected or at such later date as may be established by the Member and, subject to Section 3.6 of this Article III, shall hold office for a term of three (3) years and until a successor is duly elected and qualified.

Notwithstanding anything herein to the contrary:

(a) No person shall be elected a Trustee for a term beginning after the date of his or her seventy-sixth birthday, provided that an Elected Trustee who is seventy-six (76) years of age or older may be re-elected for another term if (i) the Trustee is also elected as an officer of the Corporation or appointed chair of a standing committee at the beginning of such term; or (ii) the Member determines that additional service is appropriate due to the Trustee's unique expertise and commitment to the Board. In the instance of re-election as a Trustee for an additional term as provided in clause (i) of the foregoing sentence, Board membership shall be coterminous with said Trustee's service as an officer or committee chair.

(b) An Elected Trustee who has served three (3) consecutive full terms (provided that for the purposes of this Section 3.5 a term of service of more than one-half of a full term shall be considered a full term) shall not be eligible for re-election for a period of one year, provided that a Trustee may be re-elected for an additional consecutive term if (i) the Trustee is also elected as an officer of the Corporation or appointed chair of a standing committee at the beginning of such additional term; or (ii) the Member determines that additional service is appropriate due to the Trustee's unique expertise and commitment to the Board, which such

determination shall be made only in limited circumstances and shall be made prior to each proposed re-election after the Trustee's completion of three (3) consecutive full terms. In the instance of re-election as a Trustee for an additional term as provided in clause (i) of the foregoing sentence, Board membership shall be coterminous with said Trustee's service as an officer or committee chair.

(c) The provisions of paragraphs (a) and (b) of this Section shall not apply to an Elected Trustee in the event such Trustee also serves as a trustee of YNHHSOC at the time such person is elected to serve as an Elected Trustee for a term otherwise prohibited by such paragraphs (a) and (b). In the instance of re-election as a Trustee for an additional term as provided in this paragraph (c), Board membership shall be coterminous with said Trustee's service as a trustee of YNHHSOC.

Section 3.6 Resignation. Any Elected Trustee may resign at any time by giving written notice of such resignation to the Secretary of this Corporation. Such resignation shall be effective at the time specified in the notice, or if no time is specified, upon receipt by the Secretary. The acceptance of such resignation shall not be necessary to make it effective. Any Ex Officio Trustee who for any reason ceases to hold the office or position from which his or status as an Ex Officio Trustee derives shall automatically be deemed to have resigned as a Trustee of the Corporation and from any position held by virtue of such office with any Affiliate.

Section 3.7 Removal. One or more Elected Trustees may be removed from the Board with or without cause by action of the Member, which action may be taken upon its own initiative or upon the recommendation of the Board. The Member shall remove an Elected Trustee at the direction of YNHHSOC.

Section 3.8 Vacancies. In the event of the death, resignation or removal of an Elected Trustee, the vacancy resulting therefrom may be filled only by the Member in accordance with Section 3.4 of these Bylaws. An individual elected to fill a vacancy shall serve the remainder of the term of the trustee replaced.

Section 3.9 Meetings.

(a) **Annual Meetings.** The annual meeting of the Board shall be held on such date and time as the Chair of the Board shall designate.

(b) **Regular Meetings.** Regular meetings of the Board shall be held at least quarterly or more frequently as needed on such dates and at such times and places as the Chair shall designate.

(c) **Special Meetings.** Special meetings of the Board may be called at any time by the Chair or President and shall be called upon the written request of any three (3) Trustees.

Section 3.10 Notice of Meetings. Notice of the date, time and place of any meeting of the Board shall be given to each Trustee and to the Member at least five (5) days in advance of the meeting, except that no notice need be given of a regular meeting held in accordance with a schedule established at the beginning of the fiscal year and provided to the Board in writing.

Any notice of a meeting required under these Bylaws may be communicated to a Trustee in person, by mail or other delivery service, or by telephone, facsimile or other electronic means, including electronic mail directed to an electronic email address at which a Trustee has consented to receive notice. Notice to the Member shall be directed to the President of the Member and may be provided in person, by mail, or by telephone, facsimile or other electronic means, including electronic mail directed to an electronic mail address at which the President of the Member has consented to receive notice.

Section 3.11 Waiver of Notice. Notice of any meeting of the Board may be waived in writing by all the Trustees and, if any Trustee present at a meeting of the Board does not protest prior to or at the commencement of the meeting the lack of proper notice, he or she shall be deemed to have waived notice of such meeting.

Section 3.12 Action by Unanimous Written Consent. Any action required or permitted to be taken by the Board may be taken without a meeting if all the Trustees unanimously consent to such action in writing. Such written consent(s) shall be filed with the minutes of the Corporation and shall have the same force and effect as a vote of Trustees at a duly convened meeting. For purposes of this section, a Trustee may evidence his or her consent with any manual, facsimile, conformed or electronic signature, including an email communication from the Trustee to the Corporation from an email address provided by the Trustee to the Corporation.

Section 3.13 Participation by Conference Call. The members of the Board may participate in a meeting of the Board by means of conference telephone or similar communications equipment (including, without limitation, video conferencing equipment) affording all persons participating in the meeting the ability to hear one another, and such participation in the meeting by means of such equipment shall constitute presence in person at such meeting.

Section 3.14 Quorum and Voting. A majority of the number of Trustees in office at the time shall constitute a quorum for the transaction of business at all meetings of the Board, provided that if less than a majority of the Trustees is present at said meeting, a majority of the Trustees present may adjourn the meeting from time to time without further notice. The act of a majority of the Trustees present at a meeting at which a quorum is present at the time of the act shall be the act of the Board, unless the act of a greater number is required by these Bylaws, by the Certificate of Incorporation or by law. Notwithstanding the foregoing, in the event that any Trustee has a conflict of interest with respect to any transaction to be undertaken by the Corporation, such transaction shall require the approval of the Board or the Member consistent with Article VII.

ARTICLE IV. OFFICERS

Section 4.1 Officers. The officers of the Corporation shall consist of a President, a Chair, one or more Vice Chairs, a Secretary, a Treasurer and such other officers as may be appointed from time to time consistent with Section 4.6. The Chair and any Vice Chair shall be selected from among members of the Board of Trustees. The offices of the President, the Chair and the Treasurer shall be held by different individuals.

Section 4.2 Election and Term of Office. The President shall be appointed in accordance with Section 4.3(a) of this Article IV. The Chair, Vice Chairs, Secretary and Treasurer shall be nominated in consultation with the Nominating and Governance Committee of the Member and elected annually by the Board for a term of one year and until their successors are duly elected and qualified. The Board may create and fill such other offices as it deems necessary consistent with Section 4.6.

Section 4.3 Powers. The officers shall have the powers and perform the duties commonly incident to their respective offices, including the powers and duties listed below.

(a) **President.** The President of the Corporation shall be appointed by the Member, following consultation with the Board and with the approval of YNHSC. The appointed President shall serve at the pleasure of the Member and YNHSC.

The President shall be a person who in the judgment of the Member and YNHSC has the combination of education, experience, professional standards and demonstrated leadership ability to fulfill successfully the responsibilities of the position and to command the confidence and respect of the Board, the Medical Staff, Corporation personnel, YNHSC and the community.

The President shall be delegated the responsibility for overall management of the Corporation and shall have all authority necessary to carry out this responsibility, subject only to such policies as may be adopted by the Board. The President shall act as the duly authorized representative of the Board in all matters in which the Board has not formally delegated some other person to so act. The duties, responsibilities and authority of the President shall be defined in a written statement adopted by the Member in consultation with the Board and with the approval of YNHSC.

The President shall be a voting member of all standing committees except as otherwise specified in these Bylaws. The President shall report to the President of the Member (or his or her designee) as well as to the Board.

(b) **Chair.** The Chair of the Board shall preside at meetings of the Board and shall be a voting member of all committees except the Governance Committee. The Chair shall perform such other duties as the Board may from time to time prescribe.

(c) **Vice Chair.** The Board shall designate one or more Vice Chairs, who shall exercise the powers and duties of the Chair during absence or disability. The Vice Chair(s) shall perform such other duties as the Board or the Chair may from time to time prescribe.

(d) **Secretary.** The Secretary shall have the custody of the records of the Corporation pertaining to the Secretary's office; shall keep minutes of the meetings of the Board, and shall cause notice of such meetings to be given as required by law or these Bylaws. The Secretary shall perform such other duties as the Board or the Chair may from time to time prescribe.

(e) **Treasurer.** The Treasurer of the Corporation shall be responsible for the safekeeping of all funds and securities of the Corporation, shall see that proper records showing all financial transactions of the Corporation are maintained, and shall present financial reports to the Board.

Section 4.4 Resignation and Removal.

(a) An officer of the Corporation may resign at any time by giving written notice of such resignation to the Secretary. Such resignation shall be effective at the time specified in the notice, or if no time is specified, upon receipt by the Secretary. The acceptance of such resignation shall not be necessary to make it effective.

(b) The Board may remove from office any officer with or without cause; provided, however, that the President of the Corporation may be removed from office by the Member at the direction of YNHSC following consultation with the Board. Removal of an officer shall be without prejudice to the officer's contract rights, if any.

Section 4.5 Vacancies. In the case of the death, resignation or removal of any officer, except the President, the vacancy may be filled by the Board of Trustees for the unexpired term. A vacancy in the office of President shall be filled in accordance with Section 4.3(a).

Section 4.6 Other Officers. The Corporation may have such other officer or officers, including assistant officers, as the Board may from time to time determine. Any such officer or assistant officer shall be appointed or elected in the manner and for the term determined by the Board, and the officer shall have the duties assigned by the Board.

ARTICLE V. COMMITTEES

Section 5.1 Classification. There shall be such standing committees as are provided for in this Article V and such other committees as shall be established by Board resolution from time to time. Standing committees shall have the powers and duties set forth in this Article V and in a charter approved by the Board. Other committees shall have the powers and duties set forth in the resolution establishing them and in a charter approved by the Board. Each committee shall periodically review its charter and revise it as necessary; provided, however, that no amendment shall become effective until approved by the Board.

Section 5.2 Appointment of Committee Members. Except as otherwise provided in these Bylaws, members and chairs of all standing committees shall be appointed by the Board. All such committee members and chairs shall serve at the pleasure of the Board until the next annual meeting of the Board and until their successors shall be chosen. Unless otherwise provided, individuals who are not Trustees may be appointed to committees and each such person so appointed shall have a vote and be included for purposes of determining a quorum; provided, however, that if a committee is authorized to act on behalf of the Board, any such action must be approved by a majority of the committee members who are Trustees.

Section 5.3 Committee Governance.

(a) **Quorum and Voting.** A majority of the committee members shall constitute a quorum at committee meetings except as otherwise provided in these Bylaws. The act of a majority of the committee members present at a meeting at which a quorum is present at the time of the act shall be the act of such committee, unless the act of a greater number is required by these Bylaws, by resolution of the Board or by law.

(b) **Meetings.** Except as otherwise provided in these Bylaws or by resolution of the Board, each committee shall establish its own rules and procedures and shall fix the time and place of its meetings. Each committee shall keep minutes of its meetings which shall be made available to the Board upon request.

Section 5.4 Standing Committees.

(a) **Executive Committee.** The Executive Committee shall consist of the President, the Chair, the Secretary, the Treasurer, the President of the Member (if such person is not also concurrently serving as the President of the Corporation), a member of the Board selected by YNHHS, and any other member of the Board that the Board may choose to appoint. The Chair shall serve as the chair of the Executive Committee. The Executive Committee shall possess and may exercise in the intervals between meetings of the Board all such powers of the Board, except as may otherwise be provided by law, these Bylaws, or resolution of the Board.

(b) **Patient Safety and Clinical Quality Committee.** The Patient Safety and Clinical Quality Committee shall have such duties as are delegated to it by the Board. These duties include authority to render decisions in cases of uncontested medical staff appointments, reappointments, and renewals or modifications of clinical privileges. The Patient Safety and Clinical Quality Committee shall also periodically review patient safety and clinical quality metrics to ensure the provision of high quality, effective care. Other delegated duties may be set forth in the Medical Staff Bylaws. The Patient Safety and Clinical Quality Committee shall serve as a liaison for communication between the Board, the Medical Staff and hospital administration. To the extent that such committee engages in peer review activity, such committee shall function as a "peer review board" for the purposes set forth in R.L. Gen. Laws § 23-17-25(a), as amended from time to time.

Section 5.5 Other Committees. The Board may establish and appoint ad-hoc committees from time to time as the Board may deem necessary to carry out special fund raising events or other initiatives of the Board. Such committees may not exercise the authority of the Board, and any acts taken by them shall be solely advisory in nature. The members and chairs of each such committee shall be appointed by the Board, and each such committee shall consist of at least one (1) Trustee and two (2) other individuals who may or may not be Trustees. Each such committee shall be chaired by a Trustee of the Board. Committee members shall serve at the pleasure of the Board and until their successors are elected.

Section 5.6 Powers of Committees. No committee established by the Board shall have power to fill vacancies on the Board or on any of its committees, to amend the Certificate of Incorporation of the Corporation or these Bylaws, to approve a plan of merger, to approve a sale, lease, exchange or other disposition of all, or substantially all, of the property of the Corporation other than in the usual and regular course of affairs of the Corporation, to approve a proposal to dissolve, or to authorize any other action inconsistent with the Certificate of Incorporation or these Bylaws. The Executive Committee shall have authority to take actions consistent with these Bylaws; all other committees shall act in an advisory capacity only and shall have no power or authority to bind the Corporation, unless expressly authorized by the Board.

ARTICLE VI. INDEMNIFICATION

The Corporation shall indemnify and defend the Corporation's Trustees, officers and employees to the full extent permitted by law.

ARTICLE VII. CONFLICTS OF INTEREST

The Trustees and officers of the Corporation shall comply with any Conflicts of Interest policy adopted by the Corporation, as any such policy may be amended from time to time, and with the provisions of the Act related to disclosure and approval of transactions that present a conflict of interest.

ARTICLE VIII. MISCELLANEOUS PROVISIONS

Section 8.1 Fiscal Year. The fiscal year of the Corporation shall begin on the first day of October and end on the last day of September in each year unless the Board of Trustees shall otherwise determine.

Section 8.2 Execution of Deeds and Contracts. Except as otherwise directed by the Board, all deeds and mortgages made by the Corporation and all other written contracts, agreements and undertakings to which the Corporation shall be a party shall be executed in its name by the President or such other officers or officers as may be specified by the Board or authorized by the President.

Section 8.3 Execution of Negotiable Instruments. All checks, drafts, notes, bonds, bills of exchange and orders for the payment of money shall be signed by the President or such officer or officers of the Corporation as the Board may specify from time to time.

Section 8.4 Auxiliary. There may be an auxiliary organized to further the purposes and interests of the Corporation (the "Auxiliary"). The Auxiliary shall have the authority, subject to the review and approval of the Board, to adopt and amend bylaws for its operations which shall state its purpose, duties and organization.

Section 8.5 Department Chairs. The Corporation shall consult with YNHSC regarding the recruitment and selection of all Department Chairs or other comparable positions at the Corporation and/or any of its Affiliates.

ARTICLE IX. AMENDMENTS

Except as otherwise provided by the Articles of Incorporation or by law, and subject to approval by YNHSC, these Bylaws may be amended, altered, or repealed by the Member.

EXHIBIT A

Actions Requiring Approval of the Member and YNHHSIC

Notwithstanding anything in these Bylaws to the contrary, the following actions may only be taken upon the approval of the Member and YNHHSIC, without the approval of the Board of this Corporation:

- A. Merger, consolidation, reorganization or dissolution of this Corporation or any Affiliate or the creation or acquisition of an interest in any corporate entity, including joint ventures;
- B. Amendment or restatement of the Mission, Certificate of Incorporation or the Bylaws of this Corporation or any Affiliate, or any new or revised "doing business as" name;
- C. Adoption of operating and cash flow budgets of the Corporation or any Affiliate, including consolidated or combined budgets of this Corporation and all subsidiary organizations of the Corporation (pursuant to the authority delegated to this Corporation by YNHHSIC to adopt such budgets within parameters established by YNHHSIC);
- D. Adoption of capital budgets and capital allocations of this Corporation or any Affiliate (pursuant to the authority delegated to this Corporation by YNHHSIC to adopt such budgets within parameters established by YNHHSIC);
- E. Incurring aggregate operating or capital expenditures on an annual basis that exceed operating or capital budgets of the Corporation adopted by YNHHSIC by a specified dollar amount to be determined from time to time by YNHHSIC;
- F. Long-term or material agreements including, but not limited to, equity financings, capitalized leases, operating leases and installment contracts; and purchase, sale, lease, disposition, hypothecation, exchange, gift, pledge or encumbrance of any asset, real or personal, with a fair market value in excess of a dollar amount to be determined from time to time by YNHHSIC, which shall not be less than 10% of the total annual capital budget of this Corporation;
- G. Approval of any new relationships or agreements for undergraduate or graduate medical education programs or any material amendments to or terminations of existing agreements for undergraduate or graduate medical education programs;
- H. Contracting with an unrelated third party for all or substantially all of the management of the assets or operations of this Corporation or any Affiliate;
- I. Approval of major new programs and clinical services of this Corporation or any Affiliate or discontinuation or consolidation of any such program. YNHHSIC shall from time to time define the term "major" in this context;

- J. Approval of strategic plans of this Corporation or any Affiliate;
- K. Adoption of safety and quality assurance policies not in conformity with policies established by YNHHSO;
- L. Oversee the Corporation's management and investment of its permanent and temporarily restricted funds;
- M. Approve any voluntary change to the federal income tax exemption granted by the IRS to the Corporation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended;
- N. Initiate or consent to any form of insolvency proceeding undertaken by the Corporation or any direct or indirect subsidiary of the Corporation;
- O. Approve any change in the name of the Corporation, and establish advertising, marketing and promotional policies applicable to the Corporation; and
- P. Appointment of the President of this Corporation consistent with Section 4.3(a).

Nothing in these Bylaws shall be construed in a manner that is inconsistent with the authorities with respect to the Corporation that are reserved or retained by the Member or YNHHSO pursuant to these Bylaws and the Bylaws of the Member and of YNHHSO.

EXHIBIT B

Direct Authority Retained by YNHHS

Notwithstanding anything in these Bylaws to the contrary, YNHHS (or, where required by law, the Member acting at the direction of YNHHS) retains authority to take the following actions on behalf of and in the name of this Corporation, directly and without the approval of the Board of this Corporation:

- A. Adoption of targets for the annual operating and cash flow budgets of this Corporation and its Affiliates, including consolidated or combined budgets of this Corporation and all subsidiary organizations of the Corporation;
- B. Adoption of targets for the annual capital budgets and capital allocations of this Corporation and any Affiliate;
- C. Adoption of annual operating, cash flow and annual capital budgets for the Corporation and any Affiliate within the targets established by YNHHS in the event of any failure of the Corporation to do so;
- D. Issuance and incurrence of indebtedness on behalf of this Corporation;
- E. Management and control of the liquid assets of this Corporation, including the authority to cause such assets to be funded to YNHHS or as otherwise directed by YNHHS; and
- F. Appointment of the independent auditor for this Corporation and each Affiliate and the management of the audit process and compliance process and procedures for this Corporation and each Affiliate.

Other Major Activities

- A. In addition, YNHHS shall have the authority, except as otherwise provided by YNHHS and after consultation with the Member, to require the prior review and approval of those activities of this Corporation or any subsidiary or affiliate entity that YNHHS determines to be "major activities."
- B. "Major activities" shall be those which YNHHS by a vote of not less than two-thirds (2/3) of its Board of Trustees has declared major, by written notice to the Member, delivered personally or transmitted by registered or certified mail return receipt requested. Such notice shall specifically identify the matter or matters requiring approval of YNHHS, and shall refer to this Bylaw provision granting such approval rights to YNHHS. Notices received pursuant to this section shall be recorded in the minutes of the Member and of this Corporation, and shall be filed with the minutes of the Member and of this Corporation.

Exhibit 2.1.5(c)(1)

VNA of Southeastern Connecticut Amended Certificate of Incorporation

DOHP0835

AGP0028A336

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION

VISITING NURSE ASSOCIATION OF SOUTHEASTERN CONNECTICUT, INC.

1. The name of the corporation is Visiting Nurse Association of Southeastern Connecticut, Inc. (the "Corporation").

2. The nature of the activities to be conducted, and the purposes to be promoted or carried out by the Corporation shall be exclusively charitable, scientific and educational within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as the same may be amended from time to time, and the corresponding provisions of any future United States Internal Revenue Law (the "Internal Revenue Code") and shall include the following:

- (a) The promotion and maintenance of health;
- (b) The prevention of disease and disability;
- (c) Provision and coordination of vital health and support services for those in need of preventative, acute, maintenance, and/or terminal care at home and in the communities served based on current community needs;
- (d) Collaboration and coordination with other groups in developing and implementing community health programs;
- (e) Contribution to knowledge supporting improvements in community health practice; and
- (f) Any other lawful act or activity for which a corporation may be organized under the Connecticut Revised Nonstock Corporation Act, as the same may be amended from time to time, and the corresponding provisions of any future Connecticut nonstock corporation law.

In furtherance of the foregoing, the Corporation shall (i) participate as an integral part of the integrated health care delivery system known as the Yale New Haven Health System (the "System"), which System provides, through its affiliates, comprehensive, cost effective, advanced patient care characterized by safety and clinical and service quality; and (ii) fund and promote activities and programs of the System, including activities and programs of its affiliates, consistent with and in furtherance of the Corporation's charitable purposes and the charitable purposes of all System affiliates.

3. The Corporation shall have but one member, Lawrence + Memorial Corporation (the "Sole Member"), which shall have the rights, powers and privileges provided in the Bylaws and by the State of Connecticut, including the right to exercise, on behalf of and as directed by its sole member, Yale-New Haven Health Services Corporation ("YNHHSC"), certain expressly reserved powers and retained rights described in the Bylaws.

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4. Subject to the rights, powers and privileges accorded to the Sole Member and to YNHHS under the Bylaws and by the State of Connecticut, the Corporation shall be governed by its Board of Trustees. The Bylaws may provide that persons occupying certain positions within or without the Corporation shall be ex-officio trustees who may vote and be counted in determining a quorum. As may be further provided in the Bylaws of the Corporation, the terms of elected trustees may be staggered by dividing the trustees into groups so that approximately an equal number of such trustees have terms that expire each year.

5. The Corporation is nonprofit and shall not have or issue shares of stock or pay dividends.

6. Notwithstanding any other provision of this Certificate of Incorporation, the Corporation shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code.

7. No part of the net earnings of the Corporation shall inure to the benefit of or be distributable to the Corporation's trustees, officers or other private persons, except that the Corporation, subject to the provisions of the Bylaws, shall be authorized and empowered to pay reasonable compensation for services rendered. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of (or in opposition to) any candidate for public office.

8. Upon dissolution of the Corporation and subject to any restrictions imposed by any applicable will, deed, agreement or other governing document, the Board of Trustees shall dispose of and distribute the assets remaining after payment of all liabilities to Lawrence + Memorial Corporation, so long as it is at that time an organization that qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code, or, if at the time of the dissolution of the Corporation, Lawrence + Memorial Corporation is not in existence or does not so qualify, to one or more charitable, scientific or educational organizations located in the State of Connecticut and qualified as exempt organizations under Section 501(c)(3) of the Internal Revenue Code, in such proportions and for such exclusively charitable, scientific or educational purposes as the Board of Trustees may determine.

9. In addition to, and not in derogation of, any other rights conferred by law, a trustee of the Corporation shall not be personally liable for monetary damages for breach of duty as a trustee in an amount greater than the compensation received by the trustee for serving the Corporation during the year of such breach if such breach does not (A) involve a knowing and culpable violation of law by such trustee, (B) enable such trustee or an associate (as defined in Section 33-840 of the Connecticut General Statutes) to receive an improper personal economic gain, (C) show a lack of good faith and conscious disregard for the duty of such trustee to the Corporation under circumstances in which such trustee was aware that his conduct or omission created an unjustifiable risk of serious injury to the Corporation, or (D) constitute a sustained and

unexcused pattern of inattention that amounted to an abdication of such trustee's duty to the Corporation. Any lawful repeal or modification of this Section 9 or the adoption of any provision inconsistent herewith by the Board of Trustees or Sole Member of the Corporation shall not, with respect to a person who is or was a trustee, adversely affect any limitation of liability, right or protection of such person existing at or prior to the effective date of such repeal, modification or adoption of a provision inconsistent herewith. The limitation of liability of any person who is or was a trustee provided for in this Section 9 shall not be exclusive of any other limitation or elimination of liability contained in, or which may be provided to any person under, Connecticut law.

10. The Corporation shall provide its trustees with the full amount of indemnification that the Corporation is permitted to provide pursuant to the Connecticut Revised Nonstock Corporation Act and shall advance expenses to trustees consistent with Section 33-1119 of the Connecticut General Statutes. In furtherance of the foregoing, the Corporation shall indemnify its trustees against liability as defined in Section 33-1116(4) of the Connecticut General Statutes to any person for any action taken, or any failure to take any action, as a trustee, except liability that (A) involves a knowing and culpable violation of law by such trustee, (B) enables such trustee or an associate (as defined in Section 33-840 of the Connecticut General Statutes) to receive an improper personal economic gain, (C) shows a lack of good faith and conscious disregard for the duty of such trustee to the Corporation under circumstances in which such trustee was aware that his conduct or omission created an unjustifiable risk of serious injury to the Corporation, or (D) constitutes a sustained and unexcused pattern of inattention that amounted to an abdication of such trustee's duty to the Corporation.

The Corporation may indemnify and advance expenses to each officer, employee or agent of the Corporation who is not a trustee, or who is a trustee but is made a party to a proceeding in his or her capacity solely as an officer, employee or agent, to the same extent as the Corporation is permitted to provide the same to a trustee, and may indemnify and advance expenses to such persons to the extent permitted by Section 33-1122 of the Connecticut General Statutes.

Notwithstanding any provision hereof to the contrary, the Corporation shall not indemnify any trustee, officer, employee or agent against any penalty excise taxes assessed against such person under Section 4958 of the Internal Revenue Code.

11. The Bylaws of the Corporation may be amended or repealed, and new Bylaws may be adopted, only with the approval of the Sole Member and YNIIHSC.

Exhibit 2.1.5(c)(2)

VNA of Southeastern Connecticut Amended Bylaws

DOHP0839

AGP0028A340

VISITING NURSE ASSOCIATION OF SOUTHEASTERN CONNECTICUT, INC.
AMENDED AND RESTATED BYLAWS

Amended and Restated as of _____, 201__

July 17, 2015 Final Version

DOHP0840

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**VISITING NURSE ASSOCIATION OF SOUTHEASTERN CONNECTICUT, INC.
AMENDED AND RESTATED BYLAWS**

ARTICLE I. NAME AND GENERAL PURPOSES

Section 1.1 Name. The name of the corporation is Visiting Nurse Association of Southeastern Connecticut, Inc. (the "Corporation").

Section 1.2 General Purposes. The purposes of the Corporation shall be as set forth in the Corporation's Certificate of Incorporation as in effect from time to time. These Bylaws, the powers of the Corporation, its member, trustees and officers, and all matters concerning the conduct and regulation of the affairs of the Corporation shall be subject to the Certificate of Incorporation.

ARTICLE II. MEMBERSHIP

Section 2.1 Member. The Corporation shall have a single member, Lawrence + Memorial Corporation (the "Member").

Section 2.2 Rights, Powers and Privileges. The Member shall have all the rights, powers and privileges usually or by law accorded to the member of a Connecticut nonstock, nonprofit corporation under the Connecticut Revised Nonstock Corporation Act as may be amended from time to time (the "Nonstock Act") and not conferred thereby or by the Certificate of Incorporation or these Bylaws upon the Board of Trustees of the Corporation (the "Board"), including the right to elect the members of the Board in accordance with these Bylaws. If and to the extent that actions by the Member cannot be taken without the approval of the sole member of the Member, Yale-New Haven Health Services Corporation ("YNHHSC"), or actions have been reserved to YNHHSC, the Member may take such actions only as directed by YNHHSC.

Notwithstanding anything in these Bylaws to the contrary:

(a) Neither the Board, nor any officer or employee of the Corporation, may take any of the actions set forth in Exhibit A or Exhibit B of these Bylaws, nor may the Board or any officer or employee of the Corporation approve the taking of any such action by an Affiliate (as hereafter defined), except that, with respect to the actions on Exhibit A, the Board's recommendation may be requested by the Member and YNHHSC consistent with Section 3.1(a) below. For purposes hereof, an "Affiliate" of the Corporation shall mean, unless otherwise determined by the YNHHSC, any entity which at the time Affiliate status is being determined is directly or indirectly controlling or controlled by or under the direct or indirect common control with the Corporation. "Control" shall mean the legal power to (a) elect or cause the election of a majority of the governing body of the subject entity, or (b) direct or cause the direction of the subject entity's operations or management, whether the foregoing power(s) exist(s) through voting securities, other voting rights, reserved powers, contract rights, or other legally enforceable means.

(b) In addition to the rights reserved to the Member and YNHHSC to take the actions set forth in Exhibit A on behalf of and in the name of the Corporation, directly and without

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the approval or the recommendation of the Board, YNHHS (or the Member, acting on the direction of YNHHS) expressly retains the rights to take the actions set forth in Exhibit B on behalf of and in the name of the Corporation, directly and without the approval or the recommendation of the Board or the Member of this Corporation.

(c) The Board shall have the authority, from time to time, to delegate to the Member and YNHHS any rights, powers and privileges that would otherwise be exercised by the Board to the fullest extent permitted by applicable law.

Section 2.3 Liability and Reimbursement of Expenses. Unless the Member expressly agrees otherwise in writing, the Member shall not be liable for the debts or obligations of the Corporation. The Member may be reimbursed for expenses reasonably incurred on behalf of the Corporation.

ARTICLE III. BOARD OF TRUSTEES

Section 3.1 Powers and Duties. Subject to the powers retained by, conferred upon, or reserved to the Member or YNHHS by law or under these Bylaws, the Board shall have charge, control and management of the affairs, property and funds of the Corporation in the manner and subject to the limitations set forth in these Bylaws. Each Trustee shall discharge his or her duties in good faith with the care an ordinarily prudent person in like position would exercise under similar circumstances and in a manner he or she reasonably believes to be in the best interests of the Corporation.

The Board shall have among its duties those duties required to be exercised by the governing body by applicable regulatory, licensing or accreditation agencies, including the duties set forth in Section 19-13-D67 of the Regulations of Connecticut State Agencies.

Without limiting the generality of the foregoing, and subject to Section 2.2 and Exhibit A and Exhibit B of these Bylaws, the Board may:

- (a) Make the following recommendations to the Member and YNHHS:
 - (i) Recommend to the Member and YNHHS the philosophy, mission and values of the Corporation and any changes thereto;
 - (ii) Recommend to the Member and YNHHS the Corporation's strategic plans;
 - (iii) Recommend to the Member and YNHHS the Corporation's annual operating and financial targets, major clinical and/or financial initiatives, and financial plans (including capital and operating budgets);
 - (iv) Recommend to the Member and YNHHS the sale, transfer or substantial change in use of all or substantially all of the assets, the divestiture, dissolution and/or disposition of assets, closure, merger, consolidation, change in corporate membership or ownership or corporate reorganization of the Corporation or any Affiliate;

(v) Recommend to the Member and YNHSC the formation or acquisition by the Corporation of any Affiliates or any other new direct or indirect subsidiaries, joint ventures or affiliations;

(vi) Recommend to the Member and YNHSC the introduction or termination of any services to be offered by the Corporation not otherwise included in an approved budget or a strategic or financial plan; and

(vii) Recommend to the Member and YNHSC changes to the Corporation's Certificate of Incorporation and Bylaws.

(b) Make the following recommendations to the Member:

(i) Recommend to the Member approval of any consent decree or settlements from state and federal authorities;

(ii) Recommend to the Member nominations for and removal of Trustees of the Corporation; and

(iii) Recommend to the Member the appointment and evaluation of the President of the Corporation.

(c) Take the following actions:

(i) Annually assess the Corporation's performance against approved budgets, initiatives and strategic plans adopted by the Member and YNHSC;

(ii) Except for the President of the Corporation, elect officers of the Board (following consultation with the Member's Nominating and Governance Committee in accordance with Section 4.2 of these Bylaws) and remove from office any officer (except for the President of the Corporation) with or without cause (in accordance with Section 4.4(b) of these Bylaws);

(iii) Approve any business transaction or contract that is not otherwise included in an approved budget or a strategic or financial plan, except for long-term or material agreements that require the approval of the Member and YNHSC in accordance with Exhibit A;

(iv) Periodically assess the Corporation's Quality Initiatives, including tracking and reporting on the Corporation's performance under quality measures, quality and patient safety programs and initiatives, patient satisfaction and cultural competence initiatives;

(v) Periodically assess the Corporation's Development Plans and its Planned Giving Plans;

(vi) Periodically assess the Corporation's Community Relations Initiatives and Community Outreach Programs; and

(vii) Evaluate the Board's performance.

Section 3.2 Composition. The Board shall consist of two classes of voting Trustees, the Elected Trustees and the Ex Officio Trustees (collectively, the "Trustees").

