

ORIGINAL

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

RECEIVED

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION JUL 29 2010

This Section must be completed for all projects.

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Facility/Project Identification

Facility Name:	Riveredge Hospital
Street Address:	8311 West Roosevelt Road
City and Zip Code:	Forest Park, Illinois 60130
County:	Cook Health Service Area VII Health Planning Area: A-06

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	Universal Health Services, Inc.
Address:	367 South Gulph Road King of Prussia, PA 19406
Name of Registered Agent:	
Name of Chief Executive Officer:	Alan B. Miller, CEO
CEO Address:	367 South Gulph Road King of Prussia, PA 19406
Telephone Number:	610/768-3300

Type of Ownership of Applicant/Co-Applicant

<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input checked="" type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other

- o Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact

[Person to receive all correspondence or inquiries during the review period]

Name:	Robert E. Minor
Title:	Vice President, Development
Company Name:	Behavioral Health Division, Universal Health Services, Inc
Address:	110 Westwood Place Suite 100 Brentwood, TN 37027
Telephone Number:	615/250-0269
E-mail Address:	rob.minor@uhsinc.com
Fax Number:	615/829-8431

Additional Contact

[Person who is also authorized to discuss the application for permit]

Name:	none
Title:	
Company Name:	
Address:	
Telephone Number:	
E-mail Address:	
Fax Number:	

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
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City and Zip Code:	Forest Park, Illinois 60130		
County:	Cook	Health Service Area	VII
Health Planning Area:	A-06		

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	UHS of Delaware, Inc.
Address:	367 South Gulph Road King of Prussia, PA 19406
Name of Registered Agent:	
Name of Chief Executive Officer:	Alan B. Miller, CEO
CEO Address:	367 South Gulph Road King of Prussia, PA 19406
Telephone Number:	610/768-3300

Type of Ownership of Applicant/Co-Applicant

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Street Address:	8311 West Roosevelt Road		
City and Zip Code:	Forest Park, Illinois 60130		
County:	Cook	Health Service Area	VII Health Planning Area: A-06

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	Psychiatric Solutions, Inc.
Address:	6640 Carothers parkway, Suite 500 Franklin, TN 37067
Name of Registered Agent:	
Name of Chief Executive Officer:	Joey A. Jacobs, President
CEO Address:	6640 Carothers parkway, Suite 500 Franklin, TN 37067
Telephone Number:	615/312-5700

Type of Ownership of Applicant/Co-Applicant

<input type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership	
<input checked="" type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental	
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Name:	Robert E. Minor
Title:	Vice President, Development
Company Name:	Behavioral Health Division, Universal Health Services, Inc
Address:	110 Westwood Place Suite 100 Brentwood, TN 37027
Telephone Number:	615/250-0269
E-mail Address:	rob.minor@uhsinc.com
Fax Number:	615/829-8431

Additional Contact

[Person who is also authorized to discuss the application for permit]

Name:	none
Title:	
Company Name:	
Address:	
Telephone Number:	
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City and Zip Code:	Forest Park, Illinois 60130		
County:	Cook	Health Service Area	VII
Health Planning Area:	A-06		

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	Riveredge Hospital, Inc.
Address:	6640 Carothers Parkway, Suite 500 Franklin, TN 37067
Name of Registered Agent:	
Name of Chief Executive Officer:	Joey A. Jacobs, President
CEO Address:	6640 Carothers Parkway, Suite 500 Franklin, TN 37067
Telephone Number:	615/312-5700

Type of Ownership of Applicant/Co-Applicant

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<input checked="" type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental	
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Fax Number:	615/829-8431

Additional Contact

[Person who is also authorized to discuss the application for permit]

Name:	none
Title:	
Company Name:	
Address:	
Telephone Number:	
E-mail Address:	
Fax Number:	

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960

Name:	Carey Carlock
Title:	CEO
Company Name:	Rivertedge Hospital
Address:	8311 West Roosevelt Road Forest Park, Illinois 60130
Telephone Number:	708/771-7000
E-mail Address:	carey.carlock@psysolutions.com
Fax Number:	

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Rivertedge Real Estate, Inc.
Address of Site Owner:	367 South Gulph Road King of Prussia, PA 19406 (post change of ownership)
Street Address or Legal Description of Site:	8311 West Roosevelt Road Forest Park, Illinois 60130
Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.	
APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Operating Identity/Licensee

[Provide this information for each applicable facility, and insert after this page.]

Exact Legal Name:	Rivertedge Hospital, Inc.	
Address:	8311 West Roosevelt Road Forest Park, IL 60130	
<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership	
<input checked="" type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental	
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other
<ul style="list-style-type: none">o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.o Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.		
APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.		

Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.
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Flood Plain Requirements **not applicable**

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. **This map must be in a readable format.** In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (<http://www.hfsrb.illinois.gov>).

APPEND DOCUMENTATION AS **ATTACHMENT -5**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements **not applicable**

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS **ATTACHMENT-6**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT

1. Project Classification

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

<p>Part 1110 Classification:</p> <p><input type="checkbox"/> Substantive</p> <p><input checked="" type="checkbox"/> Non-substantive</p>	<p>Part 1120 Applicability or Classification: [Check one only.]</p> <p><input type="checkbox"/> Part 1120 Not Applicable</p> <p><input type="checkbox"/> Category A Project</p> <p><input checked="" type="checkbox"/> Category B Project</p> <p><input type="checkbox"/> DHS or DVA Project</p>
---	--

2. Narrative Description

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does **NOT** have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

Universal Health Services, Inc. (UHS) has reached a definitive agreement through which it will acquire Psychiatric Solutions, Inc. (PSI) through a stock acquisition. PSI owns three hospitals in Illinois.

This *Application for Permit* addresses the resultant change of ownership of Riveredge Hospital, a 210-bed behavioral health hospital, which provides acute mental illness (AMI) services, exclusively, and is located in Forest Park. Certificate of Need applications have also been filed with the Illinois Health Facilities and Services review Board for the change of ownership of the other two Illinois hospitals owned by PSI: Streamwood Behavioral Health Hospital in Streamwood and Lincoln Prairie Behavioral Health Center in Springfield.

No changes in IDPH-designated "categories of services" at Riveredge Hospital are anticipated.

This is a "non-substantive" project, pursuant to the definition of a "non-substantive" project provided in Section 1110.40.

CONFIDENTIAL

EXECUTION COPY

AGREEMENT AND PLAN OF MERGER

among

UNIVERSAL HEALTH SERVICES, INC.,

OLYMPUS ACQUISITION CORP.

and

PSYCHIATRIC SOLUTIONS, INC.

Dated as of May 16, 2010

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Exhibit A Form of Amended and Restated Certificate of Incorporation

Exhibit B Form of Amended and Restated By-Laws

AGREEMENT AND PLAN OF MERGER, dated as of May 16, 2010 (this "Agreement"), among UNIVERSAL HEALTH SERVICES, INC., a Delaware corporation ("Parent"), OLYMPUS ACQUISITION CORP., a Delaware corporation and a wholly owned Subsidiary of Parent ("Merger Sub"), and PSYCHIATRIC SOLUTIONS, INC., a Delaware corporation (the "Company").

RECITALS

WHEREAS, upon the terms and subject to the conditions of this Agreement and in accordance with the General Corporation Law of the State of Delaware, as amended (the "DGCL"), Parent, Merger Sub and the Company have agreed to enter into a business combination transaction pursuant to which Merger Sub will merge with and into the Company, with the Company continuing as the Surviving Corporation (the "Merger");

WHEREAS, the Board of Directors of the Company (the "Company Board"), acting upon the unanimous recommendation of the Special Committee, has (i) determined that the Merger is fair to, and in the best interests of, the Company and its stockholders, (ii) approved this Agreement and declared its advisability and (iii) resolved to recommend the adoption of this Agreement by the stockholders of the Company at the Company Stockholders' Meeting;

WHEREAS, the Board of Directors of Merger Sub has (i) approved this Agreement and declared its advisability and (ii) resolved to recommend the adoption of this Agreement by the stockholder of Merger Sub;

WHEREAS, (i) the Board of Directors of Parent has approved this Agreement and (ii) immediately following the execution of this Agreement, Parent, as the sole stockholder of Merger Sub, shall adopt this Agreement; and

WHEREAS, upon consummation of the Merger, each issued and outstanding share of common stock, par value \$0.01 per share, of the Company (the "Company Common Stock") (other than the Shares described in Section 2.01(b) and Dissenting Shares) will be converted into the right to receive \$33.75 per share in cash, upon the terms and subject to the conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, Parent, Merger Sub and the Company hereby agree as follows:

ARTICLE I

THE MERGER

SECTION 1.01 The Merger. Upon the terms and subject to the conditions set forth in Article VII, and in accordance with the DGCL, at the Effective Time, Merger Sub shall be merged with and into the Company. At the Effective Time, the separate corporate existence of Merger Sub shall cease and the Company shall continue as the surviving corporation of the Merger (the "Surviving Corporation").

SECTION 1.02 Closing. Unless this Agreement shall have been terminated in accordance with Section 8.01, the closing of the Merger (the "Closing") will take place at 9:00 a.m., New York time, on the second business day after the later to be satisfied of the condition set forth in Section 7.01(a) or Section 7.01(c) (subject to the satisfaction or waiver (where permissible) of the other conditions to Closing set forth in Article VII, other than those that by their terms are to be satisfied at the Closing, but subject to the satisfaction or waiver (where permissible) of such conditions at the Closing), at the offices of Shearman & Sterling LLP, 599 Lexington Avenue, New York, New York 10022, unless another time, date and/or place is agreed to in writing by Parent and the Company.

SECTION 1.03 Effective Time. Immediately following the Closing, the parties hereto shall cause the Merger to be consummated by filing with the Secretary of State of the State of Delaware a certificate of merger (the "Certificate of Merger") in such form as is required by, and executed and acknowledged in accordance with, the relevant provisions of the DGCL. The Merger shall become effective at such date and time as the Certificate of Merger is duly filed with the Secretary of State of the State of Delaware or at such subsequent date and time as Parent and the Company shall agree and specify in the Certificate of Merger. The date and time at which the Merger becomes effective is referred to in this Agreement as the "Effective Time."

SECTION 1.04 Effect of the Merger. At the Effective Time, the effect of the Merger shall be as provided in the applicable provisions of the DGCL.

SECTION 1.05 Certificate of Incorporation; By-Laws. (a) At the Effective Time, the Amended and Restated Certificate of Incorporation of the Company, as amended, as in effect immediately prior to the Effective Time, shall be amended to read in its entirety as set forth in Exhibit A attached hereto and, as so amended, shall be the Certificate of Incorporation of the Surviving Corporation until thereafter amended in accordance with the provisions thereof and as provided by Law.

(b) At the Effective Time, the By-Laws of the Company, as in effect immediately prior to the Effective Time, shall be amended and restated to read in their entirety as set forth in Exhibit B attached hereto and, as so amended and restated, shall be the By-Laws of the Surviving Corporation until thereafter amended as provided by Law, the Certificate of Incorporation of the Surviving Corporation and such By-Laws.

SECTION 1.06 Directors and Officers. The directors of Merger Sub immediately prior to the Effective Time shall be the initial directors of the Surviving Corporation, each to hold office in accordance with the Certificate of Incorporation and By-Laws of the Surviving Corporation, and the officers of the Company immediately prior to the Effective Time shall be the initial officers of the Surviving Corporation, in each case until their respective successors are duly elected or appointed and qualified or until the earlier of their death, resignation or removal.

ARTICLE II

CONVERSION OF SECURITIES; EXCHANGE OF CERTIFICATES

SECTION 2.01 Conversion of Securities. At the Effective Time, by virtue of the Merger and without any action on the part of Merger Sub, the Company or the holders of any of the following securities:

(a) Conversion of Company Common Stock. Each share of Company Common Stock (all issued and outstanding shares of Company Common Stock being hereinafter collectively referred to as the "Shares") issued and outstanding immediately prior to the Effective Time (except as set forth in Section 2.01(b) and any Dissenting Shares) shall be canceled and shall be converted automatically into the right to receive \$33.75 in cash, without interest (the "Merger Consideration"). The Merger Consideration is payable in accordance with Section 2.02(b).

(b) Cancellation of Treasury Stock and Parent-Owned Stock. Each Share held in the treasury of the Company and each Share owned by Merger Sub or Parent immediately prior to the Effective Time shall automatically be canceled without any conversion thereof and no payment or distribution shall be made with respect thereto.

(c) Capital Stock of Merger Sub. Each share of common stock, par value \$0.01 per share, of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into and become one validly issued, fully paid and nonassessable share of common stock, par value \$0.01 per share, of the Surviving Corporation.

SECTION 2.02 Exchange of Certificates. (a) Paying Agent. Prior to the Effective Time, Parent shall (i) appoint a bank or trust company reasonably acceptable to the Company (the "Paying Agent"), and (ii) enter into a paying agent agreement, in form and substance reasonably acceptable to the Company, with such Paying Agent for the payment of the Merger Consideration in accordance with this Article II. At the Effective Time, Parent shall deposit, or cause the Surviving Corporation to deposit, with the Paying Agent, for the benefit of the holders of Shares, cash in an amount sufficient to pay the aggregate Merger Consideration required to be paid pursuant to Section 2.01(a) (such cash being hereinafter referred to as the "Exchange Fund"). The Exchange Fund shall not be used for any other purpose. The Exchange Fund shall be invested by the Paying Agent as directed by Parent; *provided, however*, that such investments shall be in obligations of or guaranteed by the United States of America or any agency or instrumentality thereof and backed by the full faith and credit of the United States of America, in commercial paper obligations rated A-1 or P-1 or better by Moody's Investors Service, Inc. or Standard & Poor's Corporation, respectively, or in certificates of deposit, bank repurchase agreements or banker's acceptances of commercial banks with capital exceeding \$1 billion (based on the most recent financial statements of such bank which are then publicly available). Any net profit resulting from, or interest or income produced by, such investments shall be payable to the Surviving Corporation.

(b) Exchange Procedures. Promptly after the Effective Time, Parent shall cause to be mailed to each person who was, at the Effective Time, a holder of record of Shares

entitled to receive the Merger Consideration pursuant to Section 2.01(a): (i) a letter of transmittal (which shall be in customary form and shall specify that delivery shall be effected, and risk of loss and title to the Shares shall pass, only upon proper delivery of the Shares to the Paying Agent) and (ii) instructions for use in effecting the surrender of the certificates evidencing such Shares (the "Certificates") or the non-certificated Shares represented by book-entry ("Book-Entry Shares") in exchange for the Merger Consideration. Upon (A) surrender of a Certificate to the Paying Agent for cancellation, together with such letter of transmittal, duly completed and validly executed in accordance with the instructions thereto, or (B) receipt by the Paying Agent of an "agent's message" in the case of Book-Entry Shares, and, in each case, such other documents as may be required pursuant to such instructions, the holder of such Shares shall be entitled to receive in exchange therefor the Merger Consideration which such holder has the right to receive pursuant to the provisions of this Article II, and the Certificate or Book-Entry Shares so surrendered shall forthwith be canceled. In the event of a transfer of ownership of Shares that is not registered in the transfer records of the Company, payment of the Merger Consideration may be made to a person other than the person in whose name the Certificate or Book-Entry Shares so surrendered are registered if the Certificate or Book-Entry Shares representing such Shares shall be presented to the Paying Agent, accompanied by all documents required to evidence and effect such transfer or otherwise be in proper form for transfer, and the person requesting such payment shall pay any fiduciary or surety bonds or any transfer or other Taxes required solely by reason of the payment of the Merger Consideration to a person other than the registered holder of such Certificate or Book-Entry Shares or establish to the reasonable satisfaction of Parent that such Tax has been paid or is not applicable. Until surrendered as contemplated by this Section 2.02, each Certificate or Book-Entry Share shall be deemed at all times after the Effective Time to represent only the right to receive upon such surrender the Merger Consideration to which the holder of such Certificate or Book-Entry Share is entitled pursuant to this Article II. No interest shall be paid or will accrue on any cash payable to holders of Certificates or Book-Entry Shares pursuant to the provisions of this Article II.

(c) No Further Rights. From and after the Effective Time, holders of Shares shall cease to have any rights as stockholders of the Company, except as provided herein or by Law.

(d) Termination of Exchange Fund. Any portion of the Exchange Fund that remains undistributed to the holders of Shares one year after the Effective Time shall be delivered to the Surviving Corporation, upon demand, and any holders of Shares who have not theretofore complied with this Article II shall thereafter look only to Parent or the Surviving Corporation for, and Parent and the Surviving Corporation shall remain liable for, payment of their claim for the Merger Consideration. Any portion of the Exchange Fund remaining unclaimed by holders of Shares as of a date which is immediately prior to such time as such amounts would otherwise escheat to or become property of any Governmental Authority shall, to the extent permitted by applicable Law, become the property of Parent free and clear of any claims or interest of any person previously entitled thereto.

(e) No Liability. None of the Paying Agent, Parent, Merger Sub or the Surviving Corporation shall be liable to any holder of Shares for any cash (including any

dividends or distributions with respect to such Shares) delivered to a public official pursuant to any abandoned property, escheat or similar Law.

(f) Withholding Rights. Each of the Paying Agent, the Surviving Corporation and Parent shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any holder of Shares or Company Stock Options such amounts as it is required to deduct and withhold with respect to such payment under all applicable federal, state or local Tax Laws and pay such withholding amount over to the appropriate taxing authority. To the extent that amounts are so properly withheld by the Paying Agent, the Surviving Corporation or Parent, as the case may be, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the Shares or Company Stock Options in respect of which such deduction and withholding was made by the Paying Agent, the Surviving Corporation or Parent, as the case may be.

(g) Lost Certificates. If any Certificate shall have been lost, stolen or destroyed, then upon (i) the making of an affidavit of that fact by the person claiming such Certificate to be lost, stolen or destroyed, and (ii) if required by the Surviving Corporation, the posting by such person of an indemnity bond in form and substance and with surety reasonably satisfactory to the Surviving Corporation, the Paying Agent shall pay in respect of such lost, stolen or destroyed Certificate the Merger Consideration to which the holder thereof is entitled pursuant to Section 2.01(a).

SECTION 2.03 Stock Transfer Books. At the Effective Time, the stock transfer books of the Company shall be closed and there shall be no further registration of transfers of Shares that were outstanding immediately prior to the Effective Time on the records of the Company. From and after the Effective Time, the holders of Shares outstanding immediately prior to the Effective Time shall cease to have any rights with respect to such Shares, except as otherwise provided in this Agreement or by Law. On or after the Effective Time, any Certificates or Book-Entry Shares presented to the Paying Agent or Parent for any reason shall be canceled against delivery of the Merger Consideration to which the holders thereof are entitled pursuant to Section 2.01(a).

SECTION 2.04 Company Stock Options and Restricted Stock. (a) Between the date of this Agreement and the Effective Time, the Company shall take all necessary action (which action shall be effective as of the Effective Time), to (i) terminate the Psychiatric Solutions, Inc. Equity Incentive Plan, the Psychiatric Solutions, Inc. Outside Directors' Stock Incentive Plan and the 2010 Long-Term Equity Compensation Plan (collectively, the "Company Stock Plans"), (ii) provide that each outstanding option to purchase shares of Company Common Stock granted under the Company Stock Plans (each, a "Company Stock Option") that is outstanding and unexercised as of immediately prior to the Effective Time, whether or not vested or exercisable, shall become fully vested and exercisable as of the Effective Time, (iii) cancel, as of the Effective Time, each Company Stock Option that is outstanding and unexercised, as of the Effective Time (in each case, without the creation of additional liability to the Company or any Subsidiaries), subject, if applicable, to the payment pursuant to Section 2.04(b) and (iv) provide that each share of restricted Company Common Stock granted under the Company Stock Plans that is outstanding as of immediately prior to the Effective Time shall become fully vested and transferable and that all restrictions on such

restricted Company Common Stock shall lapse as of the Effective Time and accordingly will be eligible to receive the per share Merger Consideration pursuant to Section 2.01(a).

(b) Each holder of a Company Stock Option that is outstanding and unexercised as of immediately prior to the Effective Time and has an exercise price per Share that is less than the per share Merger Consideration shall (subject to the provisions of this Section 2.04) be paid by the Surviving Corporation promptly after the Effective Time, in exchange for the cancellation of such Company Stock Option, an amount in cash equal to the product of (i) the difference between the per share Merger Consideration and the applicable exercise price of such Company Stock Option, and (ii) the aggregate number of Shares that remain issuable upon exercise of such Company Stock Option. Any such payments shall be subject to all applicable federal, state and local Tax withholding requirements. In the event that the exercise price per share of a Company Stock Option is greater than or equal to the per share Merger Consideration, such Company Stock Option shall be canceled without consideration and have no further force or effect.

(c) Prior to the Effective Time, the Company shall take all steps reasonably necessary to cause the Transactions and any other dispositions of Company Common Stock or other equity securities of the Company (including derivative securities) in connection with this Agreement by each person who is a director or officer of the Company to be exempt under Rule 16b-3 promulgated under the Exchange Act, as amended.

SECTION 2.05 Dissenting Shares. (a) Notwithstanding any provision of this Agreement to the contrary and to the extent available under the DGCL, Shares that are outstanding immediately prior to the Effective Time and that are held by any stockholder who is entitled to demand and properly demands the appraisal for such Shares (the "Dissenting Shares") pursuant to, and who complies in all respects with, the provisions of Section 262 of the DGCL ("Section 262") shall not be converted into, or represent the right to receive, the Merger Consideration. Any such stockholder shall instead be entitled to receive payment of the fair value of such stockholder's Dissenting Shares in accordance with the provisions of Section 262; *provided, however*, that all Dissenting Shares held by any stockholder who shall have failed to perfect or who otherwise shall have withdrawn or lost such stockholder's rights to appraisal of such Shares under Section 262 shall thereupon be deemed to have been converted into, and to have become exchangeable for, as of the Effective Time, the right to receive the Merger Consideration, without any interest thereon, upon surrender in the manner provided in Section 2.02 of any Certificate or the Book-Entry Shares that formerly evidenced such Shares.

(b) The Company shall give Parent (i) prompt notice of any demands received by the Company for appraisal of any Shares, withdrawals of such demands and any other instruments served pursuant to the DGCL and received by the Company and (ii) the opportunity to participate in and direct all negotiations and proceedings with respect to demands for appraisal under the DGCL. The Company shall not, except with the prior written consent of Parent, make any payment with respect to any demands for appraisal or offer to settle or settle any such demands.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the disclosure schedule delivered by the Company to Parent and Merger Sub concurrently with the execution and delivery of this Agreement (the "Company Disclosure Schedule") (*provided* that, disclosure of any fact or item in any section of the Company Disclosure Schedule shall, should the existence of such fact or item be relevant to any other section, be deemed to be disclosed with respect to that other section so long as the relevance of such disclosure to such other section is reasonably apparent on its face), or as disclosed in the SEC Reports (but excluding any disclosures set forth in any risk factor section, any disclosures in any section relating to forward looking statements and any other disclosures included therein to the extent they are predictive or forward-looking in nature) filed prior to the date of this Agreement, and in each case subject to Section 3.09(a), the Company hereby represents and warrants to Parent and Merger Sub as follows:

SECTION 3.01 Organization and Qualification; Subsidiaries. (a) Each of the Company and each Subsidiary of the Company is a corporation, limited liability company, general partnership, or limited partnership duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization and has the requisite power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted, except where the failure to be so organized, validly existing and in good standing would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. Each of the Company and each Subsidiary of the Company is duly qualified or licensed as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary, except for such failures to be so qualified or licensed and in good standing that would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. The term "Company Material Adverse Effect" means (i) any event, circumstance, state of facts, change or effect that is materially adverse to the business, financial condition or results of operations of the Company and its Subsidiaries, taken as a whole, or (ii) any event, circumstance, state of facts, change or effect that would prevent or materially delay the consummation of the Merger or otherwise prevent the Company from performing its obligations under this Agreement; *provided, however*, that in no event shall any of the following, alone or in combination, be deemed to constitute, nor shall any of the following be taken into account in determining whether there has been or would reasonably be expected to be, a Company Material Adverse Effect (except, in the case of clauses (A)(1), (A)(2) or (A)(4) below, to the extent any of the matters referred to therein has had or would reasonably be expected to have a disproportionate adverse effect on the Company and its Subsidiaries, taken as a whole, as compared to other for-profit and comparable or similar companies operating in the industries in which the Company and its Subsidiaries operate, after taking into account the size of the Company relative to such other for-profit companies): (A) any event, circumstance, state of facts, change or effect resulting from or relating to (1) a change in general economic, political or financial market conditions, including interest or exchange rates, (2) a change generally affecting the industries in which the Company and its Subsidiaries operate (including seasonal fluctuations) or general economic conditions that generally affect the industries in which the Company and its Subsidiaries conduct their business, (3) any change in accounting requirements

or principles required by GAAP (or any interpretations thereof) or required by any change in applicable Laws (or any interpretations thereof), (4) any adoption, implementation, promulgation, repeal, modification, reinterpretation or proposal of any Law after the date hereof, (5) any Action, investigation, review or examination undertaken by a Governmental Authority, or any sanction, fine, operating restriction or other similar penalty arising as a result thereof, with respect to any Company Health Care Business or Company Health Care Facility (a "Regulatory Condition"), that is currently pending or arises after the date of this Agreement, in each case to the extent such Regulatory Condition is consistent in nature, scope and impact on the Company and its Subsidiaries, taken as a whole, with Regulatory Conditions arising and fully resolved from time to time in the conduct of the business of the Company and its Subsidiaries on or before December 31, 2009, (6) any acts of terrorism or war or any weather related event, fire or natural disaster or any escalation thereof, (7) the announcement of the execution of this Agreement or the pendency or consummation of the Merger and the other transactions contemplated by this Agreement (collectively, the "Transactions"), including any Actions, challenges or investigations to the extent relating to this Agreement or the Transactions made or brought by any of the current or former stockholders of the Company (on their own behalf or on behalf of the Company), (8) the identity of Parent or any of its affiliates as the acquiror of the Company or any facts or circumstances concerning Parent or any of its affiliates, or (9) compliance with the terms of, the taking of any action required or the failure to take any action prohibited by, this Agreement or the taking of any action consented to or requested by Parent or (B) any failure, in and of itself, to meet internal or published projections, forecasts, performance measures, operating statistics or revenue or earnings predictions for any period or a decline in the price or trading volume of the Company Common Stock (*provided* that, except as otherwise provided in this definition, the underlying causes of such failure or decline may be taken into account in determining whether there is a Company Material Adverse Effect).

