

MANAGEMENT SERVICES AGREEMENT

This **MANAGEMENT SERVICES AGREEMENT** (the "**MSA**") is made in conjunction with the Affiliation Agreement (the "Agreement") between **Dartmouth-Hitchcock Health**, a New Hampshire non-profit, voluntary corporation with a principal place of business at One Medical Center Drive, Lebanon, New Hampshire ("**DHH**") and **CMC Healthcare System**, a New Hampshire voluntary corporation with its principal place of business located at 100 McGregor Street, Manchester, New Hampshire 03101 ("**CMCHS**") with an effective date as set forth in section 4.5 of the Agreement (the "Effective Date"). Pursuant to Section 4.4.6 of the Agreement, CMCHS and its direct subsidiary, Catholic Medical Center ("**CMC**"), enter into this MSA in order for CMC to provide certain management services to CMCHS through CMC's incumbent President and Chief Executive Officer and Chief Financial Officer as follows:

WITNESSETH:

WHEREAS, CMCHS was formed to help carry out the purposes of, and to uphold and promote the activities of its affiliates, including, CMC, Alliance Ambulatory Services, Alliance Enterprises, Inc., Alliance Health Services ("**AHS**"), Alliance Resources, Inc., Catholic Medical Center Associates, Catholic Medical Center Physician Practice Associates, St. Peter's Home and New England Heart Institution Foundation (each individually referred to herein as an "**Affiliate**" and collectively referred to as the "**Affiliates**") and other health care and community service facilities with the initiation, development, management and conduct of programs to further: (i) the quality and accessibility of health care services, particularly in the Greater Manchester community, and throughout the State of New Hampshire; (ii) the efficiency of utilization of health care facilities and services, particularly in the Greater Manchester community and throughout the State of New Hampshire; and (iii) the reasonable containment of the cost of health care to the public; and

WHEREAS, CMC currently employs a President and Chief Executive Officer and Chief Financial Officer (individually referred to herein as the "CEO" and the "CFO", respectively, and collectively referred to herein as the "Executives"), both of whom have sufficient expertise, qualifications and experience to perform their respective duties and meet the needs of CMC, CMCHS and its other direct subsidiary, AHS; and

WHEREAS, in furtherance of its purposes, CMCHS desires to contract with CMC in order to utilize the services of the Executives and to provide CMCHS and its direct subsidiaries, CMC and AHS (the "Manchester System") with the management and leadership services of the Executives;

NOW, THEREFORE, in consideration of the covenants and promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, CMCHS and CMC hereby agree as follows:

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1. Provision of Executives. CMC hereby agrees to provide the Executives to CMCHS and further directs the Executives to provide the management services contemplated under the Agreement and further described in Section 2 of this MSA at the direction of CMCHS and for the benefit of the Manchester System for the Term (as defined in Section 4 hereof). CMCHS agrees to reimburse CMC for the cost of all compensation paid to or for the benefit of the Executives including, but not limited to, salaries, bonuses and employee benefits, a portion of which may be re-allocated to CMC, as set forth in Section 3 hereof.

2. Services to be Provided. During the Term of the MSA, the Executives shall provide the following services to the Manchester System:

2.1 Services of the CEO. The CEO primarily shall be responsible for providing services commensurate of a president and chief executive officer in the health care and medical services industry including, but not limited to, the following: performing all duties and responsibilities of the CMCHS President and CEO as set forth in the Agreement, and specifically as required by the CMCHS Board of Trustees, either directly or through its Executive Compensation Committee, in conjunction with the Leadership Council (as defined in the Agreement) on which the CEO will serve; assisting the CMCHS Board of Trustees in developing strategic plans to advance the Manchester System's missions and objectives; overseeing the Manchester System's operations to ensure efficiency, quality, service and cost-effective management of resources and adherence to its annual operating and capital budgets; plan, develop and implement tactics for generating resources and revenues for the Manchester System and each individual Manchester System Affiliate consistent with the strategic plans approved by the CMCHS Board of Trustees and DHH; identify to the CMCHS Board of Trustees and/or the Leadership Council affiliation, acquisition and merger opportunities as well as directly implement activities required to achieve such opportunities; approve the Manchester System's operational procedures, policies and standards which are consistent with the financial guidelines in the Agreement and quality improvement initiatives of the DHH Regional System of which CMCHS is a part; review activity reports and financial statements to determine progress and status in attaining objectives and revising objectives and plans in accordance with current conditions; evaluate performance of the senior managers of the Manchester System for compliance with established policies and objectives of the Manchester System as well as contributions in attaining objectives; promote the Manchester System through written and spoken presentations and personal appearances at public events; represent the Manchester System at legislative sessions, committee meetings, and at formal functions; oversee a fundraising network for the Manchester System; and present reports of the Manchester System to the respective Boards of each entity within the Manchester System as well the Leadership Council and DHH.