(a) **Elected Trustees.** Elected Trustees shall be the persons elected by the Member for terms as set forth in these Bylaws, following nomination and approval pursuant to Section 3.4 of this Article III. Elected Trustees will represent a cross section of major segments of the community served by the Corporation and shall be selected, on the basis of demonstrated skill and ability, for their potential contribution to the governance of the affairs of the Corporation.

(b) **Ex Officio Trustees.** In addition to the Elected Trustees, there shall be the following Ex Officio Trustees, each of whom shall serve automatically by virtue of and while holding the designated office:

- (i) the President/Chief Executive Officer of YNHHS (or his or her designee);
- (ii) the President of the Member; and
- (iii) the President of the Corporation.

Ex Officio Trustees shall be counted in determining the presence of a quorum and shall have the right to vote on all matters that come before the Board.

Section 3.3 Number. The Board shall consist of no fewer than six (6) nor more than ten (10) Trustees, such number to be determined from time to time by the Member.

Section 3.4 Election of Trustees. At the annual meeting of the Member, the Member shall elect successors to the Elected Trustees whose terms are then expiring. The Member shall elect such successors from among the nominees presented by the Board; provided, however, that in the event the Member does not elect any such nominee, the Board shall present a different nominee to the Member for election; and provided further that in the event any such successor nominee is not elected by the Member within ninety (90) days following the original nomination, the Member may solicit alternative nominees or elect its own nominee. In all events, the Elected Trustees shall be individuals who meet the requirements set forth in Section 3.2(a) of this Article III and who are satisfactory to YNHHS.

Section 3.5 Term and Term Limits. There shall be three (3) classes of Elected Trustees, with approximately one-third of the Elected Trustees in each class, and the terms of all Trustees in the same class shall expire at the adjournment of the same annual meeting of the Member at which Trustees are elected. Elected Trustees shall take office at the close of the meeting of the Member at which they were elected or at such later date as may be established by the Member and, subject to Section 3.6 of this Article III, shall hold office for a term of three (3) years and until a successor is duly elected and qualified.

Notwithstanding anything herein to the contrary:

(a) No person shall be elected a Trustee for a term beginning after the date of his or her seventy-sixth birthday, provided that an Elected Trustee who is seventy-six (76) years of age or older may be re-elected for another term if (i) the Trustee is also elected as an officer of the Corporation or appointed chair of a standing committee at the beginning of such term; or (ii) the Member determines that additional service is appropriate due to the Trustee's unique expertise and commitment to the Board. In the instance of re-election as a Trustee for an additional term as provided in clause (i) of the foregoing sentence, Board membership shall be coterminous with said Trustee's service as an officer or committee chair.

(b) An Elected Trustee who has served three (3) consecutive full terms (provided that for the purposes of this Section 3.5 a term of service of more than one-half of a full term shall be considered a full term) shall not be eligible for re-election for a period of one year, provided that a Trustee may be re-elected for an additional consecutive term if (i) the Trustee is also elected as an officer of the Corporation or appointed chair of a standing committee at the beginning of such additional term; or (ii) the Member determines that additional service is appropriate due to the Trustee's unique expertise and commitment to the Board, which such determination shall be made only in limited circumstances and shall be made prior to each proposed re-election after the Trustee's completion of three (3) consecutive full terms. In the instance of re-election as a Trustee for an additional term as provided in clause (i) of the foregoing sentence, Board membership shall be coterminous with said Trustee's service as an officer or committee chair.

(c) The provisions of paragraphs (a) and (b) of this Section shall not apply to an Elected Trustee in the event such Trustee also serves as a trustee of YNHHS at the time such person is elected to serve as an Elected Trustee for a term otherwise prohibited by such paragraphs (a) and (b). In the instance of re-election as a Trustee for an additional term as provided in this paragraph (c), Board membership shall be coterminous with said Trustee's service as a trustee of YNHHS.

Section 3.6 Resignation. Any Elected Trustee may resign at any time by giving written notice of such resignation to the Secretary of this Corporation. Such resignation shall be effective at the time specified in the notice, or if no time is specified, upon receipt by the Secretary. The acceptance of such resignation shall not be necessary to make it effective. Any Ex Officio Trustee who for any reason ceases to hold the office or position from which his or status as an Ex Officio Trustee derives shall automatically be deemed to have resigned as a Trustee of the Corporation and from any position held by virtue of such office with any Affiliate.

Section 3.7 Removal. One or more Elected Trustees may be removed from the Board with or without cause by action of the Member, which action may be taken upon its own initiative or upon the recommendation of the Board. The Member shall remove an Elected Trustee at the direction of YNHHS.

Section 3.8 Vacancies. In the event of the death, resignation or removal of an Elected Trustee, the vacancy resulting therefrom may be filled only by the Member in accordance with Section 3.4 of these Bylaws. An individual elected to fill a vacancy shall serve the remainder of

the term of the trustee replaced.

Section 3.9 Meetings.

(a) **Annual Meetings.** The annual meeting of the Board shall be held on such date and time as the Chair of the Board shall designate.

(b) **Regular Meetings.** Regular meetings of the Board shall be held at least quarterly or more frequently as needed on such dates and at such times and places as the Chair shall designate.

(c) **Special Meetings.** Special meetings of the Board may be called at any time by the Chair or President and shall be called upon the written request of any three (3) Trustees.

Section 3.10 Notice of Meetings. Notice of the date, time and place of any meeting of the Board shall be given to each Trustee and to the Member at least five (5) days in advance of the meeting, except that no notice need be given of a regular meeting held in accordance with a schedule established at the beginning of the fiscal year and provided to the Board in writing. Any notice of a meeting required under these Bylaws may be communicated to a Trustee in person, by mail or other delivery service, or by telephone, facsimile or other electronic means, including electronic mail directed to an electronic email address at which a Trustee has consented to receive notice. Notice to the Member shall be directed to the President of the Member and may be provided in person, by mail, or by telephone, facsimile or other electronic means, including electronic mail directed to an electronic mail address at which the President of the Member has consented to receive notice.

Section 3.11 Waiver of Notice. Notice of any meeting of the Board may be waived in writing by all the Trustees and, if any Trustee present at a meeting of the Board does not protest prior to or at the commencement of the meeting the lack of proper notice, he or she shall be deemed to have waived notice of such meeting.

Section 3.12 Action by Unanimous Written Consent. Any action required or permitted to be taken by the Board may be taken without a meeting if all the Trustees unanimously consent to such action in writing. Such written consent(s) shall be filed with the minutes of the Corporation and shall have the same force and effect as a vote of Trustees at a duly convened meeting. For purposes of this section, a Trustee may evidence his or her consent with any manual, facsimile, conformed or electronic signature, including an email communication from the Trustee to the Corporation from an email address provided by the Trustee to the Corporation.

Section 3.13 Participation by Conference Call. The members of the Board may participate in a meeting of the Board by means of conference telephone or similar communications equipment (including, without limitation, video conferencing equipment) affording all persons participating in the meeting the ability to hear one another, and such participation in the meeting by means of such equipment shall constitute presence in person at such meeting.

Section 3.14 Quorum and Voting. A majority of the number of Trustees in office at the time shall constitute a quorum for the transaction of business at all meetings of the Board, provided that if less than a majority of the Trustees is present at said meeting, a majority of the Trustees present may adjourn the meeting from time to time without further notice. The act of a majority of the Trustees present at a meeting at which a quorum is present at the time of the act shall be the act of the Board, unless the act of a greater number is required by these Bylaws, by the Certificate of Incorporation or by law. Notwithstanding the foregoing, in the event that any Trustee has a conflict of interest with respect to any transaction to be undertaken by the Corporation, such transaction shall require the approval of the Board or the Member consistent with Article VII.

ARTICLE IV. OFFICERS

Section 4.1 Officers. The officers of the Corporation shall consist of a President, a Chair, one or more Vice Chairs, a Secretary, a Treasurer and such other officers as may be appointed from time to time consistent with Section 4.6. The Chair, any Vice Chair, the Secretary and the Treasurer shall be selected from among members of the Board of Trustees.

Section 4.2 Election and Term of Office. The President shall be appointed in accordance with Section 4.3(a) of this Article IV. The Chair, Vice Chairs, Secretary and Treasurer shall be nominated in consultation with the Nominating and Governance Committee of the Member and elected annually by the Board for a term of one year and until their successors are duly elected and qualified. The Board may create and fill such other offices as it deems necessary consistent with Section 4.6.

Section 4.3 Powers. The officers shall have the powers and perform the duties commonly incident to their respective offices, including the powers and duties listed below.

(a) **President.** The President of the Corporation shall be appointed by the Member, following consultation with the Board and with the approval of YNHHS. The appointed President shall serve at the pleasure of the Member and YNHHS.

The President shall be a person who in the judgment of the Member and YNHHS has the combination of education, experience, professional standards and demonstrated leadership ability to fulfill successfully the responsibilities of the position and to command the confidence and respect of the Board, Corporation personnel, YNHHS and the community.

The President shall serve as the Administrator of the home health care agency operated by the Corporation and shall possess the qualifications specified in any applicable laws and regulations for the administrator of a home health care agency. The Administrator shall have full authority and responsibility to plan, staff, direct and implement the programs and manage the clinical affairs of the corporation and such other duties and responsibilities as are specified by the Public Health Code.

The President shall be delegated the responsibility for overall management of the Corporation and shall have all authority necessary to carry out this responsibility, subject only to such policies as may be adopted by the Board. The President shall act as the duly authorized representative of the Board in all matters in which the Board has not formally delegated some

other person to so act. The duties, responsibilities and authority of the President shall be defined in a written statement adopted by the Member in consultation with the Board and with the approval of YNHSC.

The President shall be a voting member of all standing committees except as otherwise specified in these Bylaws. The President shall report to the President of the Member (or his or her designee) as well as to the Board.

(b) **Chair.** The Chair of the Board shall preside at meetings of the Board and shall be a voting member of all committees except the Governance Committee. The Chair shall perform such other duties as the Board may from time to time prescribe.

(c) **Vice Chair.** The Board shall designate one or more Vice Chairs, who shall exercise the powers and duties of the Chair during absence or disability. The Vice Chair(s) shall perform such other duties as the Board or the Chair may from time to time prescribe.

(d) **Secretary.** The Secretary shall have the custody of the records of the Corporation pertaining to the Secretary's office; shall keep minutes of the meetings of the Board, and shall cause notice of such meetings to be given as required by law or these Bylaws. The Secretary shall perform such other duties as the Board or the Chair may from time to time prescribe.

(e) **Treasurer.** The Treasurer of the Corporation shall be responsible for the safekeeping of all funds and securities of the Corporation, shall see that proper records showing all financial transactions of the Corporation are maintained, and shall present financial reports to the Board.

Section 4.4 Resignation and Removal.

(a) An officer of the Corporation may resign at any time by giving written notice of such resignation to the Secretary. Such resignation shall be effective at the time specified in the notice, or if no time is specified, upon receipt by the Secretary. The acceptance of such resignation shall not be necessary to make it effective.

(b) The Board may remove from office any officer with or without cause; provided, however, that the President of the Corporation may be removed from office by the Member at the direction of YNHSC following consultation with the Board. Removal of an officer shall be without prejudice to the officer's contract rights, if any.

Section 4.5 Vacancies. In the case of the death, resignation or removal of any officer, except the President, the vacancy may be filled by the Board of Trustees for the unexpired term. A vacancy in the office of President shall be filled in accordance with Section 4.3(a).

Section 4.6 Other Officers. The Corporation may have such other officer or officers, including assistant officers, as the Board may from time to time determine. Any such officer or assistant officer shall be appointed or elected in the manner and for the term determined by the Board, and the officer shall have the duties assigned by the Board.

ARTICLE V. COMMITTEES

Section 5.1 Classification. There shall be such standing committees as are provided for in this Article V and such other committees as shall be established by Board resolution from time to time. Standing committees shall have the powers and duties set forth in this Article V and in a charter approved by the Board. Other committees shall have the powers and duties set forth in the resolution establishing them and in a charter approved by the Board. Each committee shall periodically review its charter and revise it as necessary; provided, however, that no amendment shall become effective until approved by the Board.

Section 5.2 Appointment of Committee Members. Except as otherwise provided in these Bylaws, members and chairs of all standing committees shall be appointed by the Board. All such committee members and chairs shall serve at the pleasure of the Board until the next annual meeting of the Board and until their successors shall be chosen. Unless otherwise provided, individuals who are not Trustees may be appointed to committees and each such person so appointed shall have a vote and be included for purposes of determining a quorum; provided, however, that if a committee is authorized to act on behalf of the Board, any such action must be approved by a majority of the committee members who are Trustees.

Section 5.3 Committee Governance.

(a) **Quorum and Voting.** A majority of the committee members shall constitute a quorum at committee meetings except as otherwise provided in these Bylaws. The act of a majority of the committee members present at a meeting at which a quorum is present at the time of the act shall be the act of such committee, unless the act of a greater number is required by these Bylaws, by resolution of the Board or by law.

(b) **Meetings.** Except as otherwise provided in these Bylaws or by resolution of the Board, each committee shall establish its own rules and procedures and shall fix the time and place of its meetings. Each committee shall keep minutes of its meetings which shall be made available to the Board upon request.

Section 5.4 Standing Committees.

(a) **Executive Committee.** The Corporation shall not have an Executive Committee.

(b) **Professional Advisory Committee.** The Professional Advisory Committee shall consist of the President (or his or her designee), a member of the Board approved by YNHSC, the Health Director of one or more of the communities served by the Corporation, a representative designated by the Member, and at least the following (the "**Professional Members**"): one public health nurse, one physician, one social worker and one representative from one of the skilled therapy services offered by the Corporation. All Professional Members must be actively engaged in their professions or have been so engaged within the previous five (5) years. The President (or his or her designee) and the representative designated by the Member shall serve as non-voting members of the committee. The representative designated by the Member shall serve as the chairperson and

the President (or his or her designee) shall serve as the secretary of the committee. Additional members may be appointed by the Board from time to time. Members appointed by the Board shall serve for terms of two (2) years. In order to provide continuity within the committee, terms may be staggered as the Board deems appropriate. The committee shall hold at least two (2) meetings annually. Written minutes of each meeting shall be recorded and presented to the Board at its next regular meeting. No members of the Professional Advisory Committee shall be an employee of the Corporation or related to an employee, including by marriage, unless, in the case of an employee, the employee serves ex-officio without the right to vote. All proceedings of the Professional Advisory Committee shall be made available upon request to the Commissioner of the State of Connecticut Department of Public Health.

The Professional Advisory Committee shall:

(1) Participate in the Corporation's Quality Assurance Program to the extent defined in that Program's policies;

(2) Recommend and at least annually review Corporation policies on the scope of services offered and discharge criteria; medical and dental supervision and plans of treatment; clinical records; personnel qualifications; quality assurance activities; standards of care and professional issues relating to the delivery of services and the findings of the Quality Assurance Program; and

(3) Perform such other duties as the Board may assign to it from time to time.

Section 5.5 Other Committees. The Board may establish and appoint ad-hoc committees from time to time as the Board may deem necessary to carry out special fund raising events or other initiatives of the Board. Such committees may not exercise the authority of the Board, and any acts taken by them shall be solely advisory in nature. The members and chairs of each such committee shall be appointed by the Board, and each such committee shall consist of at least one (1) Trustee and two (2) other individuals who may or may not be Trustees. Each such committee shall be chaired by a Trustee of the Board. Committee members shall serve at the pleasure of the Board and until their successors are elected.

Section 5.6 Powers of Committees. No committee established by the Board shall have power to fill vacancies on the Board or on any of its committees, to amend the Certificate of Incorporation of the Corporation or these Bylaws, to approve a plan of merger, to approve a sale, lease, exchange or other disposition of all, or substantially all, of the property of the Corporation other than in the usual and regular course of affairs of the Corporation, to approve a proposal to dissolve, or to authorize any other action inconsistent with the Certificate of Incorporation or these Bylaws. All committees shall act in an advisory capacity only and shall have no power or authority to bind the Corporation, unless expressly authorized by the Board.

ARTICLE VI. INDEMNIFICATION

The Corporation shall indemnify and defend the Corporation's Trustees, officers and employees as set forth in the Certificate of Incorporation.

ARTICLE VII. CONFLICTS OF INTEREST

The Trustees and officers of the Corporation shall comply with any Conflicts of Interest policy adopted by the Corporation, as any such policy may be amended from time to time, and with the provisions of the Nonstock Act related to disclosure and approval of "Director's conflicting interest transactions" (as such term is defined in the Nonstock Act). Consistent with the requirements of the Nonstock Act, any "Director's conflicting interest transaction" shall, when possible, be approved and authorized by either (i) the Member or (i) a majority of the disinterested Trustees voting on the transaction at a meeting at which a majority (but no fewer than two (2)) of all disinterested Trustees on the Board shall constitute a quorum, in each case following any required disclosure of the facts of the conflicting interest transaction.

ARTICLE VIII. MISCELLANEOUS PROVISIONS

Section 8.1 Fiscal Year. The fiscal year of the Corporation shall begin on the first day of October and end on the last day of September in each year unless the Board of Trustees shall otherwise determine.

Section 8.2 Execution of Deeds and Contracts. Except as otherwise directed by the Board, all deeds and mortgages made by the Corporation and all other written contracts, agreements and undertakings to which the Corporation shall be a party shall be executed in its name by the President or such other officers or officers as may be specified by the Board or authorized by the President.

Section 8.3 Execution of Negotiable Instruments. All checks, drafts, notes, bonds, bills of exchange and orders for the payment of money shall be signed by the President or such officer or officers of the Corporation as the Board may specify from time to time.

ARTICLE IX. AMENDMENTS

Except as otherwise provided by the Certificate of Incorporation or by law, and subject to approval by YNHSC, these Bylaws may be amended, altered, or repealed by the Member.

EXHIBIT A

Actions Requiring Approval of the Member and YNHHS

Notwithstanding anything in these Bylaws to the contrary, the following actions may only be taken on the approval of the Member and YNHHS, without the approval of the Board of this Corporation:

- A. Merger, consolidation, reorganization or dissolution of this Corporation or any Affiliate or the creation or acquisition of an interest in any corporate entity, including joint ventures;
- B. Amendment or restatement of the Mission, Certificate of Incorporation or the Bylaws of this Corporation or any Affiliate, or any new or revised "doing business as" name;
- C. Adoption of operating and cash flow budgets of the Corporation or any Affiliate, including consolidated or combined budgets of this Corporation and all subsidiary organizations of the Corporation (pursuant to the authority delegated to this Corporation by YNHHS to adopt such budgets within parameters established by YNHHS);
- D. Adoption of capital budgets and capital allocations of this Corporation or any Affiliate (pursuant to the authority delegated to this Corporation by YNHHS to adopt such budgets within parameters established by YNHHS);
- E. Incurring aggregate operating or capital expenditures on an annual basis that exceed operating or capital budgets of the Corporation adopted by YNHHS by a specified dollar amount to be determined from time to time by YNHHS;
- F. Long-term or material agreements including, but not limited to, equity financings, capitalized leases, operating leases and installment contracts; and purchase, sale, lease, disposition, hypothecation, exchange, gift, pledge or encumbrance of any asset, real or personal, with a fair market value in excess of a dollar amount to be determined from time to time by YNHHS, which shall not be less than 10% of the total annual capital budget of this Corporation;
- G. Approval of any new relationships or agreements for undergraduate or graduate medical education programs or any material amendments to or terminations of existing agreements for undergraduate or graduate medical education programs;
- H. Contracting with an unrelated third party for all or substantially all of the management of the assets or operations of this Corporation or any Affiliate;

- I. Approval of major new programs and clinical services of this Corporation or any Affiliate or discontinuation or consolidation of any such program. YNHHS shall from time to time define the term "major" in this context;
- J. Approval of strategic plans of this Corporation or any Affiliate;
- K. Adoption of safety and quality assurance policies not in conformity with policies established by YNHHS;
- L. Oversee the Corporation's management and investment of its permanent and temporarily restricted funds;
- M. Approve any voluntary change to the federal income tax exemption granted by the IRS to the Corporation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended;
- N. Initiate or consent to any form of insolvency proceeding undertaken by the Corporation or any direct or indirect subsidiary of the Corporation;
- O. Approve any change in the name of the Corporation, and establish advertising, marketing and promotional policies applicable to the Corporation; and
- P. Appointment of the President of this Corporation consistent with Section 4.3(a).

Nothing in these Bylaws shall be construed in a manner that is inconsistent with the authorities with respect to the Corporation that are reserved or retained by the Member of YNHHS pursuant to these Bylaws and the Bylaws of the Member and of YNHHS.

EXHIBIT B

Direct Authority Retained by YNHHS

Notwithstanding anything in these Bylaws to the contrary, YNHHS (or, where required by law, the Member acting at the direction of YNHHS) retains authority to take the following actions on behalf of and in the name of this Corporation, directly and without the approval of the Board of this Corporation:

- A. Adoption of targets for the annual operating and cash flow budgets of this Corporation and its Affiliates, including consolidated or combined budgets of this Corporation and all subsidiary organizations of the Corporation;
- B. Adoption of targets for the annual capital budgets and capital allocations of this Corporation and any Affiliate;
- C. Adoption of annual operating, cash flow and annual capital budgets for the Corporation and any Affiliate within the targets established by YNHHS in the event of any failure of the Corporation to do so;
- D. Issuance and incurrence of indebtedness on behalf of this Corporation;
- E. Management and control of the liquid assets of this Corporation, including the authority to cause such assets to be funded to YNHHS or as otherwise directed by YNHHS; and
- F. Appointment of the independent auditor for this Corporation and each Affiliate and the management of the audit process and compliance process and procedures for this Corporation and each Affiliate.

Other Major Activities

- A. In addition, YNHHS shall have the authority, except as otherwise provided by YNHHS and after consultation with the Member, to require the prior review and approval of those activities of this Corporation or any subsidiary or affiliate entity that YNHHS determines to be "major activities."
- B. "Major activities" shall be those which YNHHS by a vote of not less than two-thirds (2/3) of its Board of Trustees has declared major, by written notice to the Member, delivered personally or transmitted by registered or certified mail return receipt requested. Such notice shall specifically identify the matter or matters requiring approval of YNHHS, and shall refer to this Bylaw provision granting such approval rights to YNHHS. Notices received pursuant to this section shall be recorded in the minutes of the Member and of this Corporation, and shall be filed with the minutes of the Member and of this Corporation.

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Exhibit 2.11
Key Financial Metrics

Key Financial Metrics

(\$ in thousands)

	Projected						Total (FY2013-2020)
	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	
LOM as a Yale New Haven Health System Member*							
Operating Margin	-2.2%	-1.7%	2.0%	3.4%	2.9%	3.5%	
Investments	\$ 24,200	\$ 53,912	\$ 28,950	\$ 29,950	\$ 31,788	\$ 32,000	\$ 176,600
Days Cash on Hand	155	151	167	182	193	207	
Pension Funding %	70%	74%	78%	81%	84%	87%	

* Metrics incorporate the initial YNHHS investment of approximately \$41 million.

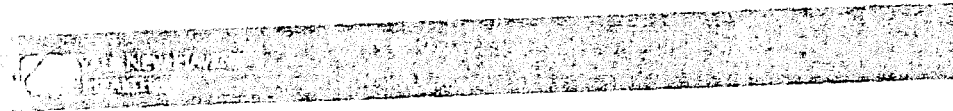


Exhibit 5.1.18

Consent Communications

All communications requesting YNHSC consent, as set forth in Section 5.1.18, shall be sent to:

Gayle Capozzalo
Executive Vice President and Chief Strategy Officer
Yale New Haven Health System
789 Howard Avenue
New Haven, CT 06519
Phone: (203) 688-2605
E-mail: gayle.capozzalo@ynhh.org

with a copy to:

William J. Aseltyn, Esq.
Senior Vice President and General Counsel
Yale New Haven Health System
789 Howard Avenue
New Haven, CT 06519
Phone: (203) 688-2291
E-mail: bill.aseltyn@ynhh.org

DOHP0859

AGP0028A360

Exhibit 5.5

Allocation of Certain Costs and Expenses

Consultant	L+M	YNHSC
1. Charles River Associates	50% of fees (up to total fees of \$250,000, such that L+M maximum obligation shall not exceed \$125,000)	50% of fees (up to total fees of \$250,000) plus 100% of any fees in excess of \$250,000
2. Deloitte Corporate Finance LLC	50% of fees incurred prior to receiving a Second Request, if any, from the Federal Trade Commission, the Department of Justice or any other Governmental Authority with respect to the Hart-Scott-Rodino Filing process or any other applicable Competition Laws; and 0% of fees incurred from and after receiving such Second Request	50% of fees incurred prior to receiving a Second Request, if any, from the Federal Trade Commission, the Department of Justice or any other Governmental Authority with respect to the Hart-Scott-Rodino Filing process or any other applicable Competition Laws; and 100% of fees incurred from and after receiving such Second Request
3. Deloitte Consulting LLP	0% of fees accrued during the period after the Effective Date	100% of fees accrued during the period after the Effective Date
4. Other Jointly Retained Consultants	0% of fees	100% of fees
5. Attorneys' Fees	Except as provided in item 6 of this Exhibit 5.5, each party will be responsible for its own legal fees. However, as mutually agreed upon, YNHSC will assume responsibility for any legal fees associated with jointly retained counsel.	Except as provided in item 6 of this Exhibit 5.5, each party will be responsible for its own legal fees. However, as mutually agreed upon, YNHSC will assume responsibility for any legal fees associated with jointly retained counsel.
6. Attorneys' Fees if certain closing conditions are not satisfied at termination under	If the Affiliation Agreement is terminated pursuant to Section 8.1(b) due to a condition of closing under	YNHSC will be responsible for its own third party professional fees (except as otherwise contemplated by

DOHP0860

AGP0028A361

Section 8.1(b)	Section 6.5 or Section 7.5 not being satisfied despite the compliance by L+M with its covenants in Section 5.1.8, then notwithstanding items 5 of this Exhibit 5.5, YNHSC will reimburse L+M for its third party professional fees accrued during the period after the Effective Date up to a maximum amount of \$2,000,000 (Two Million Dollars).	items 1 and 2 of this Exhibit 5.5).
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Exhibit A-4



LAWRENCE + MEMORIAL

May 30, 2014

VIA EMAIL AND REGULAR MAIL

Michael K. Dexter
Chief, Health Systems Development
Health System Development
Rhode Island Department of Health
3 Capitol Hill, Room 407
Providence, RI 02908

RE: First Annual Report Pursuant to Order of Rhode Island Superior Court Approving Sale of Assets of The Westerly Hospital and Related Entities to Lawrence + Memorial Corporation and LMW Healthcare, Inc. – September 10, 2012

Dear Mr. Dexter:

I am writing in connection with the terms of that certain court order issued by the Rhode Island Superior Court on September 10, 2012 (the "Order") in connection with the special mastership proceedings for Westerly Hospital Healthcare, Inc., The Westerly Hospital and its related entities identified as C.A. No. 2011-0781 (the "Mastership Proceeding"). The Order, attached hereto for ease of reference, approved the sale of assets of The Westerly Hospital and its related entities to Lawrence + Memorial Corporation and LMW Healthcare, Inc. in accordance with the terms of the Asset Purchase Agreement entered into by the parties (the "APA"). These transactions also became the subject of filings with your Department under the Hospitals Conversion Act ("HCA") which were approved on April 16, 2013, and which subsequently closed effective June 1, 2013 (the "Closing").

Pursuant to the Order, LMW Healthcare, Inc., now operating under the name Westerly Hospital, and Lawrence + Memorial Corporation (collectively, the "Buyer"), are required to provide the Department with an annual report concerning the status of the Buyer Commitments in the transaction.¹ The purpose of this letter, therefore, is to outline for the Department the

¹ Page 8 of the Order, describing the enforcement of the Buyer Commitments, reads in relevant part: "Beginning on the first anniversary of the Closing of the transactions contemplated by the APA and on each of the following four (4) anniversaries thereof, Buyer shall file, in a form reasonably acceptable to the RIDOH, a written annual report and supporting documentation, concerning progress toward achieving, and compliance with, the Buyer Commitments (the "Annual Report")."

Michael K. Dexter
May 30, 2014
Page 2

status of the Buyer's Commitments under the APA as of June 1, 2014, the first anniversary of the Closing.

The Buyer Commitments are defined in the Order as the consideration for the purchase outlined in Section 1.6 of the APA as well as Buyer's covenants set forth in Article 10 of the APA.² The Buyer Commitments were also summarized in the Order in the manner outlined below. We are providing the first annual post-closing report at this time in a format that restates the Buyer Commitments in the summary form used in the Order and provides a report on each item immediately following. Please note that any defined terms used in this letter that are not otherwise defined shall have the same meaning of such term as defined under the APA.

Buyer's Commitments

- 1) Assumption (or satisfaction) of over \$22 Million in the Westerly Hospital and the Related Entities' liabilities.

Report: Pursuant to Section 1.6(b)(i) of the APA, Buyer assumed over \$22 Million in liabilities of Westerly Hospital and its related entities, which included Bank Debt of the Sellers, Bond Debt of the Sellers, Trade Accounts Payable of the Sellers, Third-Party Payor Liabilities of Sellers, Accrued Payroll, and Asbestos Abatement Obligations.

A. Since Closing, Buyer has satisfied the following obligations assumed from the Sellers:

(i) Of \$16,065,057 of assumed Trade Accounts Payable, \$10,880,026 have been satisfied, and the balance remain to be treated in accordance with the terms of the claims resolution process described in the Order of the Superior Court of Rhode Island dated May 30, 2013 as supplemented and amended by further orders of the Superior Court after such date (collectively, the "Claims Order");

(ii) \$7,073,121 in Bond Debt of the Sellers;

(iii) \$4,860,642 in Bank Debt of the Sellers; and

(iv) Of \$3,093,024 of assumed obligations relating to capital leases, \$2,566,037 has been satisfied, with \$526,987 remaining as an assumed liability payable in accordance with the terms of the Claims Order.

B. In addition to these amounts, Buyer also assumed and began to carry on its balance sheet the following obligations assumed from the Sellers:

² These sections of the APA are provided with this letter for ease of reference

- (i) \$2,488,190 in Accrued Payroll (amounts are paid continuously as needed);
and
- (ii) \$1,425,678 for Asbestos Abatement Obligations.
- 2) Commitment to pay for a "tail" malpractice insurance policy that Westerly Hospital will require upon the sale at an estimated cost of approximately \$2 Million.
- Report:** The Buyer funded the payment for the tail malpractice policy required for Westerly Hospital in the amount of \$2,200,000 at Closing.
- 3) Commitment to pay Closing costs and transactional expenses that Westerly Hospital will incur in the proceeding at an estimated cost of \$1.5 Million.
- Report:** This commitment was discharged at or shortly after Closing. All closing costs and transaction expenses have been paid, including the costs and expenses associated with the Department's regulatory review of the transaction.
- 4) Commitment to fund "cure" costs not captured in assumed liabilities.
- Report:** All cure costs related to contracts and capital leases assumed by Buyer at Closing have been paid, representing approximately \$2,093,628 of the satisfied liabilities outlined in Section 1 above.
- 5) Commitment to continue the Westerly Hospital identity and name, including its non-profit status and community mission.
- Report:** Since the Closing, LMW Healthcare, Inc. has been doing business under the name "Westerly Hospital" and has continued to operate as a non-profit corporation and uphold the community mission of the hospital as described in materials provided to the Department during the HCA process.
- 6) Commitment to establish a Hospital Board with members drawn from residents of the Westerly service area. Moreover, a commitment to put residents of the Westerly service area on the reconstituted Board of Trustees of the Hospital as well as the Board of Trustees of the Buyer's parent.
- Report:** On June 24, 2013, Lawrence + Memorial Corporation, as sole member of LMW Healthcare, Inc. (Westerly Hospital), completely reconstituted the Westerly Hospital board to conform to the governance descriptions that had been presented to the Department during the HCA process. The current 11-member board includes seven

individuals who are independent members of the Westerly Hospital community with the remaining four seats being held ex-officio by the CEO of Westerly Hospital (who also serves as the CEO of Lawrence + Memorial Corporation) and three physicians serving as officers of the Hospital's medical staff. Additionally, on June 5, 2013, four new individuals were elected to the board of Lawrence + Memorial Corporation to represent the Westerly Hospital service area, three of whom are independent and one who is a physician on Westerly Hospital's medical staff. Furthermore, in addition to these four individuals, the Chairman of the Westerly Hospital Board of Directors holds an ex-officio seat by virtue of that position on the Board of Directors of Lawrence + Memorial Corporation.

- 7) Commitment to carry out a broad-based community capital campaign in support of Westerly Hospital and a commitment that such funding will be raised in the Hospital's name and remain for the benefit of the Hospital's non-profit community mission.

Report: Westerly Hospital was prepared to renew and re-commence its fundraising program and activities, under the auspices of the Westerly Hospital Foundation, as soon as the Closing took place. More than 1,000 gifts have been received by Westerly Hospital since June 1, 2013. These have come almost exclusively in the form of gifts from individual residents of the community served by the Westerly Hospital. The purposes for which these gifts have been requested and for which they are being used are determined through the Hospital's capital budgeting process. This process helps to assure that philanthropic support is directed at the highest priority capital needs.