(b) A true and complete list of all the Subsidiaries of the Company, together with the jurisdiction of organization of each such Subsidiary and the percentage of the outstanding capital stock or other equity interests of each such Subsidiary owned by the Company, each other Subsidiary of the Company and any other person, is set forth in Section 3.01(b) of the Company Disclosure Schedule. None of the Company or any of its Subsidiaries directly or indirectly owns any material equity or similar interest in, or any interest convertible into or exchangeable or exercisable for any equity or similar interest in, any corporation, partnership, joint venture or other business association or entity (other than the Subsidiaries of the Company).

SECTION 3.02 Certificate of Incorporation and By-Laws. The Company has made available to Parent a complete and correct copy of the Certificate of Incorporation and the By-Laws (or similar organizational documents), each as amended to date, of the Company and each of its Subsidiaries. Such Certificates of Incorporation and By-Laws or similar organizational documents are in full force and effect. Neither the Company nor any of its Subsidiaries is in violation of any of the provisions of its Certificate of Incorporation or By-Laws or similar organizational documents, except, in the case of any Subsidiary of the Company, for violations that, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect.

SECTION 3.03 Capitalization. (a) The authorized capital stock of the Company consists of (i) 125,000,000 shares of Company Common Stock and (ii) 1,186,530 shares of preferred stock, par value \$0.01 per share ("Company Preferred Stock").

(b) As of May 6, 2010, (i) 57,169,871 shares of Company Common Stock (including 1,302,327 shares of restricted Company Common Stock granted under the Company Stock Plans) were issued and outstanding, all of which are validly issued, fully paid and nonassessable and were issued free of preemptive (or similar) rights, (ii) no shares of Company Common Stock were held in the treasury of the Company, (iii) no shares of Company Common Stock were held by the Subsidiaries of the Company, (iv) 7,037,405 shares of Company Common Stock were reserved for future issuance in connection with the Company Stock Plans (including 6,509,150 shares reserved pursuant to outstanding Company Stock Options. Since May 6, 2010, through the date of this Agreement, other than in connection with the issuance of Shares pursuant to the exercise of Company Stock Options outstanding as of May 6, 2010, there has been no change in the number of shares of outstanding capital stock of the Company or the number of outstanding Company Stock Options. As of the date of this Agreement, no shares of Company Preferred Stock are issued and outstanding. Except as set forth in this Section 3.03, there are no options, warrants or other rights, agreements, arrangements or commitments of any character relating to the issued or unissued capital stock of the Company or any Subsidiary or obligating the Company or any of its Subsidiaries to issue or sell any shares of capital stock of, or other equity interests in, the Company or any of its Subsidiaries. All shares of Company Common Stock subject to issuance as aforesaid, upon issuance on the terms and conditions specified in the instruments pursuant to which they are issuable, will be duly authorized, validly issued, fully paid and nonassessable and free of preemptive (or similar) rights. There are no material outstanding contractual obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock or options, warrants or other rights to acquire shares of capital stock of the Company or of any Subsidiary of the Company, or to provide funds to or make any investment (in the form of a loan, capital contribution or otherwise) in any such Subsidiary or any other person. There are no bonds, debentures, notes or other indebtedness of the Company or any of its Subsidiaries having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which holders of Company Common Stock may vote ("Voting Company Debt"). Except for any obligations pursuant to this Agreement, the Company Stock Plans, or as otherwise set forth above, there are no options, warrants, rights, convertible or exchangeable securities, stock-based performance units, Contracts or undertakings of any kind to which the Company or any of its Subsidiaries is a party or by which any of them is bound (1) obligating the Company or any such Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock or other equity interests in, or any security convertible or exchangeable for any capital stock of or other equity interest in, the Company or any of its Subsidiaries or any Voting Company Debt, (2) obligating the Company or any such Subsidiary to issue, grant or enter into any such option, warrant, right, security, unit, Contract or undertaking or (3) that give any person the right to receive any economic interest of a nature accruing to the holders of any Company Common Stock. Section 3.03(b) of the Company Disclosure Schedule sets forth a true and complete list, as of the date of this Agreement, of all outstanding indebtedness for borrowed money of the Company and its Subsidiaries (other than any such indebtedness owed to the Company or any of its Subsidiaries, letters of credit and any other indebtedness with an aggregate principal amount not in excess of \$1.0 million individually). None of the Company or

any of its Subsidiaries is a party to any stockholders' agreement, voting trust agreement or registration rights agreement relating to any equity securities of the Company or any of its Subsidiaries or any other Contract relating to disposition, voting or dividends with respect to any equity securities of the Company or of any of its Subsidiaries. Section 3.03(b) of the Company Disclosure Schedule sets forth, as of the date of this Agreement, a complete and correct list of all outstanding Company Stock Options, and all shares of restricted Company Common Stock granted under the Company Stock Plans, and the number of unpurchased Shares subject to each such Company Stock Option and the grant date, exercise price, and expiration date of each such Company Stock Option.

(c) Each outstanding share of capital stock, each limited liability company membership interest and each partnership interest of each Subsidiary of the Company is duly authorized, validly issued, fully paid and nonassessable and was issued free of preemptive (or similar) rights, and each such share or interest is owned by the Company or another Subsidiary of the Company free and clear of all options, rights of first refusal, agreements, limitations on the Company's or any of its Subsidiaries' voting, dividend or transfer rights, charges and other encumbrances or Liens of any nature whatsoever.

SECTION 3.04 Authority Relative to This Agreement. The Company has all necessary corporate power and authority to execute and deliver this Agreement, and, subject to the receipt of the Stockholder Approval, to perform its obligations hereunder and to consummate the Transactions. The execution, delivery and performance of this Agreement by the Company and the consummation by the Company of the Transactions have been duly and validly authorized by all necessary corporate action, and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or to consummate the Transactions (other than, with respect to the Merger, the receipt of the Stockholder Approval with respect to the adoption of this Agreement and the filing and recordation of appropriate merger documents as required by the DGCL). This Agreement has been duly and validly executed and delivered by the Company and, assuming the due authorization, execution and delivery by Parent and Merger Sub, constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to the effect of any applicable bankruptcy, insolvency (including all Laws relating to fraudulent transfers), reorganization, moratorium or similar Laws affecting creditors' rights generally and subject to the effect of general principles of equity (regardless of whether considered in a proceeding at law or in equity).

SECTION 3.05 No Conflict; Required Filings and Consents. (a) The execution and delivery of this Agreement by the Company do not, and the performance of this Agreement by the Company and the consummation by the Company of the Transactions will not, (i) conflict with or violate the Certificate of Incorporation or By-Laws (or similar organizational documents) of the Company or any of its Subsidiaries, (ii) assuming that all consents, approvals and other authorizations described in Section 3.05(b) have been obtained, that all filings and other actions described in Section 3.05(b) have been made or taken and the Stockholder Approval has been obtained, conflict with or violate any federal, state, local or foreign law, statute, ordinance or common law, or any rule, regulation, standard, judgment, order, writ, injunction or decree of any Governmental Authority, including Health Care Laws (collectively, "Law"), applicable to the Company or any of its Subsidiaries or by which any property or asset

of the Company or any such Subsidiary is bound or affected, or (iii) result in any breach or violation of or constitute a default (or an event which, with notice or lapse of time or both, would become a default) under, or give to others any right of termination, amendment, acceleration or cancellation of, or result in the creation of a Lien on any property or asset of the Company or any such Subsidiary pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which the Company or any such Subsidiary is a party or by which the Company or any such Subsidiary or any property or asset of the Company or any such Subsidiary is bound or affected, except, with respect to clauses (ii) and (iii), for any such conflicts, violations, breaches, defaults or other occurrences which would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect or materially delay the consummation of the Transactions.

(b) The execution and delivery of this Agreement by the Company do not, and the performance of this Agreement by the Company and the consummation by the Company of the Transactions will not, require any consent, approval, authorization or permit of, or filing with or notification to, any federal, state, local or foreign government, regulatory or administrative authority, or any court, tribunal, or judicial or arbitral body (a "Governmental Authority"), except for (i) applicable requirements, if any, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (ii) the filing with the Securities and Exchange Commission (the "SEC") of a proxy statement (as amended or supplemented from time to time, the "Proxy Statement") relating to the adoption of this Agreement by the Company's stockholders, (iii) any filings required under the rules and regulations of the NASDAQ Stock Market, (iv) the filing and recordation of appropriate merger documents as required by the DGCL and appropriate documents with the relevant authorities of other states in which the Company or any Subsidiary is qualified to do business, (v) the premerger notification and waiting period requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder (the "HSR Act"), (vi) applicable requirements, if any, of Health Care Laws; (vii) applicable requirements, if any, of Medicare, Medicaid, or any other similar state or federal health care program (each, a "Government Program") in which the Company or any of its Subsidiaries participates; and (viii) where the failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

SECTION 3.06 Permits; Compliance. Each of the Company and each Subsidiary of the Company is in possession of all licenses, interim licenses, qualifications, exemptions, registrations, permits, approvals, accreditations, certificates of occupancy and other certificates, franchises and other authorizations of any Governmental Authority necessary for each such entity to own, lease and operate its properties or to carry on its business as it is now being conducted (the "Company Permits"), except where the failure to have, or the suspension or cancellation of, any of the Company Permits would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. As of the date of this Agreement, no suspension or cancellation of any of the Company Permits is pending or, to the knowledge of the Company, threatened in writing, except where the failure to have, or the suspension or cancellation of, any of the Company Permits would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. Neither the Company nor any Subsidiary is in conflict with, or in default, breach or violation of, (i) any Law

applicable to such entity or by which any property or asset of such entity is bound or affected, or (ii) any contract or Company Permit to which such entity is a party or by which such entity or any property or asset of such entity is bound, except, with respect to clauses (i) and (ii), for any such conflicts, defaults, breaches or violations that would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. Without limiting the generality of the foregoing, (x) each Company Healthcare Facility is in compliance with the requirements of and conditions for participating in the Government Programs such facility participates in as of the date of this Agreement and (y) all claims for payment or cost reports filed or required to be filed by each Company Healthcare Facility under any Government Program or any private payor program have been prepared and filed in accordance with all applicable Laws, except, in the case of clauses (x) and (y), for any such noncompliance that would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

SECTION 3.07 SEC Filings; Financial Statements; Undisclosed Liabilities.

(a) The Company has filed all forms, reports, statements, schedules and other documents required to be filed by it with the SEC since January 1, 2009 (collectively, the "SEC Reports"). The SEC Reports (i) were prepared, in all material respects, in accordance with the applicable requirements of the Securities Act of 1933, as amended (the "Securities Act"), the Exchange Act, and, in each case, the rules and regulations promulgated thereunder, and (ii) did not, at the time they were filed, or, if amended, as of the date of such amendment, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(b) Each of the consolidated financial statements (including, in each case, any notes thereto) contained in the SEC Reports was prepared in accordance with United States generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods indicated (except as may be indicated in the notes thereto or, in the case of unaudited statements, as permitted by Form 10-Q of the SEC) and each fairly presents, in all material respects, the consolidated financial position, results of operations and cash flows of the Company and its consolidated Subsidiaries as at the respective dates thereof and for the respective periods indicated therein, except as otherwise noted therein (subject, in the case of unaudited statements, to the absence of notes and normal and recurring year-end adjustments).

(c) Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, the management of the Company (i) has implemented and maintains disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) to ensure that material information relating to the Company, including its consolidated Subsidiaries, is in all material respects made known to the principal executive officer and the principal financial and accounting officer of the Company by others within those entities, and (ii) has disclosed, based on its most recent evaluation prior to the date of this Agreement, to the Company's outside auditors and the audit committee of the Company Board (x) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) which are reasonably likely to adversely affect the Company's ability to record, process, summarize and

report financial information, and (y) any material fraud, within the knowledge of the Company, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.

(d) Neither the Company nor any Subsidiary of the Company has any material liability or obligation of a nature required to be reflected on a balance sheet prepared in accordance with GAAP, except for material liabilities and obligations (i) reflected or reserved against on the consolidated balance sheet of the Company and the consolidated Subsidiaries as at December 31, 2009 (including the notes thereto) included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, or subsequent SEC Reports, (ii) incurred in connection with the Transactions, or (iii) incurred in the ordinary course of business since December 31, 2009 that would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

SECTION 3.08 Information Supplied. None of the information included or incorporated by reference in the Proxy Statement will, at the date it is filed with the SEC or first mailed to the Company's stockholders or at the time of the Company Stockholders' Meeting or at the time of any amendment or supplement thereof, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading, except that no representation is made by the Company with respect to statements made or incorporated by reference therein based on information supplied by Parent or Merger Sub in connection with the preparation of the Proxy Statement for inclusion or incorporation by reference therein. The Proxy Statement will comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations promulgated thereunder.

SECTION 3.09 Absence of Certain Changes or Events. Since December 31, 2009, (a) there has not been any event, circumstance, state of facts, change or effect that, individually or in the aggregate, has had or would reasonably be expected to have a Company Material Adverse Effect (without any regard to the Company Disclosure Schedule or any disclosures in the SEC Reports), (b) except in connection with the Transactions, the Company and its Subsidiaries have conducted their businesses in the ordinary course of business and (c) none of the Company or any of its Subsidiaries has taken any action that, if taken after the date of this Agreement, would constitute a breach of the covenants set forth in Sections 5.01(d), (f), (j) or (l) (only with regard to the foregoing subsections of Sections 5.01).

SECTION 3.10 Absence of Litigation. There is no litigation, suit, action or proceeding before any Governmental Authority (an "Action") pending or, to the knowledge of the Company, threatened in writing against the Company or any of its Subsidiaries, or any property or asset of the Company or any of its Subsidiaries that, individually or in the aggregate, would reasonably be expected to have a Company Material Adverse Effect. Neither the Company nor any Subsidiary of the Company nor any property or asset of the Company or any Subsidiary of the Company is subject to any continuing order of, consent decree, settlement agreement or other similar written agreement with, any Governmental Authority, or any order, judgment, injunction or decree of any Governmental Authority that would, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

SECTION 3.11 Employee Benefit Plans. (a) Section 3.11(a) of the Company Disclosure Schedule lists all employee benefit plans (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) and all bonus, stock option, stock purchase, restricted stock, incentive, deferred compensation, retiree medical or life insurance, supplemental retirement, severance, change in control, retention or termination or other material benefit plans, programs, policies or arrangements, and all bonus, incentive, deferred compensation, equity or equity-based compensation, employment, termination, severance, change in control, retention or other material contracts or agreements to which the Company, any Subsidiary of the Company or Company Controlled Entity (as defined below) is a party, with respect to which the Company, any Subsidiary of the Company or any Company Controlled Entity has any obligation or which are maintained, contributed to or sponsored by the Company, any Subsidiary of the Company or any Company Controlled Entity for the benefit of any current or former employee, consultant, officer or director of the Company or any Subsidiary (collectively, the "Plans"). For purposes hereof, "Company Controlled Entity" means any person or entity, other than the Company and its Subsidiaries, that, together with the Company, is treated as a single employer under Section 414 of the Code. There are no other employee benefit plans, programs, arrangements or agreements, whether formal or informal, whether in writing or not, to which the Company or any Subsidiary is a party, with respect to which the Company or any Subsidiary has any obligation or which are maintained, contributed to or sponsored by the Company or any Subsidiary for the benefit of any current or former employee, officer or director of the Company or any Subsidiary.

(b) With respect to each material Plan, the Company has made available to Parent complete and accurate copies, as applicable, of (A) such Plan, including any material amendment thereto, (B) each trust, insurance, annuity or other funding contract related thereto, (C) the most recent audited financial statements and actuarial or other valuation reports prepared with respect thereto and (D) the two most recent annual reports on Form 5500 required to be filed with the IRS with respect thereto.

(c) Each Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter or prototype opinion letter from the Internal Revenue Service of the United States (the "IRS") that the Plan is so qualified, or an application for such a letter is currently being processed by the IRS, and, to the knowledge of the Company, no circumstance exists that could reasonably be expected to adversely affect the qualified status of any Plan.

(d) Each Plan has been established and administered in accordance with its terms, and in compliance with the applicable provisions of ERISA, the Code and other applicable Laws, except to the extent such noncompliance would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, and no Plan provides retiree welfare benefits, and neither the Company nor any Subsidiary has any obligation to provide any retiree welfare benefits other than as required by Section 4980B of the Code.

(e) With respect to any Plan, as of the date of this Agreement (i) no Actions (other than routine claims for benefits in the ordinary course) are pending or, to the knowledge of the Company, threatened in writing, that would, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect and (ii) no administrative investigation,

audit or other administrative proceeding by the Department of Labor, the IRS or other Governmental Authority is pending, in progress or, to the knowledge of the Company, threatened in writing that would, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(f) Neither the Company, any Subsidiary of the Company nor any Company Controlled Entity has sponsored, maintained, contributed to or been required to maintain or contribute to, or has any actual or contingent liability under, any Plan that is subject to Section 302 or Title IV of ERISA or Section 412 of the Code or is otherwise a defined benefit plan (including any such plan maintained outside the United States).

(g) None of the execution and delivery of this Agreement, the performance by any party of its obligations hereunder or the consummation of the Transactions (alone or in conjunction with any other event, including any termination of employment on or following the Effective Time) will (A) entitle any employee to any material compensation or benefit, (B) accelerate the time of payment or vesting, or trigger any payment or funding, of any material compensation or benefit or trigger any other material obligation under any Plan or (C) result in any breach or violation of, or default under, or limit the Company's right to amend, modify or terminate any Plan.

(h) No amount or other entitlement that could be received as a result of the Transactions (alone or in conjunction with any other event) by any "disqualified individual" (as defined in Section 280G(c) of the Code) with respect to the Company will constitute an "excess parachute payment" (as defined in Section 280G(b)(1) of the Code). No director, officer, employee or independent contractor of the Company or any of its Subsidiaries is entitled to receive any gross-up or additional payment by reason of the tax required by Sections 409A or 4999 of the Code being imposed on such person.

SECTION 3.12 Labor and Employment Matters. Neither the Company nor any Subsidiary is a party to any collective bargaining agreement or other labor union contract applicable to persons employed by the Company or any of its Subsidiaries, nor, to the knowledge of the Company, are there any activities or proceedings of any labor union to organize any such employees. To the knowledge of the Company, as of the date of this Agreement, there are no unfair labor practice complaints pending against the Company or any of its Subsidiaries before the National Labor Relations Board or any other Governmental Authority or any current union representation questions involving employees of the Company or any of its Subsidiaries. As of the date of this Agreement, there is no strike, work stoppage or lockout pending, or, to the knowledge of the Company, threatened in writing, by or with respect to any employees of the Company or any of its Subsidiaries.

SECTION 3.13 Real Property. Section 3.13 of the Company Disclosure Schedule sets forth a list of all real property owned by each of the Company and its Subsidiaries (the "Owned Real Property") and all leasehold interests in real property leased, subleased, licensed or with respect to which a right to use or occupy has been granted to the Company or its Subsidiaries for which annual rent exceeds \$50,000 (the "Real Property Leases"). Each of the Company or its Subsidiaries has sole and exclusive, good and clear, record and marketable title to all Owned Real Property, or, in the case of leased real property held under Real Property

Leases, an enforceable leasehold interest in, or right to use, all such leased real property, subject only to Permitted Liens.

SECTION 3.14 Taxes. (a) The Company and its Subsidiaries have timely filed or caused to be filed or will timely file or cause to be timely filed (taking into account any extension of time to file granted or obtained) all material Tax Returns required to be filed by them and all such material Tax Returns are complete and accurate in all material respects. The Company and its Subsidiaries have timely paid or will timely pay all amounts of Taxes shown as due and payable on such Tax Returns by the Company and its Subsidiaries except to the extent that such Taxes are being contested in good faith and for which the Company or the appropriate Subsidiary has set aside adequate reserves in accordance with GAAP. All material amounts of Taxes required to have been withheld by or with respect to the Company and the Subsidiaries have been or will be timely withheld and remitted to the applicable taxing authority.

(b) The Company has made available to Parent copies of all federal income Tax Returns filed, and any associated examination reports and statements of deficiencies assessed against or agreed to with respect to such Tax Returns, by the Company or any of its Subsidiaries for all taxable years beginning on or after January 1, 2006. To the knowledge of the Company, the federal income Tax Returns of the Company and each of its Subsidiaries have been audited by the IRS or are closed by the applicable statute of limitations for all taxable years through December 31, 2005. There are no pending or, to the knowledge of the Company, threatened in writing audits, examinations, investigations or other proceedings in respect of any material Tax of the Company or any of its Subsidiaries. No deficiency for any material amount of Tax has been asserted or assessed by any taxing authority in writing against the Company or any of its Subsidiaries, which deficiency has not been satisfied by payment, settled or been withdrawn or contested in good faith.

(c) Neither the Company nor any Subsidiary of the Company has waived any statute of limitations in respect of any material Tax or agreed to any extension of time with respect to a Tax assessment or deficiency (other than pursuant to extensions of time to file Tax Returns obtained in the ordinary course of business).

(d) To the knowledge of the Company, no claim is pending by a taxing authority in a jurisdiction where the Company or any of its Subsidiaries does not file a Tax Return that the Company or such Subsidiary is or may be subject to Tax by such jurisdiction.

(e) Neither the Company nor any Subsidiary of the Company will be required to include any item of income in, or exclude any item of deduction from, taxable income for a taxable period beginning after the Closing as a result of any (1) adjustment pursuant to Section 481 of the Code, the regulations thereunder or any similar provision under state or local Law, for a taxable period ending on or before the Closing, (2) "closing agreement" as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or foreign income Tax Law) executed on or prior to the Closing, or (3) installment sale or open transaction disposition made on or prior to the Closing.

(f) The Company has not been a "controlled corporation" or a "distributing corporation" in any distribution occurring during a three-year period ending on the date hereof

that was purported or intended to qualify for tax-free treatment pursuant to Section 355(a) of the Code.

(g) Neither the Company nor any Subsidiary of the Company (A) is a party to or is bound by any material tax sharing, indemnification or allocation agreement with persons other than wholly owned Subsidiaries of the Company or (B) has any liability for taxes of any person pursuant to Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign Law), as a transferee or successor, by contract or otherwise (other than agreements among the Company and its Subsidiaries and other than customary Tax indemnifications contained in credit or other commercial agreements the primary purposes of which agreements do not relate to Taxes).

(h) Neither the Company nor any Subsidiary of the Company has participated in any "listed transactions" within the meaning of Treasury Regulation Section 1.6011-4(b)(2).

(i) For purposes of this Agreement:

(i) "Tax" or "Taxes" shall mean any and all federal, state, local and foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other similar taxes (together with any and all interest, penalties and additions to tax imposed with respect thereto) imposed by any governmental or Tax authority.

(ii) "Tax Returns" means any and all returns, declarations, claims for refund, or information returns or statements, reports and forms relating to Taxes filed with any Tax authority (including any schedule or attachment thereto) with respect to the Company or its Subsidiaries, including any amendment thereof.

SECTION 3.15 Material Contracts. The Company has filed with the SEC copies of all material contracts that were required to be filed with the SEC during the three-year period ending on the date hereof (such filed contracts being "Material Contracts"). Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, (a) none of the Company or any of its Subsidiaries has received any written claim of material default under or cancellation of any Material Contract and none of the Company or any such Subsidiary is in material breach or material violation of, or material default under, any Material Contract and (b) to the Company's knowledge, no other party is in material breach or material violation of, or material default under, any Material Contract.

