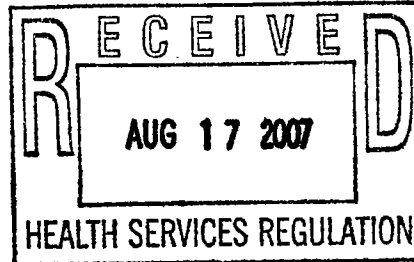




Lifespan

August 17, 2007

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



External Affairs

The Coro Building
167 Point Street
Providence, RI 02903

Tel 401 444-3720
Fax 401 444-2201
Email mmontella@lifespan.org

Mark Montella
Senior Vice President

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

Dear Maureen and Don:

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

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

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

Sincerely,

Mark Montella
Senior Vice President

Encl:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Definitions, Affiliation and Effective Date.

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

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

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

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

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

“CNE VNA” means Kent County Visiting Nurses Association.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