Currently the Hospital, through the activities of the Foundation, is seeking and receiving broad support from donors and these resources are being directed toward identified capital needs for healthcare technology and facility improvements, all of which directly benefit Westerly Hospital and its patients.

Additionally, since closing, Westerly Hospital has completed the statewide community needs assessment, conducted an assessment of current and future provider needs in the community, and been actively involved in multiple planning and assessment activities as part of a comprehensive strategic planning process for all of the L+M affiliated entities scheduled to be completed by the end of July 2014. The results of these processes collectively will further inform the facilities planning process and setting of strategic and operational priorities for Westerly Hospital. Those decisions, once made, will facilitate development of more targeted capital campaign activities on behalf of the Hospital.

- 8) Commitment to maintain the Westerly Hospital as an acute care, community hospital for a minimum of 5 years after the Closing. Included within this commitment is a commitment not to discontinue clinical services being provided by Westerly Hospital for 2 years after the Closing as more fully set forth in Section 10.1 of the APA. Furthermore, if L+M's targeted goal of a 3% operating margin on a roll-up basis of the Westerly Hospital and Related Entities is achieved, a commitment to augment services.

Report: Since Closing Westerly Hospital has been maintained as an acute care hospital offering the same array of clinical services that it offered as of the Closing.³ Recently Buyer agreed to extend the commitment to maintain an acute care community hospital for an additional year, as part of the Special Master's 22nd Interim Report approved by the Superior Court on May 23, 2014. Additionally, although a 3% operating margin has not yet been achieved, Westerly Hospital has re-established a plastic surgery program in its array of services as of the end of May, 2014.

- 9) Commitment to inject \$6.5 Million of working capital into Westerly Hospital during the first 2 years after Closing to fund the turnaround plan (subject to final review by Buyer) that the Mastership has begun to bring the Hospital to a state of profitability.

Report: This commitment represents Buyer's commitment to provide funding of operating losses over a two-year period as needed to allow the Hospital to be restored to a state of profitability. Such commitment was based on projections developed using historic loss data and projected savings from initiatives in the turnaround plan, accounting for the time lag involved between implementing an initiative and realizing its benefit.

Because the timing associated with the resolution of various closing conditions extended out the originally anticipated closing date, Buyer and the Mastership collaborated to continue to implement the turnaround plan under the Mastership pending closing and agreed that Buyer would provide cash advances as needed to fund the Hospital's operations pre-closing. Approximately \$4,486,000 was injected into Westerly Hospital's operations by Buyer before the Closing to support operations and efforts required to return the Hospital to a state of profitability. This amount was in addition to the significant personnel and management resources provided by Buyer to Westerly Hospital as part of its interim advisory services that enabled more rapid execution of turnaround initiatives. As a result of those efforts, the Hospital has posted consistent positive operating margins in the first eleven months of operations since Closing (through April, 2014).

- 10) Consistent with the commitments to continue the mission of the Hospital and maintain it as an acute care, community hospital, a commitment during the first 5 years after Closing, to make or incur contractual obligations to make \$30 Million in capital expenditures including without limitation, investment in technology, equipment, and/or expanded services.

Report: In the first year since Closing, Westerly Hospital has already expended \$1,998,227 in capital expenditures and has made commitments for \$3,632,236 in

³ The Department had approved the former Westerly Hospital's discontinuation of obstetrical services immediately prior to the Closing.

additional capital expenditures. Such expenditures are slated for Information Technology updates, space renovation for staff, parking lot refurbishing, roof replacement, a CT Scan replacement and other clinical equipment needs.

- 11) Commitment to offer employment, commencing on the Closing Date to all union and non-union clinical, trade and services personnel of the Sellers (excluding certain management personnel and general and administrative support services personnel) and, a further commitment to maintain certain minimum staffing levels per adjusted average occupied bed.

Report: At the time of the Closing, LMW Healthcare had offered continued employment to all clinical, trade and services personnel from the Hospital's existing workforce. Approximately 661 individuals from Westerly Hospital's existing workforce became employed by the new entity (LMW Healthcare) at Closing. Since Closing, Westerly Hospital has maintained staffing levels per adjusted average occupied bed in excess of the target of 4.2 FTEs per adjusted average occupied bed.

- 12) Commitment to assume physician contracts and to strengthen the Westerly Hospital's relationship with the physician community (subject to Buyer's due diligence review, including but not limited to, compliance with law, inclusive of current review being undertaken by the U.S. Department of Health and Human Services, Office of the Inspector General, and the U.S. Attorney).

Report: At Closing, LMW Healthcare, Inc. (now doing business as Westerly Hospital), assumed physician contracts relating to the clinical and administrative operations of the Hospital, including arrangements for pathology services, radiology services, hospitalist services, ICU coverage, and numerous Department Chief and Medical Director arrangements as well as entered into a new arrangement for physician services in the Emergency Department. The Hospital also continued numerous space lease arrangements with private practices serving the Westerly Hospital service area. The Hospital's affiliate, L+M Physician Association, Inc., brought an additional 17 Westerly Hospital-affiliated physicians and 5 non-physician providers into its employ and continued the operation of several practice locations serving the Westerly Hospital service area.

Since Closing, Westerly Hospital completed a comprehensive Medical Staff Development Plan ("MSDP") specific to Westerly Hospital's primary service area to assess current and future physician needs based on population, demographics, use rates, and existing physician supply in the service area. The MSDP shows the highest manpower needs in the service area relate to primary care and certain surgical specialties.

In addition, physician recruitment to sustain and increase access to care in the Hospital's service area has been actively ongoing since Closing. Recruitment efforts through L+M Physician Association, Inc. successfully recruited three primary care physicians (1 family practitioner, 2 OB/GYNs), three specialists (general surgeon, orthopedic surgeon and dermatologist), two Physician Assistants (PAs) and three Advanced Practice Registered Nurses (APRNs) to the Westerly Hospital service area since the Closing.

- 13) Commitment to expedite the Rhode Island Hospital Conversion Act and Change in Effective Control process.

Report: As the Department is already aware, the Rhode Island Hospital Conversion Act and Change in Effective Control processes were pursued promptly once the court's sale order entered, leading to final decisions approving the transaction from the Rhode Island Attorney General's office on April 16, 2013, and from the Rhode Island Department of Health on April 17, 2013.

- 14) During the critical period between the Sale Hearing and the completion of the Hospital Conversion Act process, a commitment pursuant to the Interim Advisory Agreement to loan monies to the Hospital to cover operational losses.

Report: Buyer provided interim advisory services and loaned monies to the Hospital during the period between the Sale Order and Closing so as to facilitate a Closing on June 1, 2013.

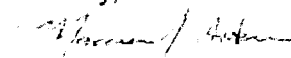
- 15) A commitment to fund the lease obligations (approximately \$68,000 per month) for the North Stonington Health Center up and until Closing subject to the Special Master deeming such payments necessary in his discretion.

Report: Buyer provided the Special Master for the period prior to Closing with approximately \$840,000 in order to fund the lease obligations for the North Stonington Health Center; although the Closing itself did not include acquisition of the North Stonington Health Center.

Michael K. Dexter
May 30, 2014
Page 8

We hope that the foregoing information will enable the Department to conclude that to date the Buyer has satisfactorily honored the Buyer Commitments under the APA. We are happy to provide additional information as the Department may find necessary to assess the status of any particular commitment. Please contact me at (860) 442-0711 ext. 4416 or manderson@lmhosp.org if you have any questions or require anything further.

Sincerely,



Madreen J. Anderson
Vice President/General Counsel

cc: Victor Milione, Esq.
Stephen Zubiago, Esq.
Jodi Bourque, Esq.
W. Mark Russo, Esq.

DOHP0877

AGP0028A370

Execution Copy

ASSET PURCHASE AGREEMENT

AMONG

**W. MARK RUSSO, ESQ., THE COURT-APPOINTED SPECIAL MASTER
FOR WESTERLY HOSPITAL HEALTHCARE, INC.;
THE WESTERLY HOSPITAL;
ATLANTIC MEDICAL GROUP, INC.;
OCEAN MYST, MSO, LLC;
WOMEN'S HEALTH OF WESTERLY, LLC; AND
NORTH STONINGTON HEALTH CENTER, INC.
Washington County Superior Court, WB2011-0178
(Stern, J)**

AND

LMW Healthcare, Inc., a Rhode Island nonprofit Corporation, and

LMW Physicians, Inc., a Rhode Island nonprofit Corporation

[SUBJECT TO THE APPROVAL OF THE COURT]

Lawrence & Memorial Corporation
Confidential MSR

Form 3-1 (8/11)
July 2, 2012

RIDOH 1091

DOHP0878

AGP0028A371

(ii) except as described in Section 10.6, any Liability relating to the Seller's Employees (whether current, former or retired) who are not Transferred Employees, including Liability under any Plan or Multiemployer Plan or Multiple Employer Plan for all wages, salary, sick leave pay, vacation pay, unemployment benefits, post employment benefits, salary continuation, termination disability, death, retirement, health, medical, pension or welfare benefits (including for this purpose all Liabilities and Obligations arising under the Plan) and

(v) any Liability related to penalties, fines, settlements, interest, costs and expenses to the extent arising out of or incurred as a result of any violation by the Seller prior to the Effective Time of any law or order.

16. Purchase Price

(a) Subject to the terms and conditions hereof and the consideration of the purchase, the value of the Assets (the "Purchase Price") shall be equal to:

(i) Sixty Nine Million One Hundred Fifty Eight Thousand Six Hundred and Fifty Three Dollars (\$69,158,653.00);

(ii) The Purchase Price shall be payable as follows:

(i) Twenty Two Million Sixty Nine Thousand Six Hundred and Sixty Six Dollars (\$22,669,660.00) shall be satisfied by Buyer's assumption of Liabilities more specifically set forth in Schedule E-1, which includes the Bank Debt of Seller, the Bond Debt of Seller, Trade Accounts Payable of Seller, Third Party Payer Liability of Seller, Accrued Payroll, and Asbestos Abatement Obligations;

(ii) Seller's retention of cash, cash equivalents, and short term investment as of the Effective Time estimated in the Peg Balance Sheet to be in the amount of Five Million Eight Hundred Ninety Six Thousand Nine Hundred and Eighty Seven Dollars (\$5,896,960.00);

(iii) Payable at Closing by payment of the premium for the third insurance required by Buyer pursuant to Section 8.13 (estimated to be Two Million Dollars (\$2,000,000.00));

(iv) Thirty Million Dollars (\$30,000,000.00) shall be satisfied by Buyer's performance of Capital Expenditure Commitment as more specifically set forth in Section 10.1(a);

(v) Six Million Five Hundred Thousand Dollars (\$6,500,000.00) shall be satisfied by Buyer's performance of a Commitment to Fund the Plan of Profitability as more specifically set forth in Section 10.5.

Buyer shall have the right to offset the Seller's Liabilities and Obligations of \$20,000,000.00 (Twenty Million Dollars) through a net of \$15,000,000.00.

(v) By Buyer's performance of its commitment to fund shortfall obligations of the North Stonington Health Center as more specifically set forth in Section 10.9 estimated to be Six Hundred Seventy Two Thousand (\$672,000.00).

(vi) The difference between \$8,900,944.00 and the aggregate dollar amount of the Purchased Accounts Receivable of the Effective Time; and

(vii) The Deposit of Five Hundred Thousand Dollars (\$500,000.00) shall be considered part of the Purchase Price and shall be retained from the Escrow Agent to the Special Master at the Effective Time, provided, the amount of the Deposit and in the event of a Cash Excess, the Cash Excess shall be deposited with an institutional escrow agent selected by the Buyer or such other escrow agent mutually agreed to by the parties, for a period of at least nine (9) months pursuant to an escrow agreement substantially in the form of Exhibit 1.6 hereto (the "Sellers' and Institution Escrow Agreement") which amount shall be held and disbursed by the escrow agent in accordance with the terms of the Escrow Agreement (the "Sellers' Indemnification Escrow") to satisfy any liability of Seller under Section 7.2. To the extent there is a Cash Excess, then any Cash in excess of the Peg Cash Amount shall be contributed first to fund the Sellers' Indemnification Escrow so that, together with the Deposit, there shall be \$1,000,000 contributed to the Sellers' Indemnification Escrow on the Effective Date next preceded by Buyer to satisfy liabilities pursuant to Section 1.4(a)(ii)(1) and next to the Special Master.

Determination of Assumption of Liabilities: True-up

(a) For purposes of determining the Purchase Price pursuant to Section 1.0 (including the amount of the Liabilities to be assumed, Accounts Receivable to be acquired, and Cash obtained by the Special Master at the Closing in accordance with and subject to the provisions of Sections 1.2(i), 1.3, 1.4, and 1.6), such determination shall be made on or prior to the Closing Date using the Peg Balance Sheet.

(b) On or before ten (10) days prior to Closing, Special Master on behalf of the Seller shall provide an updated consolidated Balance Sheet as of that most recent reporting date (the "Pre-Closing Balance Sheet"), with the allocation of liabilities and accounts receivable and cash to be consistent with the methodology used in the Peg Balance Sheet. If the parties agree to the amounts set forth on the Pre-Closing Balance Sheet, then the Purchase Price shall be determined and paid using the Pre-Closing Balance Sheet. If Buyer and Seller disagree, then Closing shall be conducted in accordance with Section 1.7(a) based upon the Peg Balance Sheet and the parties shall resolve any disagreement in accordance with Section 1.7(c) (d) below.

(c) Within forty five (45) days after the Closing Date, Buyer will prepare and deliver to the Special Master a schedule setting forth the calculation of Closing Date Purchased Accounts Receivable Assumed Liabilities and Cash and a certificate setting forth the final amount of the calculated purchase price as determined. The certificate shall be prepared by Buyer or its agent and shall be signed by Buyer or its agent and shall be provided to the Special Master on or before the Closing Date.

10. PARTICULAR COVENANTS OF BUYER.

10.1 Commitment to The Westerly Hospital Mission as an Acute Care Community Hospital

From the Closing Date until the date which is five (5) years after the Closing Date, Buyer shall maintain the Hospital as an acute care community hospital. In addition, from the Closing Date until the date which is two (2) years after the Closing Date, Buyer shall commit not to discontinue any clinical service (including maternity) being provided by the Hospital as of the date of the Sale Order (so long as there are no safety or quality issues associated with provision of such clinical service and so long as such clinical service is still being provided by the Hospital immediately prior to the Closing Date and so long as there are no safety or quality issues associated with provisions of such clinical service based, among other things, upon the volume of service provided in such clinical setting as received by the Hospital Board). Additionally, post-Closing, Buyer expects to implement services so as to achieve a three percent (3%) operating margin on a roll-up basis of The Westerly Hospital and Related Entities.

10.2 Commitment to the Name "Westerly Hospital" and The Westerly Hospital Charity Care Mission

Post-Closing, Buyer shall commit to continue the Hospital identity and name, corporate name, and community mission. Buyer expects to enter into a broad base license agreement with the parent or support of the transaction and is anticipated such Entity will be named and the Hospital's name and remain for the benefit of the Hospital nonprofit and community insofar as Buyer commits to maintain charity care responsibilities and services consistent with levels historically maintained by The Westerly Hospital. Finally, any restricted funds or charitable bequests transferred to Buyer as part of the Transaction shall be used for such purposes and in compliance with any and all restrictions for the benefit of the Hospital community.

10.3 Commitment regarding Post-Closing Governance

Post-Closing, The Westerly Hospital and Related Entities shall be reestablished as subsidiaries of Buyer's parent. Buyer commits that post-Closing, representatives of the Westerly community shall be included in the reconstituted Board of the Hospital (the "Hospital Board"), as well as the Buyer's parent's Board.

10.4 Commitment regarding Capital Expenditures

During the first five (5) year period after Closing, Buyer shall make, or incur, for the contractual obligations to make capital expenditures in connection with the operation of the Business, including, without limitation, investments in technology, equipment, and/or expansion services, in an aggregate amount of Thirty Million Dollars (\$30,000,000) (the "Capital Expenditure Commitment").

10.5 Commitment regarding the Funding of the Health Plan

Post-Closing, and for the first five (5) year period after the Closing, Buyer shall contribute to the Health Plan a sum of One Hundred Thousand Dollars (\$100,000.00) to fund the Plan's Profitability Fund.

\$6,500,000.00 is referred to as the "Commitment to Fund the Plan of Profitability"), which Plan was developed during the MasterShip to return The Westcoast Hospital to a level of profitability and which Plan remains subject to revision upon review by Buyer (the "Plan of Profitability").

10.6 Commitment regarding Employees

(a) Consistent with Buyer's commitment to maintain the Hospital's current array of clinical services and to maintain the Hospital as an acute-care community hospital, Buyer shall offer employment, commencing on the Closing Date, to all union and non-union clinical, trade and services personnel of the Seller, including certain management personnel and general and administrative support services personnel and other satisfactory review of Seller's Plan of Profitability and employment data, Buyer expects to offer employment to substantially all of the Hospital's other employees. Notwithstanding the foregoing, Buyer shall not assume any of the collective bargaining agreements of the Seller, unless, and until the extensions and amendments of such collective bargaining agreements anticipated to be obtained by the Special Master are satisfactory to the Buyer in its sole discretion. Agreement by the unions to the terms and conditions of any such amended and restated collective bargaining agreements, shall be a condition of the Closing. Buyer recognizes United Nurses and Allied Professionals ("UNAP") as the bargaining agent for the Seller's unionized personnel and will bargain in good faith with the Special Master and the UNAP representatives for modification of the collective bargaining agreements recognizing the Special Master has conveyed to UNAP the need for reasonable concessions moving forward. Buyer shall not assume any withdrawal liability arising in connection with the Transaction, including but not limited to claims by the PBGC, but shall use commercially reasonable efforts to support the Special Master's negotiation of the amended and restated collective bargaining agreements.

(b) Subject to the terms of the CBA, as of the Effective Date, Buyer shall take the following actions: (i) waive any limitations regarding pre-existing conditions and disability waiting periods under any health plans maintained for the benefit of the Transferred Employees (regardless of eligibility and vesting) if not for purposes of the plan, and policies of Buyer, for all service by Transferred Employees with Seller prior to the Effective Date as service with Buyer and (ii) provide such other treatment to the extent set forth in Schedule 10.6(b) hereof.

(c) With regard to those Employees being offered employment with Buyer, Buyer shall provide Seller with a list of those Employees (per terms set forth on Schedule 10.6(c)) (the employees who accept such an offer and commence employment with Buyer are collectively referred to herein as "Transferred Employees"). Nothing herein shall be deemed to affect or limit in any way normal management practices of Buyer with respect to employees. Nothing herein shall be deemed to create or grant to any such employee or Transferred Employee third party beneficiary rights or claims or causes of action of any kind or nature. Buyer shall be responsible for compensation, benefits and continuation coverage pursuant to the requirements of Code sections 409(a) and 409(b) and Part 1 of Title 1 of ERISA ("COBRA") coverage with respect to each of the Transferred Employees whose eligibility or event occurred or after the date of the offer by Buyer to Transferred Employees. All obligations of Buyer or Seller for COBRA coverage will be determined with regard to COBRA and any other applicable Federal law. Any claim for coverage and required benefit

made by any Employees who are not Transferred Employees shall constitute claims on the MasterShip and shall not be a Liability of the Buyer.

(d) Buyer's Commitment to Expedite Hospital Conversion Act ("HCA") Process

After entry of the Sale Procedures Order, the Special Master on behalf of the Sellers shall prepare the facility specific aspects of an HCA application and deliver the same to Buyer on or before the date that is thirty (30) Business Days prior to the Deadline for Qualified Bids. Seller shall file a complete HCA application within forty five (45) days of the Sale Order, if the Buyer is selected by the Court as the highest and best proposal. The Buyer shall commit, subject to regulatory approval, to advance funds to allow the RHDH and RAC to engage professionals to expedite the HCA process. However, such advance shall be considered administrative expenses if the conversion is rejected for reasons other than Buyer's failure.

(e) Commitment to Advance Physician Relations

Subject to Due Diligence, Buyer commits to assume physician contracts and to honor the Westerly Hospital relationship with the physician community.

(f) Commitment to Provide Interim Advisory and Funding of Interim Operations

Upon the entry of the Sale Order, Seller and Buyer will enter into an Interim Advisory Agreement ("Interim Advisory Agreement") on mutually acceptable terms pursuant to which Buyer will provide certain consulting and administrative services to the Sellers at Buyer's cost to maintain the viability of the Assets until the Closing. Such Interim Advisory Agreement shall contain such exculpatory provisions as Buyer shall require and shall obligate Buyer to loan funds to Seller on a first lien secured priority basis to cover operating expenses for the period from the Sale Order through the Closing ("Interim Operations"), provided that (i) such agreement shall be on customary terms as loans made to debtor companies in Chapter 11 bankruptcy proceedings and (ii) upon provide absent an event of default hereunder, repayment of such loan shall be in default in abeyance and Buyer shall forebear from collecting until after the Closing Date; and (iii) upon the Closing, Buyer shall forgive the balance of said loan. The goal of funding Interim Operations is to preserve Seller's retention of cash in an amount as set forth in the Pay Balance Sheet. To the extent required, Buyer and Seller will provide notice to the RHDH and any other applicable governmental agency of such Interim Advisory Agreement as required by applicable law.

(g) Commitment to Fulfill pre-Closing Obligation for North Stoughton Health Center

From the entry of the Sale Order until Closing, Buyer, if requested by the Special Master, shall fund the Special Master's pre-Closing obligation relating to the North Stoughton Health Center in the amount of several Seventy Thousand Dollars (\$70,000) per month.

(h) Enforcement of Court Orders

Buyer agrees to be bound by an order in an enforcement of the Court's orders, and is responsible to Buyer, and is ordered by the Court:

10.11. Survival

Notwithstanding any other provision in this Agreement regarding survival of covenants, representations and warranties, including without limitation, Section 3.17 hereof, Buyer, solely as it pertains to Article 10 hereof, expressly acknowledges and agrees that all representations, covenants and warranties contained in Article 10 shall survive to the maximum extent applicable, but in no event set forth in each such Section contained in this Article 10.

11. PARTICULAR COVENANTS OF SELLERS

11.1. Terminating Cost Report

Sellers shall furnish to Buyer a copy of the terminating cost report filed timely on behalf of the Hospital in respect of the Medicare and Medicaid programs or any subset of governmental program and any others as contractually required by other payors reflecting termination of the transactions contemplated hereby no later than one hundred fifty (150) days after the Closing. Buyer shall also provide Sellers upon reasonable request with the access necessary for Sellers or their agent to prepare such terminating cost reports as provided in Section 1.9.

11.2. Financial Statements

Following the Closing, each Seller agrees to use its commercially reasonable efforts to prepare, at Buyer's reasonable request and at Buyer's expense, documents and information required in connection with the performance of an audit of Sellers' consolidated financial statements by Buyer and independent auditors selected by Buyer at the sole cost and expense of Buyer on the filing of the existing audited consolidated financial statements of Sellers, and the preparation and filing of pro forma consolidating financial statements of The Westerly Hospital, with and as required by Federal or state agencies. Additionally, each Seller will use its commercially reasonable efforts to obtain the consent of its auditor to the filing of the existing audited consolidated financial statements of Sellers by Federal or state agencies, as applicable.

11.3. Treatment of Pension Plan Matters

Without limiting the generality of the definition of Excluded Entities, each Seller shall be responsible for all pension benefits accrued by employees of the Business (including any who become Transferee Employees) through the Effective Date in accordance with the terms and provisions of such Seller's defined benefit pension plan, and each Seller will administer the payment of such pension benefits in accordance with the terms and provisions of all final benefit plan documents and will not terminate or suspend the pension benefits to Buyer.

11.4. MasterShip

Special Notice: Each of the Sellers and the Hospital are hereby notified that the Hospital is a subsidiary of the Westerly Hospital, Inc., a corporation organized under the laws of the State of Rhode Island.

STATE OF RHODE ISLAND
WASHINGTON, SC.

SUPERIOR COURT

CHARLES S. KINNEY, CHIEF
EXECUTIVE OFFICER AND TRUSTEE
Plaintiff

v.

C.A. No. 2011-0781

WESTERLY HOSPITAL HEALTHCARE, INC.,
THE WESTERLY HOSPITAL, ATLANTIC
MEDICAL GROUP, INC., OCEAN MYST, MSO
LLC, WOMEN'S HEALTH OF WESTERLY,
LLC, AND NORTH STONINGTON HEALTH
CENTER, INC.
Defendants

12 SEP 10 AM 10:19
SUPERIOR COURT
FILED
EDWARD P. MORRONE, CLERK
WASHINGTON COUNTY SUPERIOR COURT
TRUE COPY ATTEST
Edward P. Morrone

ORDER APPROVING THE SALE OF THE ASSETS OF
THE WESTERLY HOSPITAL AND THE RELATED ENTITIES FREE AND CLEAR
OF LIENS AND LIABILITIES

On February 28, 2012, this Court heard the Special Master, W. Mark Russo's Petition for Instructions seeking authority to implement a process to secure proposals for the acquisition, strategic partnership and/or repositioning of The Westerly Hospital and the Related Entities. After a hearing thereon and after the procedures were noticed out by the Special Master to parties-in-interest for comment and input, this Court entered an Order dated March 12, 2012, establishing the Mastership Transaction Process (the "Mastership Transaction Process Order" and the "Mastership Transaction Process", respectively).

Furthermore, on June 13, 2012, this Court held a hearing and granted the Special Master's Petition for Instructions (the "Petition"), regarding the Presentation and Acceptance of a Stalking Horse Offer by LMW Healthcare, Inc., and LMW Physicians, Inc., as guaranteed by Lawrence & Memorial Hospital Corporation (collectively, "L&M" or the "Buyer") as set forth in the form of Asset Purchase Agreement (the "APA") attached hereto as *Exhibit A* (except as

otherwise defined herein, the capitalized terms herein are defined in the APA, as may be amended from time to time).¹ The Order authorizing the Special Master to enter into the APA subject to higher and better offers is referenced herein as the "Sales Procedures Order."

The Mastership Transaction Process Order, set forth criteria to which weight would be afforded to preserve The Westerly Hospital and the Related Entities as assets to the community both from the standpoint of healthcare and the regional economy. See Mastership Transaction Process Order at ¶¶ 7 and 12.

In accordance therewith, the L&M "Stalking Horse Offer", as embodied within the APA, addressed such weighed criteria as follows:²

1. An assumption (or satisfaction) of over \$22M in The Westerly Hospital and Related Entities' liabilities;
2. A commitment to pay for a "tail" malpractice insurance policy that Westerly Hospital will require upon sale at an estimated cost of approximately \$2 million;
3. A commitment to pay Closing costs and transactional expenses that Westerly Hospital will incur in this proceeding in the estimated amount of \$1.5 million;
4. A commitment to fund "cure" costs which are not captured in assumed liabilities;
5. A commitment to continue the Westerly Hospital identity and name, including its non-profit status and community mission;
6. A commitment to establish a Hospital Board with members drawn from residents of the Westerly service area. Moreover, a commitment to put residents of the Westerly

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¹ The APA is attached without schedules. The schedules are maintained by the Special Master.

² To the extent the terms of the APA, as amended hereby, conflict with the summary provided for herein, the terms of the APA shall control.

service area on the reconstituted Board of Trustees of the Hospital as well as the Board of Trustees of the Buyer's parent;

7. A commitment to carry out a broad-based community capital campaign in support of the Westerly Hospital and a commitment that all such funding will be raised in the Hospital's name and remain for the benefit of the Hospital's non-profit and community mission;
8. A commitment to maintain the Westerly Hospital as an acute care, community hospital for a minimum of 5 years after the Closing. Included within that important commitment, is a commitment not to discontinue clinical services being provided by the Westerly Hospital for 2 years after the Closing as more fully set forth in Section 10.1 of the APA. Furthermore, if L&M's targeted goal of a 3% operating margin on a roll-up basis of the Westerly Hospital and Related Entities is achieved, commitment to augment services;
9. A commitment to inject \$6.5 million of working capital into the Westerly Hospital during the first 2 years after Closing to fund the turnaround plan (subject to final review by Buyer) that the Mastership has begun to bring the Hospital to a state of profitability;
10. Consistent with the commitments to continue the mission of the Hospital and maintain it as an acute care, community hospital, a commitment during the first 5 years after Closing, to make or incur contractual obligations to make \$30 million in capital expenditures including without limitation, investment in technology, equipment, and/or expanded services;

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11. A commitment to offer employment, commencing on the Closing Date to all union and non-union clinical, trade and service personnel of the Sellers (excluding certain management personnel and general and administrative support services personnel) and, a further commitment to maintain certain minimum staffing levels per adjusted average occupied bed;
12. A commitment to assume physician contracts and to strengthen the Westerly Hospital's relationship with the physician community (subject to Buyer's due diligence review, including but not limited to, compliance with law, inclusive of current review being undertaken by the United States Department of Health and Human Services, Office of Inspector General and the United States Attorney);
13. A commitment to expedite the Rhode Island Hospital Conversion Act and Change in Effective Control process;
14. During the critical period between the Sale Hearing and the completion of the Hospital Conversion Act process, a commitment pursuant to the Interim Advisory Agreement to loan monies to the Hospital to cover operational losses subject to Section 10.8 of the APA. In turn, at Closing, the loan will be forgiven, providing additional value to the Mastership Estate. In addition, pursuant to the Interim Advisory Agreement, Buyer will provide consulting and administrative services to the Sellers at Buyer's cost to maintain the viability of the Assets until the Closing; and
15. A commitment to fund the lease obligations (approximately \$68,000 per month) for the North Stonington Health Center up and until Closing subject to the Special Master deeming such payments necessary in his discretion.

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L&M's bid, as above-referenced, was tested during an intensive, competitive bid process. The Special Master and his advisers have diligently and in good faith marketed the Assets to secure the highest and best offer or offers therefor. The culmination of that process, and the fourth and final phase of the Mastership Transaction Process commenced with a hearing to determine the highest and best proposal for the acquisition, strategic partnership and/or repositioning of the Westerly Hospital and Related Entities.

On August 28, 2012, this Court conducted such a hearing as consistent with the Sales Procedures Order. At that hearing, L&M and the Special Master presented an amendment to the APA, a copy of which is attached hereto as *Exhibit B* (the APA and the amendment thereto are collectively referenced hereinafter as the "APA"). The amendment to the APA modifies such by, amongst other things, providing for the redemption of the Bonds at or before the Closing and for the satisfaction or assumption of the obligations of the Westerly Hospital and Related Entities to the Washington Trust Company. The APA proposed by Buyer was offered in good faith, from arm's-length bargaining positions without collusion or fraud by the parties so that Buyer is a good faith purchaser.

The Special Master has given due and proper notice of the proposed sale of the Assets to all parties required to receive notice, including without limitation, to each secured party, all holders of Liens and Liabilities of record with respect to the Assets, all of the counterparties to the Material Contracts, all municipalities and licensing agencies, the United States Department of Justice (the "DOJ"), the United States Department of Health and Human Services, Office of the Inspector General (the "OIG"), and any governmental unit having a claim against Westerly Hospital and Related Entities or the Assets, including without limitation the Pension Benefits Guaranty Corporation (the "PBGC") and the Rhode Island Department of Health (the "RIDOH")

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and all entities reasonably known to have expressed an interest in a transaction with respect to the Assets during the past twelve (12) months.

A reasonable opportunity to object or be heard with respect to the Mastership Transaction Process and the relief contemplated thereby, and the rights of third parties to submit higher or otherwise better offers for the Assets, has been afforded to all interested parties and entities.

Under all the circumstances presented, (i) all actions contemplated in the APA; (ii) consummation of all acts contemplated in this Order; (iii) the transfer of the Assets by the Special Master to Buyer; and (iv) the receipt by the Special Master of the Purchase Price are in the best interests of The Westerly Hospital and the Related Entities and their respective estates, creditors, and interest holders.

It is accordingly hereby

ORDERED

1 Subject to Paragraph 2 below, this Court has jurisdiction over these proceedings and all Mastership Assets. The Special Master has provided adequate notice of the relief sought with respect to the sale of the Assets and the relief requested in the Mastership Transaction Process Order and the Sales Procedures Order. Adequate notice and an opportunity to be heard with respect to the Mastership Transaction Process was proper, timely, adequate and sufficient, and reasonably calculated to give actual notice of the relief contemplated hereby, as appropriate under the circumstances, and no further notice is required. Reasonable opportunity to object or be heard regarding the relief granted by this Order has been afforded to those parties entitled to notice. In addition, supplemental notice has been provided to the PBGC, the RIDOH, the Internal Revenue Service, the Centers for Medicare and Medicaid Services, Peter F. Neronha, as

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United States Attorney, and the United States Department of Health and Human Services, Office of Inspector General, and Gary Donahue of the United States Bankruptcy Trustee's Office.

2. As set forth in the Sales Procedures Order, the Special Master shall be required to seek approval of the United States Bankruptcy Court for the District of Rhode Island in *In Re North Stonington Health Center, Inc.*, B.K. No. 12-11508 (the "Bankruptcy Court") with respect to the necessary authority and approval for the conveyance and transfer of the assets of North Stonington Health Center, Inc. to Buyer. In accord therewith, the Order does not approve the sale of any real or personal property subject to the jurisdiction of the Bankruptcy Court, but is a conditional approval of such sale subject to approval of the Bankruptcy Court so long as that court has jurisdiction over such assets. In turn, the Stipulation read into the record on August 28, 2012, withdrawing North Stonington Properties LLC's Objection and waiving appellate rights is incorporated herein. See Transcript of Stipulation attached hereto as *Exhibit C*. No such approval shall be required to convey Assets of any or all other Sellers to the Buyer pursuant to this Order and the APA.