SECTION 3.16 Insurance. Section 3.16 of the Company Disclosure Schedule sets forth a complete and correct list of all material insurance policies owned or held by the Company and each of its Subsidiaries, true and complete copies of which have been made available to Parent. With respect to each such insurance policy: (i) each policy with respect to the Company and its Subsidiaries is legal, valid, binding and enforceable in accordance with its terms and, except for policies that have expired under their terms in the ordinary course, is in full

force and effect; (ii) neither the Company nor any Subsidiary of the Company is in material breach or default (including any such breach or default with respect to the payment of premiums or the giving of notice), and, to the Company's knowledge, no event has occurred which, with notice or the lapse of time, would constitute such a breach or default, or permit termination or modification, under any such policy; and (iii) no notice of cancellation or termination has been received.

SECTION 3.17 Environmental Matters. Except, in the case of clauses (a) through (e) below, as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect: (a) the Company and each Subsidiary of the Company is and has been in compliance with all applicable Laws relating to the protection of human health and the environment or to occupational health and safety ("Environmental Laws"); (b) the Company and its Subsidiaries possess all permits and approvals issued pursuant to any Environmental Law that are required to conduct the business of the Company and its Subsidiaries as it is currently conducted, and are and have been in compliance with all such permits and approvals; (c) to the knowledge of the Company, no releases of (i) any petroleum products or byproducts, radioactive materials, friable asbestos or polychlorinated biphenyls or (ii) any waste, material or substance defined as a "hazardous substance," "hazardous material," "hazardous waste," "pollutant" or any analogous terminology under any applicable Environmental Law have occurred at, on, from or under any real property currently or formerly owned, operated or occupied by the Company or any of its Subsidiaries, for which releases the Company or any such Subsidiary may have incurred liability under any Environmental Law; (d) neither the Company nor any Subsidiary of the Company has received any written claim or notice from any Governmental Authority alleging that the Company or any such Subsidiary is or may be in violation of, or has any liability under, any Environmental Law, and (e) neither the Company nor any Subsidiary of the Company has entered into any agreement or is subject to any legal requirement that may require it to pay for, guarantee, defend or indemnify or hold harmless any person from or against any liabilities arising under Environmental Laws.

SECTION 3.18 Board Approval; Vote Required. (a) The Company Board, by resolutions duly adopted at a meeting duly called and held, has as of the date of this Agreement duly (i) determined that this Agreement and the Merger are fair to and in the best interests of the Company's stockholders, (ii) approved this Agreement and declared its advisability, and (iii) recommended that the stockholders of the Company adopt this Agreement and directed that this Agreement be submitted for consideration by the Company's stockholders at the Company Stockholders' Meeting (collectively, the "Company Board Recommendation"). The approval by the Company Board of this Agreement and the Merger represents all the action necessary to render inapplicable to this Agreement and the Merger the provisions of Section 203 of the DGCL to the extent, if any, such Section would otherwise be applicable to this Agreement and the Merger, and, to the knowledge of the Company, no other state takeover statute applies to this Agreement or the Merger.

(b) The only vote of the holders of any class or series of capital stock of the Company necessary to adopt this Agreement is the adoption of this Agreement by holders of a majority of the outstanding shares of Company Common Stock entitled to vote thereon (the "Stockholder Approval").

SECTION 3.19 Opinion of Financial Advisor. The Special Committee has received the opinion of Goldman Sachs & Co. to the effect that, as of the date of this Agreement, the Merger Consideration to be received by the holders of Shares is fair, from a financial point of view, to such holders.

SECTION 3.20 Brokers. No broker, finder or investment banker (other than Goldman Sachs & Co.) is entitled to any brokerage, finder's or other fee or commission in connection with the Transactions based upon arrangements made by or on behalf of the Company.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Parent and Merger Sub hereby, jointly and severally, represent and warrant to the Company that:

SECTION 4.01 Corporate Organization. Each of Parent and Merger Sub is a corporation, in each case, duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization and has the requisite power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted, except where the failure to be so organized, validly existing or in good standing or to have such power and authority would not, individually or in the aggregate, prevent or materially delay consummation of any of the Transactions or otherwise prevent or materially delay Parent or Merger Sub from performing its obligations under this Agreement.

SECTION 4.02 Certificate of Incorporation and By-Laws. Parent has heretofore furnished to the Company a complete and correct copy of the Certificate of Incorporation and By-Laws of Merger Sub, each as amended to date. Such Certificates of Incorporation and By-Laws are in full force and effect. Parent is not in violation of any of the provisions of its Certificate of Incorporation or By-Laws except for any such violations which would not prevent or materially delay consummation of any of the Transactions or otherwise prevent or materially delay Parent from performing its obligations under this Agreement, and Merger Sub is not in violation of any of the provisions of its Certificate of Incorporation or By-Laws.

SECTION 4.03 Authority Relative to This Agreement. Each of Parent and Merger Sub has all necessary corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Transactions. The execution, delivery and performance of this Agreement by Parent and Merger Sub and the consummation by Parent and Merger Sub of the Transactions have been duly and validly authorized by all necessary corporate action, and no other corporate proceedings on the part of Parent or Merger Sub are necessary to authorize this Agreement or to consummate the Transactions. This Agreement has been duly and validly executed and delivered by Parent and Merger Sub and, assuming due authorization, execution and delivery by the Company, constitutes a legal, valid and binding obligation of each of Parent and Merger Sub, enforceable against each of Parent and Merger Sub in accordance with its terms, subject to the effect of any

applicable bankruptcy, insolvency (including all Laws relating to fraudulent transfers), reorganization, moratorium or similar Laws affecting creditors' rights generally and subject to the effect of general principles of equity (regardless of whether considered in a proceeding at law or in equity).

SECTION 4.04 No Conflict; Required Filings and Consents; Agreements.

(a) The execution and delivery of this Agreement by Parent and Merger Sub do not, and the performance of this Agreement by Parent and Merger Sub and the consummation by Parent and Merger Sub of the Transactions will not, (i) conflict with or violate the Certificate of Incorporation or By-Laws of Parent or Merger Sub, (ii) assuming that all consents, approvals and other authorizations described in Section 4.04(b) have been obtained and that all filings and other actions described in Section 4.04(b) have been made or taken, conflict with or violate any Law applicable to Parent or Merger Sub or by which any property or asset of either of them is bound or affected, or (iii) result in any breach or violation of, or constitute a default (or an event which, with notice or lapse of time or both, would become a default) under, or give to others any right of termination, amendment, acceleration or cancellation of, or result in the creation of a Lien on any property or asset of Parent or Merger Sub pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which Parent or Merger Sub is a party or by which Parent or Merger Sub or any property or asset of either of them is bound or affected, except, with respect to clauses (ii) and (iii), for any such conflicts, violations, breaches, defaults or other occurrences which would not prevent or materially delay consummation of any of the Transactions or otherwise prevent or materially delay Parent and Merger Sub from performing their obligations under this Agreement.

(b) The execution and delivery of this Agreement by Parent and Merger Sub do not, and the performance of this Agreement by Parent and Merger Sub and the consummation by Parent and Merger Sub of the Transactions will not, require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Authority, except for (i) applicable requirements, if any, of the Exchange Act, (ii) the filing and recordation of appropriate merger documents as required by the DGCL and appropriate documents with the relevant authorities of other states in which the Company or any of its Subsidiaries is qualified to do business, (iii) the premerger notification and waiting period requirements of the HSR Act; (iv) applicable requirements, if any, of Health Care Laws; (v) applicable requirements, if any, of any Government Program in which the Company or any of its Subsidiaries participates; and (vi) where the failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, would not prevent or materially delay consummation of any of the Transactions or otherwise prevent or materially delay Parent or Merger Sub from performing their obligations under this Agreement.

SECTION 4.05 Information Supplied. None of the information supplied by Parent or Merger Sub for inclusion in the Proxy Statement will, at the date it is filed with the SEC or first mailed to the Company's stockholders or at the time of the Company Stockholders' Meeting or at the time of any amendment or supplement thereof, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

SECTION 4.06 Absence of Litigation. As of the date of this Agreement, there is no Action pending or, to the knowledge of the officers of Parent, threatened in writing, against Parent or any of its affiliates before any Governmental Authority that would or seeks to prevent or materially delay the consummation of any of the Transactions or otherwise prevent or materially delay Parent or Merger Sub from performing their obligations hereunder. Neither Parent nor any of its affiliates is subject to any continuing order of, consent decree, settlement agreement or other similar written agreement with, any Governmental Authority, or any order, judgment, injunction or decree of any Governmental Authority that would or seeks to prevent or materially delay the consummation of any of the Transactions or otherwise prevent or materially delay Parent or Merger Sub from performing their obligations hereunder.

SECTION 4.07 Operations of Merger Sub. Merger Sub is a direct, wholly owned Subsidiary of Parent, was formed solely for the purpose of engaging in the Transactions, has engaged in no other business activities and has conducted its operations only as contemplated by this Agreement.

SECTION 4.08 Financing. Parent has delivered to the Company true and complete copies of an executed commitment letter, including excerpts of those portions of each fee letter and engagement letter associated therewith that contain any conditions to funding or "flex" provisions or other substantive provisions (excluding only those provisions related solely to fees and economic terms agreed to by the parties) regarding the terms and conditions of the financing to be provided thereby (together, the "Commitment Letter"), pursuant to which JPMorgan Chase Bank, N.A. has committed to provide Parent and Merger Sub with financing in an aggregate amount of \$4,150.0 million. The Commitment Letter, in the form so delivered, is in full force and effect and is a legal, valid and binding obligation of Parent and, to the knowledge of Parent as of the date of this Agreement, the other parties thereto. No event has occurred which, with or without notice, lapse of time or both, would constitute a default or breach on the part of Parent under the Commitment Letter. Parent has fully paid any and all commitment fees or other fees required by the Commitment Letter to be paid as of the date hereof. Parent shall have at the Closing and at the Effective Time immediately available funds in an amount sufficient to consummate the Transactions upon the terms contemplated by this Agreement and to pay all related fees and expenses associated therewith. The financing contemplated by the Commitment Letter is subject to no contingency or conditions other than those set forth in the copies of the Commitment Letter delivered to the Company. As of the date of this Agreement, Parent has no reason to believe that any of the conditions to the financing contemplated by the Commitment Letter will not be satisfied or that such financing will not be available to Merger Sub on the date of the Closing. For the avoidance of doubt, it shall not be a condition to Closing for Parent to obtain any financing.

SECTION 4.09 Brokers. The Company will not be responsible for any brokerage, finder's or other fee or commission to any broker, finder or investment banker in connection with the Transactions based upon arrangements made by or on behalf of Parent or Merger Sub.

ARTICLE V

CONDUCT OF BUSINESS PENDING THE MERGER

SECTION 5.01 Conduct of Business by the Company Pending the Merger.

The Company agrees that, between the date of this Agreement and the Effective Time, except as contemplated by this Agreement or as set forth in Section 5.01 of the Company Disclosure Schedule, the businesses of the Company and its Subsidiaries shall be conducted in the ordinary course of business and the Company shall use its reasonable best efforts to preserve substantially intact the business organization of the Company and its Subsidiaries and to preserve substantially intact the current relationships of the Company and its Subsidiaries with any persons with which the Company or any such Subsidiary has material business relations. Except as expressly contemplated by any other provision of this Agreement or as set forth in Section 5.01 of the Company Disclosure Schedule, neither the Company nor any of its Subsidiaries shall, between the date of this Agreement and the Effective Time, do any of the following without the prior written consent of Parent, which consent shall not be unreasonably withheld or delayed:

- (a) amend or otherwise change its Amended and Restated Certificate of Incorporation, By-Laws or other similar organizational documents, or authorize or adopt (or publicly propose) a plan of complete or partial liquidation or dissolution of the Company;
- (b) (i) issue, grant, sell, dispose of, deliver, encumber (other than Permitted Liens), or authorize any such issuance, grant, sale, disposition, delivery or encumbrance of, any shares of any class of capital stock of the Company or any of its Subsidiaries, or any options, warrants, convertible securities or other rights of any kind to acquire any shares of such capital stock, or any other ownership interest, of the Company or any of its Subsidiaries (except for the issuance of Shares issuable pursuant to employee stock options or restricted stock units, in each case, outstanding on the date of this Agreement and in accordance with their present terms) or (ii) sell, dispose of, transfer, abandon, lease, license or otherwise encumber (other than Permitted Liens), or authorize any such sale, disposition, transfer, abandonment, lease, license or encumbrance of, any properties, rights or assets of the Company or any of its Subsidiaries that are material to the Company and its Subsidiaries, taken as a whole;
- (c) declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its capital stock, except for dividends or other distributions to the Company or any other direct or indirect wholly owned Subsidiary of the Company by any direct or indirect wholly owned Subsidiary of the Company;
- (d) reclassify, combine, split, subdivide or redeem, or purchase or otherwise acquire, directly or indirectly, any capital stock of the Company or any of its Subsidiaries (or any rights, warrants or options to acquire any such capital stock);
- (e) (i) acquire (including by purchase, merger, consolidation, or acquisition of stock or assets or any other business combination) any corporation, partnership or other

business organization (or any division or business thereof); (ii) except among the Company and any of its wholly owned Subsidiaries and except for borrowings under existing credit facilities in the ordinary course of business, incur any indebtedness for borrowed money or issue any debt securities or calls, options, warrants or other rights to acquire debt securities or assume, guarantee or endorse, or otherwise become responsible for, the obligations of any person; (iii) except among the Company and any of its wholly owned Subsidiaries and as required in accordance with its terms, redeem, purchase, prepay, defease or cancel any indebtedness for borrowed money; (iv) except with respect to the Company or any of its wholly owned Subsidiaries, make any loans, advances, investments or capital contributions in any material amount in or to any person; (v) enter into, terminate, amend or fail to renew any contract material to the Company and its Subsidiaries, taken as a whole, or waive, release or assign any material rights or claims thereunder; or (vi) authorize, or make any commitment with respect to, capital expenditures that, individually or taken together, exceed by 10% the aggregate amount of the annual capital expenditures budget of the Company and its Subsidiaries, taken as a whole (a copy of which has been previously provided to Parent);

(f) (i) increase the compensation payable or to become payable or the benefits provided to its current or former directors, officers or employees, except with respect to officers or employees below the level of facility executive officer or with respect to other officers or employees whose annual compensation after such increase does not exceed \$100,000, in each case in the ordinary course of business consistent with past practice; (ii) grant any retention, severance, change in control, or termination pay to, or enter into any employment, bonus, change of control or severance agreement with, any current or former director, officer or other employee of the Company or of any Subsidiary of the Company; (iii) establish, adopt, enter into, terminate or amend any Plan, or establish, adopt or enter into any plan, agreement, program, policy, trust, fund or other arrangement that would be a Plan or collective bargaining agreement if it were in existence as of the date of this Agreement, for the benefit of any director, officer or employee except as required by Law; (iv) loan or advance any money or other property to any current or former director, officer or employee of the Company or any of its Subsidiaries; or (v) take any action to accelerate the time of vesting or payment of (or fund or otherwise secure) any compensation or benefits under any Plan, except, in the case of the matters described in clauses (ii) and (iii), the entering into, or making available to, newly hired employees and promoted employees, in each case, who are not directors or executive officers (and who will not be directors or executive officers after such promotion), plans, agreements, benefits and compensation arrangements (including grants under the Company Stock Plan) in the ordinary course of business consistent with past practice;

(g) other than in the ordinary course of business or except as required by applicable Law, make, change or rescind any material Tax election, file any amended material Tax Return, enter into any closing agreement relating to Taxes, waive or extend the statute of limitations in respect of material Taxes (other than pursuant to extensions of time to file Tax Returns obtained in the ordinary course of business) or settle or compromise any material income Tax liability or other Tax liability in excess of \$1.0 million in the aggregate;

(h) fail to maintain in full force and effect the existing insurance policies (or alternative policies with comparable terms and conditions) covering the Company and its Subsidiaries and its and their respective properties, assets and businesses;

(i) pay, discharge or settle (x) any Action other than payments, discharges and settlements involving not more than \$1.0 million in the aggregate (net of insurance proceeds, including any such proceeds from PSI Surety, Inc.) and that do not require any actions or impose any material restrictions on the business or operations of the Company and its Subsidiaries, taken as a whole, or (y) any Action involving any holder or group of holders of Shares;

(j) except as required by GAAP or Law, make any change in financial accounting methods, principles or practices materially affecting the reported consolidated assets, liabilities or results of operations of the Company;

(k) (i) effect or permit a "plant closing" or "mass layoff" as those terms are defined in the Workers Adjustment and Retraining Notification Act without complying with the notice requirements and all other provisions of such act or (ii) except as required by Law, enter into or modify or amend in any material respect or terminate any collective bargaining agreement with any labor union other than pursuant to customary negotiations in the ordinary course of business; or

(l) announce an intention, enter into any formal or informal agreement or otherwise make a commitment, to do any of the foregoing.

SECTION 5.02 Conduct of Business by Parent and Merger Sub Pending the Merger. Each of Parent and Merger Sub agrees that, between the date of this Agreement and the Effective Time, it shall not, directly or indirectly, take any action or fail to take any action that is intended to, or that would reasonably be likely to, materially delay or prevent the consummation of the Transactions.

ARTICLE VI

ADDITIONAL AGREEMENTS

SECTION 6.01 Proxy Statement: Company Stockholders' Meeting. (a) As promptly as reasonably practicable following the date of this Agreement, the Company shall prepare and file with the SEC the preliminary Proxy Statement. Each of the Company and Parent shall furnish all information concerning itself and its affiliates that is required to be included in the Proxy Statement or that is customarily included in proxy statements prepared in connection with transactions of the type contemplated by this Agreement. Each of the Company and Parent shall use its reasonable best efforts to respond as promptly as reasonably practicable to any comments of the SEC with respect to the Proxy Statement, and the Company shall use its reasonable best efforts to cause the definitive Proxy Statement to be mailed to the Company's stockholders as promptly as reasonably practicable after the date on which the Proxy Statement is cleared by the SEC. The Company shall promptly notify Parent upon the receipt of any comments from the SEC or its staff or any request from the SEC or its staff for amendments or

supplements to the Proxy Statement. If, at any time prior to the Company Stockholders' Meeting, any information relating to the Company, Parent or any of their respective affiliates, officers or directors should be discovered by the Company or Parent which should be set forth in an amendment or supplement to the Proxy Statement, so that the Proxy Statement shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading, the party which discovers such information shall promptly notify the other parties, and an appropriate amendment or supplement describing such information shall be filed with the SEC and, to the extent required by applicable Law, disseminated to the stockholders of the Company.

(b) The Company shall establish a record date for, duly call, give notice of, convene and hold a meeting of its stockholders (the "Company Stockholders' Meeting"), for the purpose of obtaining the Stockholder Approval, and, if there is present at such Company Stockholders' Meeting, in person or by proxy, sufficient favorable voting power to secure the vote of the stockholders of the Company necessary to satisfy the condition set forth in Section 7.01(a), shall not postpone or adjourn such meeting except to the extent required by Law. Subject to Section 6.03(b), the Company Board shall (i) recommend to holders of the Shares that they adopt this Agreement, (ii) include such recommendation in the Proxy Statement and (iii) use its reasonable best efforts to solicit and obtain the Stockholder Approval. For clarity, the Company acknowledges that its obligations pursuant to the first sentence of this Section 6.01(b) shall not be affected by the commencement, public proposal, public disclosure or communication to the Company of any Acquisition Proposal.

SECTION 6.02 Access to Information; Confidentiality. (a) Except as otherwise prohibited by applicable Law or the terms of any contract entered into prior to the date hereof or as would be reasonably expected to violate any attorney-client privilege, from the date of this Agreement until the Effective Time, the Company shall (and shall cause its Subsidiaries to), at Parent's expense: (i) provide to Parent and to the officers, directors, employees, accountants, consultants, legal counsel, financing sources, agents and other representatives (collectively, with respect to any person, its "Representatives") of Parent reasonable access, during normal business hours and upon reasonable prior notice to the Company by Parent, to the officers, employees, agents, properties, offices and other facilities of the Company and its Subsidiaries and to the books and records thereof, and (ii) furnish as promptly as practicable to Parent such information concerning the business, properties, Contracts, assets, liabilities, personnel and other aspects of the Company and its Subsidiaries as Parent or its Representatives may reasonably request.

(b) All information obtained by Parent, Merger Sub or its or their Representatives pursuant to this Section 6.02 shall be kept confidential in accordance with the confidentiality agreement, dated April 18, 2010 (the "Confidentiality Agreement"), between Parent and the Company.

(c) No investigation pursuant to this Section 6.02 shall affect any representation or warranty in this Agreement of any party hereto or any condition to the obligations of the parties hereto.

SECTION 6.03 Solicitation. (a) Except as permitted by this Section 6.03, from the date of this Agreement until the Effective Time or, if earlier, the termination of the Agreement in accordance with Article VIII, the Company agrees that neither it nor any of its Subsidiaries shall, nor shall it authorize or permit its Subsidiaries and Representatives to, directly or indirectly, (i) solicit, initiate or knowingly encourage any inquiries or the implementation or submission of any Acquisition Proposal, or (ii) participate in discussions or negotiations regarding, or furnish to any person any non-public information in connection with, any Acquisition Proposal except to notify such person of the existence of this Section 6.03(a) (including, in each case, with respect to any person that has previously been invited into a process to make, or participate in any discussions regarding, an Acquisition Proposal); *provided, however,* that, prior to the adoption of this Agreement by the Company's stockholders at the Company Stockholders' Meeting, nothing contained in this Agreement shall prevent the Company or the Company Board (acting through the Special Committee or otherwise) from furnishing information to, or engaging in negotiations or discussions with, any person that shall have submitted after the date hereof a written Acquisition Proposal that is not a result of a breach of this Section 6.03(a), if prior to taking such action (A) the Company Board (acting through the Special Committee or otherwise) determines in good faith (after consultation with its advisors) that such Acquisition Proposal is, or could reasonably be expected to result in, a Superior Proposal, and the Company Board (acting through the Special Committee or otherwise) determines in good faith (after consultation with its outside legal counsel) that its failure to take such actions would be inconsistent with its fiduciary duties under applicable Law, and (B) the Company receives from such person an executed confidentiality agreement with terms no less favorable with regard to confidentiality than the Confidentiality Agreement. The Company shall provide to Parent, in accordance with the terms of the Confidentiality Agreement and on a prompt basis, any material non-public information concerning the Company or its Subsidiaries provided to such person which was not previously provided to Parent. The Company shall as promptly as practicable (and in any event within two business days) notify Parent, in the event that the Company or any of its Subsidiaries or Representatives receives any Acquisition Proposal, of the material terms and conditions of any such Acquisition Proposal and the identity of the person making such Acquisition Proposal, and the Company shall keep Parent reasonably informed of any material developments with respect to any such Acquisition Proposal (including any material changes thereto). Except as set forth in this Section 6.03, neither the Company nor any Subsidiary of the Company shall enter into any Acquisition Agreement.

(b) Except as set forth in this Section 6.03, the Company Board (or any committee thereof) shall not, and shall not publicly propose to: (i) withhold, withdraw or modify, in a manner adverse to Parent or Merger Sub, the Company Board Recommendation; (ii) approve or recommend any Acquisition Proposal; or (iii) approve or recommend, or cause or permit the Company or any of its Subsidiaries to enter into, any letter of intent, merger agreement, acquisition agreement or similar agreement with respect to any Acquisition Proposal, other than a confidentiality agreement in accordance with Section 6.03(a) (any such letter or agreement, an "Acquisition Agreement" and the actions described above in each of clauses (i), (ii) and (iii), collectively, the "Specified Board Actions"). Notwithstanding the foregoing, prior to the adoption of this Agreement by the Company's stockholders at the Company Stockholders' Meeting, (x) in response to the receipt of a written Acquisition Proposal that is not a result of a breach of Section 6.03(a), if the Company Board (acting through the Special Committee or otherwise) (A) determines in good faith (after consultation with its advisors) that such

Acquisition Proposal is a Superior Proposal and (B) determines in good faith (after consultation with its outside legal counsel) that its failure to take such actions would be inconsistent with its fiduciary duties under applicable Law, then the Company Board (acting through the Special Committee or otherwise) may approve and recommend such Superior Proposal (or any Acquisition Agreement with respect to such Superior Proposal) and, in connection with the approval or recommendation of such Superior Proposal, withdraw or modify the Company Board Recommendation and/or cause the Company to terminate this Agreement (in each case subject to compliance with Section 8.03) or (y) other than in connection with an Acquisition Proposal, if the Company Board (acting through the Special Committee or otherwise) determines in good faith (after consultation with its outside legal counsel) that its failure to take such actions would be inconsistent with its fiduciary duties under applicable Law, then the Company Board (acting through the Special Committee or otherwise) may withdraw or modify the Company Board Recommendation (any action by or on behalf of the Company Board permitted by the foregoing clause (x) or (y), a "Specified Acquisition Action"); *provided, however*, that no Specified Acquisition Action may be taken until after the fifth business day (or such subsequent business days as provided for by clause (2) of this sentence) (the period inclusive of all such days, the "Notice Period") following Parent's receipt of written notice from the Company advising Parent that the Company Board intends to take such Specified Acquisition Action (a "Notice of Adverse Action") and specifying the reasons therefor, including, if the basis of the proposed action by the Company Board is a Superior Proposal, the material terms and conditions of any such Superior Proposal (it being understood and agreed that (1) during the Notice Period the Company shall, and shall cause its financial advisors and outside legal counsel to, negotiate with Parent in good faith (to the extent Parent desires to negotiate) and (2) any amendment to the terms of such Superior Proposal shall require a new Notice of Adverse Action and a two-business day extension of the Notice Period then applicable). In determining whether to take a Specified Acquisition Action, the Company Board shall take into account any changes to the terms of this Agreement proposed by Parent to the Company in response to a Notice of Adverse Action or otherwise.

