

**In Re: Affiliation of Exeter Health Resources, Inc. and its subsidiary Exeter Hospital with
The Massachusetts General Hospital and Wentworth-Douglass Hospital**

**NOTICE TO THE DIRECTOR OF CHARITABLE TRUSTS PURSUANT
TO NEW HAMPSHIRE RSA 7:19-b**

Exeter Health Resources, Inc., a New Hampshire voluntary corporation (“EHR”), its subsidiary Exeter Hospital, Inc. (“EH”) a New Hampshire voluntary corporation, along with Wentworth-Douglass Hospital, a New Hampshire voluntary corporation (“WDH,” and together with EHR and EH, the “Applicants”) submit this Notice to the New Hampshire Attorney General, Director of Charitable Trusts pursuant to New Hampshire RSA 7:19-b, III in connection with an affiliation transaction (the “Affiliation”). The Affiliation involves the formation of a New Hampshire voluntary corporation (“Network Parent”) by The Massachusetts General Hospital, a Massachusetts charitable corporation (“MGH”) which Network Parent will become the sole corporate member of each of WDH and EHR and the indirect parent of WDH’s and EHR’s subsidiaries, including EH.

As more fully described in this Notice, the Affiliation contemplates that the Network Parent will have certain reserved powers over both EHR’s and WDH’s governance and operations, as well as indirectly over the “Local Organization Subsidiaries.”¹ The “Local Organization Subsidiaries” include: (1) the following EHR subsidiaries of which EHR is the sole member: Exeter Hospital (“EH”), a New Hampshire voluntary corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”); Rockingham VNA & Hospice (“RVNA”), a New Hampshire voluntary corporation exempt from federal income tax under Section 501(c)(3) of the Code; Core Physicians, LLC, a New Hampshire limited liability company exempt from federal income tax under Section 501(c)(3) of the Code (“Core”); and Exeter Med Real, Inc. (“EMRI”), a New Hampshire voluntary corporation exempt from federal income tax under Section 501(c)(25) of the Code (collectively EH, RVNA, Core, and EMRI are referred to as the “EHR Subsidiaries”); and (2) the following subsidiaries of which WDH is the sole member: Wentworth-Douglass Physician Corporation d/b/a Wentworth Health Partners, a New Hampshire voluntary corporation exempt from federal income tax under Section 501(c)(3) of the Code (“WDPC”), and Wentworth-Douglass Hospital & Health Foundation, a New Hampshire voluntary corporation exempt from federal income tax under Section 501(c)(3) of the Code (the “Foundation”) (collectively WDPC and the Foundation are referred to as the “WDH Subsidiaries”). The Agreement for Affiliation (“Transaction Agreement”) among the parties is attached hereto as **Exhibit 1**.

Through the Affiliation, EHR, WDH, MGH and the Network Parent will form a combined and integrated New Hampshire-based regional health care system (the “Network”) for the purpose of ensuring that residents of the New Hampshire Seacoast Region have long-term, sustainable access to high quality health care services. The Network will coordinate with MGH

¹ Although the change in control of the other Local Organization Subsidiaries may meet the definition of an “acquisition transaction” under RSA 7:19-b, I(a), upon direction from the New Hampshire Attorney General, Director of Charitable Trusts, this Notice is submitted jointly by EHR, EH, and WDH only.

in order to (i) develop more expansive access to local health care services in the Seacoast Region (as that term is defined in the Governance Agreement) and beyond with enhanced coordination for all services and seamless, appropriate access to primary, secondary, tertiary and quaternary care; (ii) improve quality and continuity of care through shared leadership and joint investment in resources such as comprehensive population health management, a single electronic medical record, and shared clinical technology; (iii) rationalize clinical programs and services in order to promote the provision of the appropriate level of care at the right provider location; (iv) achieve economies of scale and enable the Applicants to more efficiently use their clinical and administrative resources by spreading care management, capital planning and other overhead costs across a broader integrated delivery system; and (v) increase the Applicants' ability to recruit and retain highly-qualified physicians, clinicians and other staff through Network-wide coordination.

The Applicants have each determined that they can collectively better serve the health care needs of the residents of the Seacoast Region and meet their charitable missions over the long term through the proposed Affiliation, than either could do independently.

I. PARTIES TO THE TRANSACTION

A. The Exeter Health Resources System

1. EHR (formerly Exeter Hospital)

EHR was initially formed by twelve citizens of Exeter signing Articles of Agreement on November 19, 1891 to "voluntarily associate together as a corporation under the laws of New Hampshire, by the name of the "Exeter Cottage Hospital" for the purposes of maintaining and establishing a hospital in said Exeter for the relief, care and treatment of the sick and disabled." Several years later, on June 9, 1897, the Exeter Cottage Hospital opened in a converted residence with 10 beds (later the same day successfully treating a fireman, the sole survivor of a disastrous 20-car freight train wreck in Exeter). In 1906, following additional community fundraising, a new hospital facility was built in its present location, then with 25 beds. The following year, pursuant to Chapter 206 of the Laws of 1907 which became effective on February 27, 1907, the New Hampshire legislature took action to formally incorporate the Exeter Cottage Hospital, for the purposes stated by the incorporators, "and by that name...to have and exercise all the powers and privileges incident to corporations of a similar nature." The name of the corporation was changed to Exeter Hospital pursuant to Chapter 170 of the Laws of 1923, which became effective on February 16, 1923. Thereafter, pursuant to a corporate reorganization, on June 4, 1985, Exeter Hospital filed Amended Articles of Agreement with the New Hampshire Secretary of State which, among other things, changed the name of the corporation to Exeter Health Resources, Inc. EHR's current Articles of Agreement (the Amended Articles of Agreement) and Bylaws are attached hereto at **Exhibits 2 and 3** respectively.