3. As set forth herein, the Special Master is hereby authorized to sell the Assets as pursuant to the terms of the APA attached hereto and incorporated herein as *Exhibit A and Exhibit B*. The consideration for the sale of such Assets, in large part, is contained in Section 1.6 of the APA and in the particular the Covenants of Buyer set forth at Article 10 of the APA and outlined above (hereinafter, the "Buyer Commitments"). The Buyer Commitments, in addition to the other obligations, covenants and representations set forth in the APA, are guaranteed by the parent company Lawrence & Memorial Hospital Corporation and said guaranty is incorporated into this Order. Moreover, the APA provides that the Buyer agrees to be bound by a mechanism for enforcement of the Buyer Commitments, as reasonably acceptable

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to the Buyer and as ordered by the Court. Accordingly, the Buyer Commitments are to be enforced as follows:

- a. Beginning on the first anniversary of the Closing of the transactions contemplated by the APA and on each of the following four (4) anniversaries thereof, Buyer shall file, in a form reasonable acceptable to the RIDOH, a written annual report and supporting documentation, concerning progress toward achieving, and compliance with, the Buyer Commitments (the "Annual Report").
- b. The RIDOH shall coordinate as appropriate with the Rhode Island Attorney General ("RIAG"), the Rhode Island Secretary of Health and Human Services, the Rhode Island Office of Health Insurance Commissioner, and the Office of the Lieutenant Governor regarding the review of said Annual Reports.
- c. In the event the RIDOH alleges a violation of the Buyer Commitments, the RIDOH may seek appropriate relief for enforcement of the applicable Buyer Commitments pursuant to RIGL 23-17-8.
- d. The Mastership Proceeding, upon final report and recommendation of the Special Master shall be stayed; provided, however, if after exhaustion of the administrative procedures set forth above there remain unresolved disputes regarding enforcement of the Buyer's Commitments, the stay shall be lifted and any such remaining disputes shall be submitted to the Mastership Court for adjudication; and, provided, further, if no such disputes are submitted to the Mastership

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Court within six (6) months following the fifth anniversary of the Closing, the stay of the Mastership stay shall expire and the Mastership shall terminate.

4 Schedule 10.6 of the APA, the commitments negotiated by and between United Nurses and Allied Professionals and L&M, and the dispute resolution provisions thereof are expressly incorporated herein.

5 The Court hereby finds and holds that effective upon the Closing, the Assets shall be transferred to Buyer pursuant to the APA, as amended hereby, free and clear of all Liens, including, without limitation, any and all encumbrances, pledges, mortgages, deeds of trust, security interest, claims, leases, charges, options, rights of first refusal, puts, calls, easements, servitudes, proxies, covenants, hypothecations, voting trusts, or agreements and transfer restrictions under any agreement, against or with respect to tangible or intangible property or rights, whether imposed by agreement, understanding, law, equity, or otherwise save for and excepting only those liens expressly assumed by Buyer pursuant to the terms of the APA. In addition, said Assets shall be sold to Buyer pursuant to the APA free and clear of all Liabilities including, without limitation, all causes of action, obligations, demands, guarantees, rights, restrictions, remedies, claims, and matters of any kind and nature whatsoever, whether at law or in equity, including, without limitation, free and clear of any rights or claims based on theories of transferee or successor liability under any applicable law, statute, rule, regulation, common law or equitable principle including, without limitation, ERISA and the Internal Revenue Code of 1985, as amended, and the rules and regulations promulgated thereunder, and the codes of any Governmental Authorities including, without limitation, the PBGC, the RODOH, the Internal Revenue Service, state and local taxing authorities, Government Reimbursement Programs, and

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any Governmental Authority, whether arising before or after the commencement of the Mastership Proceedings herein and whether imposed by agreement, understanding, law, equity, regulation, custom or otherwise, save and excepting only those liabilities expressly assumed by Buyer in writing under the APA. This Court shall retain jurisdiction to resolve any controversy and claim arising out of or relating to the APA, or the breach thereof, and over any claims against Buyer that are not Assumed Liabilities as defined in the APA. In accordance therewith, the Special Master, effective upon the Closing, shall transfer all right, title and interest in and to the real property in which The Westerly Hospital and the Related Entities have right, title and interest, together with all appurtenances and rights thereto, and all right, title and interest in the leasehold interest to leased real property, which inu rest, shall be sold, assigned and transferred to Buyer free and clear of any and all mortgages, deeds of trust, security interests, mechanics or other liens, liabilities or encumbrances subject only to Assumed Liabilities. Furthermore, and as consistent therewith, the accounts receivable being acquired by Buyer represent and constitute bona fide claims owing to the Westerly Hospital and Related Entities for services actually performed and for goods and supplies actually provided in the amounts indicated on the Financial Statements (as that term is defined in the APA) with no known set-offs, deductions, compromises or reductions (other than reasonable allowances for bad debts and contractual allowances in an amount consistent with historical policies and procedures of the Westerly Hospital and Related Entities). Consistent herewith, the Owned Intellectual Property is deemed an Asset under the APA and the Special Master shall transfer and assign to Buyer all of the right, title and interest of the Westerly Hospital and Related Entities in and to the Owned Intellectual Property under the terms set forth in this Order and the APA. Notwithstanding, all liens, claims and encumbrances not assumed pursuant to the terms of the APA, shall attach to the proceeds of

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the sale of the Assets as pursuant to Paragraphs 6, 9 and 10, herein, in the same order of priority existing as of the Closing.

6. The claims of the PBGC and the United States by and through the United States' Attorney and the Department of Health and Human Services, Office of the Inspector General, once proven and/or resolved, shall attach to the proceeds of the transaction approved hereby. Moreover, the claims of the Rhode Island Division of Taxation, once proven and/or resolved, shall attach to said proceeds in the priority ordered by this Court. Finally, the claims reserved by the Washington Trust Company relative to the leasehold obligations of the North Stonington Health Center, Inc., as guaranteed, if proven, shall attach to such proceeds with the collateral for such claims being subject to the limits of Washington Trust Company's first priority security interest in accounts receivable with the parties reserving all rights in regard thereto, including whether the obligations under said guaranty are secured.

7. In accordance with the terms of the amendment to the APA attached hereto as Exhibit *the Special Master is hereby authorized on behalf of the Hospital, to provide such notice and take such other action as is reasonably necessary to cause the redemption of the Bond Debt pursuant to the Loan and Trust Agreement including such action necessary for the Hospital to cause a settlement payment to be made to the Bond Trustee for satisfaction and redemption of the Bond Debt pursuant to the Loan and Trust Agreement and constituting a settlement payment pursuant to 11 U.S.C. Sections 101(51A) and 546(e).*

8. As of the Effective Date of the APA, if the Buyer accepts automatic assignment of the Hospital's Medicare provider agreement under 42 C.F.R. ss 489.18, the Medicare provider agreement will be governed exclusively by the Medicare statute, regulations, policies and procedures, and without regard to other laws or further orders of this Court. These include, but are not limited to, adjustment of all payments to the Buyer, as the owner of Medicare provider agreement, to account for all prior

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Edward J. Truesdorf

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WASHINGTON COUNTY SUPERIOR COURT

overpayments and underpayments, including those relating to the pre-sale periods. The Buyer may, however, in its sole discretion, elect to reject the otherwise automatic assignment of the Hospital's Medicare provider agreement as of the Effective Date of the APA pursuant to the Medicare statute, regulations, policies and procedures including, among other things, Section 3210.5A of the CMS State Operations Manual by filing with the CMS Regional Office ("RO"), a notice of its refusal to accept such assignment in writing at least 45 calendar days prior to the Effective Date and the Buyer may file an application for an "initial enrollment" in Medicare, effective as of the date on all applicable requirements for such enrollment are satisfied. Notwithstanding the foregoing or anything in this Order, Petition to Sell, or APA to the contrary, the Medicare provider agreement shall not be considered an "asset" that may be sold or transferred, and in particular may not be sold or transferred "free and clear" of any liens or liabilities.

9. Based upon the sale and marketing efforts conducted by the Special Master as consistent with this Court's Orders and this Court's findings that the Special Master satisfied the phased requirements of the Mastership Transaction Process Order, this Court finds that the sale of the Assets to Buyer, upon the terms and conditions of the APA, as amended by this Order, is commercially reasonable, the sales price and the terms set forth therein are fair and reasonable, the sale is made in good faith, Buyer is a *bona fide* good faith purchaser, and that such sale is in the best interest of all creditors of The Westerly Hospital and the Related Entities wherever located. Furthermore, this Court also finds based upon a review of the file materials and the testimony of representatives of L&M that this sale will provide the Westerly Hospital and the Related Entities with the benefit of years of expertise and sound business and financial practices of a highly experienced management team.

10. The Special Master is hereby authorized to execute and deliver immediately, the Interim Advisory Agreement. The Special Master shall report to the Court with regard to the

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U.S. DISTRICT COURT, DISTRICT OF CONNECTICUT

Interim Advisory Agreement within seven (7) days of the entry of the Sale Order. Notwithstanding the foregoing or any other provision of this Order or the APA, the Special Master shall file a separate petition with this Court, with notice to creditors and other parties in interest, and an opportunity for a hearing thereon, in connection with any request to borrow funds from the Buyer pursuant to the APA or otherwise. Any such petition shall provide detail regarding the amount of any proposed borrowing, the proposed terms, the proposed collateral, describe whether liens of creditors would be impaired by the proposed borrowing, and the adequate protection proposed for those creditors. All rights and defenses of creditors with respect to such a petition, including without limitation all rights to adequate protection, are reserved. At the Closing, the Special master is authorized to execute and deliver a Special Master's Deed(s), an Assignment and Assumption Agreement, an Assignment and Undertaking Agreement, a Special Master's Bill of Sale, an Assignment of Intellectual Property, and such other deliverables as set forth in Section 2 of the APA, conveying all of his right, title and interest as Special Master in and to the Assets, free and clear of all interest, claims, Liens and Liabilities, as set forth in Paragraph 3 above. Notwithstanding, any such interest, claims, Liens and Liabilities shall attach to the sale proceeds resulting from the sale of Assets in the same order of priority that is currently existing in such Liens or Liabilities. The Special Master shall report to the Court regarding the Closing and then submit to the Court, a proposed schedule for the determination of claims, after this Court's determination of Closing costs and Seller's transaction expenses to be paid by the Buyer pursuant to Sections 1.6(b)(vi), 3.28, and 13.7 of the APA, as well as the proceedings anticipated by Section 1.7 of the APA. Procedures to be recommended by the Special Master and ultimately established by this Court shall allow for the Court-approved distribution of the proceeds of the sale of the Assets to those claims, liens, and encumbrances

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which transfer and attach to the sale proceeds pursuant to the terms of this Order in the same order of priority.

11. All parties asserting a claim, interest, lien or encumbrance against the Assets are hereby directed to execute and deliver to the Special Master within seven (7) days of his written request, mortgage or discharges, lien discharges, UCC financing termination statements and any and all other documents as necessary to evidence the discharge of such interest, claims, liens or encumbrances against the Assets, effective upon the Closing, as the Special Master may determine in his sole discretion to be necessary. All such documents shall be held by the Special Master in escrow pending the occurrence of the Closing Date and shall be released to the Buyer and/or filed and recorded as directed by the Buyer solely at and in connection with the Closing (absent which such documents shall be null and void of be of no force and effect). The execution and delivery of the same shall be without prejudice to or waiver of any and all rights, claims and interests of such parties against the proceeds from the sale of the Assets and such claims, liens and encumbrances shall transfer and attach to sale proceeds in the same order of priority. If any person or entity that has filed a financing statement or other documents or agreements evidencing a Lien or Liability on the Assets shall not have delivered, in proper form for filing, termination statements, instruments of satisfaction, releases, and other documents to the Special Master after seven (7) days of his written request in accordance with this paragraph, then the Special Master shall be and hereby is authorized to, at the Closing, execute such termination statements, instruments of satisfaction, releases, and other documents on behalf of the person or entity and to file the same with any appropriate registry or public filing office. Notwithstanding the foregoing, the provisions of this Order authorizing the sale and assignment of the Assets free and clear of Liens and Liabilities shall be self-executing, effective upon

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Closing and notwithstanding the failure of Buyer, the Special Master, or any other party to execute, file, or obtain releases, termination statements, assignment consents, or other instruments to effectuate, consummate, and/or implement the provisions hereof or the APA with respect to the sale of the Assets and the assumption and assignment of the Assumed Contracts, all Liens and Liabilities on the Assets shall be and hereby are deemed to be divested, terminated, and discharged effective upon Closing.

12. The execution, delivery and performance of the APA by the Special Master and all other agreements referenced herein, or ancillary hereto, to which The Westerly Hospital and the Related Entities are a party, and the consummation of the transactions contemplated herein, are within the Special Master's authority and power subject to this Court's approval as pursuant to the Orders entered by this Court. Other than the express approval of this Court contained herein, the Special Master does not require any approval or consent of, or filing with, any Governmental Authority or agency bearing on the validity of the APA which is required by laws and regulations of any such Governmental Authority or agency. The APA does not conflict with, require consent under, or result in any breach or contravention of, or the creation of an lien, charge, or encumbrance under, any indenture, agreement, lease, instrument, understanding to which such Seller is a party or by which it is bound or any of its assets subject. The APA does not violate in any material respect the statute, law, ordinance, rule or regulation of any Governmental Authority to which such Seller or its respective assets may be subject. The APA does not violate in any material respect any judgment, decree, order, writ or injunction of any court or any Governmental Authority to which the Seller or its respective assets may be subject.

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13 L&M shall have no liability for any obligations by and between The Westerly Hospital and the Related Entities (defined in the APA as "Intercompany Obligations") and no such liability shall be assumed by L&M under the APA or this Order.

14. The Special Master is authorized to request that as part of the Hospital conversion process that the Buyer become the successor beneficiary to the Westerly Hospital and the Related Entities under that certain Charles A. Morgan Trust and the Louise D. Hoxsey Trust f/b/o Foundation Fund for a Hospital in Westerly, Rhode Island (the "Hoxsey Trust"). Moreover, that the Hoxsey Trust shall be dissolved with the funds being held in endowment for the Hospital under the ownership of the Buyer with the same restrictions as set forth in the Hoxsey Trust being placed upon the endowed funds.

15. Except as expressly permitted by the APA and this Order, all persons or entities holding or asserting any Lien or Liability of any kind or nature with respect to the Assets or business formerly conducted by The Westerly Hospital and the Related Entities shall be, and hereby are, barred from asserting such Lien or Liability against L&M, its successors and assigns, or the Assets, including without limitation, the claims of the DOJ, OIG, PBGC, RLAG and RIDOH.

16. Effective upon the Closing, all persons and entities are forever prohibited and enjoined from commencing or continuing in any manner any action or other proceeding, whether in law or equity, in any judicial, administrative, arbitral, or other proceeding, against L&M or its successors and assigns with respect to any Lien, Liability, encumbrance or claim. Without limiting the generality of the foregoing, except as expressly permitted by the APA and this Order, L&M shall have no liability for any claim against The Westerly Hospital and the Related Entities or its directors, officers, or shareholders.

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17. Except as expressly provided in the APA, the consummation of the APA shall not subject L&M to any Liability whatsoever with respect to the operation of the Business of The Westerly Hospital and the Related Entities in any form or manner whatsoever, including, without limitation, by reason of any theory of successor or transferee liability, de facto merger, or substantial continuity, whether known or unknown and whether asserted or unasserted as of the Closing.

18. The Real Property which The Westerly Hospital and the Related Entities holds right, title and interest is exempt from property taxes as of the effective date of this Order in accord with the Rhode Island General Laws regarding non-profit corporations and all Liens or Liabilities relating thereto are hereby void ab initio. Notwithstanding, the Mastership shall continue to pay real property taxes with regard to 45 East Avenue and 11 Wells Street, Unit 6, up to the date of Closing.

19. At the election of the Buyer, the Special Master shall deliver the assets of the Non-Mastership Estate Related Entities to Buyer pursuant to the terms of this Order and as such, upon delivery of those assets in accordance herewith those entities shall be consolidated within the instant Special Mastership proceeding and any such entities shall be included in the definition of the term "The Westerly Hospital and the Related Entities" as such term is used in the APA and this Order.

20. With regard to the Westerly Hospital Foundation, Inc. and the Westerly Hospital Auxiliary Inc., those entities shall continue to function under the supervision of the Mastership from the entry hereof until Closing. Any donations received by those entities shall be segregated and shall only be utilized for the purposes identified by donors or to further the Hospital's community mission. Upon Closing, delivery of the assets of those entities to the Buyer as

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provided in Paragraph 19 shall be accomplished, at the election of Buyer, by amendment, in a form reasonably satisfactory to Buyer, of their respective Articles of Incorporation and Bylaws thereby substituting LMW Healthcare, Inc. as the sole corporate member of each entity. Donated funds held by any of the Non-Mastership Estate Related Entities and transferred to L&M shall remain subject to any and all restrictions pertaining to such donated funds; specifically, that such funds be used only for the stated intent of the donor and for sole benefit of the Hospital.

21. Notwithstanding that the Assets are being sold free and clear of any and all Liens, Liabilities, claims, and encumbrances, the Special Master shall continue to take appropriate action to complete a "distressed termination" pursuant to Section 4041(c) of ERISA and reasonably cooperate with the PBGC in effectuating the termination of the Pension Plan pursuant thereto

22. The Court finds and holds that the Hospital is duly licensed as a general acute-care hospital pursuant to the applicable laws of the State of Rhode Island. The pharmacies, laboratories and all other ancillary departments located at the Hospital that operate for the benefit of the Hospital and that are required to be specially licensed, are duly licensed by the RIDOH or other appropriate licensing agency.

23. The consideration provided by Buyer for the Assets under the APA is fair and reasonable, and the result of an open and competitive sales process and the marketing efforts described in the Petition, the Mastership Process Order, the Sales Procedure Order, and those conducted by the Special Master after the filing of the Petition and in accordance with the Sales Procedure Order and the Mastership Process Order culminated in a purchase price negotiated in

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Edward Morrone

EDWARD MORRONE, CLERK

good faith and at arm's length that may not be avoided, nor may costs or damages be imposed or awarded under any applicable law relating to bidder collusion.

24. The failure specifically to include or refer to any particular provision of the APA in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of this Court that the APA be authorized and approved in its entirety.

25. The APA and any related agreements, documents, or other instruments may be modified, amended, or supplemented by the parties thereto, in a writing signed by the Special Master on behalf of The Westerly Hospital and the Related Entities and L&M, and in accordance with the terms of the APA, without further order of the Court so long as such modification is not material; provided that terms in the APA with respect to the Bonds and the Bank Debt of the Sellers shall not be amended without the consent of the Bond Trustee and/or Washington Trust Company. The failure specifically to include or refer to any particular provision of the APA in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of this Court that the APA be authorized and approved in its entirety.

26. This Order shall be effective, and the parties may consummate the transactions contemplated by the APA, immediately upon entry. The Special Master is hereby authorized, empowered, and directed, and, upon entry of this Order, shall have all the authority necessary, subject to the terms of this Order, perform such ministerial acts as may be required to effectuate and implement the APA and any transaction contemplated thereby. The Special Master shall cooperate with and take all actions reasonably requested by Buyer to effectuate the APA consistent with the terms of this Order and any transaction contemplated thereby.

27. All of the transactions and actions contemplated by this Order are properly authorized under applicable law and all Orders previously entered by this Court in this

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Mastership proceeding. The terms and provisions of the APA and this Order shall be binding in all respects upon, and shall inure to the benefit of, the Buyer its successors and assigns and any affected third parties, including all counter-parties to the Assumed Contracts notwithstanding dismissal of this Mastership Case or the filing of bankruptcy proceeding or similar insolvency proceeding by or against any of the Sellers. The Special Master irrevocably waives any right to seek any material modification of this Order without the prior written consent of L&M, and no such consent shall be implied by any other action, inaction, or acquiescence by L&M, so long as L&M is not in default of the APA or the terms of this Order. The stay provisions of this Order Appointing Permanent Master entered on January 17, 2012 are hereby lifted and modified to the extent necessary to implement the terms and conditions of the APA and the provisions of this Order.

28. This Court shall retain jurisdiction over the parties to the APA with respect to any matters related to or arising under the APA or under this Order and specifically retains jurisdiction to enforce and implement the terms and provisions of the APA, all amendments thereto, any waivers and consents thereunder, and any agreements executed in connection therewith in all respects, including but not limited to, retaining jurisdiction (a) to compel delivery of the Assets to Buyer; (b) to resolve any disputes arising under or related to the APA, except as otherwise provided therein; (c) to protect the Buyer, or the Assets, from and against any Liens, Liabilities, encumbrances or claims; and (d) to interpret, implement, and enforce the provisions of this Order.

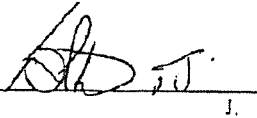
29. All acts, doings, and disbursements to date of said Special Master are hereby approved, confirmed and ratified.

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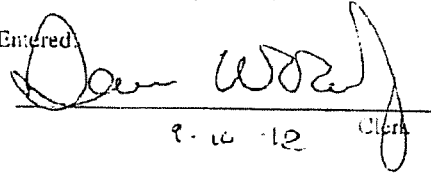
30. Notwithstanding anything stated herein to the contrary, the transactions contemplated by the APA are subject to all of the provisions of the Hospital Conversions Act ("HCA") and the Health Care Facility Licensing Act of Rhode Island ("HCFLA"), and all regulations promulgated under said acts, including without limitation, approval by the RIDOH and RIAG pursuant to the HCA, and a favorable recommendation by the Health Services Council and approval by the Director of RIDOH pursuant to HCFLA, all of which recommendations and approvals must be obtained prior to Closing.

ENTERED as an Order of this Court this 16th day of September, 2012

Per Order:


_____ J.

Entered:


_____ Clerk
9-16-12

Submitted by:



W. Mark Russo (#3937) Permanent Special Master
for Westerly Hospital Health Care, Inc.,
The Westerly Hospital, Atlantic Medical Group, Inc.,
Ocean Mystr MSO, I.I.C, Women's Health of Westerly,
LLC, and North Stonington Health Center, Inc.,
and not in his individual capacity
Ferrucci Russo P.C.
55 Pine Street, 4th Fl.
Providence, RI 02903
Telephone: (401) 455-1000
Facsimile: (401) 455-7778
Dated: September 6, 2012

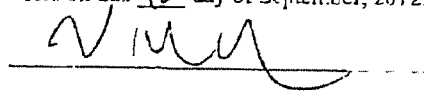
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CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the within was served via e mail upon the following that is referenced in Schedule A attached hereto on this 16 day of September, 2012:



to: westerly hospital pleading's sale order redline 09-06-12.doc

EXHIBIT B

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WASHINGTON COUNTY SUPERIOR COURT

Execution Copy

AMENDMENT TO ASSET PURCHASE AGREEMENT

THIS AMENDMENT TO ASSET PURCHASE AGREEMENT (this "Amendment") is entered into as of August __, 2012 by and among LMW Healthcare, Inc., LMW Physicians, Inc., and W. Mark Russo, Esq. solely in his capacity as the Court-appointed Special Master for Westerly Hospital Healthcare, Inc., The Westerly Hospital, Atlantic Medical Group, Inc., Ocean Myst, MSO, LLC, Women's Health of Westerly, LLC and North Stonington Health Center, Inc.

WHEREAS, the Parties entered into that certain Asset Purchase Agreement dated as of June 20, 2012 (the "Purchase Agreement");

WHEREAS, pursuant to the Purchase Agreement, Sellers have agreed to sell to Buyer, and Buyer has agreed to purchase from Sellers, the Hospital and substantially all of Sellers' assets used to operate the Hospital and the Business.

WHEREAS, the Parties desire to amend the Purchase Agreement to address certain matters that have arisen since the execution of the Purchase Agreement as set forth herein.

NOW, THEREFORE, in consideration of the promises and mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree to amend the Purchase Agreement as follows:

Each capitalized term used herein, but not otherwise defined shall have the same meaning as ascribed to such term in the Purchase Agreement.

1. The following definitions set forth in the Purchase Agreement are amended and restated in their entirety:

"Bank Debt of Sellers" shall mean the principal, interest, reasonable fees and expenses owed to Washington Trust Company ("WTC") (including reasonable professional fees) and other charges with respect to the secured loan obligations more specifically set out in the June 25, 2012 "Order Allowing Claim of Washington Trust Company and Granting Related Relief" entered by the Mastership Court.

"Bond Debt of Sellers" shall mean the principal, interest, reasonable fees and expenses of the Bond Trustee (including reasonable professional fees) and other charges with respect to the Bonds, determined pursuant to the Loan and Trust Agreement and the May 31, 2012 "Order Allowing Revenue Bond Claims and Granting Related Relief" entered by the Mastership Court.

2. The following definitions are added to the Purchase Agreement:

11.9.12.6

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DOHP0907

AGP0028A400

"Bonds" means those certain Rhode Island Health and Educational Building Corporation Hospital Financing Revenue Bonds (The Westerly Hospital Issue) Series 1994 issued for the benefit of the Hospital pursuant to the Loan and Trust Agreement.

"Bond Trustee" means U.S. Bank National Association, as successor trustee under the Loan and Trust Agreement with respect to the Bonds, its successors and assigns.

"Loan and Trust Agreement" means that certain Loan and Trust Agreement dated as of January 15, 1994 by and among the Rhode Island Health and Educational Building Corporation, the Bond Trustee and the Hospital.

3. Section 1.2 (h) of the Purchase Agreement is amended by striking the reference in that Section to "Section 1.2(b)" and replacing it with a reference to "Section 1.4(b)."

4. Section 1.3 of the Purchase Agreement is amended by adding the following sentence at the end of the current text:

Buyer is not acquiring any cash, cash equivalents, funds or securities held or controlled by the Bond Trustee under the Loan and Trust Agreement from time to time; provided such monies shall be applied in accordance with the Loan and Trust Agreement including as contemplated by Section 1.6(b)(i) of this Agreement.

5. Section 1.6(b)(i) of the Purchase Agreement shall be deleted in its entirety and replaced with the following:

(i) Twenty Two Million, Sixty-Nine Thousand, Six Hundred and Sixty-Six Dollars (\$22,069,666.00) shall be satisfied at Closing by (a) Buyer's assumption of Liabilities more specifically set forth in Schedule 1.4(b), provided: (b) as to the Bank Debt of the Sellers Buyer may elect to either: (i) assume the Bank Debt of Sellers on terms mutually agreeable to WTC and the Buyer or (ii) fund the Sellers' satisfaction of the Bank Debt of Sellers on or before Closing and (c) Buyer's payment to the Bond Trustee at Closing of sufficient Available Monies (as defined in the Loan and Trust Agreement) to, together with any cash, cash equivalents funds or securities then held by the Bond Trustee under the Loan and Trust Agreement, redeem the Bonds then outstanding and otherwise satisfy in full in cash the Bond Debt of Sellers pursuant to the Loan and Trust Agreement (as opposed to assuming said Liabilities itself);

6. Section 2.2 of the Purchase Agreement is amended by deleting the word "and" in subsection (l), deleting the period at the end of subsection (m), inserting a semicolon at the end of subsection (m), and adding the following subsection (n) after subsection (r):

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(n) The Hospital shall deliver to the Bond Trustee such documents, provide such notice and take such other action as is reasonably necessary to cause the redemption of the Bonds and discharge of the Loan and Trust Agreement, including without limitation, written directions to the Bond Trustee to send a notice to bondholders to redeem the Bonds on or before the Closing Date (the "Redemption Date"), which notice shall be mailed no more than sixty(60) nor fewer than thirty (30) days prior to the Redemption Date and which shall otherwise comply with the terms and conditions of the Bonds and the Loan and Trust Agreement.

7. Section 2.3(j) of the Purchase Agreement shall be deleted in its entirety and replaced with the following:

(j) such other documents as may be reasonably requested by any Seller, and, to the extent relating to the assumption of the Bank Debt of the Sellers, by WTC, and to the extent relating to the redemption of the Bonds and/or discharge of the Loan and Trust Agreement, by the Bond Trustee.

8. Section 13.1 of the Purchase Agreement is amended by adding the following sentence at the end of subsection (b):

Notwithstanding the foregoing, no amendment contemplated by this Section 13.1 shall be made with respect to the Bank Debt of the Seller absent the prior written consent of WTC.

Notwithstanding the foregoing, no amendment contemplated by this Section 13.1 shall be made with respect to the Bonds absent the prior written consent of the Bond Trustee.

9. This Amendment shall be effective as of the date hereof and except as expressly provided herein, the terms and conditions of the Purchase Agreement shall remain in full force and effect and unmodified. This Amendment may be executed in counterparts, all of which together shall constitute one binding Agreement. The exchange of copies of this Amendment and of executed signature pages by facsimile transmission or by email transmission in portable digital format, or similar format, shall constitute effective execution and delivery of such instrument(s) as to the parties and may be used in lieu of the original Agreement or amendment for all purposes. Signatures of the parties transmitted by facsimile or by email in portable digital format, or similar format, shall be deemed to be their original signatures for all purposes.

[SIGNATURE PAGES FOLLOW]

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THE UNDERSIGNED each hereby execute this Amendment as of the date first written above.

BUYER:

LMW Healthcare, Inc., a Rhode Island nonprofit Corporation

By: _____
Name: _____
Title: _____

LMW Physicians, Inc., a Rhode Island nonprofit Corporation

By: _____
Name: _____
Title: _____

SELLERS:

WESTERLY HOSPITAL HEALTHCARE, INC.

By: _____
Name: _____
Title: _____

THE WESTERLY HOSPITAL

By: _____
Name: _____
Title: _____

ATLANTIC MEDICAL GROUP, INC.

By: _____
Name: _____
Title: _____

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OCEAN MYST, MSO LLC

By: _____
Name: _____
Title: _____

WOMEN'S HEALTH OF WESTERLY, LLC

By: _____
Name: _____
Title: _____

NORTH STONINGTON HEALTH CENTER, INC.

By: _____
Name: _____
Title: _____

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WASHINGTON COUNTY SUPERIOR COURT



LAWRENCE+MEMORIAL

May 29, 2015

VIA EMAIL AND REGULAR MAIL

Michael K. Dexter
Chief, Health Systems Development
Health System Development
Rhode Island Department of Health
3 Capitol Hill, Room 407
Providence, RI 02908

**RE: Second Annual Report Pursuant to Order of Rhode Island Superior Court
Approving Sale of Assets of The Westerly Hospital and Related Entities to
Lawrence + Memorial Corporation and LMW Healthcare, Inc. – September
10, 2012**

Dear Mr. Dexter:

I am writing in connection with the terms of that certain court order issued by the Rhode Island Superior Court on September 10, 2012 (the "Order") in connection with the special mastership proceedings for Westerly Hospital Healthcare, Inc., The Westerly Hospital and its related entities identified as C.A. No. 2011-0781 (the "Mastership Proceeding"). The Order, attached hereto for ease of reference, approved the sale of assets of The Westerly Hospital and its related entities to Lawrence + Memorial Corporation and LMW Healthcare, Inc. in accordance with the terms of the Asset Purchase Agreement entered into by the parties (the "APA"). These transactions also became the subject of filings with your Department under the Hospitals Conversion Act ("HCA") which were approved on April 16, 2013, and which subsequently closed effective June 1, 2013 (the "Closing").

Pursuant to the Order, LMW Healthcare, Inc., now operating under the name Westerly Hospital, and Lawrence + Memorial Corporation (collectively, the "Buyer"), are required to provide the Department with an annual report concerning the status of the Buyer Commitments in the transaction.¹ The purpose of this letter, therefore, is to outline for the Department the status of the Buyer's Commitments under the APA as of June 1, 2015, the second anniversary of the Closing.

¹ Page 8 of the Order, describing the enforcement of the Buyer Commitments, reads in relevant part: "Beginning on the first anniversary of the Closing of the transactions contemplated by the APA and on each of the following four (4) anniversaries thereof, Buyer shall file, in a form reasonably acceptable to the RIDOH, a written annual report and supporting documentation, concerning progress toward achieving, and compliance with, the Buyer Commitments (the "Annual Report")."

Michael K. Dexter
May 29, 2015
Page 2

The Buyer Commitments are defined in the Order as the consideration for the purchase outlined in Section 1.6 of the APA as well as Buyer's covenants set forth in Article 10 of the APA.² The Buyer Commitments were also summarized in the Order in the manner outlined below. We are providing this second annual post-closing report in the same format as used previously and restating the Buyer Commitments in the summary form used in the Order and providing an updated report on each item that remains an active commitment. Commitments that were discharged at closing or since and are no longer active are noted as such. Please note that any defined terms used in this letter that are not otherwise defined shall have the same meaning of such term as defined under the APA.

Buyer's Commitments

- 1) Assumption (or satisfaction) of over \$22 Million in the Westerly Hospital and the Related Entities' liabilities.