(c) Nothing contained in this Agreement shall prohibit the Company from taking and disclosing to its stockholders a position contemplated by Rules 14d-9 and 14e-2(a) promulgated under the Exchange Act or from making any disclosure to the Company's stockholders if the Company Board (or any committee thereof) determines in good faith (after consultation with its outside legal counsel) that it is required to do so under applicable Law; *provided, however*, that neither the Company nor the Company Board (nor any committee thereof) shall (i) recommend that the stockholders of the Company tender their Shares in connection with any such tender or exchange offer (or otherwise approve or recommend any Acquisition Proposal) or (ii) withdraw or modify the Company Board Recommendation, unless in the case of each of clause (c)(i) and (c)(ii) hereof, the requirements of Section 6.03(b) shall have been satisfied.

(d) Except as set forth in Section 8.03(d) with respect to an Acquisition Proposal, for purposes of this Agreement:

(i) "Acquisition Proposal" means any bona fide proposal or offer (including any proposal from or to the Company's stockholders) from any person other than Parent or Merger Sub relating to (A) any direct or indirect acquisition of (1) more

than 15% of the assets of the Company and its consolidated Subsidiaries, taken as a whole, or (2) more than 15% of any class of equity securities of the Company; (B) any tender offer or exchange offer, as defined pursuant to the Exchange Act, that if consummated would result in any person beneficially owning, directly or indirectly, 15% or more of any class of equity securities of the Company; or (C) any merger, consolidation, business combination, recapitalization, liquidation, dissolution or other similar transaction involving the Company.

(ii) "Superior Proposal" means any bona fide written Acquisition Proposal that (A) relates to more than 50% of the outstanding Shares or more than 50% of the assets of the Company and its Subsidiaries, taken as a whole, (B) is on terms that the Company Board determines in good faith (after receiving the advice of its financial advisor and outside counsel and after taking into account all financial, legal, regulatory and other aspects of such proposal and of this Agreement (including the relative risks of non-consummation and any changes to the terms of this Agreement proposed by Parent to the Company, prior to the expiration of the Notice Period, in response to such proposal or otherwise)) are more favorable to the Company's stockholders than this Agreement and (C) the Company Board determines is reasonably capable of being consummated.

(e) The Company shall (i) promptly request each person that has executed a confidentiality agreement with the Company prior to the date of this Agreement in connection with a process relating to an Acquisition Proposal to return or destroy all confidential information heretofore furnished to such person or its Representatives by or on behalf of the Company or any of its Subsidiaries, (ii) not amend or waive, and shall enforce, the provisions of each such confidentiality agreement, except that, without limiting any other provision of this Agreement, this clause (ii) shall not apply to any standstill provision contained therein to the extent compliance herewith would be inconsistent with the fiduciary duties of the Company Board under applicable Law and (iii) prohibit any access to any third party to any such physical or electronic data room, except as permitted herein.

SECTION 6.04 Directors' and Officers' Indemnification and Insurance. (a)

The Surviving Corporation and its Subsidiaries shall, and Parent shall cause the Surviving Corporation to, honor and fulfill in all respects the obligations of the Company and its Subsidiaries under any and all indemnification agreements between the Company or any of its Subsidiaries and any of their respective present or former directors and officers (collectively, the "Indemnified Parties"). In addition, the Certificate of Incorporation and By-Laws of the Surviving Corporation shall contain provisions no less favorable with respect to exculpation and indemnification than are set forth in Articles VII and VIII of the Amended and Restated Certificate of Incorporation of the Company, as amended, and Article VII of the By-Laws of the Company, respectively, which provisions shall not be amended, repealed or otherwise modified for a period of six years from the Effective Time in any manner that would affect adversely the rights thereunder of individuals who, at or prior to the Effective Time, were directors, officers, employees, fiduciaries or agents of the Company or any of its Subsidiaries.

(b) For a period of six years after the Effective Time, Parent and the Surviving Corporation shall, jointly and severally, to the fullest extent permitted under applicable Law, indemnify and hold harmless, each Indemnified Party against all costs and expenses (including

attorneys' fees), judgments, fines, losses, claims, damages, liabilities and settlement amounts paid in connection with any claim, action, suit, proceeding or investigation (whether arising before or after the Effective Time), whether civil, criminal, administrative or investigative, arising out of or pertaining to any action or omission in their capacity as an officer, director, employee, fiduciary or agent, whether occurring on or before the Effective Time. In the event of any such claim, action, suit, proceeding or investigation, (i) Parent or the Surviving Corporation shall pay the reasonable fees and expenses of counsel selected by the Indemnified Parties, which counsel shall be reasonably satisfactory to the Surviving Corporation, promptly after statements therefor are received, (ii) neither Parent nor the Surviving Corporation shall settle, compromise or consent to the entry of any judgment in any pending or threatened Action to which an Indemnified Party is a party (and in respect of which indemnification could be sought by such Indemnified Party hereunder), unless such settlement, compromise or consent includes an unconditional release of such Indemnified Party from all liability arising out of such Action or such Indemnified Party otherwise consents, and (iii) the Surviving Corporation shall cooperate in the defense of any such matter; *provided, however*, that neither Parent nor the Surviving Corporation shall be liable for any settlement effected without the Surviving Corporation's written consent (which consent shall not be unreasonably withheld or delayed); and *provided, further*, that, in the event that any claim for indemnification is asserted or made within such six-year period, all rights to indemnification in respect of such claim shall continue until the disposition of such claim. The rights of each Indemnified Person under this Section 6.04(b) shall be in addition to any rights such person may have under the Certificate of Incorporation or the By-Laws or similar organizational documents of the Company and the Surviving Corporation or any of their Subsidiaries, or under any Law or under any agreement of any Indemnified Person with the Company or any of its Subsidiaries.

(c) The Surviving Corporation shall either (i) cause to be obtained at the Effective Time "tail" insurance policies with a claims period of at least six years from the Effective Time with respect to directors' and officers' liability insurance in amount and scope at least as favorable as the Company's existing policies for claims arising from facts or events that occurred on or prior to the Effective Time; or (ii) maintain in effect for six years from the Effective Time, if available, the current directors' and officers' liability insurance policies maintained by the Company (*provided* that the Surviving Corporation may substitute therefor policies of at least the same coverage containing terms and conditions that are not less favorable) with respect to matters occurring prior to the Effective Time; *provided, however*, that in no event shall the Surviving Corporation be required to expend pursuant to this Section 6.04(c) more than an amount per year equal to 300% of current annual premiums paid by the Company for such insurance; *provided, however*, that in the event of an expiration, termination or cancellation of such current policies, Parent or the Surviving Corporation shall be required to obtain as much coverage as is possible under substantially similar policies for such maximum annual amount in aggregate annual premiums.

(d) In the event Parent or the Surviving Corporation or any of their respective successors or assigns (i) consolidates with or merges into any other person and shall not be the continuing or surviving corporation or entity of such consolidation or merger, or (ii) transfers all or substantially all of its properties and assets to any person, then, and in each such case, proper provision shall be made so that the successors and assigns of Parent or the Surviving Corporation, as the case may be, shall succeed to the obligations set forth in this Section 6.04.

(e) Parent shall cause the Surviving Corporation to perform all of the obligations of the Surviving Corporation under this Section 6.04.

SECTION 6.05 Employee Benefits Matters. (a) Parent hereby agrees that, for a period of eighteen months immediately following the Effective Time, it shall, or it shall cause the Surviving Corporation and its Subsidiaries to, provide each employee of the Company and of each of the Company's Subsidiaries as of the Effective Time (each, an "Employee") with a base salary, employee benefits, incentive compensation and other variable compensation (other than, in each case, equity-based compensation) that, taken as a whole, is no less favorable to the base salary, employee benefits, incentive compensation and other variable compensation (other than, in each case, equity-based compensation), taken as a whole, provided to each such Employee immediately prior to the Effective Time. From and after the Effective Time, Parent shall cause the Surviving Corporation and its Subsidiaries to honor in accordance with their terms, all contracts, agreements, arrangements, policies, plans and commitments of the Company and its Subsidiaries as in effect immediately prior to the Effective Time that are applicable to any current or former employees or directors of the Company or any of its Subsidiaries, including all severance agreements listed on Section 3.11(a) of the Company Disclosure Schedule and excluding any of the foregoing to the extent related to equity-based compensation. Parent hereby agrees that, for a period of eighteen months immediately following the Effective Time, it shall, or it shall cause the Surviving Corporation and its Subsidiaries to, provide each Employee with equity-based compensation that is no less favorable than the equity-based compensation then provided to other similarly situated employees of Parent and its Subsidiaries.

(b) Employees shall receive credit for all purposes (including, for purposes of eligibility to participate, vesting, benefit accrual and eligibility to receive benefits, but excluding benefit accruals under any defined benefit pension plan) under any employee benefit plan, program or arrangement established or maintained by Parent, the Surviving Corporation or any of their respective Subsidiaries under which each Employee may be eligible to participate on or after the Effective Time to the same extent recognized by the Company or any of its Subsidiaries under comparable Plans immediately prior to the Effective Time; *provided, however*, credit need not be recognized to the extent that such recognition would result in any duplication of benefits. Such plan, program or arrangement shall credit each such Employee for service accrued or deemed accrued on or prior to the Effective Time with the Company, any Subsidiary of the Company and all affiliates where service with the affiliate was credited under a comparable Plan of the Company prior to the Effective Time; *provided, however*, service need not be recognized to the extent that such recognition would result in any duplication of benefits.

(c) With respect to the welfare benefit plans, programs and arrangements maintained, sponsored or contributed to by Parent or its Subsidiaries (other than the Surviving Corporation and its Subsidiaries) after the Effective Time (collectively, "Purchaser Welfare Benefit Plans") and in which an Employee may be eligible to participate on or after the Effective Time, Parent shall (i) waive, or cause its insurance carrier to waive, all limitations as to preexisting and at-work conditions, if any, with respect to participation and coverage requirements applicable to each participating Employee under any Purchaser Welfare Benefit Plan (other than any dependent life insurance plan) to the same extent waived under a comparable Plan, and (ii) provide credit to each Employee for any co-payments, deductibles and

out-of-pocket expenses paid by such Employee under the Plans during the relevant plan year up to and including the Effective Time.

(d) As of the Closing, Parent shall, or shall cause its affiliates (including the Surviving Corporation) to, satisfy all obligations of the Company and all of its Subsidiaries in respect of any accrued but unpaid vacation, holiday, sick leave, paid time off or similar liability as of the Closing.

(e) Nothing contained herein shall be construed as requiring Parent to continue the employment of any specific person. Furthermore, no provision of this Agreement shall be construed as prohibiting or limiting the ability of Parent to amend, modify or terminate any plans, programs, policies, arrangements, agreements or understandings of Parent or the Company or any of their respective Subsidiaries in accordance with their terms. Nothing in this Section 6.05 shall confer any rights or remedies of any kind upon any Employee or any other person other than the parties hereto and their respective successors and assigns.

(f) Prior to the Closing, the Company shall take all steps necessary to ensure that no holder of any options, warrants, rights or other instruments prior to the Closing shall have any right to acquire following the Closing any capital stock of the Company or any of its Subsidiaries or any other equity interest therein (including "phantom" stock or stock appreciation rights).

SECTION 6.06 Financing. (a) The Company agrees to provide, and shall cause its Subsidiaries and its and their Representatives to provide, all reasonable cooperation in connection with the arrangement of any financing necessary to consummate the Transactions (the "Financing") as may be reasonably requested by Parent and that is necessary or customary in connection with Parent's efforts to obtain the Financing (*provided* that such requested cooperation does not unreasonably interfere with the ongoing operations of the Company and its Subsidiaries), including (i) participation in meetings, road shows, drafting sessions, rating agency presentations and due diligence sessions, (ii) furnishing Parent and its Representatives with real estate and other pertinent information regarding the Company and its Subsidiaries as is necessary or customary in connection with the Financing and any security required therefor, including (A) the financial statements and financial data described in Schedule 6.06(a) and (B) the historical financial statements, information reasonably necessary for the preparation of pro forma financial statements, business and other financial data of the Company and of the type required by Regulation S-X (other than Rule 3-10 thereof) and Regulation S-K under the Securities Act and, in all cases, of the type and form customarily included in offering documents for securities offerings by the Company under Rule 144A under the Securities Act (all information required to be delivered pursuant to this clause (ii) being referred to as the "Required Information"), (iii) executing and delivering any pledge and security documents, currency or interest rate hedging arrangements or other definitive financing documents or other certificates (including a certificate of the chief accounting officer of the Company with respect to solvency matters relating to the Company) and documents as may be reasonably requested by Parent, (iv) using reasonable best efforts to obtain accountants' comfort letters, accountants' consent letters, legal opinions, appraisals, lien searches, surveys and title insurance as reasonably requested by Parent and (v) assisting Parent and its financing sources in the preparation of (A) customary offering documents, bank information memoranda (including the execution of

customary representation letters reasonably satisfactory to the Company in connection with such bank information memoranda) and similar documents for any of the Financing; *provided* that any such offering document, bank information memoranda or similar documents contains disclosure and financial statements with respect to the Company or the Surviving Corporation reflecting the Surviving Corporation and/or its Subsidiaries as primary obligors or guarantors; and (B) materials for rating agency presentations; *provided* that none of the Company or any of its Subsidiaries shall be required to pay any commitment or any other fee or incur any other liability in connection with the Financing prior to the Effective Time; *provided, further*, that the effectiveness of any documentation executed by the Company or any of its Subsidiaries shall be subject to the consummation of the Closing. Parent shall, promptly upon termination of this Agreement, reimburse the Company for all reasonable out-of-pocket costs incurred by the Company or its Subsidiaries in connection with such cooperation or any actions contemplated by this Section 6.06(a). The Company agrees to provide, and shall cause its Subsidiaries and its and their Representatives to provide, all information and documents requested under this Section 6.06(a) promptly and, in any event, at least 20 days prior to the date of the Closing.

(b) All information regarding the Company obtained by Parent or Merger Sub or its or their Representatives pursuant to Section 6.06(a) shall be kept confidential as and to the extent required by the Confidentiality Agreement; *provided* that the Company and Parent shall agree to amend or waive the Confidentiality Agreement to the extent such information is required under the federal securities Laws to be included in an offering document in connection with the Financing. Parent acknowledges and agrees that the Company shall not incur any liability to any person prior to the Effective Time in connection with any Financing. Parent and Merger Sub shall, on a joint and several basis, indemnify and hold harmless the Company, its Subsidiaries and their respective Representatives for and against any and all liabilities, losses, damages, claims, costs, expenses, interest, awards, judgments and penalties suffered or incurred by them in connection with the arrangement of the Financing and any information utilized in connection therewith.

(c) The Company shall commence as soon as reasonably practicable after the receipt of a written request from Parent to do so, offers to purchase and related consent solicitations with respect to any or all of the outstanding debt securities of the Company specified by Parent and permitted by applicable Law (collectively, the "Notes") on the terms and subject to conditions reasonably requested by Parent (collectively, the "Debt Offers"). Parent shall prepare all necessary documentation in connection with the Debt Offer, subject to review by the Company. Notwithstanding the foregoing, the closing of the Debt Offers shall be conditioned on the consummation of the Merger. Parent shall, promptly upon termination of this Agreement, reimburse the Company for all reasonable out-of-pocket costs incurred by the Company and its Subsidiaries in connection with the actions contemplated by this Section 6.06(c). Parent acknowledges and agrees that the Company and its Subsidiaries shall not incur any liability to any person prior to the Effective Time with respect to any Debt Offer or any actions contemplated by this Section 6.06(c), and Parent agrees to indemnify and hold harmless the Company, its Subsidiaries and their respective Representatives for and against any and all liabilities, losses, damages, claims, costs, expenses, interest, awards, judgments and penalties suffered or incurred by them in connection with the Debt Offers, the arrangement of the Debt Offers, information utilized in connection therewith and any actions contemplated by this Section 6.06(c).

SECTION 6.07 Further Action. (a) Each party shall use reasonable best efforts to (i) promptly obtain all authorizations, consents, orders and approvals of all Governmental Authorities and officials that may be or become necessary for its execution and delivery of, and the performance of its obligations pursuant to, this Agreement, (ii) cooperate fully with the other parties in promptly seeking to obtain all such authorizations, consents, orders, approvals, licenses, permits and waivers, (iii) provide such other information to any Governmental Authority as such Governmental Authority may reasonably request in connection herewith, (iv) obtain all necessary consents, approvals or waivers from third parties and (v) execute and deliver any additional instruments necessary to consummate the Transactions and to fully carry out the purposes of this Agreement. Each party hereto agrees to make as promptly as practicable after the date of this Agreement its respective filing, if necessary, pursuant to the HSR Act with respect to the Transactions and to supply as promptly as practicable to the appropriate Governmental Authorities any additional information and documentary material that may be requested pursuant to the HSR Act. Each party hereto agrees to make as promptly as practicable after the date of this Agreement its respective filings and notifications, if any, under any other applicable antitrust, competition, or trade regulation Law, and to supply as promptly as practicable to the appropriate Governmental Authorities any additional information and documentary material that may be requested pursuant to the applicable antitrust, competition, or trade regulation Law.

(b) Without limiting the generality of the undertaking of Parent pursuant to Section 6.07(a), Parent agrees to take any and all steps necessary to avoid or eliminate each and every impediment under any antitrust, competition or trade regulation Law that may be asserted by any Governmental Authority or any other party so as to enable the parties hereto to consummate the Transactions, and in any event prior to the Termination Date, including proposing, negotiating, committing to and effecting, by consent decree, hold separate orders, or otherwise, the sale, divestiture or disposition of such of its assets, properties or businesses or of the assets, properties or businesses to be acquired by it pursuant hereto; *provided, however*, that any such sale, divestiture, disposition or other arrangement shall be conditioned upon the consummation of the Transactions. In addition, Parent shall defend through litigation on the merits any claim asserted in court by any party in order to avoid entry of, or to have vacated or terminated, any decree, order or judgment (whether preliminary or permanent) that would prevent the Closing prior to the Termination Date. Notwithstanding anything in this Agreement to the contrary, no provision of this Agreement shall require, or be construed to require, Parent or any of its Subsidiaries to agree to or take any action that, individually or in the aggregate, would result in a Burdensome Condition. For purposes of this Agreement, a "Burdensome Condition" shall mean making proposals, executing or carrying out agreements (including consent decrees) or submitting to Laws (i) providing for the license, sale or other disposition or holding separate (through the establishment of a trust or otherwise) of any assets or categories of assets of Parent, the Company or any of their respective Subsidiaries or the holding separate of the capital stock of the Company or any such Subsidiary or (ii) imposing or seeking to impose any limitation on the ability of Parent, the Company or any of their respective Subsidiaries to conduct their respective businesses (including with respect to market practices and structure) or to own such assets or to acquire, hold or exercise full rights of ownership of the business of the Company or its Subsidiaries or of Parent or its Subsidiaries, that, in the case of clause (i) and (ii), would, individually or in the aggregate, reasonably be expected to result in a Behavioral Health Business Material Adverse Effect.

(c) Each party shall promptly notify the other party hereto of any material communication it or any of its affiliates receives from any Governmental Authority relating to the matters that are the subject of this Agreement. Each party shall be entitled to review in advance any proposed substantive communication by any other party to any Governmental Authority in connection with the Transactions, and each party shall make any revisions thereto reasonably requested by the other party. None of the parties to this Agreement shall agree to participate in any meeting with any Governmental Authority in respect of any filings, investigation (including any settlement of the investigation), litigation or other inquiry relating to the matters that are the subject of this Agreement unless it consults with the other party in advance and, to the extent not prohibited by such Governmental Authority, gives the other party the opportunity to attend and participate at such meeting. The parties to this Agreement will coordinate and cooperate fully with each other in exchanging such information and providing such assistance as the other party may reasonably request in connection with the foregoing. The parties to this Agreement will provide each other with copies of all material correspondence, filings or communications between them or any of their Representatives, on the one hand, and any Governmental Authority or members of its staff, on the other hand, with respect to this Agreement and the transactions contemplated by this Agreement; *provided, however*, that materials may be redacted (i) to remove references concerning the valuation of the Company, (ii) as necessary to comply with contractual arrangements, and (iii) as necessary to address reasonable attorney-client or other privilege concerns. In furtherance of the foregoing, all information exchanged between or among the parties under this Section 6.07 shall be subject to appropriate confidentiality arrangements. Notwithstanding anything to the contrary, the parties agree that, except as otherwise provided by Law, any and all proceedings, hearings and other dealings with Governmental Authorities relating to antitrust matters shall be led by Parent and its Representatives; *provided*, that Parent may make all final strategic decisions after consulting in good faith with the Company.

(d) Neither Parent nor Merger Sub shall enter into any agreement, transaction, or any agreement to effect any transaction (including any merger or acquisition) that might reasonably be expected to make it materially more difficult, or to materially increase the time required, to: (i) obtain the expiration or termination of the waiting period under the HSR Act, or any other applicable antitrust, competition, or trade regulation Law, applicable to the Transactions, (ii) avoid the entry of, the commencement of litigation seeking the entry of, or to effect the dissolution of, any injunction, temporary restraining order or other order that would materially delay or prevent the consummation of the Transactions, or (iii) obtain all authorizations, consents, orders and approvals of Governmental Authorities necessary for the consummation of the Transactions, including any authorizations, consents, orders or approvals required by any Health Care Law or Government Program.

(e) With respect to any stockholder litigation against the Company and/or its directors relating to the Transactions, Company shall (i) promptly notify Parent of the initiation of any such litigation, (ii) promptly notify Parent of any material communication or development with respect to such litigation and (iii) consult in good faith with Parent with respect to any material decisions and the Company's general strategy regarding such litigation.

SECTION 6.08 Obligations of Parent and Merger Sub. Parent shall take all action necessary to cause Merger Sub to perform its obligations under this Agreement and to

consummate the Transactions on the terms and subject to the conditions set forth in this Agreement.

SECTION 6.09 Public Announcements. The initial press release relating to this Agreement shall be a joint press release the text of which has been agreed to by each of Parent and the Company. Thereafter, each of Parent and the Company shall consult with each other before issuing any press release or otherwise making any public statements with respect to this Agreement or any of the Transactions, except to the extent public disclosure is required by applicable Law or the requirements of the Nasdaq Stock Market, in which case the issuing party shall use its reasonable best efforts to consult with the other party before issuing any press release or making any such public statements, and except with respect to the matters described in Sections 6.03, 8.01 and 8.03.

SECTION 6.10 Transfer Taxes. The Company and Parent shall cooperate in the preparation, execution and filing of all returns, questionnaires, applications or other documents regarding any sales, transfer, stamp, stock transfer, value added, use, real property transfer or gains and any similar Taxes which become payable in connection with the Transactions. Notwithstanding anything to the contrary herein, each of Parent and the Surviving Corporation agrees to assume liability for and pay any sales, transfer, stamp, stock transfer, value added, use, real property transfer or gains and any similar Taxes of the Company or any of its Subsidiaries, as well as any transfer, recording, registration and other fees that may be imposed upon, payable by or incurred by the Company or any of its Subsidiaries in connection with this Agreement and the Transactions.

ARTICLE VII

CONDITIONS TO THE MERGER

SECTION 7.01 Conditions to the Obligations of Each Party. The obligations of the Company, Parent and Merger Sub to consummate the Merger are subject to the satisfaction or waiver (where permissible) of the following conditions:

(a) Company Stockholder Approval. The Company shall have obtained the Stockholder Approval.

(b) No Order. No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law or taken any other action after the date of this Agreement which is in effect and has the effect of restraining, enjoining or otherwise prohibiting the consummation of the Merger.

(c) U.S. Antitrust Approvals and Waiting Periods. Any waiting period (and any extension thereof) applicable to the consummation of the Merger under the HSR Act shall have expired or been terminated.

SECTION 7.02 Conditions to the Obligations of Parent and Merger Sub. The obligations of Parent and Merger Sub to consummate the Merger are subject to the satisfaction or waiver (where permissible) of the following additional conditions:

(a) Representations and Warranties. The representations and warranties of the Company set forth in subsections (a) and (b) of Section 3.03 (Capitalization), in Section 3.04 (Authority Relative to This Agreement) and in Section 3.18 (Board Approval; Vote Required) shall be true and correct in all respects (except for de minimis failures to be true and correct), and the representation and warranty of the Company set forth in subsection (a) of Section 3.09 (Absence of Certain Changes or Events) shall be true and correct in all respects, in each case as though made as of the Closing (except to the extent expressly made as of an earlier date, in which case as of such earlier date). All other representations and warranties of the Company set forth in this Agreement shall be true and correct (disregarding all qualifications or limitations as to "materiality" and "Company Material Adverse Effect" set forth therein) as of the Closing as though made as of the Closing (except to the extent expressly made as of an earlier date, in which case as of such earlier date), except where the failure of such other representations and warranties to be so true and correct would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(b) Agreements and Covenants. The Company shall have performed or complied in all material respects with all material agreements and material covenants required by this Agreement to be performed or complied with by it on or prior to the Closing.