EHR is a New Hampshire charitable trust and is exempt from federal income taxation pursuant to Section 501(c)(3) of the Code. EHR is located in Exeter, New Hampshire. EHR is the sole member and parent organization of Exeter Hospital, Inc., a New Hampshire charitable

trust, and two other charitable trusts involved in the delivery of health care. EHR's charitable purpose, as set forth in Article III of its Amended Articles of Agreement states that:

"[t]he object for which this corporation is formed is the support of the advancement of the knowledge and practice of, and education and research in, medicine, surgery, nursing and all other subjects relating to the care, treatment and healing of humans, to improve the health and welfare of all persons, and to sponsor, develop and promote services and programs which are charitable, educational or scientific and which address the physical and mental needs of the community at large, provided, however, that the corporation shall not engage in the practice of medicine, and provided further, that it shall operate exclusively for the benefit of Exeter Hospital, Inc. and its affiliated organizations in the conduct of their charitable, educational and scientific functions."

In its status as a holding company and supporting organization for its charitable subsidiaries, EHR qualifies for tax-exempt status as a public charity under Section 509(a)(3) of the Code by being operated in connection with such subsidiaries and by providing planning, oversight and coordination of the charitable activities of such organizations related to the promotion of health and other activities in furtherance of EHR's purposes. EHR provides the executive management for the operation of its subsidiaries.

EHR's subsidiaries serve individuals from all of Rockingham County and parts of surrounding counties in New Hampshire. The EHR governing board of trustees is currently comprised of ten members (the "EHR Board") and is self-perpetuating, with the incumbent members of the EHR Board electing trustees who are at least twenty-one years old, have demonstrated awareness of the purposes and objectives of the corporation, and have demonstrated capabilities in leadership and governance. Independent trustees are elected to fill openings from a slate submitted by EHR's nominating committee at each annual meeting, or at regular meetings as necessary. In addition to elected trustees, the President & CEO of EHR and the President of the Medical Staff of EH are *ex officio* trustees (with vote). Other than the *ex officio* trustees who hold office for as long as they qualify, trustees are elected to two-year terms, with each trustee allowed to serve no more than five full consecutive two-year terms. A list of EHR Board members, who also serve as the Board members for EH, is attached **Exhibit 4**.

2. EH

EH was organized in 1985 pursuant to RSA 292, as part of the reorganization by which the former Exeter Hospital corporation became EHR, and the new EH corporation became a subsidiary of EHR which transferred the assets and operations of the hospital to EH. EH is a New Hampshire charitable trust. EH is located in Exeter, New Hampshire. EH's charitable purposes as set forth in its Articles of Agreement are as follows:

"the establishment, operation and maintenance (i) of a general hospital in Exeter, New Hampshire, for the surgical and medical care of the sick and injured, and (ii) of medical centers, health care centers, laboratories, clinics, and other medical, surgical, dental, educational, civic and research facilities in Exeter and in other cities and towns; the advancement of the knowledge and practice of education and research in medicine, surgery, nursing and all other

subjects relating to the care, treatment and healing of humans; and the improvement of public health in cooperation with federal, state, municipal and other health departments and offices.”

Its current Articles of Agreement and Bylaws are attached hereto at **Exhibits 5 and 6**, respectively.

Over its 113 year history, the EH facility has grown to a larger, sophisticated and contemporary community hospital, currently holding a license for 100 inpatient beds. It offers a number and scope of inpatient and outpatient diagnostic and treatment services unusual for its size, including medical and radiation oncology programs, general and specialty surgery, wound care, sleep medicine and occupational health care (provided under contract with local businesses). The hospital has acute care hospitalists on-site around the clock and critical care physicians in its ICU. It has an active emergency department providing approximately 29,000 visits per year, with a telemedicine program for prompt diagnosis and treatment of stroke patients, and an adjacent heliport for prompt transfer of patients who require more advanced services to tertiary or quaternary hospitals within or outside of New Hampshire.

3. Other EHR Subsidiaries.

EHR is also the sole corporate member of Core, RVNA and EMRI.

Core is a New Hampshire limited liability corporation, formerly a New Hampshire business corporation, formed in 2007 in a reorganization for the purpose of operating Core as a public charity. It is a New Hampshire charitable trust, and is exempt from federal income taxation pursuant to Section 501(c)(3) of the Code, formed to “further the charitable purposes of its Member by providing health and medical services to the community and the general public, conducting medical research, engaging in community benefit activities, and other activities of a similar nature, or related to it.” Core employs approximately 164 physicians and other providers, including both primary care and specialty providers, dentists and podiatrists. It operates as a multi-specialty group practice, using a single electronic record system, with multiple community-based office locations throughout the New Hampshire seacoast. Core provides professional staffing for certain inpatient and outpatient services or units of EH (including, for example pulmonary/critical care, sleep medicine, wound care and infectious disease, and acute care hospitalists). Core also contracts with several local health care facilities to provide medical oversight (such as medical directors for assisted living, skilled nursing and long term care facilities).