Report: Pursuant to Section 1.6(b)(i) of the APA, Buyer assumed over \$22 Million in liabilities of Westerly Hospital and its related entities, which included Bank Debt of the Sellers, Bond Debt of the Sellers, Trade Accounts Payable of the Sellers, Third-Party Payor Liabilities of Sellers, Accrued Payroll, and Asbestos Abatement Obligations.

A. Since Closing, Buyer has satisfied the following obligations assumed from the Sellers:

(i) Of \$16,065,057 of assumed Trade Accounts Payable, this condition will be satisfied in accordance with the terms of the claims resolution process described in the Order of the Superior Court of Rhode Island dated May 30, 2013 as supplemented and amended by further orders of the Superior Court after such date (collectively, the "Claims Order") upon the payment of \$210,000 to the final remaining claimant in the next thirty days pursuant to that certain Consent Order of the Superior Court of Rhode Island dated May 28, 2015;

(ii) \$7,073,121 in Bond Debt of the Sellers;

(iii) \$4,860,642 in Bank Debt of the Sellers; and

(iv) Of \$3,093,024 of assumed obligations relating to capital leases, \$3,035,096 has been satisfied, with \$57,928 remaining as an assumed liability payable in accordance with the terms of the Claims Order.

B. In addition to these amounts, Buyer also assumed and began to carry on its balance sheet the following obligations assumed from the Sellers:

² These sections of the APA are provided with this letter for ease of reference.

(i) \$2,488,190 in Accrued Payroll (amounts are paid continuously as needed);
and

(ii) \$1,425,678 for Asbestos Abatement Obligations.

- 2) Commitment to pay for a "tail" malpractice insurance policy that Westerly Hospital will require upon the sale at an estimated cost of approximately \$2 Million.

Report: This commitment is no longer active and was satisfied at Closing.

- 3) Commitment to pay Closing costs and transactional expenses that Westerly Hospital will incur in the proceeding at an estimated cost of \$1.5 Million.

Report: This commitment is no longer active and was discharged at or shortly after Closing.

- 4) Commitment to fund "cure" costs not captured in assumed liabilities.

Report: This commitment is no longer active. All cure costs related to contracts and capital leases assumed by Buyer at Closing have been paid, representing approximately \$2,093,628 of the satisfied liabilities outlined in Section 1 above.

- 5) Commitment to continue the Westerly Hospital identity and name, including its non-profit status and community mission.

Report: Since the Closing, LMW Healthcare, Inc. has been doing business under the name "Westerly Hospital" and has continued to operate as a non-profit corporation and uphold the community mission of the hospital as described in materials provided to the Department during the HCA process.

- 6) Commitment to establish a Hospital Board with members drawn from residents of the Westerly service area. Moreover, a commitment to put residents of the Westerly service area on the reconstituted Board of Trustees of the Hospital as well as the Board of Trustees of the Buyer's parent.

Report: On June 24, 2013, Lawrence + Memorial Corporation, as sole member of LMW Healthcare, Inc. (Westerly Hospital), completely reconstituted the Westerly Hospital board to conform to the governance descriptions that had been presented to the Department during the HCA process. Currently, the 10-member board of Westerly Hospital includes six individuals who are independent members of the Westerly Hospital

community with the remaining four seats being held ex-officio by the CEO of Westerly Hospital (who also serves as the CEO of Lawrence + Memorial Corporation) and three physicians serving as officers of the Hospital's medical staff. Additionally, four individuals continue to serve on the board of Lawrence + Memorial Corporation as representatives of the Westerly Hospital service area, three of whom are independent and one who is a physician on Westerly Hospital's medical staff. Furthermore, in addition to these four individuals, the Chairman of the Westerly Hospital Board of Directors holds an ex-officio seat by virtue of that position on the Board of Directors of Lawrence + Memorial Corporation.

- 7) Commitment to carry out a broad-based community capital campaign in support of Westerly Hospital and a commitment that such funding will be raised in the Hospital's name and remain for the benefit of the Hospital's non-profit community mission.

Report: Fundraising and various community activities for Westerly Hospital continue under the auspices of the Westerly Hospital Foundation. Since Closing, Foundation staff, Board members and L+M representatives have met with various donor, civic and business groups to assure them of the Hospital's and Foundation's continued viability and receive questions and suggestions to enhance the efforts of both organizations. The Foundation seems to have at least recovered most of its donor base, which was eroded temporarily while Westerly Hospital was in receivership. In fiscal year 2014, the Foundation received over 1,140 gifts and is trending to have even further support in fiscal year 2015 based on year to date results. The Foundation is also experiencing a larger number of donors supporting its efforts as well as the return of various foundation gifts that had been discontinued during the receivership period. The Foundation is currently planning a major event for several hundred people in July to celebrate Westerly Hospital's 90th anniversary.

The Hospital continues to utilize its capital budgeting process to assure that the Foundation's philanthropic support is directed at the highest priority capital needs. Those needs include healthcare technology, clinical equipment and facility improvements, all of which directly benefit Westerly Hospital and its patients. The Hospital is also nearing completion of a Master Facilities Plan, which has been conducted following a community health needs assessment, provider needs assessment and comprehensive strategic planning process to inform the facilities planning process and setting of strategic and operational priorities. The Foundation is scheduled to hear details of the Westerly Hospital Master Facilities Plan in July and is likely to begin consideration of a capital campaign to support it in the near future.

- 8) Commitment to maintain the Westerly Hospital as an acute care, community hospital for a minimum of 5 years after the Closing. Included within this commitment is a commitment not to discontinue clinical services being provided by Westerly Hospital for 2 years after the Closing as more fully set forth in Section 10.1 of the APA. Furthermore,

if L+M's targeted goal of a 3% operating margin on a roll-up basis of the Westerly Hospital and Related Entities is achieved, a commitment to augment services.

Report: Since Closing Westerly Hospital has been maintained as an acute care hospital offering the same array of clinical services that it offered as of the Closing.³ Additionally, Buyer agreed to extend the commitment to maintain an acute care community hospital for an additional year, pursuant to that certain Consent Order Regarding Post-Closing Items of the Superior Court of Rhode Island dated May 23, 2014.

- 9) Commitment to inject \$6.5 Million of working capital into Westerly Hospital during the first 2 years after Closing to fund the turnaround plan (subject to final review by Buyer) that the Mastership has begun to bring the Hospital to a state of profitability.

Report: This commitment represents Buyer's commitment to provide funding of operating losses over a two-year period as needed to allow the Hospital to be restored to a state of profitability. Such commitment was based on projections developed using historic loss data and projected savings from initiatives in the turnaround plan, accounting for the time lag involved between implementing an initiative and realizing its benefit.

Because the timing associated with the resolution of various closing conditions extended out the originally anticipated closing date, Buyer and the Mastership collaborated to continue to implement the turnaround plan under the Mastership pending closing and agreed that Buyer would provide cash advances as needed to fund the Hospital's operations pre-closing. Approximately \$4,486,000 was injected into Westerly Hospital's operations by Buyer before the Closing to support operations and efforts required to return the Hospital to a state of profitability. This amount was in addition to the significant personnel and management resources provided by Buyer to Westerly Hospital as part of its interim advisory services that enabled more rapid execution of turnaround initiatives. As a result of those efforts, the Hospital has posted consistent positive operating margins in the first two years of operations since Closing (through April, 2015).

- 10) Consistent with the commitments to continue the mission of the Hospital and maintain it as an acute care, community hospital, a commitment during the first 5 years after Closing, to make or incur contractual obligations to make \$30 Million in capital expenditures including without limitation, investment in technology, equipment, and/or expanded services.

³ The Department had approved the former Westerly Hospital's discontinuation of obstetrical services immediately prior to the Closing.

Report: Since Closing through April, 2015, Westerly Hospital has already expended \$7,280,536 in capital expenditures and has made commitments for \$4,651,775 in additional capital expenditures. Such expenditures are slated for Information Technology updates, space renovation for staff and clinical services, and replacement of clinical equipment. This would equate to a total of \$11,932,311 in total capital expenditures and commitments to date.

- 11) Commitment to offer employment, commencing on the Closing Date to all union and non-union clinical, trade and services personnel of the Sellers (excluding certain management personnel and general and administrative support services personnel) and, a further commitment to maintain certain minimum staffing levels per adjusted average occupied bed.

Report: At the time of the Closing, LMW Healthcare had offered continued employment to all clinical, trade and services personnel from the Hospital's existing workforce. Approximately 661 individuals from Westerly Hospital's existing workforce became employed by the new entity (LMW Healthcare) at Closing. Since Closing, Westerly Hospital has maintained staffing levels per adjusted average occupied bed in excess of the target of 4.2 FTEs per adjusted average occupied bed.

- 12) Commitment to assume physician contracts and to strengthen the Westerly Hospital's relationship with the physician community (subject to Buyer's due diligence review, including but not limited to, compliance with law, inclusive of current review being undertaken by the U.S. Department of Health and Human Services, Office of the Inspector General, and the U.S. Attorney).

Report: LMW Healthcare, Inc. (now doing business as Westerly Hospital) continues to maintain the physician arrangements mentioned in its previous report relating to the clinical and administrative operations of the Hospital, including arrangements for pathology services, radiology services, hospitalist services, ICU coverage, Emergency Department services and numerous Department Chief and Medical Director arrangements. The Hospital also continues to maintain several space lease arrangements with private practices serving the Westerly Hospital service area. Multiple physician practice locations operated by L+M Physician Association, Inc. (doing business as L+M Medical Group) also remain present in both Rhode Island and Connecticut that serve the Westerly Hospital service area.

Informed by a comprehensive Medical Staff Development Plan ("MSDP") specific to Westerly Hospital's primary service that was completed after Closing, physician recruitment to sustain and increase access to care in the Hospital's service area remains active, particularly in the area of primary care. In addition to those providers hired from the former Westerly Hospital-affiliated physician group practices into L+M Medical Group at Closing, recruitment efforts through L+M Medical Group have resulted in the employment of four primary care physicians (1

Michael K. Dexter
May 29, 2015
Page 7

family practitioner, 3 OB/GYNs), one general surgeon, one orthopedic surgeon, one nurse midwife, a behavioral medicine APRN, seven Physician Assistants (PAs) and three Advanced Practice Registered Nurses (APRNs) who provide services within the Westerly Hospital service area. L+M Medical Group also has obtained commitments from an additional four physicians (primary care and OB/GYN) to commence employment within the next four months who will provide services within the Westerly Hospital service area.

- 13) Commitment to expedite the Rhode Island Hospital Conversion Act and Change in Effective Control process.

Report: This commitment has been discharged and is no longer active.

- 14) During the critical period between the Sale Hearing and the completion of the Hospital Conversion Act process, a commitment pursuant to the Interim Advisory Agreement to loan monies to the Hospital to cover operational losses.

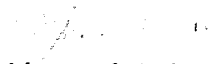
Report: This commitment has been discharged and is no longer active.

- 15) A commitment to fund the lease obligations (approximately \$68,000 per month) for the North Stonington Health Center up and until Closing subject to the Special Master deeming such payments necessary in his discretion.

Report: This commitment has been discharged and is no longer active.

We hope that the foregoing information will enable the Department to conclude that to date the Buyer has satisfactorily honored the Buyer Commitments under the APA. We are happy to provide additional information as the Department may find necessary to assess the status of any particular commitment. Please contact me at (860) 442-0711 ext. 4416 or m.anderson@lmbosp.org if you have any questions or require anything further.

Sincerely,


Maureen J. Anderson
Vice President/General Counsel

cc: Victor Milione, Esq.
Stephen Zubiago, Esq.
Genevieve M. Martin, Esq.
W. Mark Russo, Esq.

DOHP0918

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STATE OF RHODE ISLAND
WASHINGTON, SC.

SUPERIOR COURT

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SUPERIOR COURT
FILED
EDWARD R. HORRONE, CLERK

CHARLES S. KINNEY, CHIEF
EXECUTIVE OFFICER AND TRUSTEE
Plaintiff

v.

C.A. No. 2011-0781

WESTERLY HOSPITAL HEALTHCARE, INC.,
THE WESTERLY HOSPITAL, ATLANTIC
MEDICAL GROUP, INC., OCEANMYST, MSO
LLC, WOMEN'S HEALTH OF WESTERLY,
LLC, AND NORTH STONINGTON HEALTH
CENTER, INC.
Defendants

THE COPY ATTEST

[Signature]

EDWARD R. HORRONE, CLERK
WASHINGTON, SC. SUPERIOR COURT

ORDER APPROVING THE SALE OF THE ASSETS OF
THE WESTERLY HOSPITAL AND THE RELATED ENTITIES FREE AND CLEAR
OF LIENS AND LIABILITIES

On February 28, 2012, this Court heard the Special Master, W. Mark Russo's Petition for Instructions seeking authority to implement a process to secure proposals for the acquisition, strategic partnership and/or repositioning of The Westerly Hospital and the Related Entities, after a hearing thereon and after the procedures were induced out by the Special Master to attract an interest for comment and input, this Court entered an Order dated March 12, 2012, establishing the Mastership Transaction Process (the "Mastership Transaction Process Order" and the "Mastership Transaction Process", respectively).

Furthermore, on June 13, 2012, this Court held a hearing and granted the Special Master's Petition for Instructions (the "Petition") regarding the Presentation and Acceptance of a Stacking Horse Offer by LMW Healthcare, Inc., and LMW Physicians, Inc., as guaranteed by Lawrence & Memorial Hospital Corporation (collectively "L&M" or the "Buyer") as set forth in the form of Asset Purchase Agreement (the "APA") attached hereto as *Exhibit A* (except as

otherwise defined herein, the capitalized terms herein are defined in the APA, as may be amended from time to time).¹ The Order authorizing the Special Master to enter into the APA subject to higher and better offers is referenced herein as the "Sales Procedures Order."

The Mastership Transaction Process Order, set forth criteria to which weight would be afforded to preserve The Westerly Hospital and the Related Entities as assets to the community both from the standpoint of healthcare and the regional economy. See Mastership Transaction Process Order at ¶¶ 7 and 12.

In accordance therewith, the L&M "Stalking Horse Offer", as embodied within the APA reflected such weighted criteria as follows:

1. An assumption for satisfaction of over \$25M in The Westerly Hospital and Related Entities liabilities;
2. A commitment to pay for a "tail" malpractice insurance policy that Westerly Hospital will require upon sale at an estimated cost of approximately \$2 million;
3. A commitment to pay Closing costs and transactional expenses that Westerly Hospital will incur in this proceeding in the estimated amount of \$1.5 million;
4. A commitment to fund "cure" costs which are not captured in assumed liabilities;
5. A commitment to continue the Westerly Hospital identity and name, including its non-profit status and community mission;
6. A commitment to establish a Hospital Board with members drawn from residents of the Westerly service area. Moreover, a commitment to put residents of the Westerly

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¹ The APA is subject to the jurisdiction of the Superior Court as authorized by the Special Master.

To the extent the terms of the APA are amended hereby, in conflict with the authority provided herein, the terms of the APA shall control.

service area on the reconstituted Board of Trustees of the Hospital as well as the Board of Trustees of the Buyer's parent.

7. A commitment to carry out a successful community capital campaign in support of the Westerly Hospital and a commitment that all such funding will be raised in the Hospital's name and remain for the benefit of the Hospital's non-profit and community mission.
8. A commitment to maintain the Westerly Hospital as an acute care, community hospital for a minimum of 5 years after the Closing. Included within that important commitment is a commitment not to discontinue clinical services being provided by the Westerly Hospital for 2 years after the Closing as more fully set forth in Section 10.1 of the APA. Furthermore, if L&M's targeted goal of a 3% operating margin on a roll-up basis of the Westerly Hospital and Related Entities is achieved, commitment to augment services.
9. A commitment to inject \$6.5 million of working capital into the Westerly Hospital during the first 2 years after Closing to fund the turnaround plan (subject to final review by Buyer) that the MasterShip has begun to bring the Hospital to a state of profitability.
10. Consistent with the commitments to continue the mission of the Hospital and maintain it as an acute care, community hospital, a commitment during the first 5 years after Closing, to make or incur contractual obligations to make \$30 million in capital expenditures including without limitation, investment in technology, equipment, and/or expanded services;

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- 11. A commitment to offer employment, commencing on the Closing Date to all union and non-union clinical, trade and service personnel of the Sellers (excluding certain management personnel and general and administrative support services personnel) and a further commitment to maintain certain minimum staffing levels per adjusted average occupied bed;
- 12. A commitment to assume physician contracts and to strengthen the Westerly Hospital's relationship with the physician community (subject to Buyer's due diligence review including but not limited to compliance with laws and rules of current review being undertaken by the United States Department of Health and Human Services, Office of Inspector General and the United States Attorney);
- 13. A commitment to expedite the Rhode Island Hospital Conversion Act and Change in Effective Control process;
- 14. During the critical period between the Sale Hearing and the completion of the Hospital Conversion Act process, a commitment pursuant to the Interim Advisory Agreement to loan monies to the Hospital to cover operational losses subject to Section 10.8 of the APA. In turn, at Closing, the loan will be forgiven, providing additional value to the Master's Estate. In addition, pursuant to the Interim Advisory Agreement, Buyer will provide consulting and administrative services to the Sellers at Buyer's cost to maintain the viability of the Assets until the Closing and
- 15. A commitment to fund the lease obligations (approximately \$68,000 per month) for the North Stonington Health Center up and until Closing subject to the Special Master deeming such payments necessary in his discretion.

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 114 CANTON COMMONS DRIVE, SUITE 100
 CANTON, MA 01921

L&M's bid, as above-referenced, was tested during an intensive, competitive bid process. The Special Master and his advisers have diligently and in good faith marketed the Assets to secure the highest and best offer or offers therefor. The culmination of that process, and the fourth and final phase of the Mastership Transaction Process commenced with a hearing to determine the highest and best proposal for the acquisition, strategic partnership and/or repositioning of the Westerly Hospital and Related Entities.

On August 28, 2012, this Court conducted such a hearing as consistent with the Sales Procedures Order. At that hearing, L&M and the Special Master revealed an amendment to the APA (a copy of which is attached hereto as *Exhibit B* (the APA and the amendment thereto are collectively referenced hereinafter as the "APA"). The amendment to the APA modifies such [redacted] amongst other things providing for the redemption of the Bonds at or before the closing date for the satisfaction or assumption of the obligations of the Westerly Hospital and Related Entities to the Washington Trust Company. The APA proposed by Buyer was offered in good faith, from Buyer's lengthy bargaining positions without collusion or fraud by the parties so that Buyer is a good faith purchaser.

The Special Master has given due and proper notice of the proposed sale of the Assets to all parties required to receive notice, including without limitation, to each secured party, all holders of Liens and Liabilities of record with respect to the Assets, all of the counterparties to the Material Contracts, all municipalities and licensing agencies, the United States Department of Justice (the "DOJ"), the United States Department of Health and Human Services, Office of the Inspector General (the "OIG"), and any governmental unit having a claim against Westerly Hospital and Related Entities or the Assets, including without limitation the Pension Benefits Guaranty Corporation (the "PBGC") and the Rhode Island Department of Health (the "RIDOH").

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and all entities reasonably known to have expressed an interest in a transaction with respect to the Assets during the past twelve (12) months.

A reasonable opportunity to object or be heard with respect to the Mastership Transaction Process and the relief contemplated therein, and the rights of third parties to submit higher or otherwise better offers for the Assets, has been afforded to all interested parties and entities.

Under all the circumstances presented: (i) all actions contemplated in the APA, (ii) consummation of all acts contemplated in this Order; (iii) the transfer of the Assets by the Special Master to Buyer; and (iv) the receipt by the Special Master of the Purchase Price are in the best interests of The Westerly Hospital and the Related Entities and their respective estates, creditors, and interest holders.

It is accordingly hereby

ORDERED

Subject to Paragraph 2 below, this Court has jurisdiction over these proceedings and all Mastership Assets. The Special Master has provided adequate notice of the relief sought with respect to the sale of the Assets and the relief requested in the Mastership Transaction Process Order and the Sales Procedures Order. Adequate notice and an opportunity to be heard with respect to the Mastership Transaction process was proper, timely, adequate and sufficient, and reasonably calculated to give actual notice of the relief contemplated hereby, as appropriate under the circumstances, and no further notice is required. Reasonable opportunity to object or be heard regarding the relief granted by this Order has been afforded to those parties entitled to notice. In addition, supplemental notice has been provided to the PBGC, the RIDCH, the Internal Revenue Service, the Centers for Medicare and Medicaid Services, Peter F. Berman, as

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WAS SUPERSEDED BY

United States Attorney, and the United States Department of Health and Human Services, Office of Inspector General, and Gary Donahue of the United States Bankruptcy Trustee's Office

2 As set forth in the Sales Procedures Order, the Special Master shall be required to seek approval of the United States Bankruptcy Court for the District of Rhode Island in *In Re North Stonington Health Center, Inc.*, B.K. No. 12-11508 (the "Bankruptcy Court") with respect to the necessary authority and approval for the conveyance and transfer of the assets of North Stonington Health Center, Inc. to Buyer. In accord therewith, the Order does not approve the sale of any real or personal property subject to the jurisdiction of the Bankruptcy Court, but is a conditional approval of such sale subject to approval of the Bankruptcy Court so long as that court has jurisdiction over such assets. In turn, the Stipulation read into the record on August 28, 2012, withdrawing North Stonington Properties LLC's Objection and waiving appellate rights is incorporated herein. See Transcript of Stipulation attached hereto as *Exhibit C*. No such approval shall be required to convey Assets of any or all other Sellers to the Buyer pursuant to this Order and the APA.

3 As set forth herein, the Special Master is hereby authorized to sell the Assets as pursuant to the terms of the APA attached hereto and incorporated herein as *Exhibit A* and *Exhibit B*. The consideration for the sale of such Assets, in large part, is contained in Section 1.6 of the APA and in the particular the Covenants of Buyer set forth at Article 10 of the APA and outlined above (hereinafter, the "Buyer Commitments"). The Buyer Commitments, in addition to the other obligations, covenants and representations set forth in the APA, are guaranteed by the parent company, Lawrence & Memorial Hospital Corporation and said guaranty is incorporated into this Order. Moreover, the APA provides that the Buyer agrees to be bound by a mechanism for enforcement of the Buyer Commitments, as reasonably acceptable

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to the Buyer and is ordered by the Court. Accordingly, the Buyer Commitments are to be enforced as follows:

- a. Beginning on the first anniversary of the Closing of the transactions contemplated by the APA and on each of the following four (4) anniversaries thereof, Buyer shall file, in a form reasonable acceptable to the RIDOH, a written annual report and supporting documentation concerning progress toward meeting and compliance with the Buyer Commitments (the "Annual Report").
- b. The RIDOH shall coordinate as appropriate with the Rhode Island Attorney General ("RIAG"), the Rhode Island Secretary of Health and Human Services, the Rhode Island Office of Health Insurance Commissioner, and the Office of the Lieutenant Governor regarding the review of said Annual Reports.
- c. In the event the RIDOH alleges a violation of the Buyer Commitments, the RIDOH may seek appropriate relief for enforcement of the applicable Buyer Commitments pursuant to RIOL 23-17-8.
- d. The Mastership Proceeding, upon final report and recommendation of the Special Master shall be stayed; provided, however, if after exhaustion of the administrative procedures set forth above there remain unresolved disputes regarding enforcement of the Buyer's Commitments, the stay shall be lifted and any such remaining disputes shall be submitted to the Mastership Court for adjudication, and, provided, further, if no such disputes are submitted to the Mastership

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Court within six (6) months following the fifth anniversary of the Closing, the stay of the Mastership stay shall expire and the Mastership shall terminate.

4 Schedule 10 b of the APA, the commitments negotiated by and between United Nurses and Allied Professionals and L&M and the dispute resolution provisions thereof are expressly incorporated herein.

5 The Court hereby Finds and holds that effective upon the Closing, the Assets shall be transferred to Buyer pursuant to the APA, as amended hereby, free and clear of all Liens, including without limitation, any and all encumbrances, pledges, mortgages, deeds of trust, security interest, claims, leases, charges, options, rights of first refusal, puts, calls, easements, servitudes, procees, covenants, hypothecations, voting trusts, or agreements and transfer restrictions under any agreement, against or with respect to tangible or intangible property or rights, whether imposed by agreement, underwriting, law, equity, or otherwise save for and excepting only those liens expressly assumed by Buyer pursuant to the terms of the APA. Additionally, the Assets shall be sold to Buyer pursuant to the APA free and clear of all liabilities including, without limitation, all causes of action, obligations, demands, guarantees, rights, restrictions, remedies, claims, and matters of any kind and nature whatsoever, whether at law or in equity, including, without limitation, free and clear of any rights or claims based on theories of trustee or success for liability under any applicable law, statute, rule, regulation, common law or equitable principle including, without limitation, ERISA and the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder, and the codes of any Governmental Authorities including, without limitation, the PEBC, the IDOH, the Internal Revenue Service, state and federal taxing authorities, Government Reimbursement Programs, and

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any Governmental Authority, whether arising before or after the commencement of the
Mastership Proceedings herein and whether imposed by agreement, understanding, law, equity,
regulation, custom or otherwise, save and excepting only those liabilities expressly assumed by
Buyer in writing under the APA. This Court shall retain jurisdiction to resolve any controversy
and claim arising out of or relating to the APA, or the breach thereof, and over any claims
against Buyer that are not Assumed Liabilities as defined in the APA. In accordance therewith
the Special Master, effective upon the Closing, shall transfer all right, title and interest in and to
the real property in which The Westerly Hospital and the Related Entities have right, title and
interest, together with all appurtenances and rights thereto, and all right, title and interest in the
leasehold interest to leased real property, which interest, shall be sold, assigned and transferred
to Buyer free and clear of any and all mortgages, deeds of trust, security interests, mechanics or
other liens, liabilities or encumbrances subject only to Assumed Liabilities. Furthermore, and as
consistent therewith, the accounts receivable being acquired by Buyer represent and constitute
bona fide claims owing to the Westerly Hospital and Related Entities for services actually
performed and for goods and supplies actually provided in the amounts indicated on the
Financial Statements (as that term is defined in the APA) with no known set-offs, deductions,
compromises or reductions (other than reasonable allowances for bad debts and contractual
allowances in an amount consistent with historical policies and procedures of the Westerly
Hospital and Related Entities). Consistent herewith, the Owned Intellectual Property is deemed
an Asset under the APA and the Special Master shall transfer and assign to Buyer all of the right,
title and interest of the Westerly Hospital and Related Entities in and to the Owned Intellectual
Property under the terms set forth in this Order and the APA. Notwithstanding, all liens, claims
and encumbrances not assumed pursuant to the terms of the APA, shall attach to the proceeds of

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the sale of the Assets as pursuant to Paragraphs 6, 9 and 10, herein, in the same order of priority existing as of the Closing.

6. The claims of the PBGC and the United States by and through the United States' Attorney and the Department of Health and Human Services, Office of the Inspector General, once proven and/or resolved, shall attach to the proceeds of the transaction approved hereby. Moreover, the claims of the Rhode Island Division of Taxation, once proven and/or resolved, shall attach to said proceeds in the priority ordered by this Court. Finally, the claims reserved by the Washington Trust Company relative to the household obligations of the North Stonington Health Center, Inc. as guaranteed, if proven, shall attach to such proceeds with the collateral for such claims being subject to the terms of Washington Trust Company's first priority security interest in accounts receivable with the parties reserving all rights in regard thereto, including whether the obligations under said guaranty are secured.

7. In accordance with the terms of the amendment to the APA attached hereto as *Exhibit A*, the Special Master is hereby authorized on behalf of the Hospital, to provide such notice and take such other action as is reasonably necessary to cause the redemption of the Bond Debt pursuant to the Loan and Trust Agreement including such action necessary for the Hospital to cause a settlement payment to be made to the Bond Trustee for satisfaction and redemption of the Bond Debt pursuant to the Loan and Trust Agreement and constituting a settlement payment pursuant to 11 U.S.C. Sections 101(51A) and 546(e).

8. As of the Effective Date of the APA, if the Buyer accepts automatic assignment of the Hospital's Medicare provider agreement under 42 C.F.R. § 484.15, the Medicare provider agreement will be governed exclusively by the Medicare statute, regulations, policies and procedures, and without regard to other laws or further orders of this Court. The amendments are not limited to adjustment of all payments to the Buyer, as the owner of Medicare provider agreement, to security for all prior


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overpayments and underpayments, including those relating to the pre-sale periods. The Buyer may, however, in its sole discretion, elect to reject the otherwise automatic assignment of the Hospital's Medicare provider agreement as of the Effective Date of the APA pursuant to the Medicare statute, regulations, policies and procedures including, among other things, Section 3210.5A of the CMS State Operations Manual by filing with the CMS Regional Office ("RO"), a notice of its refusal to accept such assignment in writing at least 45 calendar days prior to the Effective Date and the Buyer may file an application for an "initial enrollment" in Medicare, effective as of the date on all applicable requirements for such enrollment are satisfied. Notwithstanding the foregoing or anything in this Order, Petition to Sell or APA to the contrary, the Medicare provider agreement shall not be considered an "asset" that may be sold or transferred, and in particular may not be sold or transferred "free and clear" of any liens or liabilities.

9. Based upon the sale and marketing efforts conducted by the Special Master as consistent with this Court's Orders and this Court's findings that the Special Master satisfied the precise requirements of the MasterShip Transaction Process Order, this Court finds that the sale of the Assets to Buyer upon the terms and conditions of the APA, as amended by this Order, is commercially reasonable, the sales price and the terms set forth therein are fair and reasonable, the sale is made in good faith, Buyer is a *bona fide* good faith purchaser, and that such sale is in the best interest of all creditors of The Westerly Hospital and the Related Entities wherever located. Furthermore, this Court also finds based upon a review of the file materials and the testimony of representatives of L&M that this sale will provide the Westerly Hospital and the Related Entities with the benefit of years of expertise and sound business and financial practices of a highly experienced management team.

10. The Special Master is hereby authorized to execute and deliver immediately, the Interim Advisory Agreement. The Special Master shall report to the Court with regard to the

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Internal Advisory Agreement within seven (7) days of the entry of the Sale Order. Notwithstanding the foregoing or any other provision of this Order or the APA, the Special Master shall file a separate petition with this Court, with notice to creditors and other parties in interest, and an opportunity for a hearing thereon in connection with any request to borrow funds from the Buyer pursuant to the APA or otherwise. Any such petition shall provide detail regarding the amount of any proposed borrowing, the proposed terms, the proposed collateral, how the interests of creditors would be impaired by the proposed borrowing, and the adequate protection proposed for those creditors. All rights and defenses of creditors with respect to such a petition, including without limitation all rights to adequate protection, are reserved. At the Closing, the Special Master is authorized to execute and deliver a Special Master's Deed(s), an Assignment and Assumption Agreement, an Assignment and Undertaking Agreement, a Special Master's Bill of Sale, an Assignment of Intellectual Property, and such other deliverables as set forth in Section 2 of the APA, conveying all of his right, title and interest as Special Master in and to the Assets, free and clear of all interest, claims, Liens and Liabilities, as set forth in Paragraph 3 above. Notwithstanding, any such interest, claims, Liens and Liabilities shall attach to the sale proceeds resulting from the sale of Assets in the same order of priority that is currently existing in such Liens or Liabilities. The Special Master shall report to the Court regarding the Closing and then submit to the Court a proposed schedule for the determination of claims, after this Court's determination of Closing costs and Seller's transaction expenses to be paid by the Buyer pursuant to Sections 1.6(b)(vi), 3.28, and 3.37 of the APA, as well as the proceedings anticipated by Section 1.7 of the APA. Procedures to be recommended by the Special Master and ultimately established by this Court shall allow for the Court-approved distribution of the proceeds of the sale of the Assets to ease claims, liens, and encumbrances

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which transfer and attach to the sale proceeds pursuant to the terms of this Order in the same order of priority.

11. All parties asserting a claim, interest, lien or encumbrance against the Assets are hereby directed to execute and deliver to the Special Master within seven (7) days of his written request, mortgage or discharge, lien discharges, UCC financing termination statements and any and all other documents as necessary to evidence the discharge of such interest, claims, liens or encumbrances against the Assets, effective upon the Closing, as the Special Master may determine in his sole discretion to be necessary. All such documents shall be held by the Special Master in escrow pending the occurrence of the Closing Date and shall be released to the Buyer and/or filed and recorded as directed by the Buyer solely in and in connection with the Closing (and such documents shall be without force and effect). The execution and delivery of the same shall be without prejudice to or waiver of any and all rights, claims and interests of such parties against the proceeds from the sale of the Assets and such claims, liens and encumbrances shall transfer and attach to sale proceeds in the same order of priority. If any person or entity that has filed a financing statement or other documents or agreements evidencing a Lien or Liability on the Assets shall not have delivered, in proper form for filing, termination statements, instruments of satisfaction, releases, and other documents to the Special Master after seven (7) days of his written request in accordance with this paragraph, then the Special Master shall be and hereby is authorized to, at the Closing, execute such termination statements, instruments of satisfaction, releases, and other documents on behalf of the person or entity and to file the same with any appropriate registry or public filing office. Notwithstanding the foregoing, the provisions of this Order authorizing the sale and assignment of the Assets free and clear of Lien and Encumbrance shall be self-executing effective upon

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Closing and notwithstanding the failure of Buyer, the Special Master, or any other party to execute, file, or obtain releases, termination statements, assignment contracts, or other instruments to effectuate, consummate, and/or implement the provisions hereof of the APA with respect to the sale of the Assets and the assumption and assignment of the Assumed Contracts, and Liens and Liabilities on the Assets shall be and hereby are deemed to be divested, terminated, and discharged effective upon Closing.

