

**COMMUNITY HEALTH & HOSPICE, INC.  
VNA -HOSPICE OF SOUTHERN CARROLL COUNTY & VICINITY, INC.**

*Summary of Proposed Affiliation Agreement*

I. WHO:

Community Health & Hospice, Inc. (“CHH”) and Visiting Nurse Association – Hospice of Southern Carroll County and Vicinity, Inc. (“VNAH”) are New Hampshire tax-exempt entities with charitable missions to provide home health care, and community and hospice services. CHH is based in Laconia and VNAH is located in Wolfeboro, and they have adjacent and slightly-overlapping service areas in the Lakes Region.

II. WHY:

Given the current economic, regulatory and legislative constraints to the fulfillment of their charitable missions, and the compatibility of their missions and adjacency of their service areas, CHH and VNAH have explored various collaborative ventures through which they can maintain and potentially increase their ability to meet the community needs of their respective service areas, and enhance the quality and sustainability of their charitable services.

III. WHAT:

The parties have determined that they will be best able to fulfill their missions under current constraints by combining their organizations into a single entity. The combined entity, proposed to be named Central New Hampshire VNA & Hospice (the “New VNA”), will integrate the assets, liabilities, and services of each organization into a single management and financial structure which will be more efficient and is expected to be more viable in the long-term. New VNA will continue to offer current CHH and VNAH services and to maintain principal offices in the Laconia and Wolfeboro areas for as long as such services and locations are feasible and in furtherance of the charitable mission. The New VNA will respect the programmatic purposes for which certain historical fundraising activities of the parties have been conducted, and the expectation of participants in such activities in the future that proceeds will continue to be applied to such programs.

New VNA will be governed by a Board of Trustees, the eventual size of which will be sixteen members (see discussion below regarding Integration Period). The Board will have seven standing committees (Executive; Finance; Personnel; Quality; Fundraising/Development; Professional Advisory; and Nominating) and additional clinical, programmatic and *ad hoc* advisory committees. Margaret Franckhauser will serve as the CEO of New VNA, Rick Wolff will be its CFO, and Bette Coffey and Marilou MacLean will hold management positions.

Although a three-year integration period is contemplated (discussed below), the parties envision that New VNA, while respectful of its heritage, will have evolved into a unified entity pursuing its charitable mission without the need to maintain separate powers or protections for its founders. This is not a merger by which one organization subsumes and extinguishes another, but instead is the combination of two non-profit organizations with compatible missions to create a new, integrated and stronger organization with the same charitable pursuits.

#### IV. HOW:

New VNA will be established by legally merging VNAH into CHH. Under the merger plan, the CHH articles and bylaws will be amended on the closing date to incorporate the affiliation agreement provisions described above, essentially turning CHH into the New VNA. New VNA also will have a combined mission statement as its guide star. In addition to the revised mission and restated articles and bylaws, the affiliation agreement will continue to guide the New VNA board for a period of three years from the closing (the "Integration Period").

During the Integration Period, the New VNA Board of Trustees will have representatives from CHH (60%) and VNAH (40%). Initially the New VNA Board will consist of 22 Trustees, but one Trustee representing each party – a total of two Trustees – will be removed from the Board each year during the Integration Period until the New VNA Board reaches its permanent size of 16. To protect the interests of VNAH under the affiliation terms, certain major decisions of the New VNA Board will require an 80% supermajority vote of all Trustees. Additionally, the affiliation agreement describes an un-winding procedure if the parties decide during the Integration Period that their vision cannot be fulfilled.

#### V. WHEN:

It is expected that the CHH and VNAH boards will meet in early January, 2010 to vote on the affiliation agreement. If the affiliation agreement is approved, the parties will conduct due diligence and seek regulatory approval from the New Hampshire Director of Charitable Trusts under RSA 7:19-b (the "Change of Control" statute) and perhaps the Internal Revenue Service. Following public testimony and the completion of due diligence, the parties' boards will reconvene either to confirm the affiliation agreement, make modifications based on the public testimony or diligence results, or conclude that the conditions to the agreement (satisfactory due diligence and regulatory approvals) cannot be met. The parties hope that all conditions can be satisfied and the affiliation consummated by April 1, 2010.