RVNA is a home health and hospice services provider, with a principal office located in Exeter, New Hampshire and is a New Hampshire charitable trust. RVNA’s principal purpose is [t]o provide community services that enhance independence and the quality of life.” In addition to providing traditional homecare services by visiting nurses, RVNA offers approximately 40 clinics yearly (including diabetes and foot care clinics) in senior and community centers, and provides hospice care to patients in their own homes, in various nursing facilities, and in several acute care hospitals.

EMRI, located in Exeter, New Hampshire, owns and manages real estate primarily for use as medical offices in communities served by Core and EH. EMRI is an exempt organization but it is not a charitable trust.

A current organizational chart of EHR and its subsidiaries is attached at **Exhibit 7**. A copy of the audited consolidated EHR financial reports for years ended September 30, 2018 and 2017 are attached hereto as **Exhibit 8**.

A. Wentworth-Douglass Hospital

4. Wentworth-Douglass Hospital

WDH was founded as a 30-bed hospital and opened on August 30, 1906, and has grown to one of the largest acute care hospitals in the New Hampshire seacoast, holding a current license for 178 beds. In earlier years, WDH operated as a quasi-municipal organization with the City of Dover having responsibility for appointing the board of trustees. In 1981 and in subsequent amendments, the New Hampshire legislature took action to establish WDH as a non-profit hospital, granting it all the powers and privileges of other non-profit voluntary corporations formed under RSA 292. Effective January 1, 2017, MGH became the sole corporate member of WDH pursuant to an acquisition transaction (the “MGH-WDH Affiliation”). A list of WDH Board members is attached hereto as **Exhibit 9**.

WDH’s current Articles of Agreement and Bylaws are attached hereto as **Exhibits 10 and 11**, respectively (collectively, the “WDH Governing Documents”). The charitable purposes of WDH as set forth in its Articles of Agreement are as follows:

“(a) to provide, directly or through hospital, charitable, scientific, educational, research and other institutions and entities that are controlled directly or indirectly, through sole corporate membership, stock ownership or otherwise by the Corporation (collectively, “Subsidiary Organizations”), hospital and other health care services;

(b) to provide for the diagnosis, treatment and prevention of illness;

(c) to conduct and support educational, research and other activities relating thereto;

(d) to improve the health and welfare of all persons;

(e) to operate the Corporation and the Subsidiary Organizations as an integral part of the comprehensive, integrated health care delivery system (the “Partners System”) organized and operated by Partners HealthCare System, Inc., a Massachusetts charitable corporation (“PHS”), that includes hospital, physician, charitable, scientific, educational, research and other institutions and entities that are controlled, directly or indirectly, through sole corporate membership, stock

ownership or otherwise, by PHS (collectively, the “Partners Affiliated Organizations”);

(f) to assist and support PHS and the Partners Affiliated Organizations in fulfilling their respective purposes, missions and objectives in a manner consistent with the purposes, missions and objectives of PHS and the Partners System; and

(g) to engage in and carry on any such other activities consistent with or in furtherance of the above purposes and to have all such powers that are not inconsistent with the provisions of New Hampshire Revised Statutes Annotated (“R.S.A.”) 292 and R.S.A. 295).”

The WDH Governing Documents, amended in connection with the MGH-WDH Affiliation, set forth the oversight responsibilities and powers of the WDH Board of Trustees (the “WDH Board”) and of MGH in the exercise of its reserved powers. MGH exercises its reserved powers through the MGH Board of Trustees or one or more committees thereof.

MGH must exercise its reserved powers over WDH in a manner that enables WDH to continue, consistent with past policies and practices and consistent with New Hampshire charitable trust laws and regulations, to honor its charitable mission and values and to fulfill the health care needs of the communities it serves, including the poor and underserved residents of those communities, by maintaining WDH as a general acute care hospital that (i) offers substantially the same scope and level of services and programs as were provided as of the effective date of the MGH-WDH Affiliation, or as such programs and services may be changed over time; (ii) provides quality hospital and health care services including access to and treatment of patients regardless of their insurance status or ability to pay; (iii) follows financial assistance policies and billing, collection and charge limitations consistent with federal and state law; (iv) supports programs that benefit the health, health education and welfare of the communities that WDH serves; and (v) participates in governmental health insurance programs.

5. Wentworth-Douglass Health System

Prior to the 2017 MGH-WDH Affiliation, Wentworth-Douglass Health System, a New Hampshire non-profit voluntary corporation (“WDHS”) was the sole corporate member of WDH, and following the MGH-WDH Affiliation, the purpose of WDHS became (i) to monitor the integration of WDH and the WDH Subsidiaries into the MGH “family” of organizations; (ii) to take all such steps as may be necessary to implement a withdrawal of WDH and the WDH Subsidiaries from the control of MGH upon certain events; (iii) to determine whether to implement a withdrawal of WDH and the WDH Subsidiaries from the control of MGH upon certain events; (iv) to exercise its right to approve changes to the WDH Articles of Agreement and Bylaws and to enforce its rights to do so; and (v) to monitor the operation of WDH during the Commitment Period (as defined in the definitive agreements for the MGH-WDH Affiliation) to ensure that it is conducted in accordance with certain stated core principles and vision. Under the terms of the Transaction Agreement, WDHS will merge into WDH upon the Closing Date of

the Affiliation (the “Closing Date”). A list of WDHS Board members is attached hereto as **Exhibit 12**.