SECTION 7.03 Conditions to the Obligations of the Company. The obligations of the Company to consummate the Merger are subject to the satisfaction or waiver (where permissible) of the following additional conditions:

(a) Representations and Warranties. The representations and warranties of Parent and Merger Sub that are qualified by materiality shall be true and correct in all respects, and the representations and warranties of Parent and Merger Sub contained in this Agreement that are not so qualified shall be true and correct in all respects, in each case as of the Closing, as though made as of the Closing (except to the extent expressly made as of an earlier date, in which case as of such earlier date), except where the failure of such representations and warranties to be so true and correct would not, individually or in the aggregate, prevent or materially delay consummation of any of the Transactions or otherwise prevent or materially delay Parent or Merger Sub from performing its obligations under this Agreement.

(b) Agreements and Covenants. Parent and Merger Sub shall have performed or complied in all material respects with all material agreements and material covenants required by this Agreement to be performed or complied with by it on or prior to the Closing.

ARTICLE VIII

TERMINATION, AMENDMENT AND WAIVER

SECTION 8.01 Termination. This Agreement may be terminated and the Merger and the other Transactions may be abandoned at any time prior to the Effective Time by

action taken or authorized by the Board of Directors of the terminating party or parties, notwithstanding any prior adoption of this Agreement by the stockholders of the Company, as follows (the date of any such termination, the "Termination Date"):

- (a) by mutual written consent of Parent and the Company;
- (b) by either Parent or the Company if the Effective Time shall not have occurred on or before December 31, 2010 (the "End Date"); *provided, however*, that the right to terminate this Agreement under this Section 8.01(b) shall not be available to any party whose failure to fulfill any material obligation under this Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur on or before such date;
- (c) by either Parent or the Company if any Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law or taken any other action after the date of this Agreement permanently restraining, enjoining or otherwise prohibiting the consummation of the Merger, and such Law or action shall have become final and nonappealable; *provided, however*, that the right to terminate under this Section 8.01(c) shall not be available to any party whose failure to fulfill any material obligation under this Agreement has been the principal cause of such action;
- (d) by either Parent or the Company if this Agreement shall fail to receive the Stockholder Approval at the Company Stockholders' Meeting or any adjournment or postponement thereof;
- (e) by Parent if (i) any Specified Board Action shall have been taken by or on behalf of the Company Board or (ii) the Company shall have materially breached its agreements and covenants set forth in Section 6.03;
- (f) by the Company at any time prior to the adoption of this Agreement by the Company's stockholders in accordance with Section 6.03(b); *provided, however*, that any such purported termination pursuant to this Section 8.01(f) shall be void and of no force or effect unless the Company concurrently with such termination pays to Parent the Company Termination Fee in accordance with Section 8.03; *provided* that the Company shall not have the right to terminate this Agreement pursuant to this Section 8.01(f) if the Company is then in material breach of its agreements and covenants set forth in Section 6.03;
- (g) by Parent, if the Company shall have breached any of its representations or warranties, or failed to perform any of its agreements or covenants set forth in this Agreement, which breach or failure to perform (i) would give rise to the failure of a condition set forth in Section 7.02(a) or 7.02(b) and (ii) is incapable of being cured prior to the End Date; *provided* that Parent shall not have the right to terminate this Agreement pursuant to this Section 8.01(g) if either Parent or Merger Sub is then in material breach of any of its representations, warranties, agreements or covenants hereunder; or
- (h) by the Company, if Parent or Merger Sub shall have breached any of its representations or warranties, or failed to perform any of its agreements or covenants set forth in this Agreement, which breach or failure to perform (i) would give rise to the

failure of a condition set forth in Section 7.03(a) or 7.03(b) and (ii) is incapable of being cured prior to the End Date; *provided* that the Company shall not have the right to terminate this Agreement pursuant to this Section 8.01(h) if the Company is then in material breach of any of its representations, warranties, agreements or covenants hereunder.

SECTION 8.02 Effect of Termination. In the event of the termination of this Agreement pursuant to Section 8.01, this Agreement shall forthwith become void, and there shall be no liability under this Agreement on the part of any party hereto (except that the provisions of Section 6.02(b), Section 6.06, this Section 8.02, Section 8.03 and Article IX shall survive any such termination); *provided* that nothing in Section 8.01 or this Section 8.02 shall be deemed to release any party from any liability for any breach by such party of any representation, warranty or covenant set forth in this Agreement, or impair the right of any party to compel specific performance by another party of its obligations under this Agreement.

SECTION 8.03 Fees and Expenses. (a) All Expenses incurred in connection with this Agreement, the Transactions, the solicitation of stockholder approvals and all other matters related to the closing of the Merger shall be paid by the party incurring such Expenses, whether or not the Merger or any other Transaction is consummated, except as otherwise set forth in this Agreement. Notwithstanding the foregoing, one-half of all filing fees payable in connection with the filings made pursuant to the HSR Act with respect to the Transactions, and one-half of all Expenses incurred in connection with the printing, filing and mailing of the Proxy Statement, shall be paid by each of the Company and Parent. "Expenses," as used in this Agreement, shall include all reasonable out-of-pocket expenses (including all fees and expenses of counsel, accountants, investment bankers, financing sources, hedging counterparties, experts and consultants to a party hereto and its affiliates) incurred by a party or on its behalf in connection with or related to the authorization, preparation, negotiation, execution and performance of this Agreement. All payments required to be made by a party pursuant to this Section 8.03 shall be made by such party and no third party shall directly or indirectly make all or any portion of such payments. Each of the Company and Parent acknowledges that the agreements contained in this Section 8.03 are an integral part of the Transactions.

(b) If this Agreement shall be terminated:

(i) by Parent or the Company pursuant to Section 8.01(b), then, if (A) at or prior to the Termination Date an Acquisition Proposal shall have been publicly announced and not publicly withdrawn or shall have otherwise become publicly known (any person that shall have made such a proposal at or prior to the Termination Date, together with its affiliates, a "Competing Bidder") and (B) within twelve months of the Termination Date the Company enters into, or submits to the stockholders of the Company for adoption, an agreement with respect to, or consummates, any Acquisition Proposal, then the Company shall pay Parent the amount of \$71.5 million (the "Company Termination Fee");

(ii) by Parent or the Company pursuant to Section 8.01(d), then (A) the Company shall pay Parent all of its Expenses incurred in connection with the

Transactions on or prior to the Termination Date (the "Expense Reimbursement") and (B) if (1) at or prior to the date of the Company Stockholders' Meeting, an Acquisition Proposal shall have been publicly announced and not publicly withdrawn or shall have otherwise become publicly known and (2) within twelve months of the Termination Date the Company enters into, or submits to the stockholders of the Company for adoption, an agreement with respect to, or consummates, any Acquisition Proposal, then the Company shall pay Parent the Company Termination Fee *minus* any Expense Reimbursement previously paid to Parent;

(ii) by Parent pursuant to Section 8.01(e), then, the Company shall pay Parent the Company Termination Fee;

(iv) by the Company pursuant to Section 8.01(f), then the Company shall pay to Parent the Company Termination Fee; or

(v) by Parent pursuant to Section 8.01(g), then, if (A) at or prior to the date of the Company Stockholders' Meeting, an Acquisition Proposal shall have been publicly announced and not publicly withdrawn or shall have otherwise become publicly known and (B) within twelve months of the Termination Date the Company enters into, or submits to the stockholders of the Company for adoption, an agreement with respect to, or consummates, any Acquisition Proposal, then the Company shall pay Parent the Company Termination Fee.

(c) The Company Termination Fee and/or Expense Reimbursement payable by the Company under this Section 8.03 shall be paid to Parent or its designee by the Company in immediately available funds as follows:

(i) in the case of Section 8.03(b)(iv), the applicable payment shall be made concurrently with and as a condition to the effectiveness of a termination of this Agreement by the Company pursuant to Section 8.01(f);

(ii) in the case of Section 8.03(b)(ii)(A) or Section 8.03(b)(iii), the applicable payment shall be made on or prior to the date of the event giving rise to the obligation to make such payment; and

(iii) in the case of Section 8.03(b)(i), Section 8.03(b)(ii)(B) or Section 8.03(b)(v), (x) if the event giving rise to the obligation to make such payment is the Company entering into, or submitting to the stockholders of the Company for adoption, an agreement with respect to, or consummating, any Acquisition Proposal with a Competing Bidder, the applicable payment shall be made on or prior to the date of such event or (y) if the event giving rise to the obligation to make such payment is the Company entering into, or submitting to the stockholders of the Company for adoption, an agreement with respect to, or consummating, any Acquisition Proposal with any person other than a Competing Bidder, the applicable payment shall be made on or prior to the consummation of any Acquisition Proposal.

Notwithstanding anything to the contrary in this Agreement, the payment to Parent or its designees of the Company Termination Fee and/or the Expense Reimbursement shall be the sole

and exclusive remedy of Parent for any loss suffered by Parent or Merger Sub as a result of the failure of the Merger and the other Transactions to be consummated and upon such payment in accordance with this Section 8.03, the Company shall not have any further liability or obligation relating to or arising out of this Agreement or the Transactions (except in the case of fraud or a breach by the Company of this Agreement).

(d) The Company acknowledges and agrees that the agreements contained in subsections (b) and (c) of this Section 8.03 are an integral part of the Transactions, and that, without these agreements, Parent would not have entered into this Agreement; accordingly, if the Company fails to pay any amounts due and payable pursuant to subsections (b) and (c) of this Section 8.03, and, in order to obtain such payment, Parent commence a suit that results in a judgment against the Company for the Company Termination Fee or the Expense Reimbursement, the Company shall pay to Parent their costs and expenses (including attorneys' fees and expenses) in connection with such suit, together with interest on the amount of the Company Termination Fee or Expense Reimbursement, as the case may be, from the date such payment was required to be made until the date of payment at the prime rate of JPMorgan Chase Bank, N.A. in effect on the date such payment was required to be made.

(e) For purposes of this Section 8.03, Acquisition Proposal shall have the meaning assigned to such term in Section 6.03(d), except that references to 15% in clauses (1) and (2) of the definition thereof shall be deemed to be references to 50% and clause (3) of the definition thereof shall be deemed amended and replaced in its entirety by the following language: "(3) any merger, consolidation, business combination, recapitalization or other similar transaction involving the Company pursuant to which stockholders of the Company immediately prior to the consummation of such transaction would cease to own directly or indirectly at least 50% of the voting power of the outstanding securities of the Company (or of another person that directly or indirectly would own all or substantially all the assets of the Company) immediately following such transaction in the same proportion as they owned prior to the consummation of such transaction."

ARTICLE IX

GENERAL PROVISIONS

SECTION 9.01 Non-Survival of Representations, Warranties and Agreements. The representations, warranties and agreements in this Agreement and in any certificate delivered pursuant hereto shall terminate at the Effective Time; *provided, however*, that this Section 9.01 shall not limit any covenant or agreement of the parties which by its terms contemplates performance after the Effective Time.

SECTION 9.02 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing in the English language and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by a nationally recognized next day courier service, registered or certified mail (postage prepaid, return receipt requested) or by facsimile transmission. All notices hereunder shall be delivered to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 9.02):

if to Parent or Merger Sub:

Universal Health Services, Inc.
367 South Gulph Road
PO Box 61558
King of Prussia, Pennsylvania 19406-0958
Facsimile No: (610) 382-4390
Attention: Debra Osteen

with a copy to:

Cravath, Swaine & Moore LLP
Worldwide Plaza
825 Eighth Avenue
New York, New York 10019
Facsimile No: (212) 474-3700
Attention: James C. Woolery, Esq.
Minh Van Ngo, Esq.

if to the Company:

Psychiatric Solutions, Inc.
6640 Carothers Parkway, Suite 500
Franklin, Tennessee 37067
Facsimile No: (615) 312-5720
Attention: Chris Howard, Esq.

with a copy to:

Shearman & Sterling LLP
599 Lexington Avenue
New York, New York 10022
Facsimile No: (212) 848-7179
Attention: Peter D. Lyons, Esq.
Eliza W. Swann, Esq.

and

Waller Lansden Dortch & Davis LLP
511 Union Street
Suite 2700
Nashville, TN 37219
Facsimile No: (615) 244-6804
Attention: James H. Nixon III, Esq.
Keith E. Thompson, Esq.

SECTION 9.03 Certain Definitions. (a) For purposes of this Agreement:

“affiliate” of a specified person means a person who, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified person.

“Behavioral Health Business Material Adverse Effect” means any event, circumstance, state of facts, change or effect that is materially adverse to the business, financial condition or results of operations of the aggregate of (x) the behavioral health care services business of Parent and its Subsidiaries and (y) the Company and its Subsidiaries.

“business day” means any day on which the principal offices of the SEC in Washington, D.C. are open to accept filings, or, in the case of determining a date when any payment is due, any day on which banks are not required or authorized to close in the City of New York.

“Code” means the Internal Revenue Code of 1986, as amended.

“Company Health Care Business” means any health care business operated by the Company or any of its Subsidiaries.

“Company Health Care Facility” means any health care facility that is leased or owned, and operated, by the Company or any of its Subsidiaries.

“Contract” means any contract, agreement, lease, license, sales order, purchase order, instrument or other commitment that is binding on any person or any part of its property under applicable Law.

“control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, or as trustee or executor, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, as trustee or executor, by contract or credit arrangement or otherwise.

“Credit Agreement” means that certain Second Amended and Restated Credit Agreement, dated July 1, 2005 (as amended through the date hereof) among the Company, the other borrowers party thereto, the guarantors party thereto and the lenders and agents party thereto.

“Health Care Laws” means all relevant state and federal civil or criminal health care Laws applicable to any Company Health Care Business, including Medicaid, Medicare, the federal Anti-kickback Statute (42 U.S.C. § 1320a-7b(b)), the Stark Law (42 U.S.C. § 1395nn), the civil False Claims Act (31 U.S.C. § 3729 et seq.), the administrative False Claims Law (42 U.S.C. § 1320a-7b(a)), the Civil Money Penalties Law (42 U.S.C. § 1320a-7a; 42 U.S.C. § 1320c-8(a)), the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. § 1320d et seq.), the exclusion Laws (42 U.S.C. § 1320a-7), any Law with respect to licensing a Company Health Care

Business, or the regulations promulgated pursuant to such Laws, and comparable state Laws, and all statutes and regulations related to the education of, housing of, or care for youth.

"knowledge of the Company" or "Company's knowledge" means the actual knowledge (after reasonable inquiry) of (i) Joey Jacobs, President and Chief Executive Officer, (ii) Ronald Fincher, Chief Operating Officer, (iii) Christopher Howard, Executive Vice President, General Counsel and Secretary, (iv) Jack Polson, Executive Vice President and Chief Accounting Officer, (v) Brent Turner, Executive Vice President, Finance & Admin, (vi) Kathy Bolmer, Executive Vice President, Quality & Compliance, and (vii) Steven Davidson, Chief Development Officer.

"Lien" means with respect to any asset, any mortgage, pledge, lien, charge, security interest or encumbrance of any kind in respect of such asset.

"Medicaid" means the medical assistance program established by Title XIX of the Social Security Act (42 U.S.C. Sections 1396 et seq., as amended) and any statute succeeding thereto.

"Medicare" means the health insurance program for the aged and disabled established by Title XVIII of the Social Security Act (42 U.S.C. Sections 1395 et seq., as amended) and any statute succeeding thereto.

"Permitted Lien" means (a) statutory Liens for current Taxes, special assessments or other governmental charges not yet due and payable or the amount or validity of which is being contested in good faith by appropriate proceedings and for which appropriate reserves have been established in accordance with GAAP, (b) mechanics', materialmen's, carriers', workers', repairers' and similar statutory liens arising or incurred in the ordinary course of business, (c) zoning, entitlement, building and other land use regulations imposed by governmental agencies having jurisdiction over any Owned Real Property which are not violated in any material respect by the current use and operation of the Owned Real Property, (d) deposits or pledges made in connection with, or to secure payment of, worker's compensation, unemployment insurance, old age pension programs mandated under applicable legal requirements or other social security, (e) covenants, conditions, restrictions, easements, encumbrances and other similar matters of record affecting title to but not adversely affecting current occupancy or use of the Owned Real Property in any material respect, (f) restrictions on the transfer of securities arising under federal and state securities Laws, (g) any Liens caused by state statutes and/or principles of common law and specific agreements within some leases providing for landlord liens with respect to tenant's personal property, fixtures and/or leasehold improvements at the subject premises, (h) restrictions not materially affecting the present use of such assets or properties, (i) Liens securing the Credit Agreement, and (j) Liens permitted pursuant to Section 8.01 of the Credit Agreement.

"person" means an individual, corporation, partnership, limited partnership, limited liability company, syndicate, person (including a "person" as defined in

Section 13(d)(3) of the Exchange Act), trust, association or entity or government, political subdivision, agency or instrumentality of a government.

“Special Committee” means the committee of the Company Board (the members of which are not affiliated with Parent or Merger Sub and are not members of the Company’s management) formed for the purpose of, among other things, evaluating and making a recommendation to the full Company Board with respect to this Agreement.

“Subsidiary” or “Subsidiaries” of the Company, the Surviving Corporation, Parent or any other person means an entity controlled by such person, directly or indirectly (including through one or more intermediaries), and, without limiting the foregoing, includes any entity in respect of which such person, directly or indirectly, beneficially owns 50% or more of the voting securities or equity.

(b) The following terms have the meaning set forth in the Sections set forth below:

<u>Defined Term</u>	<u>Location of Definition</u>
Acquisition Proposal	§ 6.03(d)(i)
Action	§ 3.10
Acquisition Agreement	§ 6.03(b)
Agreement	Preamble
Book-Entry Shares	§ 2.02(b)(ii)
Burdensome Condition	§ 6.07(b)
Certificate of Merger	§ 1.03
Certificates	§ 2.02(b)(ii)
Closing	§ 1.02
Commitment Letter	§ 4.08
Company	Preamble
Company Board	Recitals
Company Board Recommendation	§ 3.18(a)(iii)
Company Controlled Entity	§ 3.11(a)
Company Common Stock	Recitals
Company Disclosure Schedule	Article III
Company Material Adverse Effect	§ 3.01(a)
Company Permits	§ 3.06
Company Preferred Stock	§ 3.03(a)(ii)
Company Stock Option	§ 2.04(a)(ii)
Company Stock Plans	§ 2.04(a)(i)
Company Stockholders’ Meeting	§ 6.01(b)
Company Termination Fee	§ 8.03(b)(i)
Competing Bidder	§ 8.03(b)(i)
Confidentiality Agreement	§ 6.02(b)
Debt Offers	§ 6.06(c)
DGCL	Recitals
Dissenting Shares	§ 2.05(a)

<u>Defined Term</u>	<u>Location of Definition</u>
Effective Time	§ 1.03
Employee	§ 6.05(a)
End Date	§ 8.01(b)
Environmental Laws	§ 3.17(a)
ERISA	§ 3.11(a)
Exchange Act	§ 3.05(b)(i)
Exchange Fund	§ 2.02(a)(ii)
Expenses	§ 8.03(a)
Expense Reimbursement	§ 8.03(b)(ii)
Financing	§ 6.06(a)
GAAP	§ 3.07(b)
Governmental Authority	§ 3.05(b)
Government Program	§ 3.05(b)(vii)
HSR Act	§ 3.05(b)(v)
Indemnified Parties	§ 6.04(a)
IRS	§ 3.11(c)
Law	§ 3.05(a)(ii)
Material Contracts	§ 3.15
Merger	Recitals
Merger Consideration	§ 2.01(a)
Merger Sub	Preamble
Notes	§ 6.06(c)
Notice of Adverse Action	§ 6.03(b)
Notice Period	§ 6.03(b)
Owned Real Property	§ 3.13
Parent	Preamble
Paying Agent	§ 2.02(a)(i)
Plans	§ 3.11(a)
Proxy Statement	§ 3.05(b)(ii)
Purchaser Welfare Benefit Plans	§ 6.05(c)
Real Property Leases	§ 3.13
Regulatory Condition	§ 3.01(a)
Representatives	§ 6.02(a)(i)
Required Information	§ 6.06(a)(ii)
SEC	§ 3.05(b)(ii)
SEC Reports	§ 3.07(a)
Section 262	§ 2.05(a)
Securities Act	§ 3.07(a)(i)
Shares	§ 2.01(a)
Specified Board Action	§ 6.03(b)
Specified Acquisition Action	§ 6.03(b)
Stockholder Approval	§ 3.18(b)
Superior Proposal	§ 6.03(d)(ii)
Surviving Corporation	§ 1.01
Tax or Taxes	§ 3.14(i)(i)

<u>Defined Term</u>	<u>Location of Definition</u>
Tax Returns	§ 3.14(i)(ii)
Termination Date	§ 8.01
Transactions	§ 3.01(a)
Voting Company Debt	§ 3.03(b)

(c) When a reference is made in this Agreement to Sections, Schedules or Exhibits, such reference shall be to a Section, Schedule or Exhibit of this Agreement, respectively, unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not any particular provision of this Agreement. The term "or" is not exclusive. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms. References to a person are also to its permitted successors and assigns. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms.

SECTION 9.04 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the Transactions is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the Transactions be consummated as originally contemplated to the fullest extent possible.

SECTION 9.05 Disclaimer of Other Representations and Warranties. Parent, Merger Sub and the Company each acknowledges and agrees that, except for the representations and warranties expressly set forth in this Agreement (a) no party makes, and has not made, any representations or warranties relating to itself or its businesses or otherwise in connection with the Transactions, (b) no person has been authorized by any party to make any representation or warranty relating to such party or its businesses or otherwise in connection with the Transactions and, if made, such representation or warranty must not be relied upon as having been authorized by such party, and (c) any estimates, projections, predictions, data, financial information, memoranda, presentations or any other materials or information provided or addressed to any party or any of its Representatives are not and shall not be deemed to be or to include representations or warranties unless any such materials or information is the subject of any representation or warranty set forth in this Agreement.

SECTION 9.06 Entire Agreement; Assignment. This Agreement and the Confidentiality Agreement constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof and supersede all prior agreements and undertakings, both written and oral, among the parties hereto, or any of them, with respect to the subject matter hereof and thereof. This Agreement shall not be assigned (whether pursuant to a merger, by operation of law or otherwise), except that Parent and Merger Sub may assign all or any of their

rights and obligations hereunder to any direct or indirect wholly owned Subsidiary of Parent; *provided, however*, that no such assignment shall relieve the assigning party of its obligations hereunder if such assignee does not perform such obligations.

SECTION 9.07 Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, other than Section 6.04 (which is intended to be for the benefit of the persons covered thereby and may be enforced by such persons) and except for the right of (i) the Company, on behalf of the holders of equity interests in the Company, to pursue damages (which the parties acknowledge and agree shall not be limited to reimbursement of expenses or out-of-pocket costs, and may include claims for damages based on the consideration that would have otherwise been payable to the stockholders of the Company and other relevant matters, including other combination opportunities and the time value of money), which shall be deemed in such event to be damages of holders of equity interests in the Company, in the event of a failure by Parent or Merger Sub to consummate the Merger as required by this Agreement, which right is hereby acknowledged and agreed by Parent and Merger Sub and (ii) Parent to pursue damages (which the parties acknowledge and agree shall not be limited to reimbursement of expenses or out-of-pocket costs, and may include claims for damages based on the synergies and other benefits that would have otherwise accrued to Parent and other relevant matters), which shall be deemed in such event to be damages of holders of equity interests in Parent, in the event of a failure by the Company to consummate the Merger as required by this Agreement, which right is hereby acknowledged and agreed by the Company. For purposes of this Agreement, any action of the Special Committee shall be binding upon and shall constitute an act of the Company.

SECTION 9.08 Remedies; Specific Performance; Expenses. The parties hereto acknowledge and agree that the parties would be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms or are otherwise breached and that any non-performance or breach of this Agreement by any party hereto could not be adequately compensated by monetary damages alone and that the parties hereto would not have any adequate remedy at law. Accordingly, in addition to any other right or remedy to which each party may be entitled, at law or in equity (including monetary damages), such party shall be entitled to enforce any provision of this Agreement by a decree of specific performance and to temporary, preliminary and permanent injunctive relief to prevent breaches or threatened breaches of any of the provisions of this Agreement without posting any bond or other undertaking. Notwithstanding anything to the contrary in this Agreement, all Expenses of the Company, Parent and Merger Sub incurred in connection with any Action brought by the Company, Parent or Merger Sub relating to the terms and provisions of this Agreement provided for in the foregoing sentence shall be paid by the Company in the event that Parent is successful on the merits in such Action and shall be paid by Parent in the event that the Company is successful on the merits in such Action.