2.2 Services of the CFO. The CFO primarily shall be responsible for providing services commensurate with a chief financial officer in the health care and medical services industry including, but not limited to, the following: performing all duties and responsibilities of the CMCHS CFO as set forth in the Agreement and as

required by the CMCHS Board of Trustees; create, coordinate and evaluate the financial programs and supporting financial information systems of the Manchester System to include budgeting, tax planning and compliance, conservation of assets and adherence to the financial guidelines established under the Agreement; approve and coordinate changes and improvements in automated financial and management information systems for the Manchester System; ensure compliance with local, state, and federal financial reporting and compliance requirements; oversee the approval and processing of revenues, expenditures, operating and capital budgets, salary updates, general ledgers, and account maintenance; coordinate the preparation of financial statements, financial reports, special analyses, and information reports; oversee the development and implementation of finance, accounting, billing and auditing procedures; oversee the establishment and maintenance of appropriate internal control safeguards; interact with other key employees to provide consultative support from planning initiatives through financial and management information analyses, reports, and recommendations; ensure records systems are maintained in accordance with generally accepted accounting principles and generally accepted auditing standards as applicable; develop and direct the financial implementation of strategic business and/or operational plans, projects, programs and systems; analyze cash flow, cost controls, and expenses to guide the CMCHS Board of Trustees and the respective Boards of the Manchester System members; establish and implement short and long-range financial goals, objectives, policies and operating procedures; and serve on planning and policy-making committees.

2.3 Reporting Responsibility. The CEO shall report directly to the Board of Trustees of CMCHS and to the Executive Compensation Committee as set forth in Section 3.7.5.1 of the Agreement. The CFO shall report directly to the CEO with respect to all services related to the Manchester System. The Board of Trustees of CMCHS, acting through its Executive Compensation Committee, shall be responsible for evaluating the services provided by the CEO.

2.4 Employment Relationship. The Executives will remain employees of CMC at all times. CMC will be responsible for compensating and providing benefits to the Executives, and for all employer-related obligations, such as tax withholding and payroll taxes.

2.5 No Effect on Employment Contracts of the Executives; CMC Agreement to Enforce Rights Under Employment Contracts. This MSA will not affect, and will not be construed as imposing any limitation or restriction upon, any existing or future employment contract, affiliation, or other arrangement or relationship between CMC and the Executives. Notwithstanding the foregoing, CMC agrees to exercise its rights and fulfill its obligations under such employment agreements, including without limitation any non-disparagement, non-solicitation and non-competition covenants upon the termination of employment of the Executives, for the benefit and protection of the Manchester System. Neither CMCHS nor DHH will have any responsibility or liability for any failure by CMC to fulfill its employment obligations to the Executives.

3. Management Fee. In consideration of the services provided by the Executives, CMCHS shall pay a management fee to CMC which is equal to the total cost of the salary and benefits paid by CMC to the President and CEO and the CFO, combined (the "Management Fee"). In turn, CMCHS shall allocate such Management Fee or a portion thereof to one or more of the Manchester System Affiliates based on the level of services provided by the Executives to the respective Affiliate.

4. Term. This MSA will become effective as of the Effective Date of the Agreement. The initial Term of the MSA will coincide and be commensurate with the term of the existing employment agreement between CMC and the President and CEO on the Effective Date of the Agreement, as such term may be renewed or extended under the employment agreement (the "Initial Term"). If, upon the expiration or termination of such employment agreement, the same individual holds the offices of President and CEO of each of CMC and CMCHS, then the MSA will continue for the term of each such successor employment agreement (the "Term") unless and until either the Agreement or this MSA is modified or amended in writing by the respective Parties thereto, or CMCHS elects to terminate this MSA under Section 5 below.