12 The execution, delivery and performance of the APA by the Special Master and all other agreements referenced herein, or ancillary herein, to which The Western Hospital and the Related Entities are a party, and the consummation of the transactions contemplated herein, are within the Special Master's authority and power subject to this Court's approval is pursuant to the Orders entered by this Court. Other than the express approval of this Court contained herein the Special Master does not require any approval or consent of, or filing with any Governmental Authority or agency bearing on the validity of the APA which is required by laws and regulations of any such Governmental Authority or agency. The APA does not conflict with, require consent under, or result in any breach or contravention of, or the creation of a lien, charge, or encumbrance under, any indenture, agreement, lease, instrument, or other understanding to which such Seller is a party or by which it is bound or any of its assets are subject. The APA does not violate in any material respect the statute, law, ordinance, rule or regulation of any Governmental Authority to which such Seller or its respective assets may be subject. The APA does not violate in any material respect any judgment, decree, order, writ or injunction of any court or any Governmental Authority to which the Seller or its respective assets may be subject.

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13. I&M shall have no liability for any obligations by and between The Westerly Hospital and the Related Entities (defined in the APA as "Intercompany Obligations") and no such liability shall be assumed by I&M under the APA or this Order.

14. The Special Master is authorized to request that as part of the Hospital conversion process that the Buyer become the successor beneficiary to the Westerly Hospital and the Related Entities under that certain Charles A. Merriam Trust and the Louise D. Hoxsey Trust (the "Hoxsey Trust") and the Louise D. Hoxsey Trust (the "Hoxsey Trust") and the Louise D. Hoxsey Trust (the "Hoxsey Trust"). Moreover, that the Hoxsey Trust shall be dissolved and the funds held in and over for the Hospital under the ownership of the Buyer with the same restrictions as set forth in the Hoxsey Trust being placed upon the endowed funds.

15. Except as expressly permitted by the APA and this Order, all persons or entities holding or asserting any Lien or Liability of any kind or nature with respect to the Assets or Business formerly conducted by The Westerly Hospital and the Related Entities shall be, and hereby are, barred from asserting such Lien or Liability against I&M, its successors and assigns, or the Assets, including without limitation, the claims of the DOJ, OIG, PBGC, RIAG and RIDDH.

16. Effective upon the Closing, all persons and entities are forever prohibited and enjoined from commencing or continuing in any manner any action or other proceeding, whether in law or equity, in any judicial, administrative, arbitral, or other proceeding, against I&M or its successors and assigns with respect to any Lien, Liability, encumbrance or claim. Without limiting the generality of the foregoing, except as expressly permitted by the APA and this Order, I&M shall have no liability for any claim against The Westerly Hospital and the Related Entities or its directors, officers, or shareholders.

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17. Except as expressly provided in the APA, the consummation of the APA shall not subject I&M to any Liability whatsoever with respect to the operation of the Business of The Westerly Hospital and the Related Entities in any form or manner whatsoever, including, without limitation, by reason of any theory of successor or transferee liability, de facto merger, or substantial continuity, whether known or unknown and whether asserted or unasserted as of the Closing.

18. The Real Property which The Westerly Hospital and the Related Entities holds right, title and interest is exempt from property taxes as of the effective date of this Order in accord with the Rhode Island General Laws regarding non profit corporations and all Liens or Encumbrances relating thereto are hereby waived but not withstanding the Mastership shall continue to pay real property taxes with respect to the Real Property until the date of Closing.

19. At the election of the Buyer, the Special Master shall deliver the assets of the Non-Mastership Estate Related Entities to Buyer pursuant to the terms of this Order and as such, upon delivery of those assets in accordance herewith those entities shall be consolidated within the instant Special Mastership proceeding and any such entities shall be included in the definition of the term "The Westerly Hospital and the Related Entities" as such term is used in the APA and this Order.

20. With regard to the Westerly Hospital Foundation, Inc. and the Westerly Hospital Auxiliary Inc., those entities shall continue to function under the supervision of the Mastership from the entry hereof until Closing. Any donations received by those entities shall be segregated and shall only be utilized for the purposes identified by donors or to further the Hospital's community mission. Upon Closing, delivery of the assets of those entities shall be over-

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provided in Paragraph 19 shall be accomplished, at the election of Buyer, by amendment, in a form reasonably satisfactory to Buyer, of their respective Articles of Incorporation and Bylaws thereby substituting LMPW Healthcare, Inc. as the sole corporate member of each entity. Donated funds held by any of the Non-MasterShip Entity Related Entities and transferred to L&M shall remain subject to any and all restrictions pertaining to such donated funds, specifically that such funds be used only for the stated intent of the donor and for sole benefit of the Hospital.

20. Notwithstanding that the Assets are being sold free and clear of any and all Liens, Liabilities, claims, and encumbrances, the Special Master shall continue to take appropriate action to complete a "distressed termination" pursuant to Section 1041(c) of ERISA and reasonably cooperate with the PBOC in effectuating the termination of the Pension Plan pursuant thereto.

21. The Court finds and holds that the Hospital is duly licensed as a general acute-care hospital pursuant to the applicable laws of the State of Rhode Island. The pharmacies, laboratories and all other ancillary departments located at the Hospital that operate for the benefit of the Hospital and that are required to be separately licensed, are duly licensed by the RIDEH or other appropriate licensing agency.

22. The consideration provided by Buyer for the Assets under the APA is fair and reasonable, and the result of an open and competitive sales process and the marketing efforts described in the Petition, the Mastership Process Order, the Sales Procedure Order, and those conducted by the Special Master after the filing of the Petition and in accordance with the Sales Procedure Order and the Mastership Process Order culminated in a purchase price negotiated in

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good faith and at arm's length that may not be avoided, nor may costs or damages be imposed or awarded under any applicable law relating to bidder collusion.

24. The failure specifically to include or refer to any particular provision of the APA in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of this Court that the APA be authorized and approved in its entirety.

25. The APA and any related agreements, documents, or other instruments may be modified, amended, or supplemented by the parties thereto, in a writing signed by the Special Master on behalf of The Westley Hospital and the Related Entities and L&M, and in accordance with the terms of the APA, without further order of the Court, so long as such modification is not material, provided that terms in the APA with respect to the Bonds and the Bank Debt of the Seller shall not be amended without the consent of the Bond Trustee and/or Washington Trust Company. The failure specifically to include or refer to any particular provision of the APA in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of this Court that the APA be authorized and approved in its entirety.

26. This Order shall be effective, and the parties may consummate the transactions contemplated by the APA, immediately upon entry. The Special Master is hereby authorized, empowered, and directed, and, upon entry of this Order, shall have all the authority necessary, subject to the terms of this Order, to perform such ministerial acts as may be required to effectuate and implement the APA and any transaction contemplated thereby. The Special Master shall cooperate with and take all actions reasonably requested by Buyer to effectuate the APA consistent with the terms of this Order and any transaction contemplated thereby.

27. All of the transactions and actions contemplated by this Order are properly authorized under applicable law and all Orders previously entered by this Court in this

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EDWARD MORRONE, CLERK
WASHINGTON COUNTY SUPERIOR COURT

Mastership proceeding. The terms and provisions of the APA and this Order shall be binding in all respects upon, and shall inure to the benefit of, the Buyer its successors and assigns and any affected third parties, including all counter-parties to the Assumed Contracts notwithstanding dismissal of this Mastership Case or the filing of bankruptcy proceeding or similar insolvency proceeding by or against any of the Sellers. The Special Master irrevocably waives any right to seek any material modification of this Order without the prior written consent of L&M, and no such consent shall be implied by any other action, inaction, or acquiescence by L&M, so long as L&M is not in default of the APA or the terms of this Order. The stay provisions of this Order Appointing Permanent Master entered on January 17, 2012 are hereby lifted and modified to the extent necessary to implement the terms and conditions of the APA and the provisions of this order.

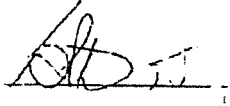
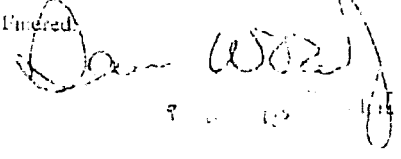
28. This Court shall retain jurisdiction over the parties to the APA with respect to any matters related to or arising under the APA or under this Order and specifically retains jurisdiction to enforce and implement the terms and provisions of the APA, all amendments thereto, any waivers and consents thereunder, and any agreements executed in connection therewith in all respects, including but not limited to, retaining jurisdiction (a) to compel delivery of the Assets to Buyer; (b) to resolve any disputes arising under or related to the APA, except as otherwise provided therein; (c) to protect the Buyer, or the Assets, from and against any Liens, Liabilities, encumbrances or claims, and (d) to interpret, implement, and enforce the provisions of the APA.


29. All acts, deeds, and instruments to date of said Special Master are hereby approved, confirmed and ratified.


EDWARD B. MURPHY, JR.
CLERK
WASHINGTON COUNTY SUPERIOR COURT

30. Notwithstanding anything stated herein to the contrary, the transactions contemplated by the APA are subject to all of the provisions of the Hospital Conversions Act ("HCA") and the Health Care Facility Licensing Act of Rhode Island ("HCFLA"), and all regulations promulgated under said acts, including, without limitation, approval by the RIDOH and TAG pursuant to the HCA, and a favorable recommendation by the Health Services Council and approval by the Director of RIDOH pursuant to HCFLA, all of which recommendations and approvals must be obtained prior to Closing.

ENTERED as an Order of this Court this 16th day of September, 2012

Per Order  Entered 

Submitted by 
 W. Mark Russo (#1937) Permanent Special Master
 for Westerly Hospital Health Care, Inc.,
 The Westerly Hospital, Atlantic Medical Group, Inc.,
 Ocean Myst MSO, LLC, Women's Health of Westerly
 LLC, and North Stonington Health Center, Inc.,
 and not in his individual capacity
 Ferrucci Russo P.C.
 55 Pine Street, 4th Fl
 Providence, RI 02903
 Telephone: (401) 455-1000
 Facsimile: (401) 455-1778
 Dated: September 6, 2012

TRUE COPY ATTEST

 EDWARD MORRONE, CLERK
 WASHINGTON COUNTY SUPERIOR COURT

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the within was served via e-mail upon the following that is referenced in Schedule A attached hereto on this 16th day of September, 2012:

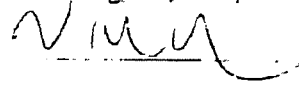


EXHIBIT B

TRUE COPY ATTEST

Edward J. Morrone

EDWARD MORRONE, CLERK
WASHINGTON COUNTY CLERKING COMPANY

Execution Copy

AMENDMENT TO ASSET PURCHASE AGREEMENT

THIS AMENDMENT TO ASSET PURCHASE AGREEMENT (this "Amendment") is entered into as of August 1, 2012 by and among LMW Healthcare, Inc., LMW Physicians, Inc., and W. Mark Russo, Esq. solely in his capacity as the Court-appointed Special Master for Westerly Hospital Healthcare, Inc., The Westerly Hospital, Atlantic Medical Group, Inc., Ocean Myst, MSO, LLC, Women's Health of Westerly, LLC and North Stonington Health Center, Inc.

WHEREAS, the Parties entered into that certain Asset Purchase Agreement dated as of June 10, 2012 (the "Purchase Agreement");

WHEREAS, pursuant to the Purchase Agreement, Sellers have agreed to sell to Buyer and Buyer has agreed to purchase from Sellers, the Hospital and substantially all of Seller's assets used to operate the Hospital and the Business;

WHEREAS, the Parties desire to amend the Purchase Agreement to address certain matters that have arisen since the execution of the Purchase Agreement as set forth herein;

NOW THEREFORE, in consideration of the promises and mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree to amend the Purchase Agreement as follows:

Each capitalized term used herein, but not otherwise defined shall have the same meaning as ascribed to such term in the Purchase Agreement.

1. The following definitions set forth in the Purchase Agreement are amended and restated in their entirety:

"Bank Debt of Sellers" shall mean the principal, interest, reasonable fees and expenses owed to Washington Trust Company ("WTC") (including reasonable professional fees) and other charges with respect to the secured loan obligations more specifically set out in the June 25, 2012 "Order Allowing Claim of Washington Trust Company and Granting Related Relief" entered by the Mastership Court.

"Bond Debt of Sellers" shall mean the principal, interest, reasonable fees and expenses of the Bond Debt (including reasonable professional fees) and other charges with respect to the Bonds, determined pursuant to the Loan and Trust Agreement and the May 31, 2012 "Order Allowing Revenue Bond Claims and Granting Related Relief" entered by the Mastership Court.

The following definitions are added to the Purchase Agreement:

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Edward Morrone
EDWARD MORRONE, CLERK
WASHINGTON TRUST COMPANY

"Bonds" means those certain Rhode Island Health and Educational Building Corporation Hospital Financing Revenue Bonds (The Westerly Hospital Issue) Series 1994 issued for the benefit of the Hospital pursuant to the Loan and Trust Agreement.

"Bond Trustee" means U.S. Bank National Association, as successor trustee under the Loan and Trust Agreement with respect to the Bonds, its successors and assigns.

"Loan and Trust Agreement" means that certain Loan and Trust Agreement dated as of January 15, 1994 by and among the Rhode Island Health and Educational Building Corporation, the Bond Trustee and the Hospital.

Section 1.2(h) of the Purchase Agreement is amended by striking the reference in that section to "Section 1.2(b)" and replacing it with a reference to "Section 1.4(b)".

Section 1.3 of the Purchase Agreement is amended by adding the following sentence at the end of the current text:

Buyer is not to hold any cash, cash equivalents, funds or securities held or controlled by the Bond Trustee under the Loan and Trust Agreement from time to time, provided that such cash shall be applied in accordance with the Loan and Trust Agreement including as contemplated by Section 1.6(b)(i) of this Agreement.

Section 1.6(b)(i) of the Purchase Agreement shall be deleted in its entirety and replaced with the following:

(i) Twenty Two Million, Sixty-Nine Thousand, Six Hundred and Sixty-Six Dollars (\$22,696,666.00) shall be satisfied at Closing by the Buyer's assumption of Liabilities more specifically set forth in Schedule 1.4(b); provided that to the extent the Bank Debt of the Sellers Buyer may elect to either: (a) assume the Bank Debt of Sellers on terms mutually agreeable to WTC and the Buyer or (ii) fund the Sellers' satisfaction of the Bank Debt of Sellers on or before Closing and (c) Buyer's payment to the Bond Trustee at Closing of sufficient Available Monies (as defined in the Loan and Trust Agreement) to, together with any cash, cash equivalents funds or securities then held by the Bond Trustee under the Loan and Trust Agreement, redeem the Bonds then outstanding and otherwise satisfy in full in cash the Bond Debt of Sellers pursuant to the Loan and Trust Agreement (as opposed to assuming said Liabilities itself);

Section 1.7 of the Purchase Agreement is amended by deleting the word "and" in subsection (l), deleting the period at the end of subsection (m), inserting a semicolon at the end of subsection (m), and adding the following subsection to the subsection (n):

TRUE COPY ATTEST
Edward J. Moran
EDWARD MORAN, CLERK

(n) The Hospital shall deliver to the Bond Trustee such documents, provide such notice and take such other action as is reasonably necessary to cause the redemption of the Bonds and discharge of the Loan and Trust Agreement, including without limitation, written directions to the Bond Trustee to send a notice to bondholders to redeem the Bonds on or before the Closing Date (the "Redemption Date"), which notice shall be mailed no more the sixty(60) nor fewer than thirty (30) days prior to the Redemption Date and which shall otherwise comply with the terms and conditions of the Bonds and the Loan and Trust Agreement.

Section 13(j) of the Purchase Agreement shall be deleted in its entirety and replaced with the following:

(j) such other documents as may be reasonably requested by any Seller, and, to the extent relating to the assumption of the Bank Debt of the Seller, by WIC, and to the extent relating to the redemption of the Bonds and/or discharge of the Loan and Trust Agreement, by the Bond Trustee.

Section 13.1 of the Purchase Agreement is amended by adding the following sentence at the end of subsection (b):

Notwithstanding the foregoing, no amendment contemplated by this Section 13.1 shall be made with respect to the Bank Debt of the Seller absent the prior written consent of WIC.

Notwithstanding the foregoing, no amendment contemplated by this Section 13.1 shall be made with respect to the Bonds absent the prior written consent of the Bond Trustee.

This Amendment shall be effective as of the date hereof and except as expressly provided herein, the terms and conditions of the Purchase Agreement shall remain in full force and effect and unmodified. This Amendment may be executed in counterparts, all of which together shall constitute one binding Agreement. The exchange of copies of this amendment and of executed signature pages by facsimile transmission or by email transmission in portable text format or similar format shall constitute effective execution and delivery of such documents to the parties. It may be used in lieu of the original Agreement or amendments for all purposes. Signatures of the parties transmitted by facsimile or by email in portable text format or similar format, shall be deemed to be their original signatures for all purposes.

[SIGNATURE PAGES FOLLOW]

TRUE COPY ATTEST

Edward Morrone

EDWARD MORRONE, CLERK
WASHINGTON COUNTY SUPERIOR COURT

THE UNDERSIGNED each hereby execute this Amendment as of the date first written above

BUYER:

LMW Healthcare, Inc., a Rhode Island nonprofit Corporation

By: _____
Name: _____
Title: _____

LMW Physicians, Inc., a Rhode Island nonprofit Corporation

By: _____
Name: _____
Title: _____

SELLERS:

WESTERLY HOSPITAL HEALTHCARE, INC.

By: _____
Name: _____
Title: _____

THE WESTERLY HOSPITAL

By: _____
Name: _____
Title: _____

ATLANTIC MEDICAL GROUP, INC.

By: _____
Name: _____
Title: _____

TRUE COPY ATTEST

Edward Morrone

EDWARD MORRONE, CLERK
WASHINGTON COUNTY SUPERIOR COURT

OCEAN MYST, MSO LLC

By: _____
Name: _____
Title: _____

WOMEN'S HEALTH OF WESTERN Y, LLC

By: _____
Name: _____
Title: _____

NORTH SPONINGTON HEALTH CENTER, INC.

By: _____
Name: _____
Title: _____

TRUE COPY ATTEST

Edward Moprone

EDWARD MOPRONE, CLERK
WASHINGTON COUNTY SUPERIOR COURT

DOHP0945

AGP0028A438

Execution Copy

ASSET PURCHASE AGREEMENT

AMONG

**W. MARK RUSSO, ESQ., THE COURT-APPOINTED SPECIAL MASTER
FOR WESTERLY HOSPITAL HEALTHCARE, INC.;
THE WESTERLY HOSPITAL;
ATLANTIC MEDICAL GROUP, INC.;
OCEAN MYST, MSO, LLC;
WOMEN'S HEALTH OF WESTERLY, LLC; AND
NORTH STONINGTON HEALTH CENTER, INC.
Washington County Superior Court, WB2011-017B
(Stern, J)**

AND

LMW Healthcare, Inc., a Rhode Island nonprofit Corporation, and

LMW Physicians, Inc., a Rhode Island nonprofit Corporation

[SUBJECT TO THE APPROVAL OF THE COURT]

Lawrence & Memorial Corporation
Confidential HSR

Form 300(1)
July 2 2012

RIDOH 1091

DOHP0946

AGP0028A439

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(u) except as described in Section 10.6, any Liability relating to the Sellers' Employees (whether current, former or retired) who are not Transferred Employees, including Liabilities under any Plan or Multiemployer Plan or Multiple Employer Plan for all wages, salary, sick leave pay, vacation pay, unemployment benefits, post-employment benefits, salary continuation, termination, disability, death, retirement, health, medical, pension or welfare benefits (including for this purpose all Liabilities and obligations arising under the Plans); and

(v) any Liability related to penalties, fines, settlements, interest, costs and expenses to the extent arising out of or incurred as a result of any violation by the Sellers prior to the Effective Time of any law or order.

1.6 Purchase Price

(a) Subject to the terms and conditions hereof and as consideration of the purchase and sale of the Assets (the "Purchase Price") shall be equal to:

(i) Sixty Nine Million, One Hundred Thirty-Eight Thousand, Six Hundred and Fifty-Three Dollars (\$69,138,633.00);

(b) The Purchase Price shall be payable as follows:

(i) Twenty Two Million, Sixty-Nine Thousand, Six Hundred and Sixty Six Dollars (\$22,069,666.00) shall be satisfied by Buyer's assumption of Liabilities more specifically set forth in Schedule 1.4, which includes the Bank Debt of Sellers, the Bond Debt of Sellers, Trade Accounts Payable of Sellers, Third-Party Payor Liabilities of Sellers, Accrued Payroll, and Asbestos Abatement Obligations;

(ii) Seller's retention of cash, cash equivalents and short term investment as of the Effective Time estimated in the Ptg Balance Sheet to be in the amount of Five Million Eight Hundred Ninety-Six Thousand Nine Hundred and Eighty-Seven Dollars (\$5,896,987.00);

(iii) Payable at Closing by payment of the premium for the "tail" insurance required by Buyer pursuant to Section 5.11 estimated in the Two Million Dollars (\$2,000,000.00);

(iv) Thirty Million Dollars (\$30,000,000.00) shall be satisfied by Buyer's performance of Capital Expenditure Commitment as more specifically set forth in Section 10.4; and

(v) Six Million Five Hundred Thousand Dollars (\$6,500,000.00) shall be satisfied by Buyer's performance of a Commitment to Fund the Plan of Profitability as more specifically set forth in Section 10.3;

(vi) In Seller funded Closing Costs, including Sellers' Transaction Expense estimated to be One Million Five Hundred Thousand Dollars (\$1,500,000.00);

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(vii) By Buyer's performance of its commitment to fund leasehold obligations of the North Stonington Health Center as more specifically set forth in Section 10.9 estimated to be Six Hundred Seventy Two Thousand (\$672,000.00);

(viii) The difference between \$8,900,944.00 and the aggregate dollar amount of the Purchased Accounts Receivable as of the Effective Time; and

(ix) The Deposit of Five Hundred Thousand Dollars (\$500,000.00) shall be considered part of the Purchase Price and shall be released from the Escrow Agent to the Special Master at the Effective Time, provided, the amount of the Deposit and in the event of a Cash Excess, the Cash Excess shall be deposited with an institutional escrow agent selected by the Buyer or such other escrow agent mutually agreed to by the parties, for a period of at least nine (9) months pursuant to an escrow agreement substantially in the form of Exhibit 1.6 hereto (the "Sellers' Indemnification Escrow Agreement"), which amount shall be held and disbursed by the escrow agent in accordance with the terms of the Escrow Agreement (the "Sellers' Indemnification Escrow") to satisfy any Liability of Seller under Section 7.2. To the extent there is a Cash Excess, then any Cash in excess of the Peg Cash Amount shall be contributed first to fund the Sellers' Indemnification Escrow so that, together with the Deposit, there shall be \$1,000,000 contributed to the Sellers' Indemnification Escrow on the Effective Date, next as needed by Buyer to satisfy Liabilities pursuant to Section 1.4(a) and (b), and next to the Special Master.

1.7 Determination of Assumption of Liabilities: True-up

(a) For purposes of determining the Purchase Price pursuant to Section 1.6, including, the amount of the Liabilities to be assumed, Accounts Receivable to be acquired and Cash required by the Special Master at the Closing in accordance with and subject to the provisions of sections 1.2(b), 1.3, 1.4, and 1.6, such determination shall be made on or prior to the Closing Date using the Peg Balance Sheet.

(b) On or before ten (10) days prior to Closing, Special Master on behalf of the Sellers shall provide an updated consolidated Balance Sheet as of that most recent reporting date (the "Pre-Closing Balance Sheet"), with the allocation of liabilities and accounts receivable and cash to be consistent with the methodology use in the PEG Balance Sheet. If the parties agree as to the amounts set forth on the Pre-Closing Balance Sheet, then the Purchase Price shall be determined and paid using the Pre-Closing Balance Sheet. If Buyer and Seller disagree, then Closing shall be conducted in accordance with Section 1.7(a) based upon the Peg Balance Sheet and the parties shall resolve any disagreement in accordance with Section 1.7(c)-(d) below.

(c) Within forty-five (45) days after the Closing Date, Buyer will prepare and deliver to the Special Master a schedule setting forth the calculation of Closing Date Purchased Accounts Receivable, Assumed Liabilities and Cash and a certificate setting forth the final Purchase Price calculated with reference to such amounts (the "Post-Closing Statement"). The Post-Closing Statement will be prepared by Buyer in accordance with GAAP consistently applied, and will be used to determine the final Purchase Price.

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10. PARTICULAR COVENANTS OF BUYER.

10.1 Commitment to The Westerly Hospital Mission as an Acute Care Community Hospital.

From the Closing Date until the date which is five (5) years after the Closing Date, Buyer shall maintain the Hospital as an acute care community hospital. In addition, from the Closing Date until the date which is two (2) years after the Closing Date, Buyer shall commit not to discontinue any clinical service (including maternity) being provided by the Hospital as of the date of the Sale Order (so long as there are no safety or quality issues associated with provision of such clinical service and so long as such clinical service is still being provided by the Hospital immediately prior to the Closing Date and so long as there are no safety or quality issues associated with provisions of such clinical service based, among other things, upon the volume of services provided in such a clinical setting as reviewed by the Hospital Board). Additionally, post-Closing, Buyer expects to augment services so as to achieve a three percent (3%) operating margin on a roll-up basis of The Westerly Hospital and Related Entities.

10.2 Commitment to the Name "Westerly Hospital" and The Westerly Hospital Charity Care Mission

After Closing, Buyer shall commit to continue the Hospital identity and name, nonprofit status and community mission. Buyer expects to carry out a broad-based community capital campaign in support of the foregoing and commits that all such funding will be raised in the Hospital's name and remain for the benefit of the Hospital nonprofit and community mission. Buyer commits to maintain charity care responsibilities and services consistent with levels historically maintained by The Westerly Hospital. Finally, any restricted funds or charitable bequests transferred to Buyer as part of the transaction shall be used for such purposes and in compliance with any and all restrictions for the benefit of the Hospital community.

10.3 Commitment regarding Post-Closing Governance

Post-Closing, The Westerly Hospital and Related Entities shall be reestablished as subsidiaries of Buyer's parent. Buyer commits that post-Closing, representatives of the Westerly community shall be included in the reconstituted Board of the Hospital (the "Hospital Board"), as well as the Buyer's parent's Board.

10.4 Commitment regarding Capital Expenditures

During the first five (5) years after Closing, Buyer shall make, or incur binding contractual obligations to make, capital expenditures in connection with the operation of the Business, including, without limitation, investment in technology, equipment, and/or expanded services, in an aggregate amount of Thirty Million Dollars (\$30,000,000.00) (the "Capital Expenditure Commitment").

10.5 Commitment regarding the Funding of the Plan of Profitability

Post-Closing and for the first two (2) years thereafter, the Buyer shall commit Six Million Five Hundred Thousand Dollars (\$6,500,000.00) to fund the Plan of Profitability (such

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\$6,500,000.00 is referred to as the "Commitment to Fund the Plan of Profitability"), which Plan was developed during the Master'ship to return The Westerly Hospital to a level of profitability and which Plan remains subject to revision upon review by Buyer (the "Plan of Profitability").

10.6 Commitment regarding Employees

(a) Consistent with Buyer's commitment to maintain the Hospital's current array of clinical services and to maintain the Hospital as an acute-care community hospital, Buyer shall offer employment, commencing on the Closing Date to all union and non-union clinical, trade and services personnel of the Sellers (excluding certain management personnel and general and administrative support services personnel) and, after satisfactory review of Sellers Plan to Profitability and employment data, Buyer expects to offer employment to substantially all of the Hospital's other employees. Notwithstanding the foregoing, Buyer shall not assume any of the collective bargaining agreements of the Sellers unless and until the extensions and amendments of such collective bargaining agreements anticipated to be obtained by the Special Master are satisfactory to the Buyer in its sole discretion. Agreement by the unions to the terms and conditions of any such amended and restated collective bargaining agreements shall be a condition of the Closing. Buyer recognizes United Nurses and Allied Professionals ("UNAP") is the bargaining agent for the Sellers' unionized personnel and will bargain in good faith with the Special Master and the UNAP representatives for modification of the collective bargaining agreements recognizing the Special Master has conveyed to UNAP the need for reasonable concessions moving forward. Buyer shall not assume any withdrawal liability arising in connection with the Transaction, including but not limited to claims by the PBGC, but shall use commercially reasonable efforts to support the Special Master's negotiation of the amended and restated collective bargaining agreements.

(b) Subject to the terms of the CBA, as of the Effective Date, Buyer shall take the following actions: (i) waive any limitations regarding pre-existing conditions and eligibility waiting periods under any health plans maintained for the benefit of the Transferred Employees, (ii) for purposes of eligibility and vesting (but not for purposes of benefit accrual) under the plans and policies of Buyer, treat all service by Transferred Employees with Sellers prior to the Effective Time as service with Buyer; and (iii) provide such other treatment as may be set forth in Schedule 10.6(b) hereof.

(c) With regard to those Employees being offered employment with Buyer, Buyer shall provide Seller with a list of those Employees per terms set forth on Schedule 10.6(b) (the employees who accept such an offer and commence employment with Buyer are collectively referred to herein as "Transferred Employees"). Nothing herein shall be deemed to affect or limit in any way normal management prerogatives of Buyer with respect to employees. Nothing herein shall be deemed to create or grant to any such employee or Transferred Employee third-party beneficiary rights or claims or causes of action of any kind or nature. Buyer shall be responsible for compensation, benefits and continuation coverage pursuant to the requirements of Code section 4980B and Part 6 of Title I of ERISA ("COBRA Coverage") with respect to each of the Transferred Employees whose qualifying event occurs on or after the date on which they become Transferred Employees. With regard to Employees who are not Transferred Employees, responsibility of Buyer or Seller for COBRA Coverage will be determined with regard to COBRA and any other applicable Federal law. Any claims for severance and accrued benefits

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made by any Employees who are not Transferred Employees shall constitute claims in the Mastership and shall not be a Liability of the Buyer.

(d) Buyer's Commitment to Expedite Hospital Conversion Act ("HCA") Process

After entry of the Sale Procedures Order, the Special Master on behalf of the Sellers shall prepare the facility specific aspects of an HCA application and deliver the same to Buyer on or before the date that is thirty (30) Business Days prior to the Deadline for Qualified Bids. Seller shall file a complete HCA application within forty five (45) days of the Sale Order, if the Buyer is selected by the Court as the highest and best proposal. The Buyer shall commit, subject to regulatory approval, to advance funds to allow the RIDOH and RIAG to engage professionals to expedite the HCA process. However, such advances shall be considered administrative expenses, if the conversion is rejected for reasons other than Buyer's fitness.

10.7 Commitment to Advance Physician Relations

Subject to Due Diligence, Buyer commits to assume physician contracts and to strengthen The Western Hospital relationship with the physician community.

10.8 Commitment to Provide Interim Advisory and Funding of Interim Operations

Upon the entry of the Sale Order, Sellers and Buyer will enter into an Interim Advisory Agreement ("Interim Advisory Agreement") on mutually acceptable terms pursuant to which Buyer will provide certain consulting and administrative services to the Sellers at Buyer's cost to maintain the viability of the Assets until the Closing. Such Interim Advisory Agreement shall contain such exculpatory provisions as Buyer shall require and shall obligate Buyer to loan funds to Sellers on a first lien secured priority basis to cover operating expenses for the period from the Sale Order through the Closing ("Interim Operations"); provided that (i) such agreement shall be on customary terms as loans made to debtor companies in Chapter 11 bankruptcy proceedings and (ii) shall provide absent an event of default thereunder, repayment of such loan shall be held in abeyance and Buyer shall forebear from collecting until after the Closing Date; and (iii) upon the Closing, Buyer shall forgive the balance of said loan. The goal of funding Interim Operations is to preserve Seller's retention of cash in an amount as set forth in the Peg Balance Sheet. To the extent required, Buyer and Sellers will provide notice to the RIDOH and any other applicable governmental agency of such Interim Advisory Agreement as required by applicable law.

10.9 Commitment to Fund Leasehold Obligation for North Stonington Health Center

From the entry of the Sale Order until Closing, Buyer, if requested by the Special Master, shall fund the Special Master's leasehold obligation relating to the North Stonington Health Center not to exceed Seventy Thousand Dollars (\$70,000) per month.

10.10 Enforcement of Commitments

Buyer agrees to be bound by an enforcement mechanism of its obligations, reasonably acceptable to Buyer, and as ordered by the Court.

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10.11 Survival

Notwithstanding any other provision in this Agreement regarding survival of covenants, representations and warranties, including, without limitation, Section 13.12 hereof, Buyer, solely as it pertains to Article 10 hereof, expressly acknowledges and agrees that all representations, covenants and warranties contained in Article 10 shall survive in accordance with the applicable time frames set forth in each such Section contained in this Article 10.