SECTION 9.09 Governing Law. This Agreement shall be governed by, and construed in accordance with, the Laws of the State of Delaware applicable to contracts executed in and to be performed in that State. All Actions arising out of or relating to this Agreement shall be heard and determined exclusively in the Delaware Court of Chancery (or any

proper appellate court thereof). The parties hereto hereby (a) submit to the exclusive jurisdiction of the Delaware Court of Chancery for the purpose of any Action arising out of or relating to this Agreement brought by any party hereto, and (b) irrevocably waive, and agree not to assert by way of motion, defense, or otherwise, in any such Action, any claim that it is not subject personally to the jurisdiction of the courts described above, that its property is exempt or immune from attachment or execution, that the Action is brought in an inconvenient forum, that the venue of the Action is improper, or that this Agreement or the Transactions may not be enforced in or by the courts described above.

SECTION 9.10 Waiver of Jury Trial. Each of the parties hereto hereby waives to the fullest extent permitted by applicable Law any right it may have to a trial by jury with respect to any litigation directly or indirectly arising out of, under or in connection with this Agreement or the Transactions. Each of the parties hereto (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce that foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement and the Transactions, as applicable, by, among other things, the mutual waivers and certifications in this Section 9.10.

SECTION 9.11 Amendment. This Agreement may be amended by the parties hereto by action taken by or on behalf of their respective Boards of Directors at any time prior to the Effective Time; *provided, however*, that, after the adoption of this Agreement and the Transactions by the stockholders of the Company, no amendment shall be made except as allowed under applicable Law. This Agreement may not be amended except by an instrument in writing signed by each of the parties hereto.

SECTION 9.12 Waiver. At any time prior to the Effective Time, any party hereto may (a) extend the time for the performance of any obligation or other act of any other party hereto, (b) waive any inaccuracy in the representations and warranties of any other party contained herein or in any document delivered pursuant hereto, and (c) waive compliance with any agreement of any other party or any condition to its own obligations contained herein. Any such extension or waiver shall be valid if set forth in an instrument in writing signed by the party or parties to be bound thereby. The failure of any party to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of those rights.

SECTION 9.13 Headings. The descriptive headings contained in this Agreement are included for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 9.14 Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in two or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

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IN WITNESS WHEREOF, Parent, Merger Sub and the Company have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

PSYCHIATRIC SOLUTIONS, INC.

By _____

Name: Joey A. Jacobs

Title: Chairman, President and Chief
Executive Officer

UNIVERSAL HEALTH SERVICES, INC.

By _____

Name:

Title:

OLYMPUS ACQUISITION CORP.

By _____

Name:

Title:

IN WITNESS WHEREOF, Parent, Merger Sub and the Company have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

PSYCHIATRIC SOLUTIONS, INC.

By _____
Name:
Title:

UNIVERSAL HEALTH SERVICES, INC.

By Steve Filton
Name: Steve Filton
Title: Senior Vice President and Chief Financial Officer

OLYMPUS ACQUISITION CORP.

By Steve Filton
Name: Steve Filton
Title: Treasurer

Schedule 6.06(a) Financial Statements and Financial Data

- Audited consolidated balance sheets and related statements of income, stockholders' equity and cash flows for the three most recently completed fiscal years ended at least 90 days before the Effective Time; *provided* that the filing of an annual report on Form 10-K with the SEC will satisfy the foregoing requirements.
- Unaudited balance sheets and related statements of income, stockholders' equity and cash flows for each subsequent fiscal quarter after the latest fiscal year ended at least 45 days before the Effective Time; *provided* that the filing of a quarterly report on Form 10-Q will satisfy the foregoing requirements.
- Internally prepared monthly balance sheets and income statements, prepared in accordance with past practice.

EXHIBIT A

[FORM OF]
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
PSYCHIATRIC SOLUTIONS, INC.

FIRST: The name of the Corporation is Psychiatric Solutions, Inc.

SECOND: The address, including street, number, city and county, of the registered office of the Corporation in the State of Delaware is Corporation Trust Center, 1209 Orange Street, County of New Castle, Wilmington, Delaware 19801 and the name of the registered agent of the Corporation in the State of Delaware at such address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The aggregate number of shares which the Corporation shall have authority to issue is 1,000 shares of Common Stock, par value \$0.01 per share.

FIFTH: In furtherance and not in limitation of the powers conferred upon it by law, the Board of Directors of the Corporation is expressly authorized to adopt, amend or repeal the By-laws of the Corporation.

SIXTH: To the fullest extent permitted by the General Corporation Law of the State of Delaware as it now exists and as it may hereafter be amended, no director or officer of the Corporation or any predecessor corporation of the Corporation shall be personally liable to the Corporation or any predecessor corporation of the Corporation or any of their respective stockholders for monetary damages for breach of fiduciary duty as a director or officer; provided, however, that nothing contained in this Article SIXTH shall eliminate or limit the liability of a director or officer (i) for any breach of the director's or officer's duty of loyalty to the Corporation or any predecessor corporation of the Corporation or their respective stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the General Corporation Law of the State of Delaware or (iv) for any transaction from which the director or officer derived an improper personal benefit. No amendment to or repeal of this Article SIXTH shall apply to or have any effect on the rights or liability or alleged liability of any director or officer of the Corporation or any predecessor corporation of the Corporation for or with respect to any acts or omissions of such director or officer occurring prior to such amendment or repeal.

SEVENTH: The Corporation shall, to the fullest extent permitted by Section 145 of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented, indemnify any and all persons whom it shall have power

to indemnify under said section from and against any and all of the expenses, liabilities or other matters referred to in or covered by said section. Such indemnification shall be mandatory and not discretionary. The indemnification provided for herein pursuant to Article SIXTH and this Article SEVENTH shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any By-laws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person. Any repeal or modification of this Article SEVENTH shall not adversely affect any right to indemnification of any persons existing at the time of the alleged occurrence of any act or omission to act giving rise to liability or indemnification.

The Corporation shall to the fullest extent permitted by the General Corporation Law of the State of Delaware advance all costs and expenses (including without limitation, attorneys' fees and expenses) incurred by any director or officer within 15 days of the presentation of same to the Corporation, with respect to any one or more actions, suits or proceedings, whether civil, criminal, administrative or investigative, so long as the Corporation receives from the director or officer an unsecured undertaking to repay such expenses if it shall ultimately be determined that such director or officer is not entitled to be indemnified by the Corporation under the General Corporation Law of the State of Delaware. Such obligation to advance costs and expenses shall be mandatory, and not discretionary, and shall include, without limitation, costs and expenses incurred in asserting affirmative defenses, counterclaims and cross claims. Such undertaking to repay may, if first requested in writing by the applicable director or officer, be on behalf of (rather than by) such director or officer.

EIGHTH: Unless and except to the extent that the By-laws of the Corporation shall so require, the election of directors of the Corporation need not be by written ballot.

EXHIBIT B

[FORM OF]
AMENDED AND RESTATED BY-LAWS
OF
PSYCHIATRIC SOLUTIONS, INC.

ARTICLE I

Meetings of Stockholders; Stockholders'
Consent in Lieu of Meeting

SECTION 1.01. Annual Meeting. The annual meeting of the stockholders for the election of directors, and for the transaction of such other business as may properly come before the meeting, shall be held at such place, date and hour as shall be fixed by the Board of Directors and designated in the notice or waiver of notice thereof; except that no annual meeting need be held if all actions, including the election of directors, required by the General Corporation Law of the State of Delaware to be taken at a stockholders' annual meeting are taken by written consent in lieu of meeting pursuant to Section 1.03.

SECTION 1.02. Special Meetings. A special meeting of the stockholders for any purpose or purposes may be called by the Board of Directors, the Chairman of the Board of Directors, the President or the Secretary of the Corporation or a stockholder or stockholders holding of record at least a majority of the shares of common stock, par value \$0.01 per share, of the Corporation ("Common Stock") issued and outstanding, such meeting to be held at such place, date and hour as shall be designated in the notice or waiver of notice thereof.

SECTION 1.03. Stockholders' Consent in Lieu of Meeting. Any action required by the laws of the State of Delaware to be taken at any annual or special meeting of the stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by all the stockholders.

SECTION 1.04. Quorum and Adjournment. Except as otherwise provided by law, by the Certificate of Incorporation of the Corporation or by these By-laws, the presence, in person or by proxy, of the holders of a majority of the aggregate voting power of the stock issued and outstanding, entitled to vote thereat, shall be requisite and shall constitute a quorum for the transaction of business at all meetings of stockholders. If, however, such a quorum shall not be present or represented at any meeting of stockholders, the stockholders present, although less than a quorum, shall have the power to adjourn the meeting.

SECTION 1.05. Majority Vote Required. When a quorum is present at any meeting of stockholders, the affirmative vote of the majority of the aggregate voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall constitute the act of the stockholders, unless by express provision of law, the Certificate of Incorporation or these By-laws a different vote is required, in which case such express provision shall govern and control.

SECTION 1.06. Manner of Voting. At each meeting of stockholders, each stockholder having the right to vote shall be entitled to vote in person or by proxy. Proxies need not be filed with the Secretary of the Corporation until the meeting is called

to order, but shall be filed before being voted. Each stockholder shall be entitled to vote each share of stock having voting power registered in his or her name on the books of the Corporation on the record date fixed, as provided in Section 6.07 of these By-laws, for the determination of stockholders entitled to vote at such meeting. No election of directors need be by written ballot.

ARTICLE II

Board of Directors

SECTION 2.01. General Powers. The management of the affairs of the Corporation shall be vested in the Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law or by the Certificate of Incorporation directed or required to be exercised or done by the stockholders.

SECTION 2.02. Number and Term of Office. The number of directors which shall constitute the whole Board of Directors shall be fixed from time to time by a vote of a majority of the whole Board of Directors. The term "whole Board of Directors" is used herein to refer to the total number of directors which the Corporation would have if there were no vacancies. Directors need not be stockholders. Each director shall hold office until his or her successor is elected and qualified, or until his or her earlier death or resignation or removal in the manner hereinafter provided.

SECTION 2.03. Resignation, Removal and Vacancies. Any director may resign at any time by giving written notice of his or her resignation to the Board of Directors, the Chairman of the Board of Directors, the President or the Secretary of the Corporation. Such resignation shall take effect at the time specified therein or, if the time

be not specified, upon receipt thereof; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Any director or the entire Board of Directors may be removed, with or without cause, at any time by the holders of a majority of the shares then entitled to vote at an election of directors or by written consent of the stockholders pursuant to Section 1.03.

Vacancies in the Board of Directors and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

SECTION 2.04. Meetings. (a) Annual Meeting. As soon as practicable after each annual election of directors, the Board of Directors shall meet for the purpose of organization and the transaction of other business, unless it shall have transacted all such business by written consent pursuant to Section 2.05.

(b) Other Meetings. Other meetings of the Board of Directors shall be held at such times and places as the Board of Directors, the Chairman of the Board of Directors or the President shall from time to time determine.

(c) Notice of Meetings. The Secretary of the Corporation shall give notice to each director of each meeting, including the time, place and purpose of such meeting. Notice of each such meeting shall be mailed to each director, addressed to such director at his or her residence or usual place of business, at least two days before the day on which such meeting is to be held, or shall be sent to such director at such place by telegraph, cable, wireless or other form of recorded communication, or be delivered

personally or by telephone not later than the day before the day on which such meeting is to be held, but notice need not be given to any director who shall attend such meeting. A written waiver of notice, signed by the person entitled thereto, whether before or after the time of the meeting stated therein, shall be deemed equivalent to notice.

(d) Place of Meetings. The Board of Directors may hold its meetings at such place or places within or without the State of Delaware as the Board of Directors may from time to time determine, or as shall be designated in the respective notices or waivers of notice thereof.

(e) Quorum and Manner of Acting. One third of the total number of directors then in office (but not less than two) shall be present in person at any meeting of the Board of Directors in order to constitute a quorum for the transaction of business at such meeting, and the vote of a majority of those directors present at any such meeting at which a quorum is present shall be necessary for the passage of any resolution or act of the Board of Directors, except as otherwise expressly required by law or these By-laws. In the absence of a quorum for any such meeting, a majority of the directors present thereat may adjourn such meeting from time to time until a quorum shall be present.

(f) Organization. At each meeting of the Board of Directors, one of the following shall act as chairman of the meeting and preside, in the following order of precedence:

(i) the Chairman of the Board of Directors;

(ii) the President (if the President shall be a member of the Board of Directors at such time); and

(iii) any director chosen by a majority of the directors present.

The Secretary of the Corporation or, in the case of his or her absence, any person (who shall be an Assistant Secretary of the Corporation, if an Assistant Secretary of the Corporation is present) whom the Chairman of the Board of Directors shall appoint shall act as secretary of such meeting and keep the minutes thereof.

SECTION 2.05. Directors' Consent in Lieu of Meeting. Action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing and the writing or writings are filed with the minutes or the proceedings of the Board of Directors or committee.

SECTION 2.06. Action by Means of Conference Telephone or Similar Communications Equipment. Any one or more members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or any such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

ARTICLE III

Committees of the Board

SECTION 3.01. Appointment of Executive Committee. The Board of Directors may from time to time by resolution passed by a majority of the whole Board of Directors designate from its members an Executive Committee to serve at the pleasure of the Board of Directors. The Chairman of the Executive Committee shall be designated by the Board of Directors. The Board of Directors may designate one or more directors as alternate members of the Executive Committee, who may replace any absent or

disqualified member or members at any meeting of the Executive Committee. The Board of Directors shall have power at any time to change the membership of the Executive Committee, to fill all vacancies in it and to discharge it, either with or without cause.

SECTION 3.02. Procedures of Executive Committee. The Executive Committee, by a vote of a majority of its members, shall fix by whom its meetings may be called and the manner of calling and holding its meetings, shall determine the number of its members requisite to constitute a quorum for the transaction of business and shall prescribe its own rules of procedure, no change in which shall be made except by a majority vote of its members or by the Board of Directors.

SECTION 3.03. Powers of Executive Committee. During the intervals between the meetings of the Board of Directors, unless otherwise determined from time to time by resolution passed by the whole Board of Directors, the Executive Committee shall possess and may exercise all the powers and authority of the Board of Directors in the management and direction of the business and affairs of the Corporation to the extent permitted by the General Corporation Law of the State of Delaware, and may authorize the seal of the Corporation to be affixed to all papers which may require it, except that the Executive Committee shall not have power or authority in reference to:

- (a) amending the Certificate of Incorporation;
- (b) adopting an agreement of merger or consolidation;
- (c) recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets;
- (d) recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution;

(e) submitting to stockholders of the Corporation any action which pursuant to the General Corporation Law of the State of Delaware requires stockholder's approval;

(f) filling vacancies in the Board of Directors or in any committee or fixing compensation of members of the Board of Directors for serving on the Board of Directors or on any committee;

(g) amending or repealing these By-laws;

(h) declaring a dividend or authorizing the issuance of stock; or

(i) amending or repealing any resolution of the Board of Directors which by its terms is not so amendable or repealable.

SECTION 3.04. Reports of Executive Committee. The Executive Committee shall keep regular minutes of its proceedings, and all action by the Executive Committee shall be reported promptly to the Board of Directors. Such action shall be subject to review by the Board of Directors, provided that no rights of third parties shall be affected by such review.

SECTION 3.05. Other Committees. The Board of Directors, by resolution adopted by a majority of the whole Board of Directors, may designate from among its members one or more other committees, each of which shall have such authority of the Board of Directors as may be specified in the resolution of the Board of Directors designating such committee; provided, however, that any such committee so designated shall not have any powers not allowed to the Executive Committee under Section 3.03. The Board of Directors shall have power at any time to change the members of any such committee, designate alternate members of any such committee and

fill vacancies therein; and any such committee shall serve at the pleasure of the Board of Directors.

ARTICLE IV

Officers

SECTION 4.01. Executive Officers. The executive officers of the Corporation shall be a President, a Secretary and a Treasurer and may include a Chairman of the Board of Directors, one or more Vice Presidents and one or more Assistant Secretaries or Assistant Treasurers. Any two or more offices may be held by the same person.

SECTION 4.02. Authority and Duties. All officers, as between themselves and the Corporation, shall have such authority and perform such duties in the management of the Corporation as may be provided in these By-laws or, to the extent not so provided, by the Board of Directors.

SECTION 4.03. Term of Office, Resignation and Removal. All officers shall be elected or appointed by the Board of Directors and shall hold office for such term as may be prescribed by the Board of Directors. The Chairman of the Board of Directors, if any, shall be elected or appointed from among the members of the Board of Directors. Each officer shall hold office until his or her successor has been elected or appointed and qualified or his or her earlier death or resignation or removal in the manner hereinafter provided. The Board of Directors may require any officer to give security for the faithful performance of his or her duties.

Any officer may resign at any time by giving written notice to the President or the Secretary of the Corporation, and such resignation shall take effect at the time specified therein or, if the time when it shall become effective is not specified

therein, at the time it is accepted by action of the Board of Directors. Except as aforesaid, the acceptance of such resignation shall not be necessary to make it effective.

All officers and agents elected or appointed by the Board of Directors shall be subject to removal at any time by the Board of Directors with or without cause.

SECTION 4.04. Vacancies. If an office becomes vacant for any reason, the Board of Directors shall fill such vacancy. Any officer so appointed or elected by the Board of Directors shall serve only until such time as the unexpired term of his or her predecessor shall have expired unless reelected or reappointed by the Board of Directors.

SECTION 4.05. Chairman of the Board of Directors. If there shall be a Chairman of the Board of Directors, he or she shall preside at meetings of the Board of Directors and of the stockholders at which he or she is present, and shall give counsel and advice to the Board of Directors and the officers of the Corporation on all subjects touching the welfare of the Corporation and the conduct of its business. He or she shall perform such other duties as the Board of Directors may from time to time determine. Except as otherwise provided by resolution of the Board of Directors he or she shall be ex officio a member of all committees of the Board of Directors.

SECTION 4.06. The President. The President shall be the Chief Executive Officer of the Corporation and, unless the Chairman of the Board of Directors be present or the Board of Directors has provided otherwise by resolution, he or she shall preside at all meetings of the Board of Directors and the stockholders at which he or she is present except, in the case of a meeting of the Board of Directors, if the President is not a member of the Board of Directors at such time. He or she shall have general and active management and control of the business and affairs of the Corporation subject to the

control of the Board of Directors and the Executive Committee, if any, and shall see that all orders and resolutions of the Board of Directors and the Executive Committee, if any, are carried into effect.

SECTION 4.07. Vice Presidents. The Vice President of the Corporation, if any, or if there be more than one, the Vice Presidents in the order of their seniority or in any other order determined by the Board of Directors, shall, in the absence or disability of the President, perform the duties and exercise the powers of the President, and shall generally assist the President and perform such other duties as the Board of Directors or the President shall prescribe.

SECTION 4.08. The Secretary. The Secretary of the Corporation shall, to the extent practicable, attend all meetings of the Board of Directors and all meetings of the stockholders and shall record all votes and the minutes of all proceedings in a book to be kept for that purpose, and shall perform like duties for the standing committees when required. He or she shall give, or cause to be given, notice of all meetings of the stockholders and of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the President, under whose supervision he or she shall perform such duties. He or she shall keep in safe custody the seal of the Corporation and affix the same to any duly authorized instrument requiring it and, when so affixed, it shall be attested by his or her signature or by the signature of the Treasurer or an Assistant Secretary or Assistant Treasurer. He or she shall keep in safe custody the certificate books and stockholder records and such other books and records as the Board of Directors may direct and shall perform all other duties as from time to time may be

assigned to him or her by the Chairman of the Board of Directors, the President or the Board of Directors.

SECTION 4.09. Assistant Secretaries. The Assistant Secretary of the Corporation, if any, or if there be more than one, the Assistant Secretaries in order of their seniority or in any other order determined by the Board of Directors shall, in the absence or disability of the Secretary of the Corporation, perform the duties and exercise the powers of the Secretary of the Corporation and shall perform such other duties as the Board of Directors or the Secretary of the Corporation shall prescribe.

SECTION 4.10. The Treasurer. The Treasurer shall have the care and custody of the corporate funds and other valuable effects, including securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation, and shall deposit all moneys and other valuable effects to the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and directors, at the regular meetings of the Board of Directors, or whenever they may require it, an account of all his or her transactions as Treasurer and of the financial condition of the Corporation; and, in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the President or the Board of Directors.

SECTION 4.11. Assistant Treasurers. The Assistant Treasurer of the Corporation, if any, or if there be more than one, the Assistant Treasurers in the order of their seniority or in any other order determined by the Board of Directors, shall in the

absence or disability of the Treasurer perform the duties and exercise the powers of the Treasurer and shall perform such other duties as the Board of Directors or the Treasurer shall prescribe.

ARTICLE V

Contracts, Checks, Drafts, Bank Accounts, etc.

SECTION 5.01. Execution of Documents. The Board of Directors shall designate the officers, employees and agents of the Corporation who shall have power to execute and deliver deeds, contracts, mortgages, bonds, debentures, checks, drafts and other orders for the payment of money and other documents for and in the name of the Corporation, and may authorize such officers, employees and agents to delegate such power (including authority to redelegate) by written instrument to other officers, employees or agents of the Corporation; and, unless so designated or expressly authorized by these By-laws, no officer or agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable pecuniarily for any purpose or to any amount.

SECTION 5.02. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation or otherwise as the Board of Directors or Treasurer or any other officer of the Corporation to whom power in this respect shall have been given by the Board of Directors shall select.

SECTION 5.03. Proxies in Respect of Stock or Other Securities of Other Corporations. The Board of Directors shall designate the officers of the Corporation who shall have authority from time to time to appoint an agent or agents of the Corporation to exercise in the name and on behalf of the Corporation the powers and rights which the

Corporation may have as the holder of stock or other securities in any other corporation, and to vote or consent in respect of such stock or securities; such designated officers may instruct the person or persons so appointed as to the manner of exercising such powers and rights; and such designated officers may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal, or otherwise, such written proxies, powers of attorney or other instruments as they may deem necessary or proper in order that the Corporation may exercise its said powers and rights.

ARTICLE VI

Shares and Their Transfer; Fixing Record Date

SECTION 6.01. Certificates for Shares. Every owner of stock of the Corporation shall be entitled to have a certificate certifying the number and class of shares owned by him or her in the Corporation, which shall otherwise be in such form as shall be prescribed by the Board of Directors. Certificates of each class shall be issued in consecutive order and shall be numbered in the order of their issue, and shall be signed by, or in the name of the Corporation by the Chairman of the Board of Directors, the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Corporation.

SECTION 6.02. Record. A record in one or more counterparts shall be kept of the name of the person, firm or corporation owning the shares represented by each certificate for stock of the Corporation issued, the number of shares represented by each such certificate, the date thereof and, in the case of cancelation, the date of cancelation (such record, the "stock record"). Except as otherwise expressly required by law, the person in whose name shares of stock stand on the stock record of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation.

SECTION 6.03. Registration of Stock. Registration of transfers of shares of the Corporation shall be made only on the books of the Corporation upon request of the registered holder thereof, or of his or her attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the Corporation, and upon the surrender of the certificate or certificates for such shares properly endorsed or accompanied by a stock power duly executed.

SECTION 6.04. Addresses of Stockholders. Each stockholder shall designate to the Secretary of the Corporation an address at which notices of meetings and all other corporate notices may be served or mailed to him or her, and, if any stockholder shall fail to designate such address, corporate notices may be served upon him or her by mail directed to him or her at his or her post office address, if any, as the same appears on the share record books of the Corporation or at his or her last known post office address.

SECTION 6.05. Lost, Destroyed and Mutilated Certificates. The Board of Directors or a committee designated thereby with power so to act may, in its discretion, cause to be issued a new certificate or certificates for stock of the Corporation in place of any certificate issued by it and reported to have been lost, destroyed or mutilated, upon the surrender of the mutilated certificates or, in the case of loss or destruction of the certificate, upon satisfactory proof of such loss or destruction, and the Board of Directors or such committee may, in its discretion, require the owner of the lost or destroyed certificate or his or her legal representative to give the Corporation a bond in such sum and with such surety or sureties as it may direct to indemnify the Corporation against any claim that may be made against it on account of the alleged loss or destruction of any such certificate.

SECTION 6.06. Regulations. The Board of Directors may make such rules and regulations as it may deem expedient, not inconsistent with these By-laws, concerning the issue, transfer and registration of certificates for stock of the Corporation.

SECTION 6.07. Fixing Date for Determination of Stockholders of Record. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than 50 nor less than 10 days before the date of such meeting, nor more than 50 days prior to any other action. A determination of stockholders entitled to notice of or to vote at a meeting of the stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

ARTICLE VII

Fiscal Year

The fiscal year of the Corporation shall end on the 31st day of December in each year unless changed by resolution of the Board of Directors.