B. The Massachusetts General Hospital/ Partners System

1. MGH

Massachusetts General Hospital, founded in 1811, is the third oldest hospital in the nation and the original and largest teaching hospital of Harvard Medical School. The 1,035-bed academic medical center each year admits more than 50,000 patients, records more than 1.7 million outpatient visits at its main campus and health centers, sees nearly 110,000 patients in its Emergency Department and delivers nearly 3,900 babies. The largest nongovernment employer in Boston, the MGH has more than 26,000 employees, including more than 5,000 nurses and nearly 3,000 physicians. For more than two centuries, the MGH has been a leader in bridging innovative science with advanced clinical care. MGH is home to the nation’s largest hospital-based research program, the MGH Research Institute.

MGH is a Massachusetts non-profit corporation which functions as the sole member of each of The General Hospital Corporation, the Massachusetts General Physicians Organization, Inc., a physician organization that employs approximately 2,600 physicians; McLean HealthCare, Inc., the parent organization of McLean Hospital, a tertiary psychiatric referral and research hospital, three Massachusetts community hospitals including Cooley Dickinson Hospital, Inc., Martha’s Vineyard Hospital, Inc., and Nantucket Cottage Hospital, and WDH in New Hampshire. The General Hospital Corporation owns and operates the world-renowned tertiary, acute care hospital in Boston, Massachusetts known as “Massachusetts General Hospital,” the largest and oldest hospital in New England which is nationally recognized for its quality of care and research capabilities. It is also the original and oldest teaching hospital associated with Harvard Medical School established by Chapter 94 of the Massachusetts Acts of 1810, February 25, 1811. All of these organizations are exempt from federal taxation pursuant to 501(c)(3) of the Code.

MGH is formed for the charitable purposes “(i) to provide, directly or through hospital, physician, charitable, scientific, educational, research and other institutions and entities that are controlled directly, through sole corporate membership, stock ownership or otherwise, by the Corporation (collectively, the “Subsidiary Organizations”), hospital, physician and other health care services for all persons and education and research for the prevention, diagnosis, treatment and cure of all forms of human illness; (ii) to improve the health and welfare of all persons; (iii) to operate [MGH] and the Subsidiary Organizations as an integral part of the comprehensive, integrated health care delivery system (the “Partners System”) organized and operated by [Partners], that includes hospital, physician, charitable, scientific, education, research and other institutions and entities that are controlled, directly or indirectly, through sole corporate membership, stock ownership or otherwise, by Partners (collectively, the “Partners Affiliated Organizations”); (iv) to assist and support Partners and the Partners Affiliated Organizations in fulfilling their respective purposes, missions and objectives in a manner consistent with the purposes, missions and objectives of Partners and the Partners System; and (v) to carry on any other activity that may lawfully be carried on by a corporation formed under Chapter 180 of the

Massachusetts General Laws which is exempt under Section 501(c)(3) of the Internal Revenue Code.” The MGH Charter as amended and the Bylaws for MGH are attached hereto as **Exhibits 13 and 14**, respectively. A list of MGH Board members is attached hereto as **Exhibit 15**.

2. Partners HealthCare System, Inc.

Partners HealthCare System, Inc. (“Partners”) is a Massachusetts not-for-profit corporation which is exempt from federal taxation pursuant to Section 501(c)(3) of the Code and is the sole corporate member of MGH. Partners was formed for the purpose of (i) organizing, operating, coordinating and supporting a comprehensive, integrated health care delivery system that provides hospital, physician and other health care services for all persons, and education and research for the prevention, diagnosis, treatment and cure of all forms of human illness; (ii) to improve the health and welfare of all persons; (iii) to serve as the controlling and coordinating organization for Partners and its member institutions and entities; (iv) to assist its founding members, MGH and Brigham and Women’s Hospital, several community hospitals, primary care and specialty physicians, specialty facilities, community health centers and other health-related entities; and (v) to carry on any other lawful activities. The Articles of Organization and Bylaws of Partners are attached hereto as **Exhibits 16 and 17**, respectively.

A copy of the Partners organizational chart and a list of Board members are attached hereto as **Exhibits 18 and 19, respectively**. Consolidated audited annual financial statements for the Partners System, which include the financials for MGH and WDH for the fiscal periods ending September 30, 2018 and 2017, are attached as **Exhibit 20**.

II. MATERIAL TERMS OF THE TRANSACTION

Attached as **Exhibit 1** is a copy of the fully executed Agreement for Affiliation dated April 12, 2019 (the “Transaction Agreement”), which includes as Exhibit C thereto substantially the form of the Governance Agreement among the Network Parent, EHR, WDH and MGH (the “Governance Agreement”). The Governance Agreement, which sets forth the material terms and conditions of the Affiliation for the first five years following the Closing Date, will be executed by the parties at closing.

