

EXHIBIT 1

**FIRST AMENDMENT
OF AFFILIATION AGREEMENT**

This **FIRST AMENDMENT OF AFFILIATION AGREEMENT** (the "Amendment") among PeaceHealth, a Washington nonprofit corporation ("PeaceHealth"), Southwest Washington Health System, a Washington nonprofit corporation ("SWHS") and Southwest Washington Medical Center, a Washington nonprofit corporation ("SWMC") is effective this 28th day of December, 2010 (the "Effective Date").

WITNESSETH:

WHEREAS, PeaceHealth, SWHS and SWMC are parties to an Affiliation Agreement, dated December 8, 2010, pursuant to which upon the satisfaction and/or waiver of certain conditions, PeaceHealth is to become the sole member of SWHS (the "Affiliation"); and

WHEREAS, SWHS owns 89.5% of the outstanding capital stock of Columbia United Providers, Inc., a Washington for profit corporation ("CUP"), which is a Washington state licensed health care service contractor; and

WHEREAS, a final hearing before the Office of Insurance Commissioner of the State of Washington (the "OIC") is scheduled to be held on January 3, 2011, upon the completion of which hearing an administrative law judge is expected to issue a finding determining that a change of control relating to SWHS' ownership of stock in CUP is permissible (the "Determination"); and

WHEREAS, PeaceHealth, SWHS and SWMC desire and agree that PeaceHealth shall not acquire, and shall not exercise, direct or indirect legal control, dominion or authority respecting CUP prior to the issuance of such a Determination but may acquire a membership interest in SWHS limited to other purposes prior to the issuance of such a Determination; and

WHEREAS, PeaceHealth, SWHS, and SWMC wish to record this agreement in writing by amending the Affiliation Agreement.

NOW, THEREFORE, in consideration of the mutual promises reflected herein, and for other valuable consideration, PeaceHealth, SWHS and SWMC agree as follows:

ARTICLE I

Limitation of Rights Respecting CUP

Until a Determination has been made and notwithstanding any other provision in the Affiliation Agreement or any governing documents of PeaceHealth, SWHS or SWMC:

1) PeaceHealth's acquisition of a membership interest in SWHS is a limited membership interest and does not in any manner whatsoever extend to control or asserting control over SWHS' ownership interest in CUP; and

2) PeaceHealth will not dissolve SWHS, nor remove any of the Directors on the SWHS Board of Directors or remove any officers of SWHS.

Once a Determination has been made permitting PeaceHealth to have control over SWHS' ownership interest in CUP, PeaceHealth's membership interest in SWHS shall no longer be limited, but automatically convert to a full membership interest with all the rights and responsibilities noted in the relevant documents related to the Affiliation.

ARTICLE II

General Provisions

2.1 This Amendment shall be governed by the laws of the State of Washington without regard to choice of law rules.

2.2 This Amendment may not be amended except in writing by the mutual agreement of PeaceHealth, SWHS and SWMC.

2.3 This Amendment includes the entire Agreement between PeaceHealth, SWHS and SWMC respecting the subject matter hereof.

2.4 This Amendment is to be interpreted broadly to confirm the intent of the parties, so that the laws of the State of Washington regulating insurance companies and CUP in particular are not violated with the addition of PH as a member of SWHS.

2.5 This Amendment may be executed in counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all the parties reflected herein as the signatories.

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IN WITNESS WHEREOF, each of PeaceHealth, SWHS and SWMC has executed this Amendment as reflected below.

PEACEHEALTH

By: _____

Alan Yordy, President and CMO

SOUTHWEST WASHINGTON HEALTH SYSTEM

By: _____

Joseph M. Kortum, President and CEO

SOUTHWEST WASHINGTON MEDICAL CENTER

By: _____

Joseph M. Kortum, President and CEO

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