5. Termination Events. The CMCHS Board of Trustees, upon the recommendation of its Executive Compensation Committee or of the DHH CEO, may terminate this Agreement immediately and prior to the expiration of the Term by providing written notice to CMC if any of the following events occurs (each a "Termination Event"):

(a) The employment of the President and CEO by CMC ends with or without cause (including without limitation because of death or disability), and the successor president and chief executive officer of each of CMC and CMCHS is not the same person;

(b) Any of the "for cause" circumstances described in Section 9(b) of the employment contract between CMC and the President and CEO (the "CMC CEO Employment Contract") occurs with respect to the President and CEO's performance of his or her duties under, or compliance with the terms of, this MSA;

(c) Conduct by the President and CEO which is dishonest, illegal, or likely to diminish the reputation of the Manchester System or the Regional System in the community;

(d) The annual operating revenues of the Manchester System are less than the annual budgeted operating revenues by a variance of thirty percent (30%) or more in two consecutive years or fifty percent (50%) in any fiscal year during the Term; or

(e) CMC or any other accredited or licensed Manchester System Affiliate loses its accreditation, health care license, or ability to participate in the

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Medicaid or Medicare programs, which accreditation, license or right to participate is not restored within sixty (90) days.

Additionally, the Board of Trustees of CMCHS, upon recommendation of the DHH CEO, may terminate the services of either the CEO or CFO pursuant to this Agreement in the event cause exists, as defined in sections 5(b) through 5(f), above, upon one hundred twenty (120) days written notice to the CEO or CFO, as the case may be, and the DHH Board of Trustees.

6. No Assignment. This MSA and the rights and obligations hereunder shall not be assignable by either party without the express prior written consent of CMCHS.

7. Entirety. Except as otherwise provided in the Agreement, to which this MSA is an exhibit, this MSA contains the entire understanding by and among the Parties and supersedes any prior understanding and agreements among them respecting the subject matter of the MSA. This MSA shall be binding upon the successors and assigns of the parties hereto. To the extent there is any conflict between the provisions of the MSA and the Agreement, the provisions of the Agreement shall take precedence. With the exception of the Bishop of the Roman Catholic Diocese of Manchester, nothing herein shall be construed to be for the benefit of any third party not made a party to the Agreement or the MSA, nor is it intended that any provision shall be for the benefit of any third party.

8. Amendment. Neither this MSA nor the CMC CEO Employment Contract, or any provision, covenant, condition, or limitation contained therein may be changed, waived, modified, discharged, amended or terminated except by the express written consent of both parties of subsequent date hereto which specifically refers to this Section 8. This MSA may be amended only by written instrument executed by all of the parties hereto. Notwithstanding the foregoing, it is understood by the parties that the MSA is made in furtherance of and in conjunction with the Agreement and at all times the terms of the MSA and any amendments thereto will be construed and interpreted in a manner consistent with the Agreement.

9. Continuing Waiver. None of the parties hereto shall be deemed to have waived any rights hereunder unless such waiver shall be in writing and signed by such party. The waiver by any party of any breach of this MSA shall not operate or be construed to be a waiver of any subsequent breach.

10. Governing Law. This MSA is made under, and shall be governed, construed, and interpreted as to validity and enforcement and in all other respects in accordance with the laws of the State of New Hampshire. The parties hereto expressly agree to submit to the exclusive jurisdiction and venue in the state and federal courts of the State of New Hampshire for resolution of all disputes arising under this MSA.

11. Section Headings. All headings in this MSA are for convenience of reference only and are not intended to qualify the meaning of any provision of this MSA.

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12. Terminology. All personal pronouns used in this MSA, whether used in the masculine, feminine, or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

13. Counterparts. This MSA may be executed in several counterparts, each of which shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this MSA to be executed by their duly authorized representatives as of the Effective Date.

CMC HEALTHCARE SYSTEM
("CMCHS")

Witness

By: _____
Alyson Pitman Giles, its duly
authorized President and CEO

CATHOLIC MEDICAL CENTER
("CMC")

Witness

By: _____
Alyson Pitman Giles, its duly
authorized President and CEO