The material terms of the Affiliation are as follows:

A. Shared Charitable Missions and Purposes.

The joint goal of the Affiliation is for EHR, WDH and the Network Parent to form an integrated New Hampshire-based regional health care system that will coordinate with MGH to ensure that residents of the New Hampshire Seacoast Region have long-term, sustainable access to high quality health care services. Article 1, Section 1.1 of the Transaction Agreement, as summarized in the introduction to this Notice above, sets forth the enumerated specific goals of the Affiliation.

EHR, WDH and MGH share compatible, charitable missions and purposes including the goals of improving the quality of, and access to, health care in their respective communities. By

joining together into a single health care delivery system, the parties and the Network Parent will redesign health care delivery for the Seacoast Region and integrate clinical programs including a focus on primary care, cardiovascular, musculoskeletal services, behavioral health and substance use disorder treatment, and Ob/Gyn services.

As set forth in Section 1.3 of the Transaction Agreement, the Network Parent will adhere to the following guiding principles in assuming certain governance functions for WDH, EHR, EH and the other Local Organization Subsidiaries: “(i) supporting and strengthening the charitable missions of each of WDH, EHR, EH and the other Local Organization Subsidiaries; (ii) aligning the shared visions and strategic objectives of the parties and MGH; (iii) maximizing the value of each of WDH, EHR, EH and the other Local Organization Subsidiaries while preserving the unique culture of each constituent entity; and (iv) approaching any operational changes resulting from the Affiliation in a transparent, sensitive and comprehensive manner.”

B. Changes in Control and Ownership of the Assets

In accordance with the Transaction Agreement, MGH will organize the Network Parent as a New Hampshire non-profit corporation. The Network Parent’s Articles of Agreement (the “Network Parent Articles”) and Bylaws (the “Network Parent Bylaws”) are attached as Exhibit B-1 and Exhibit B-2, respectively to the Transaction Agreement at **Exhibit 1**. MGH will be the sole corporate member of the Network Parent. The Network Parent will be an organization exempt from U.S. income tax under Section 501(c)(3) of the Code and as an organization that is not a private foundation under Section 509 of the Code. The parties shall convene a joint nominating committee composed of: (i) the WDH President and the EHR President; (ii) the Board Chairs of each of WDH and EHR and another trustee representative currently serving on the nominating committee of each of WDH and EHR, and (iii) three senior leadership representatives from MGH (the “Initial Joint Nominating Committee”). As described further below, the Initial Joint Nominating Committee will recommend to the MGH Board of Trustees individual trustees to serve on the Network Parent Board upon the Closing Date, as well as designating the Chair, Vice Chair, Treasurer and Secretary of the Network Parent Board. MGH, as the sole member of the Network Parent, shall then elect the Network Parent Board. The members of the Network Parent Board will also be the same individuals to be elected to serve as the trustees of the respective Boards of EHR, EH and WDH, effective as of the Closing Date (“mirror boards”). In the course of the parties’ negotiations, all agreed that the use of mirror boards would best facilitate efficient and effective delivery of health care services to the residents of the Seacoast Region.

As of the Closing Date, the Network Parent will become the sole corporate member of EHR and WDH, as well as the indirect parent of the Local Organization Subsidiaries. The Network Parent will both oversee the development of the Network’s collaborative strategy and clinical services lines, as well as assume certain governance functions, directly or indirectly, for WDH, EHR, and the Local Organization Subsidiaries, including EH, through its reserved powers. The Network Parent’s reserved powers with respect to EHR, EH, WDH and the other Local Organization Subsidiaries are set forth in the Definitive Agreements and are summarized below. Among other things, effective as of the Closing Date, (i) the EHR Bylaws and Articles of Agreement shall be amended; (ii) the WDH Bylaws and Articles of Agreement shall be

amended; (iii) the Original Governance Agreement under the MGH-WDH Affiliation shall terminate; and (iv) WDHS shall merge with and into WDH, with WDH as the surviving entity.

There will be no change in the ownership of the respective assets of EHR, EH, WDH or any of the other Local Organization Subsidiaries as a result of the Affiliation. The assets of EHR, EH, and WDH and the other Local Organization Subsidiaries, tangible and intangible, including all real and personal property and all bequests and assets which may become the property of EHR, EH, WDH and the Local Organization Subsidiaries after the Effective Date, shall remain the property of, and continue to be devoted to, the charitable purposes of each respectively, consistent with New Hampshire charitable trust laws and regulations, including RSA 7:19-b. EHR, EH, WDH and the Local Organization Subsidiaries will continue to operate under their existing names and trade names and will also use the MGH and Network Parent names and logos. Any decision of the Network Parent Board to transfer, use or expend charitable assets of EHR and the EHR Subsidiaries or of WDH and the WDH Subsidiaries other than as described in Section 8.2.1 and 8.2.2 of the Governance Agreement shall constitute a “Major Decision” as that term is defined under the Network Parent Bylaws and shall be subject to the approval requirements specific to such decisions as discussed further herein.