ARTICLE VIII

Indemnification and Insurance

SECTION 8.01. Indemnification. (a) (i) Any person made, or threatened to be made, a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or

she, his or her testator or intestate is or was a director, officer, employee or agent of the Corporation or any corporation which consolidated or merged or consolidates or merges with or into the Corporation and which if its separate existence had continued would have had power and authority to indemnify such person (a "Predecessor"), shall be indemnified by the Corporation to the fullest extent by applicable law and (ii) any person made, or threatened to be made, a party to such an action, suit or proceeding, by reason of the fact that he or she, his or her testator or intestate is or was serving as a director, officer, employee or agent at the request of the Corporation or a Predecessor, of any other corporation or any partnership, joint venture, trust or other enterprise (an "Affiliate"), shall, be indemnified by the Corporation to the fullest extent by applicable law, in each case, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, or in connection with any appeal therein; provided that such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, Predecessor or Affiliate, as the case may be, or with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct unlawful; except, in the case of an action, suit or proceeding by or in the right of the Corporation or a Predecessor in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such director, officer, employee or agent is liable for negligence or misconduct in the performance of his or her duties, unless a court of competent jurisdiction shall determine that, despite such adjudication, such person is fairly and reasonably entitled to indemnification.

(b) Without limitation of any right conferred by paragraph (a) of this Section 8.01, (i) any person made, or threatened to be made, a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she, his or her testator or intestate is or was a director, officer, employee or agent of the Corporation or a Predecessor and is or was serving as a fiduciary of, or otherwise rendering services to, any employee benefit plan of, or relating to the Corporation or a Predecessor, shall be indemnified by the Corporation to the fullest extent by applicable law, and (ii) any person made, or threatened to be made, a party to such an action, suit or proceeding, by reason of the fact that he or she, his or her testator or intestate is or was serving as a director, officer, employee or agent at the request of the Corporation or an Affiliate, and is or was serving as a fiduciary of, or otherwise rendering services to, any employee benefit plan of, or relating to such Affiliate, shall be indemnified by the Corporation to the fullest extent by applicable law, in each case, against expenses (including attorneys' fees), judgments, fines, excise taxes and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, or in connection with any appeal therein; provided that such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, Predecessor or Affiliate, as the case may be, or with respect to a criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful; except in the case of an action, suit or proceeding by or in the right of the Corporation or a Predecessor in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such director, officer, employee or agent is liable for negligence or

misconduct in the performance of his or her duties, unless a court of competent jurisdiction shall determine that, despite such adjudication, such person is fairly and reasonably entitled to indemnification.

(c) The foregoing rights of indemnification shall not be deemed exclusive of any other rights to which any director, officer, employee or agent may be entitled or of any power of the Corporation apart from the provisions of this Section 8.01.

SECTION 8.02. Insurance for Indemnification. The Corporation may purchase and maintain insurance for the indemnification of the Corporation, a Predecessor or an Affiliate, and the directors, officers, employees and agents of the Corporation, a Predecessor or an Affiliate, to the full extent and in the manner permitted by the applicable laws of the United States and the State of Delaware from time to time in effect.

ARTICLE IX

Waiver of Notice

Whenever any notice whatever is required to be given by these By-laws or the Certificate of Incorporation of the Corporation or the laws of the State of Delaware, the person entitled thereto may, in person or by attorney thereunto authorized, in writing or by telegraph, cable or other form of recorded communication, waive such notice, whether before or after the meeting or other matter in respect of which such notice is given, and in such event such notice need not be given to such person and such waiver shall be deemed equivalent to such notice.

ARTICLE X

Amendments

Any By-law (including these By-laws) may be adopted, amended or repealed by the Board of Directors in any manner not inconsistent with the laws of the State of Delaware or the Certificate of Incorporation of the Corporation.

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts			
Contingencies			
Architectural/Engineering Fees			
Consulting and Other Fees			\$2,600,000
Movable or Other Equipment (not in construction contracts)			
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Apportioned Acquisition Cost			\$52,265,114
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS			\$54,865,114
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities			
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			\$54,865,114
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS			\$54,865,114

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Purchase Price: \$ _____	included in acquisition cost of	
Fair Market Value: \$ _____	hospital (previous page)	
The project involves the establishment of a new facility or a new category of service <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
If yes, provide the dollar amount of all non-capitalized operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.		
Estimated start-up costs and operating deficit cost is \$ <u>none</u> .		

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings: <input checked="" type="checkbox"/> None or not applicable <input type="checkbox"/> Preliminary <input type="checkbox"/> Schematics <input type="checkbox"/> Final Working
Anticipated project completion date (refer to Part 1130.140): <u>December 31, 2010</u>
Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140): <input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed. <input type="checkbox"/> Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies <input checked="" type="checkbox"/> Project obligation will occur after permit issuance.
APPEND DOCUMENTATION AS ATTACHMENT-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals

Are the following submittals up to date as applicable: <input type="checkbox"/> Cancer Registry not applicable <input type="checkbox"/> APORS not applicable <input checked="" type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted <input checked="" type="checkbox"/> All reports regarding outstanding permits Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements

not applicable

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							

APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Facility Bed Capacity and Utilization

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which the data are available**. Include **observation days in the patient day totals for each bed service**. Any bed capacity discrepancy from the inventory will result in the application being deemed **incomplete**.

FACILITY NAME: Riveredge Hospital		CITY: Forest Park			
REPORTING PERIOD DATES: From: January 1, 2009 to: December 31, 2009					
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical					
Obstetrics					
Pediatrics					
Intensive Care					
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness	210	2,337	31,369	None	210
Neonatal Intensive Care					
General Long Term Care					
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify))					
TOTALS:	210	2,337	31,369	None	210

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of UHS of Delaware, Inc. * in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.

Steve Fitton
SIGNATURE
Steve Fitton
PRINTED NAME
Vice President
PRINTED TITLE

Debra K. Osteen
SIGNATURE
Debra K. Osteen
PRINTED NAME
Vice President
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 23rd day of JULY, 2010

Notarization:
Subscribed and sworn to before me
this 23rd day of JULY, 2010

Caitlin M. Vernot
Signature of Notary
COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Caitlin M. Vernot, Notary Public
Upper Merion Twp., Montgomery County
My Commission Expires Nov. 3, 2012
Member, Pennsylvania Association of Notaries

Caitlin M. Vernot
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COMMONWEALTH OF PENNSYLVANIA
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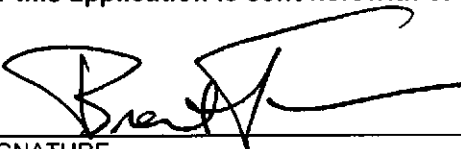
*Insert EXACT legal name of the applicant

CERTIFICATION

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- o in the case of a corporation, any two of its officers or members of its Board of Directors;
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- o in the case of a sole proprietor, the individual that is the proprietor.

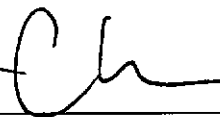
This Application for Permit is filed on the behalf of BHC Streamwood Hospital, Inc. * in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.



SIGNATURE
William Brent Turner

PRINTED NAME
Vice President & Assistant Secretary

PRINTED TITLE



SIGNATURE
Christopher Lee Howard

PRINTED NAME
Vice President & Secretary

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 27 day of July, 2010

Notarization:
Subscribed and sworn to before me
this 27 day of July, 2010



Signature of Notary

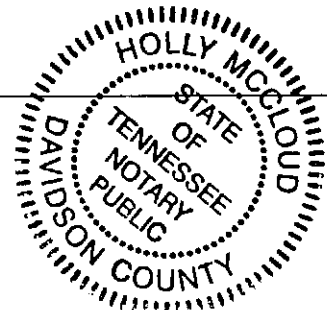
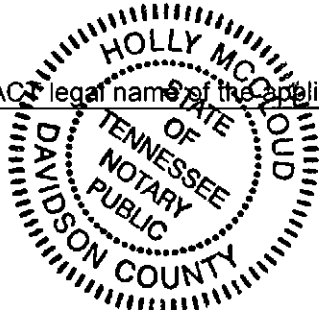


Signature of Notary

Seal

Seal

*Insert EXACT legal name of the Applicant



my commission expires 1/7/2013.

my commission expires 1/7/2013.

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- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of Universal Health Services, Inc. * in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.

Steve Filton
SIGNATURE
Steve Filton
PRINTED NAME
Senior Vice President
PRINTED TITLE

Debra K. Osteen
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*Insert EXACT legal name of the applicant

CERTIFICATION

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- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of Psychiatric Solutions, Inc. * in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.

[Handwritten Signature]

SIGNATURE

William Brent Turner

PRINTED NAME

Vice President & Asst. Secretary

PRINTED TITLE

[Handwritten Signature]

SIGNATURE

Christopher Lee Howard

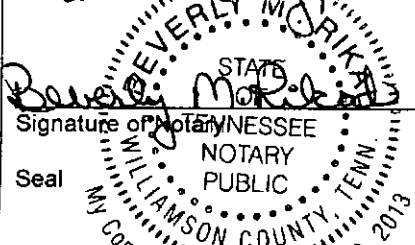
PRINTED NAME

Vice President & Secretary

PRINTED TITLE

Notarization:

Subscribed and sworn to before me this 26 day of July, 2010

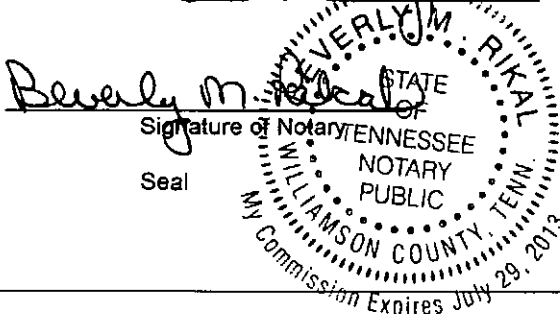


Signature of Notary

Seal

Notarization:

Subscribed and sworn to before me this 26 day of July, 2010



Signature of Notary

Seal

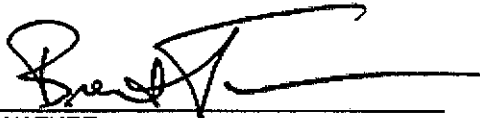
*Insert EXACT legal name of the applicant

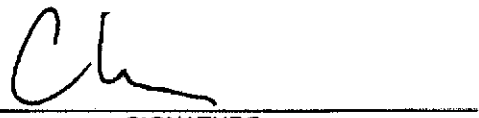
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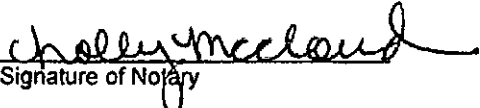
This Application for Permit is filed on the behalf of Rlveredge Hospital, Inc. in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.



SIGNATURE
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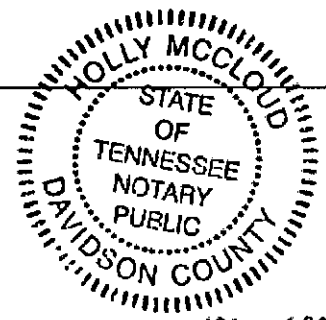
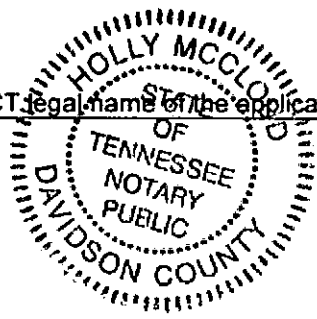
Notarization:
Subscribed and sworn to before me
this 27 day of July, 2010

Notarization:
Subscribed and sworn to before me
this 27 day of July, 2010


Signature of Notary
Seal


Signature of Notary
Seal

*Insert EXACT legal name of the applicant



my commission expires 1/7/2013.

my commission expires 1/7/2013.

SECTION III – BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

Criterion 1110.230 – Background, Purpose of the Project, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT-11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]
4. Cite the sources of the information provided as documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as appropriate.

For projects involving modernization, describe the conditions being upgraded if any. For facility projects, include statements of age and condition and regulatory citations if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Agency Report.

APPEND DOCUMENTATION AS ATTACHMENT-12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

- 1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

- A) Proposing a project of greater or lesser scope and cost;
 - B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
 - C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
 - D) Provide the reasons why the chosen alternative was selected.
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**
 - 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT-13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT: **not applicable**

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. This must be a narrative.
2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following:
 - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
 - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;
 - c. The project involves the conversion of existing space that results in excess square footage.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?

APPEND DOCUMENTATION AS ATTACHMENT-14. IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION: **not applicable**

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. A narrative of the rationale that supports the projections must be provided.

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT-15. IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

UNFINISHED OR SHELL SPACE:

not applicable

Provide the following information:

1. Total gross square footage of the proposed shell space;
2. The anticipated use of the shell space, specifying the proposed GSF to be allocated to each department, area or function;
3. Evidence that the shell space is being constructed due to
 - a. Requirements of governmental or certification agencies; or
 - b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.
4. Provide:
 - a. Historical utilization for the area for the latest five-year period for which data are available; and
 - b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES:

not applicable

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.
2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VI - MERGERS, CONSOLIDATIONS AND ACQUISITIONS/CHANGES OF OWNERSHIP

This Section is applicable to projects involving merger, consolidation or acquisition/change of ownership.

NOTE: For all projects involving a change of ownership THE TRANSACTION DOCUMENT must be submitted with the application for permit. The transaction document must be signed dated and contain the appropriate contingency language.

A. Criterion 1110.240(b), Impact Statement

Read the criterion and provide an impact statement that contains the following information:

1. Any change in the number of beds or services currently offered.
2. Who the operating entity will be.
3. The reason for the transaction.
4. Any anticipated additions or reductions in employees now and for the two years following completion of the transaction.
5. A cost-benefit analysis for the proposed transaction.

B. Criterion 1110.240(c), Access

Read the criterion and provide the following:

1. The current admission policies for the facilities involved in the proposed transaction.
2. The proposed admission policies for the facilities.
3. A letter from the CEO certifying that the admission policies of the facilities involved will not become more restrictive.

C. Criterion 1110.240(d), Health Care System

Read the criterion and address the following:

1. Explain what the impact of the proposed transaction will be on the other area providers.
2. List all of the facilities within the applicant's health care system and provide the following for each facility.
 - a. the location (town and street address);
 - b. the number of beds;
 - c. a list of services; and
 - d. the utilization figures for each of those services for the last 12 month period.
3. Provide copies of all present and proposed referral agreements for the facilities involved in this transaction.
4. Provide time and distance information for the proposed referrals within the system.
5. Explain the organization policy regarding the use of the care system providers over area providers.
6. Explain how duplication of services within the care system will be resolved.
7. Indicate what services the proposed project will make available to the community that are not now available.

APPEND DOCUMENTATION AS ATTACHMENT-19, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The following Sections **DO NOT** need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- Section 1120.120 Availability of Funds – Review Criteria
- Section 1120.130 Financial Viability – Review Criteria
- Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)

VIII. - 1120.120 - Availability of Funds

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: **Indicate the dollar amount to be provided from the following sources:**

	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:
	1)	the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and
	2)	interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
\$54,865,114	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:
	1)	For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated;
	2)	For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;
	3)	For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;
	4)	For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;
	5)	For any option to lease, a copy of the option, including all terms and conditions.
	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
\$54,865,114	TOTAL FUNDS AVAILABLE	

APPEND DOCUMENTATION AS ATTACHMENT 39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

IX. 1120.130 - Financial Viability please see note following this section

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. All of the projects capital expenditures are completely funded through internal sources
2. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
3. The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT-40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion. When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

Universal Health Services, Inc.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
	2007	2008	2009	2012
Enter Historical and/or Projected Years:	2007	2008	2009	2012
Current Ratio	1.59	1.41	1.37	1.37(estimate)
Net Margin Percentage	13.2%	13.4%	15.3%	15.3% (estimate)
Percent Debt to Total Capitalization	40%	39%	35%	35% (estimate)
Projected Debt Service Coverage	1.99	1.76	1.40	1.4 (estimate)
Days Cash on Hand	42	75	74	74 (estimate)
Cushion Ratio	7.03	3.67	7.20	7.2 (estimate)

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

2. Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 41, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

IX. 1120.130 - Financial Viability please see note following this section

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. All of the projects capital expenditures are completely funded through internal sources
2. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
3. The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT-40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion. When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

Psychiatric Solutions, Inc.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
	2007	2008	2009	
Enter Historical and/or Projected Years:				
Current Ratio	1.89	2.00	1.97	
Net Margin Percentage	5.4%	6.2%	6.5%	
Percent Debt to Total Capitalization	60.8%	59.6%	53.5%	
Projected Debt Service Coverage	4.37	36.23	45.93	
Days Cash on Hand	73	28	71	
Cushion Ratio	4	19	1	

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

2. Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 41, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

NOTE ON FINANCIAL VIABILITY RATIOS
and
PRO FORMA FINANCIAL INFORMATION

Consistent with a technical assistance conference with State Agency staff on July 7, 2010:

1. Financial viability ratios and financial statements are not being provided for the individual hospitals involved in the change of ownership transaction because the hospitals do not have audited financial statements.
2. Information related to Psychiatric Solutions, Inc. will be limited to historical information, because it is being acquired.
3. Pro forma information related to Universal Health Services, Inc., as has been the case in the past, is limited to "estimated" ratios, as a result of it being a publicly traded company (please see letter from Steve G. Filton, CFO, attached).



Universal Health Services, Inc.
UHS of Delaware, Inc.

367 South Gulph Road
P.O. Box 61558
King of Prussia
Pennsylvania
19406-0958
610-768-3300

July 7, 2010

Illinois Health Facilities and
Services Review Planning Board
525 West Jefferson Street
Springfield, Illinois 62761

In Re: Universal Health Services, Inc. acquisition of
Streamwood Hospital, Riveredge Hospital and Lincoln Prairie Hospital

To Whom It May Concern:

Universal Health Services, Inc. has provided historical financial statements and historical financial ratios, as required by Illinois' Certificate of Need program. Estimated ratios, based on performance experienced in past years have also been provided for 2011.

UHS is a publicly-traded company, and as such, the providing of pro forma statements is viewed by management as being inappropriate. Rather, and as noted above, estimated ratios are being provided. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company or industry to be materially different from projections.

The requested forward-looking statements could be subject to misinterpretation by individuals having an interest in the Company, and subject the company to financial risk.

Sincerely,

Steve G. Filton
Sr. Vice President and
Chief Financial Officer

X. 1120.140 - Economic Feasibility

This section is applicable to all projects subject to Part 1120.

A. Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
 - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
 - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Foot Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
Contingency									
TOTALS									

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT -42, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XI. Safety Net Impact Statement

not applicable

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.
2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.
3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.
2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.
3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 43.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Charity (cost in dollars)	Year	Year	Year
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Medicaid (revenue)	Year	Year	Year
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT 43, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XII. Charity Care Information

Charity Care information **MUST** be furnished for **ALL** projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care **must** be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

Hartgrove Hospital

CHARITY CARE			
	Year 2007	Year 2008	Year 2009
Net Patient Revenue	\$32,476,215	\$36,442,340	\$40,390,573
Amount of Charity Care (charges)	\$34,328	\$118,286	\$141,145
Cost of Charity Care	\$12,569	\$46,653	\$55,368

APPEND DOCUMENTATION AS ATTACHMENT-44, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XII. Charity Care Information

Charity Care information **MUST** be furnished for **ALL** projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care **must** be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

The Pavilion Foundation

CHARITY CARE			
	Year 2007	Year 2008	Year 2009
Net Patient Revenue	\$11,176,327	\$13,556,953	\$14,845,364
Amount of Charity Care (charges)	\$362,812	\$209,908	\$656,620
Cost of Charity Care	\$153,153	\$108,617	\$218,386

APPEND DOCUMENTATION AS ATTACHMENT-44, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XII. Charity Care Information

Charity Care information **MUST** be furnished for **ALL** projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care **must** be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

Lincoln Prairie Behavioral Health Center

CHARITY CARE			
	Year 2008	Year 2009	
Net Patient Revenue	\$4,900,218	\$14,943,999	
Amount of Charity Care (charges)	\$0	\$14,255	
Cost of Charity Care	\$0	\$14,255	

APPEND DOCUMENTATION AS ATTACHMENT-44, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XII. Charity Care Information

Charity Care information **MUST** be furnished for **ALL** projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care **must** be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

Riveredge Hospital

CHARITY CARE			
	Year 2007	Year 2008	Year 2009
Net Patient Revenue	\$39,246,665	\$32,660,219	\$28,434,249
Amount of Charity Care (charges)	(\$1,653)	37,853	71,347
Cost of Charity Care	(\$487)	13,869	27,611

APPEND DOCUMENTATION AS ATTACHMENT-44, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XII. Charity Care Information

Charity Care information MUST be furnished for ALL projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three audited fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

Streamwood Behavioral Health Hospital

CHARITY CARE			
	Year 2007	Year 2008	Year 2009
Net Patient Revenue	\$12,037,841	\$10,336,207	\$10,025,686
Amount of Charity Care (charges)	\$0	\$0	\$0
Cost of Charity Care	\$0	\$0	\$0

APPEND DOCUMENTATION AS ATTACHMENT-44, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

UNIVERSAL HEALTH SERVICES, INC., INCORPORATED IN DELAWARE AND LICENSED TO TRANSACT BUSINESS IN THIS STATE ON SEPTEMBER 17, 2004, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



Authentication #: 1018701168

Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 6TH day of JULY A.D. 2010*

Jesse White

SECRETARY OF STATE

ATTACHMENT 1



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

UHS OF DELAWARE, INC., INCORPORATED IN DELAWARE AND LICENSED TO TRANSACT BUSINESS IN THIS STATE ON DECEMBER 10, 1985, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 6TH day of JULY A.D. 2010 .



Authentication #: 1018701114

Authenticate at: <http://www.cyberdriveillinois.com>

Jesse White

SECRETARY OF STATE

ATTACHMENT 1



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

PSYCHIATRIC SOLUTIONS, INC., INCORPORATED IN DELAWARE AND LICENSED TO TRANSACT BUSINESS IN THIS STATE ON MAY 05, 2005, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



Authentication #: 1018301002

Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 2ND day of JULY A.D. 2010 .

Jesse White

SECRETARY OF STATE

ATTACHMENT 1



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

RIVEREDGE HOSPITAL, INC., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON SEPTEMBER 10, 1999, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 1ST day of JULY A.D. 2010 .



Jesse White

Authentication #: 1018202106

Authenticate at: <http://www.cyberdriveillinois.com>

SECRETARY OF STATE

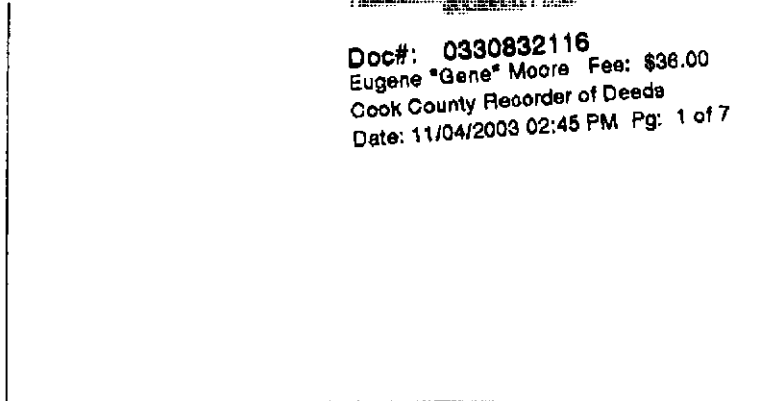
ATTACHMENT 1

1 of 6 Hynes # 81-68-734-21

WARRANTY DEED
Statutory (Illinois)
(Corporation to Corporation)



Doc#: 0330832116
Eugene "Gene" Moore Fee: \$36.00
Cook County Recorder of Deeds
Date: 11/04/2003 02:45 PM Pg: 1 of 7



Above Space for Recorder's Use Only

THE GRANTOR, AERIES HEALTHCARE OF ILLINOIS, INC.
CURRENT ADMITTING POLICIES

a corporation created and existing under and by virtue of the laws of the State of Illinois and duly authorized to transact business in the State of Illinois, for and in consideration of TEN DOLLARS (\$10.00), in hand paid, and pursuant to authority given by the Board of Directors of said corporation, CONVEYS AND WARRANTS to

RIVEREDGE REAL ESTATE, INC.

a corporation organized and existing under and by virtue of the laws of the State of Illinois having its principal office at the following address 113 Seaboard Lane, Suite C-100, Franklin, Tennessee 37067, certain real estate situated in the County of Cook and State of Illinois, more particularly described in Exhibit A attached hereto and made a part hereof (the "Property"), subject to all those matters described in Exhibit B attached hereto and part a part hereof (the "Permitted Encumbrances").

Permanent Real Estate Index Number(s): 15-14-400-008-0000, 15-14-400-009-000 and 15-14-400-011-0000

Address of Real Estate: 8311 West Roosevelt Road, Forest Park, Illinois 60130

Exempt under provisions of Paragraph E, Section 4,
Real Estate Transfer Tax Act.

10-31-03
Date

Steven T. Dandrea
Buyer, Seller or Representative

[Signatures Appear on Following Page]

In Witness Whereof, said Grantor has caused its corporate seal to be hereto affixed, and has caused its name to be signed to these presents by its President, and attested by its Secretary, this 31st day of October, 2003.