11. PARTICULAR COVENANTS OF SELLERS.

11.1 Terminating Cost Report

Sellers shall furnish to Buyer a copy of the terminating cost reports filed timely on behalf of the Hospital in respect of the Medicare and Medicaid programs or any successor governmental program and any others as contractually required by other payors, reflecting consummation of the transactions contemplated hereby no later than one hundred fifty (150) days after the Closing. Buyer shall also provide Sellers upon reasonable request with the access necessary for Sellers or their agents to prepare such terminating cost reports as provided in Section 13.9.

11.2 Financial Statements

Following the Closing, each Seller agrees to use its commercially reasonable efforts to provide, at Buyer's reasonable request, any and all assistance, documents or information required in connection with the performance of an audit of Sellers' consolidated financial statements by Buyer and independent auditors selected by Buyer, at the sole cost and expense of Buyer, or the filing of the existing audited consolidated financial statements of Sellers, and the preparation and filing of pro forma consolidating financial statements of The Westerly Hospital, with and as required by federal or state agencies. Additionally, each Seller will use its commercially reasonable efforts to obtain the consent of its auditors to the filing of the existing audited consolidating financial statements of Sellers by federal or state agencies commission.

11.3 Treatment of Pension Plan Matters

Without limiting the generality of the definition of Excluded Liabilities, each Seller shall be responsible for all pension benefits accrued by employees of the Business (including any who become Transferred Employees) through the Effective Time in accordance with the terms and provisions of such Seller's defined benefit pension plan, and each Seller will administer the payment of such pension benefits in accordance with the terms and provisions of its defined benefit pension plan and will not transfer any responsibility for such benefits to Buyer.

11.4 Mastership

Special Master and each of the Sellers shall take all commercially reasonable steps necessary to facilitate the provisions of Section 6.1 hereof.

Confidential
Exhibit 4



Introduction

Charitable Assets: Katherine Drake

This Fund was created by the Last Will and Testament of Katherine Drake dated September 24, 1976, and a codicil thereto dated September 30, 1977 (collectively the "Will"). The Will provides in part as follows:

"ARTICLE SIXTH:

C. FIFTY THOUSAND DOLLARS (\$50,000.00) to THE WESTERLY HOSPITAL of Westerly, Rhode Island, upon the express condition that this bequest be used by its governing board to promote the further and continuing medical education of members of the medical staff of that hospital. This bequest shall take effect only if the governing board of the hospital agrees to accept this bequest upon such condition."

Tab A contains copies of the following:

- Copy of pertinent section of Last Will and Testament of Katherine Drake- Article Sixth (C);
- Memo to Pat Perri to Natalie Lawton regarding the use of \$50,000.00 from the Katherine Drake bequest;
- Minutes of Joint Conference Committee Meeting to recommend to the Board of Trustees, the establishment of a Drake Medical Education Fund- May 17, 1978.

Tab A

LAST WILL AND TESTAMENT
of
KATHARINE DRAKE

ARTICLE SIXTH:

C. FIFTY THOUSAND DOLLARS (\$50,000.00) to THE WESTERLY HOSPITAL of Westerly, Rhode Island, upon the express condition that this bequest be used by its governing board to promote the further and continuing medical education of members of the medical staff of that hospital. This bequest shall take effect only if the governing board of the hospital agrees to accept this bequest upon such condition.

*the true copy of
Article Sixth - last C.*

*Mary M. Brannigan
Judge*

September 1, 1978

Memo to: Pat Perri

From: Natalie Lawton

The attached explains use of the \$50,000.00 from the Katharine Drake bequest. The Board of Trustees has approved the Joint Conference Committee motion and on May 22, 1978, the Executive Committee approved the minutes of the Joint Conference Committee concerning this bequest.

On July 24, 1978, at an Executive Committee meeting, a signators resolution was adopted and the following were voted to sign for any handling of the account:

Lawrence L. Smith
Thomas F. Moore, Jr.
Clifford Smith
Robert J. Trinley
Pasquale Perri

MINUTES OF JOINT CONFERENCE COMMITTEE MEETING - MAY 17, 1978

A meeting of the Joint Conference Committee of The Westerly Hospital was held on Wednesday, May 17, 1978 at 7:30 p.m. in the Conference Room at the Hospital. Present were Lois Vars, chairman; Robert L. Lombardo, M.D.; Douglas A. Rayner, M.D.; Jacques D. Wimpfheimer; Thomas F. Moore, Jr., president of the Board of Trustees; Lawrence L. Smith, executive vice-president and Robert J. Trinley, vice-president. Absent and excused were A. John Elliot, M.D., Charles J. Lazarek, Francis M. Palaia, M.D., president of the Medical Staff and Frederick C. Eckel, M.D., invited physician.

The meeting convened with a review of the minutes of the last meeting of April 4, 1978. A MOTION was made, seconded and carried to approve said minutes as printed.

Chairman Vars then referred to the last will and testament of Katharine Drake, late of Stonington, Connecticut and read Article Sixth: C., which documents her bequest of \$50,000 to The Westerly Hospital as follows:

FIFTY THOUSAND DOLLARS (\$50,000) to THE WESTERLY HOSPITAL of Westerly, Rhode Island, upon the express condition that this bequest be used by its governing board to promote the further and continuing medical education of members of the medical staff of that hospital. This bequest shall take effect only if the governing board of the hospital agrees to accept this bequest upon such condition.

Miss Vars conveyed the recommendation of the Executive Committee of the Medical Staff that this bequest of \$50,000 be invested to produce the maximum return and to use the annual interest earned only. She then asked for recommendations from this Committee. Discussion ensued and it was estimated that approximately \$3,500 would be realized annually from this investment and that this amount, in addition to the \$5,000 appropriated in the operating budget for medical education, plus any subsidies provided by drug companies, would allow the Medical Staff to expand its present educational program. This Committee concurred with the recommendation of the Executive Committee of the Staff, however, it was agreed that in order to allow flexibility in the disbursing of this fund, no amount be specified in the recommendation. It was further recommended that the Medical Education Committee submit a proposal to the Board annually, the cost of which would be in the area of the annual interest earned. It was also the consensus of this Committee that the Drake name be memorialized in recognition of this legacy, and that publicity be given to this fund and the entire medical education program of the Staff in the area newspapers in both Rhode Island and Connecticut. Request was made that a reporting function be devised whereby the Chief of Staff would report the activities of the medical education program to the Board annually. Dr. Lombardo consented to submit a report of the current year's activities at the next Board meeting.

Following discussion, a MOTION was made, seconded and carried to recommend to the Board of Trustees, the establishment of a Drake Medical Education Fund for the purpose of providing money for continuing medical education for the members of The Westerly Hospital Medical Staff, and the investment of the principal of \$50,000 by the Finance Committee of the Board of Trustees to produce a maximum return. It was further recommended that the Medical Education Committee submit a proposal to the Board annually for medical education which would utilize these funds, and in addition that they memorialize the Drake name in some way.



Introduction

Charitable Assets: Morgan Fund Donations

The proceeds from the Morgan Trust, of which the Hospital is a beneficiary, are to be used by the Hospital for furnishing free hospital services. In the past individuals have attempted to make donations to the Morgan Fund. However, there is no mechanism to incorporate donations into the Morgan Fund. Thus, the Hospital created the Morgan Fund Donations account in order to accommodate donations made to the Morgan Fund for free hospital services.

There is no legal documentation associated with this fund.



Introduction

Charitable Assets: Lefferts

The Endowment Fund was created by the Last Will and Testament of Lewis L. Lefferts. The net income from said Fund is to be used for the general corporate purpose of Westerly Hospital as directed by its Board of Trustees or other governing bodies.

Tab A

contains a copy of the Last Will and Testament of Lewis L. Lefferts.

Tab A

RIAGC0070

AGC0029

LAST WILL AND TESTAMENT OF LEWIS L. LEFFERTS

I, LEWIS L. LEFFERTS, of the Town of Westerly, County of Washington and State of Rhode Island, do hereby make, publish and declare this instrument as and for my Last Will and Testament, hereby revoking any and all former wills and codicils by me at any time heretofore made.

FIRST: I direct that all of my just debts, funeral expenses and the expenses of administering my estate be paid out of my estate by my executor hereinafter named in the due course of the administration thereof.

SECOND: I give and bequeath to my niece, MILDRED T. LEFFERTS, presently residing at Pitt Hall Farm, Old Chatham, New York, if she survives me, all tangible personal property of every nature and wherever situated, owned by me at the time of my death.

THIRD: I give and bequeath to WOODLAWN CEMENT, located at Webster Avenue and 233rd Street, in the City and State of New York, the sum of Two Thousand Five Hundred Dollars (\$2,500.00) to an Investment Fund, the proceeds of which shall be used for the special care and maintenance of the North Part of Lot No. 11281, Plot Juniper, Sections 89 and 90 and the monuments thereon, which said lot is recorded in the name of my father, Leffert Lefferts.

FOURTH: I give and devise all real estate owned by me at the time of my death, including all buildings thereon and all rights and easements appurtenant thereto, to my said niece, MILDRED T. LEFFERTS, her heirs and assigns forever, if she survives me.

FIFTH: I give and bequeath to CARRENA B. SPENCER, presently residing at 303 Washington Street, Providence, Rhode Island, if she survives me, the sum of Ten Thousand Dollars (\$10,000.00) in appreciation of her friendship to my late wife and myself.

SIXTH: I give and bequeath to FREDERICA D. CLAUSEN, presently residing at 30 Forster Avenue, Mount Vernon, New York, if she survives me, the sum of Two Thousand Dollars (\$2,000.00) in appreciation of her courteous and helpful assistance to me.

Lewis L. Lefferts

Louis I. Lafferte

SIXTH: I give and bequeath to my employe, JESSIE HAWKINS, whose present address is o/n Basais Loman, Sykesville, Carroll County, Maryland, provided she survives me and is in my employ at the time of my death, the sum of One Thousand Dollars (\$1,000.00) for each year she has been in my employ. In the event she predeceases me and is in my employ at the time of her death, then I give and bequeath to her daughter, FRANCES HAWKINS, whose present address is 853 Dawson Street, Bronx 59, New York, provided said Frances Hawkins survives me, the sum of One Thousand Dollars (\$1,000.00) for each year her mother, said Jessie Hawkins, was in my employ.

EIGHTH: I give and bequeath to my employe, FANNIE MINTON, whose present address is Apartment 6, 292 Convent Avenue, New York, New York, provided she survives me, the sum of One Thousand Dollars (\$1,000.00) for each year she has been in my employ.

NINTH: I give, devise and bequeath all the rest, residue and remainder of my property and estate, real and personal, of every kind and description, wherever located, of which I shall die seized or possessed, including any and all property over which I may have a power of appointment or right of disposition (hereinafter sometimes referred to as my "Trust Estate"), to THE WASHINGTON TRUST COMPANY, a trust company organized under the laws of the State of Rhode Island, with its principal office in the Town of Westerly, in the State of Rhode Island, its successors and assigns, (hereinafter referred to as my "Trustee"), to be held by it IN SPECIAL TRUST, nevertheless, for the following uses and purposes, with the privileges hereinafter set forth and subject to the duties and obligations hereinafter specified:-

1. My said Trustee shall recover and collect the interest, dividends, rents, profits and other income accruing to or derived from the Trust Estate (said interest, dividends, rents, profits and other income are hereinafter included in the word "income") and after paying all taxes, charges and expenses incidental to the administration of the trust, including a reasonable compensation to my said Trustee for its services, shall apply and pay over the balance of the net income, and eventually transfer, pay over and distribute the capital or principal in the following manner:-

Lavinia L. Lafferts

A. The income shall be paid to my said niece, MILBRED F. LAFFERTS, for and during the term of her natural life, distribution to be made to her quarterly or more frequently, if practicable.

B. Upon the death of my said niece - or upon my death should she predecease me - the trust shall terminate and thereupon the Trust Estate, with accumulated income, shall be paid over and distributed to THE WESTERLY HOSPITAL, a corporation organized under the laws of the State of Rhode Island, located in the said town of Westerly, as a memorial to my late wife, Bertha M. Lafferts, as an Endowment Fund, the net income from which shall be used for the general corporate purposes of said hospital as directed by its Board of Trustees or other governing body.

C. My said Trustee shall have full and absolute power and authority, whenever it deems it advisable to do so, to sell, assign, transfer, lease, pledge or otherwise dispose of the whole or any part of the assets constituting the principal of the Residuary Trust under such terms, conditions and stipulations as it shall seem proper and fitting. Said Trustee may, of course, receive the proceeds realized upon the sale or conversion of any securities or other property and invest and reinvest the same, varying and changing investments from time to time as it, in its judgment, shall deem for the best interests of the said Trust Estate; and in making investments it shall not be limited to securities that are "legal" in the conventional sense or of the type in which a Trustee, following an extremely conservative policy, would invest trust funds; no person, firm or corporation dealing with my said Trustee shall be required to inquire into its authority or validity of any sale, transfer or other disposition of any of the assets of my Trust Estate or to the application of the proceeds of the sale or other disposition of any of said assets, the receipt of my Trustee to constitute a full and ample discharge to any such person, firm or corporation dealing with it or with my Trust Estate.

Lavinia L. Lafferts

My said Trustee shall also have the right and power to determine whether any money, securities or other property received by it during administration of the trust shall be treated as principal or income, or partly one and partly the

other, and its decision, arrived at in good faith, shall be conclusive and binding upon all persons in any way interested in my Residuary Trust.

TENTH: All estate, inheritance, legacy, succession and transfer taxes (including any interest and penalties thereon) imposed by any domestic or foreign law with respect to all property capable under such laws to become of my death, whether or not such property passes under this Will and whether such taxes be payable by my estate or by any recipient of any such property (and including without limiting the generality of the foregoing any and all property which shall have been placed in trust by me during my lifetime either before or after the execution of this my Will), shall be paid by my executor out of my general estate as a part of the expenses of the administration thereof with no right of reimbursement from any recipient of any such property.

ELEVENTH: I hereby nominate and appoint said THE WASHINGTON TRUST COMPANY, a trust company having its principal office in Westerly, Rhode Island, executor of this my Will.

TWELFTH: I hereby authorize and empower my executor or any administrator or administrators with the will annexed of my estate for the time being, for the purposes of the settlement of my estate or any other purposes, to borrow for my estate and to make and sign any promissory notes, bonds or similar obligations and to bind my estate for the payment thereof, and to mortgage, pledge or hypothecate any real estate or personal property comprised in my estate to secure the payment of such notes, loans, bonds, or obligations, and to make and execute any mortgage or other instrument necessary or proper for such purpose, but all such notes, bonds, obligations, loans, mortgages and pledges shall be binding only upon my estate and not upon my executor or any such administrator or administrators with the will annexed of my estate personally. I further authorize and empower my executor or any administrator or administrators with the will annexed of my estate, in its, his or their uncontrolled discretion, for the purpose of the settlement of my estate or for any other purpose, to sell and dispose of, at public or private sale, any real estate and/or personal property belonging to me at the time of my decease, upon such terms and for such prices as it, he or they, in

Lewis L. Jefferts

its, his or their discretion may deem best, and upon any sales of real and/or personal estate hereunder, to execute and deliver such deeds, bills of sale, assignments or other instruments as may be necessary or proper for the purpose of vesting title absolutely in the purchaser or purchasers, and I hereby declare that any purchaser or other person who shall pay any money or deliver any property to any such legal representative of my estate shall be exempt from any responsibility with respect to the application or non-application of the same and from the obligation of inquiring into the necessity for or regularity, validity or propriety of any sale made or purporting to be made by such legal representative under the powers herein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and seal at Westerly, Rhode Island this 19 day of August, A. D. 1958.

Lewis L. Lafferts (L.S.)

Signed, sealed, published and declared by the above-named LEWIS L. LAFFERTS, as and for his Last Will and Testament, in the presence of us who have, at his request, in his presence and in the presence of each other, hereunto subscribed our names as witnesses this 19th day of August, 1958.

Lillian M. Rulsi

Westerly, R.I.

Ruth M. Derroney

Westerly, R. I.

James D. Thornton Jr.

Westerly, R.I.





Introduction

Charitable Assets: H Schwarz

The Hamilton D. Schwarz Fund (the "Fund") was created under the Hamilton D. Schwarz Revocable Trust to be used for the general purpose of the Westerly Hospital.

Tab A contains a copy of the letter by Edmund C. Bennett, dated September 29, 2001 regarding the creation of the Fund and a copy The Westerly Hospital certificate of Secretary, dated September 21, 2001.

Tab A

EDMUND C. BENNETT

Counselor At Law

50 South Main Street
Providence, Rhode Island 02903-2919
Telephone: (401) 421-1150 Facsimile: (401) 521-4080
E-mail: ECB@ECBLaw.com

September 29, 2001

Thomas H. Eyles, Esq.
48 Collins Road
Stonington, CT 06378

Re: The Westerly Hospital - Hamilton D. Schwarz Trust

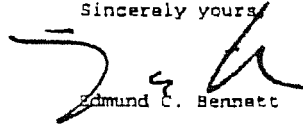
Dear Mr. Eyles:

This letter is in further reference to the gift to The Westerly Hospital (the "Hospital") under the Hamilton D. Schwarz Revocable Trust ("Trust"). The Board of Trustees of The Westerly Hospital has approved the resolutions we have discussed creating the Hamilton D. Schwarz Fund (the "Schwarz Fund"). I am enclosing a Certificate by the Secretary of the Board of Trustees of The Westerly Hospital as to the adoption of the resolutions for the Schwarz Fund.

As you will note from the second resolution, the Hospital will allocate assets distributed to the Hospital from the Trust in 1995 to the Schwarz Fund in addition the assets of the final distribution. The Schwarz Fund is perpetual and only the income of the Schwarz Fund shall be used for the general purposes of the Hospital. Further, the Hospital will manage the Schwarz Fund subject to the discretion to engage professional investment advisers. Finally, each year the Hospital shall prepare a report as part of an annual report of the Hospital with information as to all endowment funds, including the Schwarz Fund. The Hospital, of course, shall provide you with a copy of the annual report.

I am also enclosing a form of letter to use in forwarding the final distribution from the Trust to the Hospital. If there is any further information which you may need, please call.

Sincerely yours,


Edmund C. Bennett

Enclosures

cc: Mr. Nicholas J. Stahl

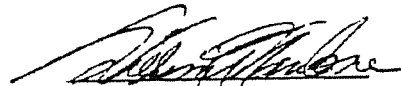
The Westerly Hospital
Certificate of Secretary
September 21, 2001

I, William A. Nardone, Secretary of The Westerly Hospital, a Rhode Island non-profit corporation hereby certify that at a meeting of the Board of Trustees of The Westerly Hospital duly called and held on September 10, 2001, the following resolutions were adopted:

Resolved: That The Westerly Hospital hereby creates a fund known as The Hamilton D. Schwarz Fund (the "Fund"). The income of the Fund shall be used for the general purposes of The Westerly Hospital and the principal of the Fund shall be held in perpetuity for the benefit of The Westerly Hospital in accordance with policies and procedures which may be adopted from time to time by the Board of Trustees of The Westerly Hospital.

Resolved: That The Westerly Hospital shall allocate all assets received from the Hamilton D. Schwarz Revocable Trust to the Hamilton D. Schwarz Fund, including assets from an initial distribution in 1995 and from a final distribution which is anticipated in 2001.

In Witness Whereof, I have signed this Certificate as of the 21st day of September 2001.



William A. Nardone



Introduction

Charitable Assets: Foundation for Health (formerly known as Rhode Island Renal Institute)

This Fund was created by a letter agreement dated July 31, 2007, under which the Foundation for Health ("FFH") made a grant to the Hospital of FFH's interest in the property at 1 Rhody Drive in Westerly, Rhode Island. Per the agreement, in accepting the grant from FFH, the Hospital agreed that the purpose of the grant is for the Hospital to carry out activities that will involve education, prevention, and care to benefit persons affected with renal disease and related disorders. The Hospital also agreed, in part, to establish a permanent fund, designated by the Board of Trustees of the Hospital as the "Foundation for Health Fund." Furthermore, the Hospital agreed that each year it would place the first \$50,000 of lease revenues received from the 1 Rhody Drive property into the Permanent Fund, until the fair market value of the Fund, including accumulation of investments, reaches \$750,000. Additionally, "[s]hould it become impossible or impractical to utilize the Fund for the purposes of the grant, the Hospital may use the Fund for other purposes consistent with its mission on behalf of the health and well being of its patients."

Tab A

The
WESTERLY
Hospital

25 Wills Street
Westerly
Rhode Island
02891-2934
(401) 596-6000

July 31, 2007

James S. Cook, Executive Director
Foundation for Health
156 Ridgewood Drive
Brewster, MA 02631

Dear Mr. Cook:

This letter agreement will set forth the arrangements under which the Foundation for Health ("FFH") will make a grant to The Westerly Hospital (the "Hospital") of the FFH's interest in the property at 1 Rhody Drive in Westerly, Rhode Island.

Background:

The Hospital supported the efforts of the FFH, then called Rhode Island Renal Institute, to establish an outpatient kidney dialysis center in Westerly, which opened in 1980. The Hospital contributed the land through a fifty-year ground lease at the 1 Rhody Drive location to help make local access to this important service available to renal patients in this part of the state for the first time.

FFH, under the Rhode Island Renal Institute name, constructed the one-story building housing the dialysis center as contemplated under provisions of the ground lease, and thereafter operated the center for twenty-three years. On September 1, 2003, FFH ceased providing dialysis in Westerly and at its two other Rhode Island locations; on that date it sold the dialysis operating assets at all these locations to a purchaser who undertook to continue the service uninterrupted at all locations. At the 1 Rhody Drive location, FFH retained its interest in the land and building under the ground lease and, with the Hospital's consent, required under the ground lease, entered into a lease with the purchaser for ten years, with two five-year renewal options. In 2005 the purchaser in turn assigned its interest in the 2003 lease to another dialysis service provider, with the consent of both FFH and the Hospital.

Upon completion of the 2003 sale, FFH, a non-profit Section 501(c)(3) organization under the Internal Revenue Code, changed its corporate name from Rhode Island Renal Institute to the Foundation for Health, and changed its status to a charitable grant making organization. Its mission is to "support activities and organizations that will improve the health and welfare of the citizens of Rhode Island", with emphasis on

"scientific research, education, prevention and care to benefit persons afflicted with renal disease and related disorders."

The Hospital, also a non-profit Section 501(c)(3) organization, has as its mission "to provide a superior standard of community healthcare, across generations." The Hospital's medical staff includes three physicians board certified in nephrology. Sixty-four Hospital inpatients received renal dialysis in the year from May 2006 through April 2007. The three nephrologists on the Hospital medical staff are frequently called upon as consulting physicians for Hospital inpatients, in cases where their primary diagnosis may not be renal-related, but where this is a secondary diagnosis or consideration. For these reasons and others, FFH and the Hospital each believe that the Hospital is an appropriate recipient of the grant being made by FFH.

Nature of the real estate interest being granted by FFH to the Hospital:

As previously noted, the fifty-year ground lease held by FFH commenced in 1980. It will therefore terminate in the year 2030. At that time, under the ground lease provisions, the land as well as the building will revert to the Hospital. Under the existing ten-year lease from FFH (of which about seven years remain) the rent is on a "triple net basis" with provision for an annual Consumer Price Index (CPI) increase of up to 3%. The rent for the current lease year that will end August 31, 2007 is \$65,039; this amount reflects CPI 3% increases for the lease years that had commenced on September 1, 2004 and September 1, 2005 and for the current lease year. The provisions of the two five-year renewal periods are the same as those of the original ten-year term, including the continuance of the CPI 3% arrangement as to the rent. A copy of the existing ten-year Lease Agreement dated September 1, 2003 between FFH, as Lessor, and Everest Healthcare Rhode Island, Inc., as Lessee, is attached to this letter agreement as "Exhibit A."

In order to determine the fair market value of the interest being granted by FFH to the Hospital, the parties mutually agreed to have the Hospital approach Mr. Stephen O. McAndrew, a local well known real estate appraiser to value FFH's interest held. Mr. McAndrew in turn brought in Mr. S. Keith White, Jr., SRA, SRPA, to assist. As a result, Messrs. McAndrew and White completed and delivered an April 20, 2007 letter appraisal of FFH's interest held in the 1 Rhody Drive property. The letter appraisal focused mainly on the value of the "stream of rents" from the property. The report assumed that the two lease options would be exercised; it further assumed that FFH would rent the property from 2023 until 2030, when the ground lease ends. All such rents were then "discounted" to present values under six scenarios (see Scenarios "A" through "F", pages 24-29 of the supplementary material to the letter report.) A summary of the valuation arrived at appears on the second page of the letter, as follows:

"As you can see from these six scenarios, there is a value range for the lease, ranging from a low of \$600,000 to a high of \$942,000. The average of these terms, or median, of the cash flow indications are at approximately \$750,000."

A copy of the full April 20, 2007 appraisal report is attached to this letter agreement as "Exhibit B."

Provisions relating to the FFH grant to the Hospital:

FFH and the Hospital believe that the \$750,000 amount is an appropriate valuation of the interest to be granted.

In accepting the grant from the FFH, the Hospital agrees that the purpose of the grant is for the Hospital to carry out activities that will involve education, prevention, and care to benefit persons afflicted with renal disease and related disorders, and agrees that it will:

- Establish a permanent fund, designated by the Board of Trustees of the Hospital as the "Foundation for Health Fund."
- Keep the Fund open to receive contributions from others from time to time.
- Prudently invest the Fund in conjunction with the balance of the Hospital's endowment funds.
- Each year place the first \$50,000 of lease revenues from the 1 Rhody Drive property into the permanent fund, until the fair market value of the Fund, including accumulations from investments, has reached \$750,000; until that time lease revenue in excess of the \$50,000 in each year may be expended for the purposes of the grant.
- Each year, once the Fund has reached such \$750,000 fair market value level, place all lease revenue from the 1 Rhody Drive property into the permanent fund; the amount expended in each year for the purposes of the grant shall be in accordance with the Hospital's "spending rate" applicable to its endowment for such year.
- Apply from the permanent fund such amounts as may be required from time to time to fulfill its responsibilities under the existing lease arrangements of the 1 Rhody Drive property or any other lease arrangements it may enter into for such property.
- By April 15, 2008, furnish a report to FFH on the status of the grant, including the Hospital's current and envisioned uses of the grant funds and plans being developed.


Should it become impossible or impractical to utilize the Fund for the purposes of the grant, the Hospital may use the Fund for other purposes consistent with its mission on behalf of the health and well being of its patients.

It is agreed that the making of the grant by FFH to the Hospital is not intended to bring about a merger of the real estate interest so granted in the 1 Rhody Drive property with the Hospital's existing right to obtain the full ownership at the expiration of the ground lease in 2030. The Hospital shall, however, have the right to sell such property at any time; should it do so prior to the valuation of the permanent fund reaching the \$750,000 level, it will apply the sale proceeds to the Fund sufficient to bring the value to that level.

We appreciate the opportunity to receive this grant from FFH and to be in a position to carry out its purposes among the people of the community we serve.


Finally, upon acceptance by the FFH of the provisions of this letter, it will constitute an agreement between the parties.

Most sincerely,


Charles S. Kinney, FACHE
President/CEO

Accepted:

FOUNDATION FOR HEALTH

By 
~~James S. Cook,~~
Executive Director

7/31/07
Date

WHITE APPRAISAL CO., INC.
RESIDENTIAL - COMMERCIAL - INDUSTRIAL

1000 GREENWICH AVENUE
WARWICK, RHODE ISLAND 02886

BUS. (401)738-9500
FAX (401)738-5494

April 20, 2007

Mr. Charles S. Kinney
President/CEO
Westerly Hospital
25 Wells Street
Westerly, RI 02891

RE: Real Estate Appraisal
1 Rhody Drive
Westerly, Rhode Island

Dear Mr. Kinney:

I am in receipt of your letter of requesting our advice regarding the captioned property. We are providing you with assistance in analyzing the current leases, as well as other market information, that will lead to a range of valuation scenarios regarding your request. I wish to again remind you that we are not attorneys, but have used our best judgment in analyzing the leases that you have provided us, which for the purposes of this assignment are assumed to be factual and correct.

Essentially, the property is the subject of a 50 year ground lease from Westerly Hospital. That lease expires in the year 2030. The question becomes, "What is the value of the remaining building lease, based upon the nominal land rent, paid to the hospital until the year 2030, and making certain future assumptions regarding the cash flow." For example, there are specified rental terms, requiring annual rent payments on a triple net basis, (tenant responsible for all taxes, insurance, utilities, etc...). There are also indications that rents will increase at a rate of 3% per year, between 2007 and 2013. At that point, it becomes necessary to estimate and forecast Market Rent, on a triple net basis, for a five year term, until 2018. Next, it is necessary to increase the rents 3% for the years 2019 and 2020. Lastly, it is necessary to forecast market rent for the remaining 10 years of the lease, with the assumption that the two 5 year options will be exercised. As you no doubt can imagine, it is difficult to forecast tomorrow's weather, never mind forecasting Market Rent between 2018 and 2030. Nevertheless, with the utilization of some reasonable assumptions, and utilizing market rent situations today, a reasonable forecast can be derived, and a range of valuation

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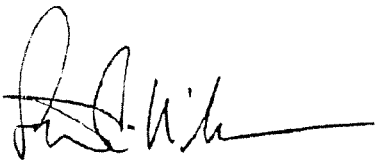
scenarios, using different assumptions can be forecast. What this really comes down to, is; What would someone pay today, for the right to receive rental payments for the facility at 1 Rhody Drive, in Westerly, Rhode Island, utilizing the range of investment assumptions as discussed. These would include two different looks at net income, either triple net, as it is indicated today, or a further deduction of 10% for management and capital reserves that are not the tenant's responsibility. Also, we have forecast reversionary discount rates at 6%, 8% and 10%. This, to the appraisers, would appear to represent the range of investment criteria for this type of income producing property. On separate pages, we have presented scenarios A through F, representing six different scenarios, taking into account the differing income criteria, previously discussed. These yield future annual incomes, which have been discounted back to present worth, utilizing a discount or reversionary factors of 6%, 8% and 10%, as noted. As you can see from these six scenarios, there is a value range for the lease, ranging from a low of \$600,000 to as high as \$942,000. The average of these terms, or median, of the cash flow indications are at approximately \$750,000. Other alternatives for valuation could include looking at the replacement costs of the building. Since the hospital is seeking to acquire the structure, as they already own the land, the question is, what is the value of this building to the hospital today. Also, one could analyze what would the entire Fee Simple real estate, including land and building be worth, if sold on the open market. The hospital will need to consider this range, in their negotiations and discussions regarding the possible purchase of the lease, or its ability to acquire the entire Fee Simple ownership. The hospital will also need to keep in mind the desirability of having a Renal center proximate to the hospital grounds, or the hospital's needs to acquire a, nearly 5,000 square foot medical facility, to be used at its pleasure.

This Appraisal, with a Restricted Format Report has been specifically requested by you. This process is in compliance with The Uniform Standards of Professional Appraisal Practice, as promulgated by The Appraisal Standards Board, of the Appraisal Foundation, (USPAP), and Title XI of The Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989, (FIRREA), and the additional guidelines of the Westerly Hospital, the intended user of this report.

The following pages contain a review of the data considered in this report.

Should there be any questions or concerns, please feel free to contact me.

Respectfully submitted,



Stephen O. McAndrew
RI Res. Cert. A00261R
Exp. (8/08)



S. Keith White Jr., SRA, SRPA
RI Gen. Cert. A00116G (Exp. 12/07)
MA Gen. Cert. CG 3240 (Exp. 2/09)

SKW/nw

RIAGC0124

AGC0051

 **The WESTERLY Hospital**
FOUNDATION

25 Wells Street
Westerly, RI 02891-2934
(401) 348-2300
www.westerlyhospital.org

May 20, 2009

Tax ID # 050508964

Mr. Calvert C. Groton
120 Congdon Street
Providence, RI 02906

RE: Dialysis Center in Westerly

Dear Cal:

As agreed when spoke in late April, this is to update you on what is known at present regarding the changes taking place with the Dialysis Center on One Rhody Drive in Westerly. Discussions with American Renal have been very constructive and the Hospital is nearly ready to enter into an agreement with them.

To review, briefly, several months ago the Hospital was approached by American Renal as they were developing plans to address the fact that a significant number of Westerly-area dialysis patients were required to travel out of town for treatments. Their projections were and are that there is a growing need, beyond the capacity of their present facility at One Rhody Drive.

The Hospital, the nephrology physician group and American Renal all agreed from the outset that this needed service should continue in Westerly, preferably near the Hospital, and the Hospital agreed in principle that it would consider whatever it could potentially offer to help accommodate or facilitate to expanded service for area dialysis patients as this is clearly in the best interest of all concerned. Whereas earlier options had included the possibility of construction of a completely new facility elsewhere on Hospital property, plans have emerged that now call for renovations and reconfiguration of the present building at One Rhody Drive, expanding its patient capacity within the same square footage. The planned renovations, at an estimated cost of \$150,000, will add 4-5 more stations, accommodating 15-16 more patients each day, which is sufficient capacity to allow Westerly area residents who have been travelling to Wakefield to be served here, with additional capacity for growth.