Upon the satisfaction or waiver of the conditions precedent set forth in Article V of the Transaction Agreement, the President and CEO of each of EHR, WDH, and MGH and the Chairman of the Board of WDHS shall execute a written memorandum (the “Closing Memorandum”) to accomplish the following: (i) confirming their agreement that all conditions precedent to the completion of the Affiliation applicable to such entity have been satisfied or waived; (ii) specifying the Closing Date; (iii) listing the initial members (the “Initial Network Parent Trustees”) of the Network Parent Board of Trustees (the “Network Parent Board”); (iv) listing the initial officers of the Network Parent; and (v) confirming the capitalization funding amounts to be transferred to the Network Parent for initial working capital by each of EHR and WDH on the Closing Date.

C. Network Parent Governance; Reserved Powers of MGH

Composition of the Network Parent Board during the term of the Governance Agreement shall consist of the following 21 to 27 persons: (i) The President of the Network Parent serving *ex officio* as a non-voting Trustee; (ii) The President of the WDH Medical Staff serving *ex officio* as a voting Trustee; (iii) The President of the EH Medical Staff serving *ex officio* as a voting Trustee; (iv) 7 to 9 persons who are residents of the EHR service area, at least three (3) of whom shall be residents of Rockingham County, New Hampshire and all of whom shall be voting Trustees; (v) 7 to 11 persons who are residents of the WDH service area, at least four (4) of whom shall be residents of Strafford County, New Hampshire, and all of whom shall be voting Trustees; and (vi) Four (4) persons drawn from the MGH and Partners communities, all of whom shall be voting Trustees (the “MGH-Designated Trustees”). The President of the WDH Medical Staff and the residents of the WDH services area are the “WDH-Designated Trustees” and the President of the EH Medical Staff and the residents of the EHR service area are the “EHR-Designated Trustees.” The Network Parent Bylaws provide that to the extent practicable, at least twenty percent (20%) of the Trustees shall be physicians.

MGH will exercise certain reserved powers as defined in the Network Parent Bylaws, over the Network Parent, EHR, and WDH. MGH's exercise of its reserved powers will be in a manner to continue to honor Network Parent's, EHR's and WDH's charitable missions and value and to fulfill the healthcare needs of the communities that each serves, including the poor and underserved residents of the Seacoast Region. Section 3.2 of the Governance Agreement provides that, subject to certain requirements, including that EH and WDH maintain adequate levels of patient demand, MGH will commit to maintaining each of EH and WDH as a general acute care hospital that: (i) offers substantially the same scope and level of services and programs as each respective hospital offered on the Closing Date, subject to changes approved in accordance with the approval process set forth in the Network Bylaws; (ii) provides quality hospital and health care services including access to, and treatment of, patients regardless of their insurance status or ability to pay; (iii) follows financial assistance policies and billing, collection and charge limitations consistent with federal and state law; (iv) continues to provide grants to charitable community organizations consistent with past practice for each hospital prior to the Closing Date; (v) supports programs that benefit the health, health education and welfare of the communities that EH and WDH each respectively serve; and (vi) participates in governmental health insurance programs. MGH also commits under the Governance Agreement to ensure that the Network Parent and the Local Organization Subsidiaries are able to satisfy any and all of their obligations under debt and other long-term financial liabilities of Network Parent and its direct and indirect subsidiaries.

The Governance Agreement also addresses that Partners reserves the right to reorganize the Partners System into a new structural model (a "Realignment") that may include changing the members of provider entities and shifting the corporate membership and related Reserved Powers of the Network Parent to an Affinity Group (as defined in Section 3.3 of the Governance Agreement), subject to certain conditions as described in Section 3.3 of the Governance Agreement. These conditions are intended to preserve the integrity of the New Hampshire Network created by the Affiliation and to preserve the Network's clinical relationship with MGH.

MGH's reserved powers are as described in Sections 4.2.1, 4.2.2, and 4.2.3 of the Network Parent Bylaws attached to this Notice at Exhibit B-2 of the Transaction Agreement attached hereto as **Exhibit 1**. As the sole member, MGH shall have the responsibility and authority to oversee the affairs, funds and other property of the Network Parent, EHR, EH, WDH and the other Local Organization Subsidiaries and to oversee the Network Parent Board in the exercise of their fiduciary responsibility and authority. Specifically, the following actions of the Network Parent Board shall require review and approval by MGH:

- (a) Final adoption of the annual and any materially revised operating and capital budgets of the Corporation submitted by the Board of Trustees pursuant to Section 4.1.1(a) and (b) of the Network Parent Bylaws;
- (b) Each unbudgeted operating or capital expenditure of the Network Parent that exceeds such amount as has been specified in writing by MGH from time to time;

- (c) Each transaction pursuant to which the Network Parent would incur new debt through lender financing or would guaranty the lender-financed debt of others;
- (d) Each material agreement or other commitment binding on the Network Parent that requires an expenditure of funds with an aggregate value in excess of such amount as has been specified by MGH in writing from time to time;
- (e) Any pledge, sale or other disposition of all or substantially all of the property or assets of the Network Parent;
- (f) A liquidation, dissolution or other restructuring of the Network Parent;
- (g) Any transaction or project that requires an expenditure of funds in excess of such amount as has been specified by MGH in writing from time to time;
- (h) Any new business venture proposed by the Network Parent involving an investment that exceeds such amount as has been specified by MGH in writing from time to time;
- (i) Each capital fundraising campaign proposed for the support of the Network Parent or of EHR, WDH, EH or the other Local Organization Subsidiaries other than ongoing solicitations of unrestricted gifts in the ordinary course; and
- (j) Executive compensation policies for the Network Parent and for EHR, EH, WDH and the other Local Organization Subsidiaries.

During the term of the Governance Agreement, certain “Major Decisions” as defined in the Network Parent Bylaws, require the approval of a majority of each of: (i) the MGH-Designated Trustees, (ii) the EHR-Designated Trustees and (iii) the WDH-Designated Trustees:

- (a) Any change in the Member or in the Reserved Powers of the Member (as defined in Section 4.2 of the Network Parent Bylaws) other than as permitted under Section 3.3 of the Governance Agreement;
- (b) The merger of WDH, EH, WDPC, RVNA, and/or Core with any other organization (including with the other Local Organizations (EHR or WDH) or Local Organization Subsidiaries, as applicable);
- (c) The closure of an inpatient service at WDH or EH or of any Material Outpatient Service at WDH, EH, RVNA, WDPC or Core;
- (d) The initiation of any Material Outpatient Service at WDH, EH, RVNA, WDPC or Core;

- (e) An acquisition by the Network Parent of an additional subsidiary;
- (f) Any change in the boundaries of the Seacoast Region;
- (g) The appointment of the President of the Network Parent;
- (h) Approval of additional capital for the Network Parent pursuant to Section 8.1 of the Governance Agreement;
- (i) Approval of the transfer, use or expenditure of assets pursuant to the Governance Agreement;
- (j) Approval of any payment of fees or transfer of funds pursuant to Section 4.1.1(f) of the Network Parent Bylaws; and
- (k) Amendment of the Governance Agreement other than as set forth in Section 3.3 of the Governance Agreement.

Following the expiration or termination of the Governance Agreement, the following Major Decisions require the approval of: (i) at least two-thirds of the Local Trustees and (ii) at least two-thirds of the MGH-Designated Trustees:

- (a) The closure of an inpatient service at WDH or EH or any Material Outpatient Service at WDH, EH, RVNA, WDPC or Core;
- (b) Approval of any payment of fees or transfer of funds pursuant to Section 4.1.1(f) of the Network Parent Bylaws; and
- (c) The merger of WDH, EH, RVNA, WDPC and/or Core with any other organization (including with the other Local Organizations (EHR or WDH) or Local Organization Subsidiaries, as applicable).

D. Acquisition Price.

This transaction is a member substitution that involves only non-profit corporations. Accordingly, there is no monetary compensation involved in this Affiliation.

E. Changes in Capital Structure and Management

Except as otherwise noted, there will be no change in the capital structure of EHR, EH or WDH. Following the Affiliation, each of EHR, EH and WDH will continue its existence as a separate, voluntary non-profit New Hampshire corporation exempt from federal taxes under Section 501(c)(3) of the Code.

On the Closing Date, each of the Local Organizations shall transfer such amount as is identified in the Closing Memorandum to the Network Parent for the initial capitalization of the Network Parent. Thereafter, any transfer of funds from a Local Organization or a Local Organization Subsidiary to provide additional capital for the Network Parent, outside of that which is required in the ordinary course for working capital, shall constitute a Major Decision, as defined under the Network Parent Bylaws, and shall be subject to the approval requirements specific to such Major Decisions.

Other than as set forth in the Governance Agreement and summarized in this Notice, the allocation and use of capital by the Network Parent, EHR and the EHR Subsidiaries and WDH and the WDH Subsidiaries shall be determined in accordance with the applicable capital policies and procedures adopted from time to time by the Board of Directors of Partners including, without limitation, the Partners' System-wide capital framework (the "Partners Financial Framework") and the capital project approval requirements of Partners and MGH.

F. Post-Effective Date Capital Expenditures

After the Closing Date of the Affiliation, the Network Parent will develop an annual budget for capital projects, which budget shall be subject to the approval of the MGH Board and the Partners Board. The budget will include an allocation of capital "Baseline Capital" under the Partners Financial Framework equal to a percentage (currently 65%) of the aggregate annual depreciation of the Local Organizations (EHR and WDH) and Local Organization Subsidiaries and potentially additional capital requested by the Network Parent and allocated under the Partners Financial Framework. These allocations will be determined in accordance with the Partners Financial Framework as in effect from time to time and that is consistent with the allocations of capital available to other community acute care hospitals in the Partners system.

Additionally, all individual capital projects of the Network Parent, EHR, EH, WDH or any other Local Organization Subsidiary including those that are funded with the Baseline Capital, will be subject to such review and approval by the MGH Board and, as applicable, the Partners Finance Committee under procedures and criteria that are established by MGH and Partners, respectively.

As set forth in the Section 8.5.3 Governance Agreement attached as Exhibit C to the Transaction Agreement as **Exhibit 1** certain funds have been designated by the EHR and EH Boards for use by EHR and the EHR Subsidiaries ("EHR Strategic Investment Fund"). MGH has agreed that the funding for the EHR Strategic Investment Fund will not be restricted or reduced as a result of the Partners Financial Framework capital allocation process, and WDH and MGH have agreed that the EHR Strategic Investment Fund will not be restricted or diminished by the Network Parent.