As a result of the discussions over the past few months the Hospital has come to agreement with American Renal on the following terms:

- 1) The lease to be extended for 10 years through May 31, 2019

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AGC0052

- 2) Two additional 5-year renewal options to be provided
- 3) The rent to be reduced for the first five years by \$1,250, which equates to \$75,000 towards the project (and \$75,000 less in what the Hospital will receive toward the permanent FFH fund). This rent offset results in the current rent amount of \$6,059.95 being reduced to \$4,809.95.
- 4) The rent to increase per the original agreement but the rent adjustment date will be June 1 of each year (starting June 1, 2010). Article I, 1.01(11) of Lease Agreement dated September 1, 2003 provides that the monthly rent shall be increased by the percentage of the then current Monthly Rent equal to the lesser of (i) three percent (3%) or (ii) the percentage increase in the Consumer Price Index – Seasonally Adjusted U.S. City Average For All items For All Urban Consumers during the immediately preceding twelve (12) month period.

We believe this continued collaboration with American Renal is consistent with the aims of the Foundation for Health and that the outcome of these discussions will be very much in keeping with the long-held objectives of all concerned to provide this vital service here in Westerly. I trust you agree that the facts and circumstances have evolved such that:

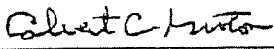
- 1) the reduced rent represents a practical way for the Hospital to contribute to the success of this project and to the continued access of this service in Westerly; and
- 2) that as a result of an income stream of \$75,000 less than had been projected at the time of the FFH grant it is appropriate that the amount the Hospital is obligated to set aside in the permanent FFH Fund be reduced by that same amount.
 - a. To date the hospital has deposited \$100,000 of lease revenues into the permanent fund according to the agreement. The account has approximately \$130,000 in it of which \$30,000 has been identified to purchase renal disease related equipment and support services
 - b. According to this revised agreement, the permanent fund will grow to the adjusted balance of \$675,000.

I'll be glad to discuss and get answers to any additional thoughts or questions you may have.

Best regards,


Nicholas J. Stahl, CFRE
Executive Director

Agreed to:
Foundation For Health

By: 
Secretary 5/21/09

RIAGC0126

AGC0053



Introduction

Charitable Assets: Morgan Fund

This Fund was created by the Will of Charles A. Morgan dated October 31, 1924. The Will provides in pertinent part as follows:

"SEVENTH: All of the rest, residue and remainder of my estate, real, personal and mixed, or whatever kind and wherever located, and of which I shall die seized, possessed, or in any way entitled (including the aforesaid remainder of the trust estate, as provided in paragraph "SIXTH" of this my will), I give, devise and bequeath to said Industrial Trust Company, IN SPECIAL TRUST HOWEVER, upon the following terms and conditions:

...

"2. From and after the decease of said Martha Barber and Elizabeth F. Tennant, and the survivor of them, to hold said trust estate, principal and then accumulated income as a new principal, perpetually in trust as a charitable trust, to pay over the net income thereof annually, or at such other shorter periods as may seem best to my trustee, to the Westerly Hospital, said income to be used by said Westerly Hospital for the furnishing of free hospital services to such members of the public as may be in need thereof, and unable, in whole or in part, to pay for such services. "

On September 16, 2011 Bank of America, N.A., in its capacity as trustee of the trust filed a Petition for Order of Distribution and to Reform Charitable Trust, BANK OF AMERICA, N.A., IN ITS CAPACITY AS TRUSTEE OF THE TRUST U/W OF CHARLES A. MORGAN, DATED OCTOBER 31, 1924 VS. THE WESTERLY HOSPITAL AND PETER F. KILMARTIN, AS ATTORNEY GENERAL FOR THE STATE OF RHODE ISLAND, M.P. No. 2011-5207. On September 16, 2011, an Order was granted authorizing Bank of America, N.A. to make a distribution to the Westerly Hospital in the amount of Three Million Five Hundred Thousand Dollars (\$3,500,000). These funds were received by the Hospital in two separate payments. One payment in the amount of \$2,000,000 was received on September 22, 2011, and a second payment in the amount of \$1,500,000 was received on September 28, 2011.

Tab A

5

WILL OF CHARLES A. MORGAN.

I, Charles A. Morgan, of the Town of Westerly, in the State of Rhode Island, being of sound and disposing mind and memory, do make, publish and declare the following as and for my last will and testament, hereby revoking all other and former wills by me made.

FIRST: I direct my executor, hereinafter named, to pay from my estate, as soon as may be after my decease, all of my just debts, expenses of my last sickness, funeral expenses and to pay from the principal of my estate, in such manner that the same shall ultimately be borne by the residue thereof and as an expense of administration, all inheritance taxes, succession taxes, transfer taxes, legacy taxes, death duties, and other similar impost and charges, whether imposed by any law of the United States, or of any state, to the end and with the effect, as far as possible, that the bequests and devises, other than of the residue hereinafter in this will contained, may be executed therefrom and be received by the several beneficiaries without deduction, and for the purpose of raising money for the payment of any of said debts, taxes and charges, or for any other purpose connected with the settlement of my estate, I authorize and empower my executor, in its discretion, to sell, mortgage and pledge such and so much of my estate, real or personal, as it may deem necessary, and to make, execute, and deliver all such notes and other instruments as it may deem necessary or convenient in the carrying out of these powers, and any such notes, or other instruments made, executed or created by my executor pursuant to these powers, shall be binding upon my estate and not upon my executor personally, and the powers hereby granted shall be exercised by my executor

without the necessity of application to any court.

SECOND: I give and bequeath to my clerk, Jessale M. Barber, provided she shall survive me, all of my stock in the corporation, C. A. Morgan, Inc.

THIRD: I give and bequeath to my friend, Elizabeth F. Tennant, provided she shall survive me, my automobile and its accessories; also my diamond ring.

FOURTH: I give and bequeath to my nephew, Charles P. Cottrell, Jr., provided he shall survive me, my watch.

FIFTH: I give, devise and bequeath to my housekeeper, Martha Barber, and to my friend, Elizabeth F. Tennant, provided they shall both survive me, my real estate at number twelve Elm Street, in the Town of Westerly, TO HAVE AND TO HOLD the same as joint tenants during their joint lives; and to said Martha Barber, provided she survives me, the contents of the dwelling house located upon said real estate, comprising furniture, furnishings, household equipment, supplies, articles of use or ornament, and other tangible personal property therein contained and used by me, or adapted for use in connection with said dwelling house as a place of residence. TO HAVE AND TO HOLD said contents of personal property to her sole use for and during her natural life: Provided that if said Martha Barber shall survive me and said Elizabeth F. Tennant shall not survive me, then I give, devise and bequeath said real estate to said Martha Barber, solely, TO HAVE AND TO HOLD the same for and during her natural life: Provided further that if said Elizabeth F. Tennant shall survive me and said Martha Barber shall not survive me, then I give, devise and bequeath said real estate and said contents of personal property to

said Elizabeth F. Tennant, TO HAVE AND TO HOLD the same to her and to her heirs and assigns, to her and their own use forever. From and after the decease of said Martha Barber, and provided Elizabeth F. Tennant shall have survived me, and shall have survived said Martha Barber, I give, devise and bequeath said real estate and contents of personal property which may remain at the decease of said Martha Barber, to said Elizabeth F. Tennant, TO HAVE AND TO HOLD the same to her and to her heirs and assigns, to her and their own use forever:

Provided further that if neither said Martha Barber nor Elizabeth F. Tennant shall survive me, or if both shall survive me and said Elizabeth F. Tennant shall not survive said Martha Barber, or if said Martha Barber shall survive me and said Elizabeth F. Tennant shall not survive me, then upon the decease of Martha Barber, Elizabeth F. Tennant being then also deceased, I give, devise and bequeath said real estate and said contents of personal property which may remain upon the decease of said Martha Barber to my trustee, hereinafter named, to become and be a part of the residue of my estate, and to be held and disposed of by my trustee as provided in the "SEVENTH" clause of this my will.

SIXTH: Out of the stock of the Great American Insurance Company, which I may own at the time of my decease, I give and bequeath one hundred and twenty-five (125) shares to Industrial Trust Company, a corporation created by the General Assembly of the State of Rhode Island, having its principal place of business at Providence and a branch at Westerly, in said State, IN SPECIAL TRUST, HOWEVER, upon the following terms and conditions:

Disposition of Income.

1. To hold the trust estate in trust until the decease of Martha Barber, and during her life, to pay over the net income of the trust estate to her, quarterly, or at such other periods as my

trustee may determine.
Opposition
Principal

2. Upon the decease of said Martha Barber, I direct my trustee to convey, transfer and set over the trust estate to itself, as trustee under the "SEVENTH" paragraph of this my will, for the same uses and purposes as therein expressed, of and concerning the trust estate, by said paragraph created and provided, and upon such conveyance and transfer being made, this trust shall end.

SEVENTH: All of the rest, residue and remainder of my estate, real, personal and mixed, of whatsoever kind and wherever located, and of which I shall die seized, possessed, or in any way entitled (including the aforesaid remainder of the trust estate, as provided in paragraph "SIXTH" of this my will), I give, devise and bequeath to said Industrial Trust Company, IN SPECIAL TRUST HOWEVER, upon the following terms and conditions:-

1. During the life of Martha Barber and Elizabeth F. Tennant, and during the life of the survivor of them, to expend so much of the net income of the trust estate as my trustee, in its absolute discretion, may deem necessary to pay and provide for all expenses of the upkeep and maintenance, repair, insurance, taxes and assessments of every nature, upon or in respect of my real estate at number twelve Elm Street, Westerly, and also to pay all expenses of heating the same, and for all gas, water and electricity that may be used therein incidental to occupancy thereof by said Martha Barber or Elizabeth F. Tennant, or by both, to the end that they may have the full use and enjoyment of said real estate, free of expense for any of the matters aforesaid, and to accumulate, during their joint lives, and during the life of the survivor of them, all of the net income not required for the purposes aforesaid.

2. From and after the decease of said Martha Barber and Elizabeth F. Bennett, and the survivor of them, to hold said trust estate, principal and then accumulated income as a new principal, perpetually in trust as a charitable trust, to pay over the net income thereof annually, or at such other shorter periods as may seem best to my trustee, to the Westerly Hospital, said income to be used by said Westerly Hospital for the furnishing of free hospital service to such members of the public as may be in need thereof, and unable, in whole or in part, to pay for such service.

EIGHTH: I direct that my trustee and the trust estates created or provided by the several paragraphs of this my will shall be entitled to the benefits and subject, in all respects, to the following terms and conditions:

"Trustee" definition.

(a) All references in this my will to trustee shall be deemed to include the trustee above-named and the trustee or trustees for the time being, and all rights, powers, privileges, duties and discretions by this instrument vested in my said trustee above-named, shall be likewise vested in and exercised in most ample manner by the trustee or trustees for the time being, and who may be from time to time by this will or by any other competent authority appointed.

Power of Possession and Management.

(b) My trustee shall take the possession, control and management of all my property; collect and receive all income, interest, dividends, rents and profits arising from and out of all of the property and estates hereby devised and bequeathed to my said trustee; shall pay therefrom all taxes, assessments and public charges, expenses of insurance, repairs, upkeep, maintenance, protection, management, and other obligations and liabilities of every kind that may become due from or on account of said trust estate, or of any part thereof incidental to the execution of th

trusts, including a reasonable compensation to the said trustee for its services.

Power of Sale, etc.

(c) I authorize my trustee to sell, exchange or otherwise dispose of, either at public auction or private sale or at brokers' board, from time to time in its discretion, to such persons and upon such terms and conditions as it shall see fit; and to mortgage, lease, pledge or otherwise deal with the whole or any part or parts of my said trust estate, whether real or personal property, or of whatever character the same may be, and for any purpose whatsoever deemed by it to be connected with the advantageous execution of these trusts; and generally in its uncontrolled discretion, to invest, reinvest and change the investment of the whole or any part of said trust estate; to make conveyances thereof or other disposition in such manner as to vest in the purchaser or person taking the same in any manner from said trustee, such estate or title therein as may be appropriate to the transaction involved and as to my said trustee shall seem advisable; and for the purposes of the powers hereby conferred to make, execute and deliver all suitable deeds, mortgages, transfers, conveyances, leases, agreements and other documents or papers of any and every kind and deemed by it necessary or convenient; and all such property in the hands of any grantee, transferee, mortgagee, lessee or other person so conveyed, transferred, mortgaged, leased or otherwise disposed of by my said trustee, shall be freed and discharged of and from all trusts created by this will, and no purchaser at any sale, transferee, mortgagee, lessee or other person acquiring or purporting to acquire any property from my said trustee under any power or trust created by this will, and no person, firm or corporation making any transfer of any bond, stock or other security or property whatsoever at the request of my said

Power to Invest

Power to Make Deeds, etc.

Transfers

trustee or dealing in any way with my said trustee, shall be required to inquire into the validity, authority, expediency or propriety of any sale, mortgage, transfer, lease, agreement or other transaction whatsoever or to see to or be liable for the application of any purchase money or other property delivered to said trustee; the receipt, acquittance or other instrument whatever of said trustee being hereby made a full release and discharge to all persons dealing with my said trustee for the payment of any funds and the delivery of any property to my said trustee.

Third Persons Relieved of Inquiry.

Continuing Investments.

(d) I authorize my trustee, in its discretion, and at the expense and risk of my estate, to continue so long as it shall see fit, the form of investment of my estate as the same may exist at the time of my decease, and the same to change at will, with all appropriate and convenient incidental powers not inconsistent with the express provisions of this instrument.

Stock Dividends, etc.

(e) I hereby declare, and it is my will, that all stock dividends and rights or warrants for subscription to stock or other securities which shall come to the hands of my trustee in connection with any of the stocks or securities at any time constituting any part of the trust estate shall be deemed to be principal and not income, and shall appertain and belong to the principal of the trust estate.

Reorganization, etc.

(f) I authorize my trustee, in its discretion, to become party to any deposit, reorganization or committee agreement respecting any stocks or securities held by my trustee as a part of the trust estate, and to make all such surrenders, exchanges, and subscriptions, and to do such other acts and things as, in its discretion, it deems best with respect thereto, incidentally to the exercise of the authority hereby conferred.

general
powers

(g) In addition to the powers, privileges and discretions herein specifically granted to my trustee, it is hereby vested with all other powers, privileges or discretions as may be necessary, incident or incidental to the execution of any of the trusts herein created, or to the management or disposition of any property belonging to the trust estate; and the enumeration of specific powers herein shall not be construed to withhold, limit, disparage or qualify any other powers, privileges or discretions which said trustee may deem it best to exercise.

Res.

If any trustee shall die, resign, refuse to act or be incapacitated, then a new trustee or trustees may be appointed by the Superior Court of the State of Rhode Island or other court of competent jurisdiction, upon the application of any beneficiary or other person interested in such trust estate; and any new trustee or trustees appointed shall by virtue hereof and by virtue of such appointment be and become forthwith vested with full and complete title to the trust estate and with all of the rights, powers, privileges and discretions conferred upon the original trustee. PROVIDED that until such new trustee or trustees shall be appointed and during such time and vacancy shall continue, the remaining trustee or trustees shall have and may exercise to the fullest extent all the rights, powers, privileges and discretions conferred upon the original trustee.

Liability
of
Trustee.

(i) My said trustee and the trustee or trustees for the time being under this will, however appointed, shall be respectively severable only with such portions of the trust estate as they shall respectively actually receive, notwithstanding that they may have signed receipts for conformity, and shall be answerable and accountable only for their own respective acts, receipts, neglects and defaults, and not one for the other, nor for any other person with whom or into whose hands any trust moneys or securities may come or be deposited, nor for the deficiency of any such trust estate, moneys or other property nor for any loss or depreciation

thereof, unless the same shall result from the wilful misconduct, fraud or default of any such trustee, nor for the consequence of any act performed in good faith in the execution or attempted execution of these trusts.

NINTH: I hereby nominate and appoint Industrial Trust Company to be the executor of this my last will and testament.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 31 day of October, A. D. 1924.

Charles A. Morgan (L.S.)

Signed, sealed, published and declared by Charles A. Morgan as and for his last will and testament, in the presence of us, who, in his presence, in the presence of each other, and at his request, have subscribed our names as witnesses hereto.

WITNESSES:

Mabel A. Saunders.
Ruth E. Wilcox

Westerly, R. I.
Westerly, R. I.

State of Rhode Island and Providence Plantations.

Clerk's Office of the Probate Court of the Town of Westerly
in the County of Washington

I, Charles R. Oddy Clerk of said Court, having, by law, the custody of the seal and all the records, books, documents and papers of or appertaining to said Court, hereby certify the papers hereto annexed to be the true copy of papers appertaining to said Court and on file and of record in said office.

WILL OF CHARLES A. MORGAN

In attestation whereof, I have hereunto set my hand and have affixed the seal of said Court, this 9th day of October A. D. 1924.

Charles R. Oddy Clerk

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

SUPERIOR COURT

BANK OF AMERICA, N.A., IN ITS CAPACITY AS
TRUSTEE OF THE TRUST U/W OF CHARLES A.
MORGAN, DATED OCTOBER 31, 1924

VS.

M.P. No. 2011-5207

THE WESTERLY HOSPITAL AND PETER F.
KILMARTIN, AS ATTORNEY GENERAL FOR THE
STATE OF RHODE ISLAND

ORDER

This matter came on for hearing on Friday, September 16, 2011, before the Honorable
Justice Gallo on the Petitioner's Verified Petition for an Order of Distribution and
to Reform Charitable Trust. After a hearing thereon and consideration thereof, it is hereby
ordered as follows:

1. The Petitioner is the proper party to bring this action; and
2. The Respondents listed in the Petition are the only necessary parties to this proceeding
and both have received appropriate notice of this proceeding;
3. Bank of America, N.A., as trustee of the Charles A. Morgan Trust, is hereby
authorized to make a current distribution from the Trust U/W of Charles A. Morgan, dated
October 31, 1927, to The Westerly Hospital in the amount of Three Million Five Hundred
Thousand Dollars (\$3,500,000), and is hereby released from any and all liability as a result of
such distribution; and
4. That after making the current distribution of Three Million Five Hundred Thousand
Dollars (\$3,500,000) from the Trust to The Westerly Hospital, in calculating further distributions
from the Trust to The Westerly Hospital, said \$3,500,000 shall be removed from the average fair

SUPERIOR COURT
FILED
2011 SEP 16 A 9:51

the Copy Attached
[Signature]
Office of Clerk of Superior Court
Counties of Providence & Bristol
Providence, Rhode Island

RIAGC0147

AGC0066

market value calculation of the Trust starting with the quarter ended June 30, 2011 so that future distributions will not be based on said amount.

ENTER:

Gallo

ORDER:

Paul Thomas
Dept. Clerk
9/1/14

50361400

True Copy Attest

H. S. Kenich, Jr.
Office of Clerk of Superior Court
Counties of Providence & Bristol
Providence, Rhode Island

RIAGC0148

AGC0067



Introduction

Charitable Assets: Vose

This Fund was created by the Last Will and Testament of Irene Vose dated December 19, 1932. The Will provides in pertinent part as follows:

“EIGHT: In the event of my decease prior to January 1, 1934 I give, devise and bequeath rest and residue of my estate to the Washington Trust Company aforesaid in trust . . . I hereby direct the said trustee to pay and distribute the net income of said trust as follows: . . . and the remaining one third (1/3) thereof to The Westerly Hospital for general hospital purposes.”

Tab A

EXECUTED COPY
LAST WILL AND TESTAMENT OF
IRVINE VOSE

I, IRVINE VOSE, of the Town of Westerly, County of Washington, State of Rhode Island, being of sound and disposing mind and memory, hereby make, publish and declare this my last will and testament, hereby revoking all other wills by me heretofore made.

FIRST: I hereby direct my executor hereinafter named to pay all of my just debts and funeral expenses.

SECOND: I hereby give and bequeath all of my jewelry and clothing to Ruth Pauline Costa.

THIRD: I hereby give, devise and bequeath to the First Baptist Church of Westerly, Rhode Island, the premises now occupied by me as my home and known as No. 5 Vose Street, Westerly, Rhode Island, and hereby direct that said premises be used by said First Baptist Church as a parsonage, and in the event said premises shall cease to be used by said Church as a parsonage, title thereto shall become a part of the corpus of the trust of my residuary estate hereinafter created.

FOURTH: I hereby give and bequeath to the Washington Trust Company, a corporation existing under the law of the State of Rhode Island and located at Westerly in said State, the sum of Thirty Thousand Dollars (\$30,000.00) in trust, the principal thereof to be invested by said trustee in legal securities constituting legal investments of trust funds under the law of the State of Rhode Island and/or deposited in a savings bank or savings banks, a trust company or trust companies, a national bank or national banks having a department or departments for savings accounts, said depository or depositories to be selected by said trustee, and the income of said fund to be used and expended by said trustee for the maintenance, repair and up-keep of the premises hereinbefore devised to the First Baptist Church of Westerly, Rhode Island, including any premium on policies of fire insurance on the building or buildings now or hereafter located on said premises. In the event said premises cease to be used by said First Baptist Church as a parsonage, I hereby direct that this trust shall terminate and the principal or corpus thereof, together with any unexpended income balance in the possession of said trustee, shall become a part of the principal or corpus of the trust of my residuary estate hereinafter created.

RIAGC0159

AGC0071

FIFTH: I hereby give and bequeath the sum of One Thousand Dollars (\$1,000.00) to the Visiting Nurse Association of Westerly, Rhode Island.

SIXTH: I hereby give, devise and bequeath to the Town of Westerly my real estate located at the corner of Granite Street and Highland Avenue, Westerly, Rhode Island, which premises are approximately one hundred seventy-eight feet by one hundred seventy-six feet, and direct that said premises be used by said Town for park purposes.

SEVENTH: I hereby give and bequeath to the Memorial and Library Association of Westerly, the three large pictures now located in my residence; one of my father, one of my mother and one of myself.

EIGHTH: In the event of my decease prior to January 1, 1934 I give, devise and bequeath the rest and residue of my estate to the Washington Trust Company aforesaid in trust, the principal thereof to be invested by said trustee in securities constituting legal investments of trust funds under the law of the State of Rhode Island and/or deposited in a savings bank or savings banks, a trust company or trust companies, a national bank or national banks having a department or departments for savings accounts, said depository or depositories to be selected by said trustee. I hereby direct said trustee to pay and distribute the net income of said trust as follows: One third (1/3) thereof to the First Baptist Church of Westerly, Rhode Island; one third (1/3) thereof to the Town of Westerly, State of Rhode Island, to be used by said Town for such specific purposes as said Town may designate in connection with the management and/or conduct of the Junior High School located in said Town; and the remaining one third (1/3) thereof to The Westerly Hospital for general hospital purposes. In the event either of the above distributees declines to accept the bequest of its aforesaid share of the income, or said bequest for any reason fails, I hereby direct that its said share of the income be paid and distributed in equal shares to the other two designated beneficiaries of said income. In the event two of said designated beneficiaries decline to accept their said bequests, or said bequests for any reason fail, I hereby direct that the entire net income be paid to the remaining beneficiary.

NINTH: In the event I survive the 1st day of January, 1934 in addition to the bequests and devises set forth in paragraphs second, third, fourth, fifth, sixth and seventh of this will I hereby give and bequeath to the Town of Westerly, Rhode Island the sum of One Thousand Dollars (\$1,000.00) to be used by said Town for such specific purposes as said Town may designate in connection with the management and/or conduct of the Junior High School located in said Town; to Ruth Pauline

Coats, the sum of One Thousand Dollars (\$1,000.00); to the First Baptist Church of Westerly, Rhode Island, the sum of One Thousand Dollars (\$1,000.00); to The Westerly Hospital, the sum of One Thousand Dollars (\$1,000.00); to Allen A. Coats, his wife and children or such of them as survive me, the sum of Ten Thousand Dollars (\$10,000.00) share and share alike; to the Washington Trust Company aforesaid, the sum of Two Thousand Dollars (\$2,000.00) in trust, the principal thereof to be invested in securities constituting legal investments of trust funds under the law of the State of Rhode Island and/or deposited in a bank or banks hereinbefore described, said bank or banks to be selected by said trustee, and the net income of said trust fund to be used by said trustee for the maintenance, repair and upkeep of the meeting house known as the Miner Meeting House located at North Stonington, State of Connecticut, so long as religious services are conducted in said Miner Meeting House, and I hereby authorize and empower said trustee to use and expend any portion of said net income not required for the maintenance, repair and upkeep of said meeting house for such other purposes as said trustee may deem necessary, suitable or proper to continue the use of said meeting house for religious purposes; and I give, devise and bequeath to the Washington Trust Company aforesaid, in trust, the rest and residue of my estate after the payment and satisfaction of the specific bequests hereinbefore made in the event I survive the 1st day of January, 1934, and the bequests and devises set forth in paragraphs second, third, fourth, fifth, sixth and seventh of this will, the principal thereof to be invested in securities constituting legal investments of trust funds under the law of the State of Rhode Island and/or deposited in a bank or banks hereinbefore described, said bank or banks to be selected by said trustee; and I direct that the net income of said trust be paid and distributed as follows: One third (1/3) thereof to the First Baptist Church of Westerly, Rhode Island; one third (1/3) thereof to the Town of Westerly, State of Rhode Island, to be used by said Town for such specific purposes as said Town may designate in connection with the management and/or conduct of the Junior High School located in said Town; and the remaining one third (1/3) thereof to The Westerly Hospital for general hospital purposes. In the event either of the above distributees declines to accept the bequest of its aforesaid share of the income, or should happen for any reason to die, I hereby direct that its said share of the income be paid and distributed by said trustee to the other two designated beneficiaries of said income, and in the event all three of said beneficiaries decline

to accept their respective, or said bequests for any reason fail, I hereby direct that the entire net income be paid to the remaining beneficiary.

TENTH: I hereby direct that in the event my legatee or devisee hereinbefore named or any of my heirs-at-law contest the validity of this my last will and testament, that such contestant or contestants receive no share of my estate.

ELEVENTH: I hereby nominate and appoint the Washington Trust Company aforesaid, Executor of this my last will and testament.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal at New London, Connecticut this 19th day of December, A.D. 1932.

S/ Irene Voss (L.S.)

Signed, sealed published and declared to be her last will and testament by the said Irene Voss, testatrix, in the presence of us, who, in her presence, and at her request, and in the presence of each other, have hereunto subscribed our names as witnesses at New London, Connecticut this 19th day of December, 1932.

S/ C. Grant Savage, M.D. of Westerly, R. I.
S/ C. Hadlai Hull of New London, Ct.
S/ Boris M. Bailey of Groton, Conn.

STATE OF CONNECTICUT, as. New London, Conn. Dec. 19, 1932.
COUNTY OF NEW LONDON,

Then and there personally appeared the within named C. Grant Savage, C. Hadlai Hull and Boris M. Bailey, who, being duly sworn, depose and say that they witnessed the execution of the within will of the within named testatrix, Irene Voss; that said Irene Voss subscribed said will and declared the same to be her last will and testament in their presence; that they thereafter subscribed the same as witnesses in the presence of said testatrix and in the presence of each other and at the request of said testatrix, that the said testatrix at the time of the execution of said will appeared to them to be of full age and of sound mind and memory, and that they made this affidavit at the request of said testatrix.

S/ C. Grant Savage, M.D.
S/ C. Hadlai Hull
S/ Boris M. Bailey

Subscribed and sworn to before me this 19th day of December, 1932.

Notary Public

EXHIBIT "B"

TRUST AGREEMENT TO LAST WILL OF
OSCAR VOSE

I, OSCAR VOSE, of the Town of Westerly, County of Washington, State of Rhode Island, do hereby certify that my will dated the 17th day of December A.D. 1932.

1. I hereby give and bequeath the sum of Three Hundred Dollars (\$300.00) to River Bend Cemetery Company, a corporation existing under the law of the State of Rhode Island and located in the Town of Westerly in said State, in trust for the following uses and purposes:

The principal of said trust to be deposited by said trustee in a savings bank or savings banks, a trust company or trust companies, a national bank or national banks having a department or departments for savings accounts, and depository or depositories to be selected by said trustee and the income of said fund to be used and expended by said trustee for the perpetual care, maintenance and up-keep of the burial plot located in the cemetery known as River Bend Cemetery, Westerly, Rhode Island, in which plot my father, Oscar Vose, and my mother, Hattie J. W. Vose, are buried. I hereby authorize said trustee to expend so much of said income as in its judgment may be required for the perpetual care, maintenance and upkeep of any monument or markers located on said plot and request said trustee to provide suitable floral decorations of the graves on Memorial Day of each year.

2. I hereby give and bequeath the sum of Twenty-six Thousand (\$26,000.00) Dollars to Katharine W. Davis of Cranston, Rhode Island, and the sum of Thirteen thousand five hundred (\$13,500.00) Dollars to Marjorie V. C. Whipple and Ellsworth B. Carpenter, both of North Kingstown, Rhode Island, to be divided equally between them. I direct that the gifts, devises and bequests enumerated in Articles Second, Third, Fourth, Fifth, Sixth and Ninth of my said Will dated the 17th day of December, 1932, (but not those enumerated in Article Seventh of said Will or in Paragraph 1 of this Codicil) shall be reduced pro rata in order to create a fund of thirty nine thousand five hundred (\$39,500.00) Dollars for the payment of said bequests to said Katharine W. Davis, Marjorie V. C. Whipple and Ellsworth B. Carpenter.

3. I hereby republish and confirm my said will in all respects except as altered by this codicil.

I, WITNESS MARJORIE F. BAILEY have hereunto set my hand and affixed my seal at New London, Connecticut, this 14th day of November 1933.

S/ Irene Vose (L.S.)

Signed, sealed, published and declared to be a codicil to her last will and testament dated the 10th day of December A.D. 1932 by the said Irene Vose in the presence of us, who, in her presence and at her request, and in the presence of each other have hereunto subscribed our names as witnesses at New London, Connecticut, this 14th day of November, 1933.

S/ <u>G. Daniel Pugh</u>	of <u>New London, Conn.</u>
S/ <u>Marjorie F. Bailey</u>	of <u>New London, Conn.</u>
S/ <u>John H. Bailey</u>	of <u>Groton, Conn.</u>

EXHIBIT "B"

AMENDMENT TO LAST WILL
OF IRENE VOSE

I, IRENE VOSE, of the Town of Westerly, County of Washington, State of Rhode Island, make this codicil to my will dated the 19th day of December, 1932:

FIRST: I hereby nominate and appoint C. Madlai Hall of New London, Connecticut co-trustee with the Washington Trust Company of each of the trusts created by me by the provisions of my said will dated December 19, 1932, of which trusts I named said Washington Trust Company trustee, and I also hereby nominate and appoint said C. Madlai Hall co-executor of my said will to act with said Washington Trust Company as executor thereof.

SECOND: I hereby republish and confirm my said will dated December 19, 1932 and the codicil to said will dated November 13, 1933 in all respects except as altered by this codicil.

In Witness Whereof I have hereunto set my hand and affixed my seal at New London, Connecticut, this 7th day of September, 1934.

s/ Irene Vose (L.S.)

Signed, sealed, published and declared to be a codicil to her last will and testament dated the 19th day of December, A.D. 1932 by the said Irene Vose, in the presence of us, who, in her presence, at her request and in the presence of each other have hereunto subscribed our names as witnesses at New London, Connecticut this 7th day of September, 1934.

s/ Frank L. McGuire of New London, Conn.
s/ Marjorie P. Smith of New London, Conn.
s/ Doris M. Bailey of Groton, Conn.



(F)

THE RHODE ISLAND FOUNDATION *Since 1916, connecting private philanthropy with the public good*

March 30, 2006

Mr. Charles White
Westerly Hospital
25 Wells Street
Westerly, RI 02891

Dear Mr. White:

It is my pleasure to inform you that Westerly Hospital is the designated beneficiary of a fund at The Rhode Island Foundation which was recently established through the transfer of the Irene Vose Trust to the Foundation from Washington Trust Company. As you know, Washington Trust requested and received an order from the State of Rhode Island Superior Court to transfer the trust to the Foundation in order to reduce expenses charged to this perpetual trust.

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Prior to 1991, the Foundation made distributions in much the same manner as Washington Trust; each distribution period, the designated beneficiary of a fund would receive all of the income available for that period. Realizing that policy would not allow for the growth of an endowment over time, in 1991, the Foundation instituted a spending policy which limited spending from each endowment to 5.5% of its average market value over the preceding 16 quarters. One percent is allocated for Foundation support, the remaining 4.5% is distributed to the beneficiary. Any income over 5.5% is added to principal of the fund. With this strategy in place, inflation is battled successfully and frequently exceeded. The resulting growth in principal allows the beneficiary to receive more income over time than if they had received all the income every year.

The Irene Vose Fund is currently valued at \$195,218.41. Westerly Hospital along with two other organizations will share grant distributions from the fund totaling approximately 4½% of its market value. The grants will be distributed in December of each year and will begin in 2006. This grant is designated for general purposes.

If you have any questions regarding The Irene Vose Fund, please contact me at (401) 274-4564.

Sincerely,

Kimberly M. Butler
Acting Vice President for Philanthropic Services

PERSONAL & CONFIDENTIAL

YALE-NEW HAVEN HEALTH SERVICES CORPORATION

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2014-2015

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Mailing address for all of the above: Yale-New Haven Health Services Corporation, 789 Howard Avenue, New Haven, CT 06519