III. MINUTES AND OTHER DOCUMENTS EVIDENCING THE DECISION OF THE BOARDS OF EHR AND EH AND THE BOARD OF WDH; STEPS FOR COMPLYING WITH RSA 7:19-b, II(g)

Please see **Exhibit 21** for a description of the EHR and EH Boards' process in exercise of due diligence in evaluating this transaction, the Board minutes and other documents evidencing the Board's decision and of the steps taken to comply with RSA 7:19-b, II(g). Please see **Exhibit 22** for a description of the WDH Board's process in exercise of due diligence in evaluating this transaction, the Board minutes and other documents evidencing the decision and of the steps taken to comply with RSA 7:19-b, II(g).

IV. COMMUNITY NEEDS ASSESSMENT

Please see attached as **Exhibit 23** the EH 2016 Community Needs Assessment. Please see attached as **Exhibit 24** the WDH 2016 Community Needs Assessment.

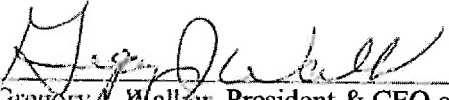
V. CERTIFICATIONS SIGNED BY EHR BOARD, EH BOARD, AND WDH BOARD OF GOOD FAITH COMPLIANCE WITH THE STANDARDS OF PARAGRAPH II

Please see the EHR/EH and WDH Certifications of Good Faith Compliance with the Standards of Paragraph RSA 7:19-b, II and Certification of Disclosure of Conflicts of Interest and Pecuniary Benefit Transactions attached as **Exhibit 25 and 26**, respectively.

VI. STATEMENT FROM MGH ON FULFILLING THE CHARITABLE OBJECTS OF EHR, EH, AND WDH

Please see attached as **Exhibit 27** the Statement from MGH on the fulfillment of the charitable objects of EHR, EH, WDH and the other Local Subsidiaries.

Respectfully submitted,



Gregory J. Walker, President & CEO of
Wentworth-Douglass Hospital

Date: May 15, 2019

And

Kevin Callahan, President & CEO of
Exeter Health Resources, Inc. and Exeter Hospital


Date: May __, 2019

Respectfully submitted,

Gregory J. Walker, President & CEO of
Wentworth-Douglass Hospital

Date: May __, 2019

And



Kevin Callahan, President & CEO of
Exeter Health Resources, Inc. and Exeter Hospital

Date: May 22, 2019

LIST OF EXHIBITS

| Exhibit | Document |
|----------------|--|
| 1 | Agreement for Affiliation with Exeter Health Resources, Inc. |
| 2 | Exeter Health Resources, Inc. Amended Articles of Agreement |
| 3 | Exeter Health Resources, Inc. Bylaws |
| 4 | Exeter Health Resources, Inc. and Exeter Hospital, Inc. Current Boards of Trustees |
| 5 | Exeter Hospital Inc. Articles of Agreement |
| 6 | Exeter Hospital, Inc. Bylaws |
| 7 | Exeter Health Resources, Inc. Organizational Chart |
| 8 | Exeter Health Resources, Inc. Consolidated Audited Financial Statements for the years ended September 30, 2018 and 2017 |
| 9 | Wentworth-Douglass Hospital Board of Trustees |
| 10 | Wentworth-Douglass Hospital Amended and Restated Articles of Agreement |
| 11 | Wentworth-Douglass Hospital Amended and Restated Bylaws |
| 12 | Wentworth-Douglass Health System Board of Trustees |
| 13 | The Massachusetts General Hospital Charter |
| 14 | The Massachusetts General Hospital Bylaws |
| 15 | The Massachusetts General Hospital Board of Trustees |
| 16 | Partners HealthCare System Articles of Organization |
| 17 | Partners HealthCare System Bylaws |
| 18 | Partners HealthCare System Organizational Chart |

| | |
|----|--|
| 19 | Partners HealthCare System Board Members |
| 20 | Partners HealthCare System Consolidated Audited Financial Statements for years ended September 30, 2018 and 2017 |
| 21 | Exeter Health Resources, Inc. and Exeter Hospital, Inc. Boards' process in exercise of due diligence to comply with RSA 7:19-b, II(g) |
| 22 | Wentworth-Douglass Hospital Board's process in exercise of due diligence to comply with RSA 7:19-b, II(g) |
| 23 | Exeter Hospital 2016 Community Needs Assessment |
| 24 | Wentworth-Douglass Hospital 2016 Community Needs Assessment |
| 25 | Exeter Health Resources, Inc. and Exeter Hospital, Inc. Certification of Good Faith Compliance with the Standards of Paragraph II and Certification of Disclosure of Conflicts of Interest and Pecuniary Benefits Transactions |
| 26 | Wentworth-Douglass Hospital Certification of Good Faith Compliance with the Standards of Paragraph II and Certification of Disclosure of Conflicts of Interest and Pecuniary Benefits Transactions |
| 27 | Statement from MGH on Fulfilling the Charitable Objects of EHR, EH, WDH and the other Local Subsidiaries |