AERIES HEALTHCARE OF ILLINOIS, INC.

Impress
Corporate Seal
Here

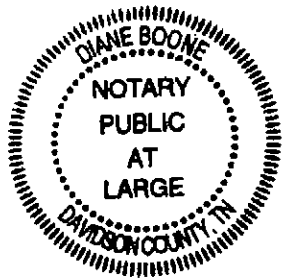
By: [Signature]
Joey A. Jacobs, President

Attest: [Signature]
Steven T. Davidson, Secretary

STATE OF TENNESSEE)
COUNTY OF DAVIDSON) CURRENT ADMITTING POLICIES

I, the undersigned, a Notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY, that Joey A. Jacobs personally known to me to be the president of AERIES HEALTHCARE OF ILLINOIS, INC. and Steven T. Davidson personally known to me to be the Secretary of said corporation, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in personal and severally acknowledged that as such President and Secretary, they signed and delivered the said instrument and caused the corporate seal of said corporation to be affixed thereto, pursuant to authority given by the Board of Directors of said corporation, as their free and voluntary act, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and official seal, this 31 day of October, 2003.



Diane Boone
NOTARY PUBLIC
MY COMMISSION EXPIRES: May 30, 2007
My Commission Expires: _____

This instrument was prepared by: John N. Popham, Esq. Harwell Howard Hyne Gabbert & Manner, P.C., 315 Deaderick Street, Suite 1800 Nashville, Tennessee 37238-1800	SEND SUBSEQUENT TAX BILLS TO: RIVEREDGE REAL ESTATE, INC. 113 Seaboard Lane, Suite C-100 Franklin, Tennessee 37067
---	---

EXHIBIT A
to Warranty Deed

Property

DESCRIPTION OF PROPERTY LOCATED AT 8311 WEST ROOSEVELT ROAD,
FOREST PARK, ILLINOIS:

PARCEL 1:

THAT PART OF THE SOUTH EAST 1/4 OF SECTION 14, TOWNSHIP 39 NORTH,
RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY,
ILLINOIS, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SOUTH EAST 1/4;
THENCE EAST ALONG THE SOUTH LINE OF SAID SOUTH EAST 1/4, A DISTANCE
OF 1298.83 FEET TO A POINT; THENCE NORTH A DISTANCE OF 33 FEET TO A
POINT IN THE ORIGINAL NORTH LINE OF ROOSEVELT ROAD FOR A POINT OF
BEGINNING; THENCE CONTINUING NORTH, A DISTANCE OF 489.52 FEET TO A
POINT; THENCE SOUTH 84 DEGREES 40 MINUTES 05 SECONDS EAST, A
DISTANCE OF 5.79 FEET TO A POINT; THENCE NORTH 83 DEGREES 20 MINUTES
44 SECONDS EAST, A DISTANCE OF 60.41 FEET TO A POINT; THENCE NORTH 57
DEGREES 55 MINUTES 48 SECONDS EAST, A DISTANCE OF 205.29 FEET TO A
POINT IN THE DES PLAINES RIVER; THENCE SOUTH 11 DEGREES 19 MINUTES
56 SECONDS EAST, ALONG A LINE IN SAID RIVER, A DISTANCE OF 617.02 FEET
TO A POINT IN THE NORTH LINE OF SAID ROOSEVELT ROAD, SAID NORTH LINE
BEING 33.0 FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF SAID
SOUTHEAST 1/4, THENCE WEST ALONG SAID PARALLEL LINE, A DISTANCE OF
360.96 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

THAT PART OF THE SOUTH EAST 1/4 OF SECTION 14, TOWNSHIP 39 NORTH,
RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY,
ILLINOIS, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SOUTH EAST 1/4;
THENCE EAST ALONG THE SOUTH LINE OF SAID SOUTH EAST 1/4, A DISTANCE
OF 1198.83 FEET TO A POINT; THENCE NORTH A DISTANCE OF 33 FEET TO A
POINT OF BEGINNING IN THE NORTH LINE OF ROOSEVELT ROAD; THENCE
CONTINUING NORTH A DISTANCE OF 498.86 FEET TO A POINT; THENCE SOUTH
84 DEGREES 40 MINUTES 05 SECONDS EAST, A DISTANCE OF 100.43 FEET TO A
POINT; THENCE SOUTH 489.52 FEET TO A POINT IN THE NORTH LINE OF
ROOSEVELT ROAD; THENCE WEST ALONG THE NORTH LINE OF ROOSEVELT
ROAD TO THE PLACE OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS

(EXCEPT FROM PARCELS 1 AND 2 THE FOLLOWING DESCRIBED PROPERTY:

THAT PART OF THE SOUTH EAST 1/4 OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, BOUNDED AND DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 14 AS MONUMENTED AND RECORDED SEPTEMBER 24, 1976 AS DOCUMENT 23650678; THENCE ON AN ASSUMED BEARING OF SOUTH 89 DEGREES 32 MINUTES 07 SECONDS EAST 1198.83 FEET ALONG THE SOUTH LINE OF THE SOUTH EAST 1/4 OF SAID SECTION 14; THENCE NORTH 00 DEGREES 27 MINUTES 51 SECONDS EAST 33 FEET TO A POINT IN THE EXISTING NORTHERLY LINE OF ROOSEVELT ROAD, SAID POINT BEING THE POINT OF BEGINNING; THENCE CONTINUING NORTH 00 DEGREES 27 MINUTES 51 SECONDS EAST 7.00 FEET ALONG THE WEST LINE OF THAT PROPERTY CONVEYED BY WARRANTY DEED RECORDED MAY 18, 1971 AS DOCUMENT 21483369 TO A POINT IN A LINE 40.00 FEET NORTHERLY OF AND PARALLEL WITH THE SOUTH LINE OF THE SOUTH EAST 1/4 OF SAID SECTION 14, SAID POINT BEING MONUMENTED BY AN ILLINOIS DEPARTMENT OF TRANSPORTATION, DIVISION OF HIGHWAY, SURVEY MARKER; THENCE SOUTH 89 DEGREES 32 MINUTES 07 SECONDS EAST 141.17 FEET ALONG THE AFORESAID PARALLEL LINE TO A POINT, SAID POINT BEING MONUMENTED BY AN ILLINOIS DEPARTMENT OF TRANSPORTATION, DIVISION OF HIGHWAYS SURVEY MARKER; THENCE SOUTH 87 DEGREES 31 MINUTES 51 SECONDS EAST 200.12 FEET TO A POINT IN THE EXISTING NORTHERLY LINE OF ROOSEVELT ROAD, SAID POINT BEING MONUMENTED BY AN ILLINOIS DEPARTMENT OF TRANSPORTATION, DIVISION OF HIGHWAYS, SURVEY MARKER; THENCE NORTH 89 DEGREES 32 MINUTES 07 SECONDS WEST 341.17 FEET ALONG SAID EXISTING NORTHERLY LINE OF ROOSEVELT ROAD TO THE POINT OF BEGINNING)

PARCEL 3:

THAT PART OF THE SOUTH EAST 1/4 OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SOUTH EAST 1/4 OF SECTION 14; THENCE EAST ALONG THE SOUTH LINE OF SAID SOUTH EAST 1/4, A DISTANCE OF 799.04 FEET TO A POINT; THENCE NORTH 0 DEGREES 22 MINUTES 00 SECONDS WEST, A DISTANCE OF 433.00 FEET TO THE PLACE OF BEGINNING OF THE HEREIN DESCRIBED TRACT; THENCE CONTINUING NORTH 0 DEGREES 22 MINUTES 00 SECONDS WEST, A DISTANCE OF 110.00 FEET TO A POINT; THENCE SOUTH 86 DEGREES 46 MINUTES 27 SECONDS EAST, A DISTANCE OF 34.07 FEET TO AN IRON PIPE; THENCE NORTH 83 DEGREES 42 MINUTES 21 SECONDS EAST, A DISTANCE OF 236.43 FEET TO AN IRON PIPE; THENCE SOUTH 70 DEGREES 59 MINUTES 38 SECONDS EAST, A DISTANCE OF 95.19 FEET TO AN IRON PIPE; THENCE SOUTH 84 DEGREES 40 MINUTES 05 SECONDS EAST, A DISTANCE OF 44.43 FEET TO A POINT IN THE WEST LINE OF

PREMISES HERETOFORE CONVEYED AND RECORDED AS DOCUMENT NUMBER 18905062; THENCE SOUTH ALONG SAID ABOVE LINE, A DISTANCE OF 118.86 FEET TO A POINT; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, A DISTANCE OF 100.00 FEET TO A POINT; THENCE NORTH 0 DEGREES 00 MINUTES 00 SECONDS EAST, A DISTANCE OF 20.00 FEET TO A POINT; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, A DISTANCE OF 302.56 FEET TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS.

EXHIBIT B
to Warranty Deed

Permitted Encumbrances

1. Taxes for 2003 and thereafter.
2. Mortgages, encumbrances, easements, covenants, conditions, restrictions and other matters affecting the subject property of record in the real property records of Cook County, Illinois.

STATEMENT BY GRANTOR AND GRANTEE

The grantor or his agent affirms that, to the best of his knowledge, the name of the grantee shown on the deed or assignment of beneficial interest in a land trust is either a natural person, an Illinois corporation or foreign corporation authorized to do business or acquire and hold title to real estate in Illinois, a partnership authorized to do business or acquire and hold title to real estate in Illinois, or other entity recognized as a person and authorized to do business or acquire and hold title to real estate under the laws of the State of Illinois.

Dated October 31, 20 03
Signature: [Signature] (Grantor or Agent)
Steven T. Davidson, Vice President/Secretary

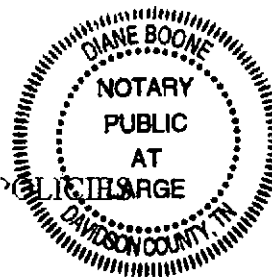
Subscribed and sworn to before me by the

said Steven T. Davidson

this 31 day of October

20 03.

Diane Boone (Notary Public)



**MY COMMISSION EXPIRES:
May 30, 2007**

The grantee or his agent affirms and verifies that the name of the grantee shown on the deed or assignment of beneficial interest in a land trust is either a natural person, an Illinois corporation or foreign corporation authorized to do business or acquire and hold title to real estate in Illinois, a partnership authorized to do business or acquire and hold title to real estate in Illinois, or other entity recognized as a person and authorized to do business or acquire and hold title to real estate under the laws of the State of Illinois.

Dated October 31, 20 03
Signature: [Signature] (Grantee or Agent)
Steven T. Davidson, Vice President/Secretary

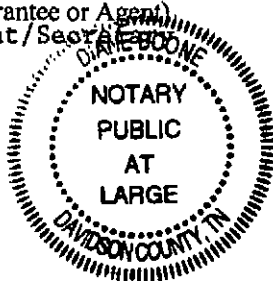
Subscribed and sworn to before me by the

said Steven T. Davidson

this 31 day of October

20 03.

Diane Boone (Notary Public)



**MY COMMISSION EXPIRES:
May 30, 2007**

NOTE: Any person who knowingly submits a false statement concerning the identity of a grantee shall be guilty of a Class C misdemeanor for the first offense and of a Class A misdemeanor for subsequent offenses.

[Attach to deed or ABI to be recorded in Cook County, Illinois, if exempt under provisions of Section 4 of the Illinois Real Estate Transfer Tax Act.]

SORTOREE



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

RIVEREDGE HOSPITAL, INC., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON SEPTEMBER 10, 1999, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, I hereto set
*my hand and cause to be affixed the Great Seal of
the State of Illinois, this 1ST
day of JULY A.D. 2010*



Jesse White

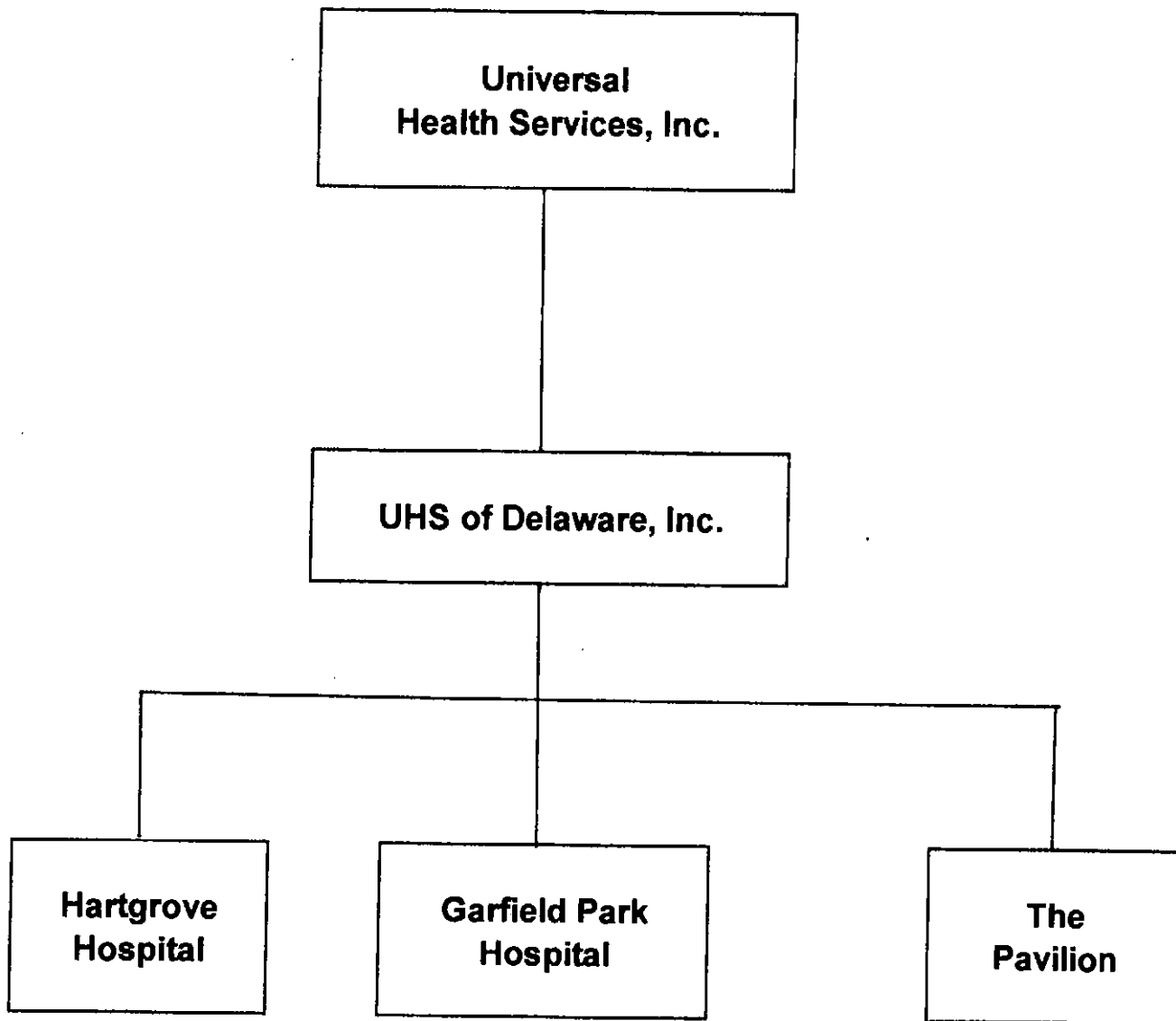
Authentication #: 1018202106

Authenticate at: <http://www.cyberdriveillinois.com>

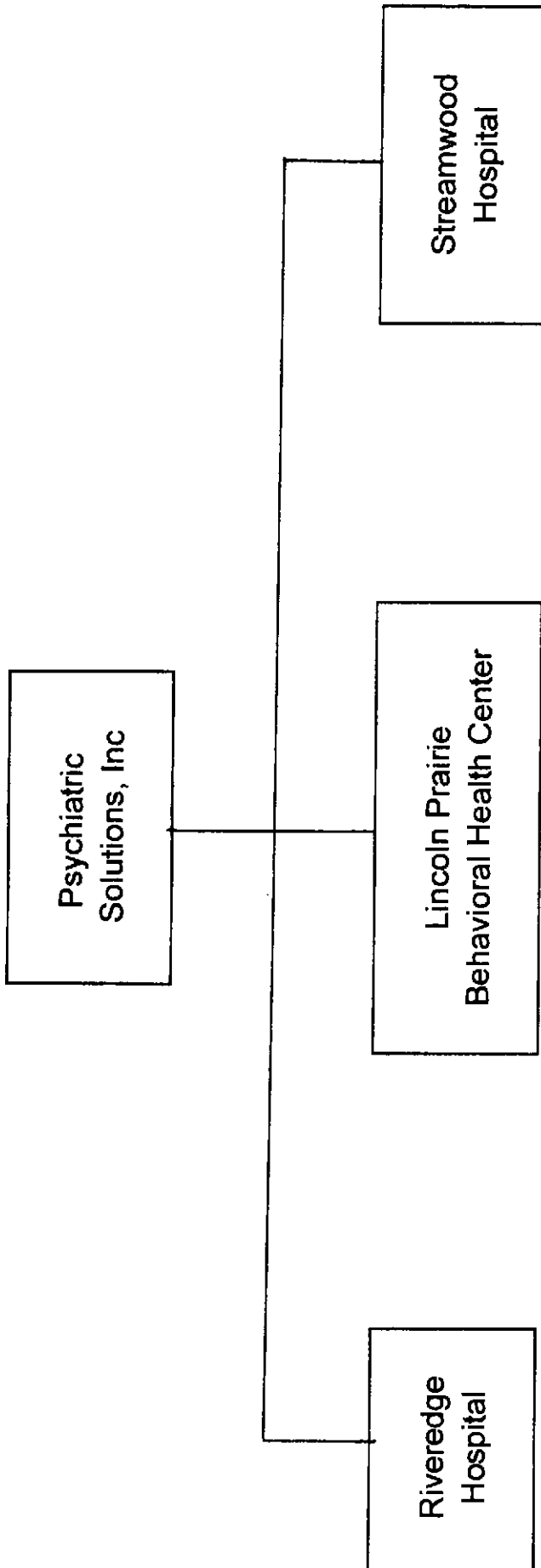
SECRETARY OF STATE

ATTACHMENT 3

Pre-Transaction
UHS Illinois Hospitals

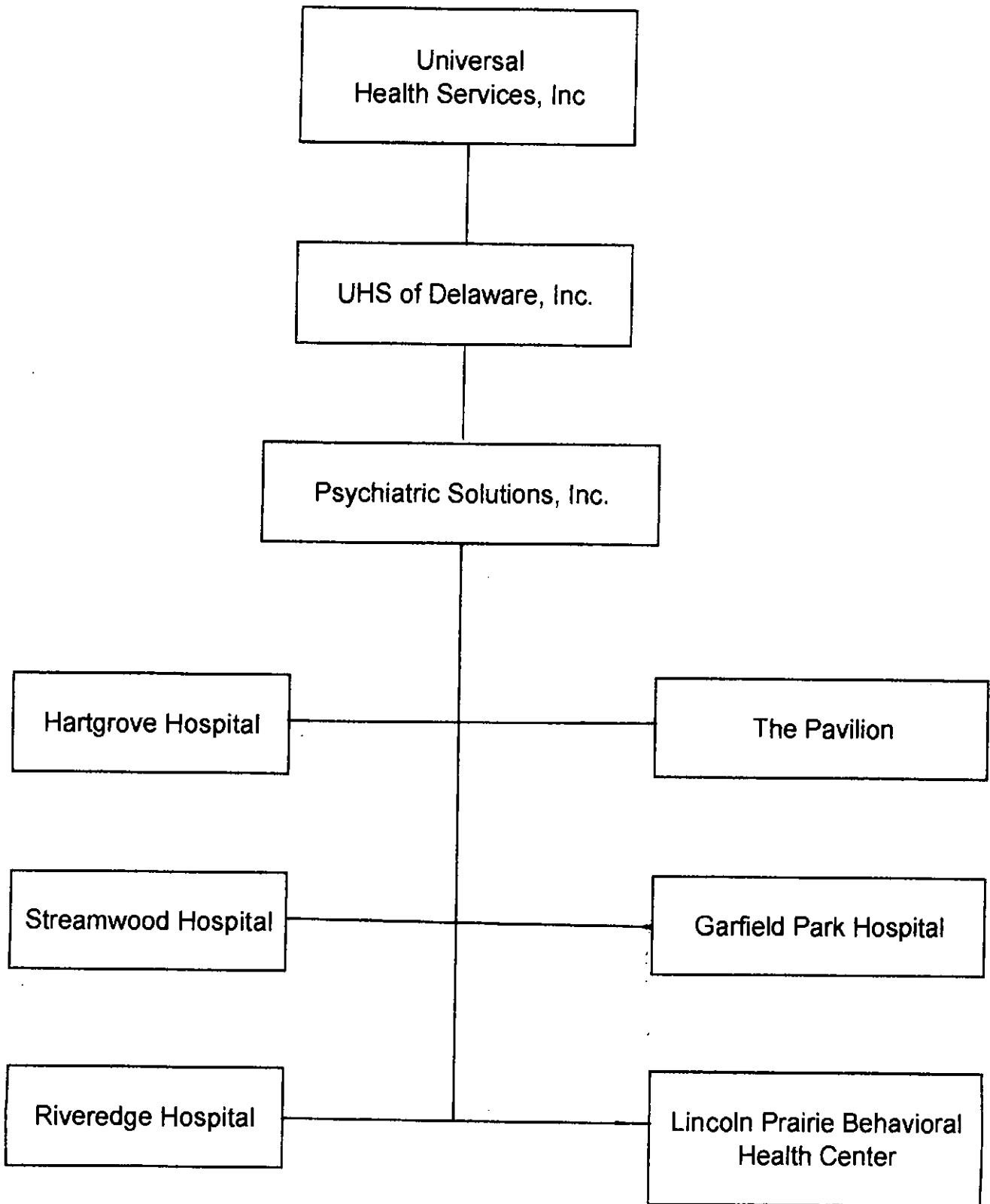


Psychiatric Solutions, Inc.
Illinois Hospitals



ATTACHMENT 4

Post-Transaction
UHS Illinois Hospitals



PROJECT COSTS

Apportioned Acquisition Cost (\$52,265,114)

Apportionment of the total acquisition cost for Psychiatric Solutions, Inc. based on 2009 EBITDA of the individual hospitals being acquired.

Consulting and Other Fees (\$2,600,000)

Estimate of all transaction-related costs, CON review fees, CON application development costs, outside legal and accounting fees, public relations fees, and miscellaneous fees and expenses.



Universal Health Services, Inc.
UHS of Delaware, Inc.

367 South Gulph Road
P.O. Box 61558
King of Prussia
Pennsylvania
19406-0958
610-768-3300

July 23, 2010

Illinois Health Facilities
and Services Review Board
Springfield, IL

To Whom It May Concern:

In accordance with Review Criterion 1110.230.b, Background of the Applicant, we are submitting this letter assuring the Illinois Health Facilities and Services Review Board that:

1. Universal Health Services, Inc. does not have any adverse actions against any Illinois facility owned and operated by the applicant during the three (3) year period prior to the filing of this application, and
2. Universal Health Services, Inc. authorizes the State Board and Agency access to information to verify documentation or information submitted in response to the requirements of Review Criterion 1110.230.b or to obtain any documentation or information which the State Board or Agency finds pertinent to this application.

If we can in any way provide assistance to your staff regarding these assurances or any other issue relative to this application, please do not hesitate to call me.

Sincerely,

Steve G. Filton
Sr. Vice President and
Chief Financial Officer

ATTACHMENT 11



July 26, 2010

Illinois Health Facilities and Services Review Board
Springfield, IL

To Whom It May Concern:

In accordance with Review Criterion 1110.230.b, Background of the Applicant, we are submitting this letter assuring the Illinois Health Facilities and Services Review Board that:

1. Psychiatric Solutions, Inc. does not have any adverse actions against any Illinois facility owned and operated by the applicant during the three (3) year period prior to the filing of this application, and
2. Psychiatric Solutions, Inc. authorizes the State Board and Agency access to information to verify documentation or information submitted in response to the requirements of Review Criterion 1110.230.b or to obtain any documentation or information which the State Board or Agency finds pertinent to this application.

Since July 2008, Riveredge Hospital has received subpoenas from the United States Department of Justice (the "DOJ") seeking various categories of documents, including documents relating to patient care and related matters at Riveredge Hospital. No criminal charges have been filed against Riveredge in connection with the subpoenas. Riveredge has cooperated, and will continue to cooperate, with the DOJ in connection with its investigation. Due to the ongoing nature of the investigation, Riveredge is unable to further comment on the DOJ subpoenas. Also in July, 2008, Riveredge Hospital was placed on "admissions hold" by the Illinois Department of Children and Family Services. Neither of these circumstances constitute an adverse action, but are being referenced in this letter in the spirit of full disclosure.

If we can in any way provide assistance to your staff regarding these assurances or any other issue relative to this application, please do not hesitate to call me.

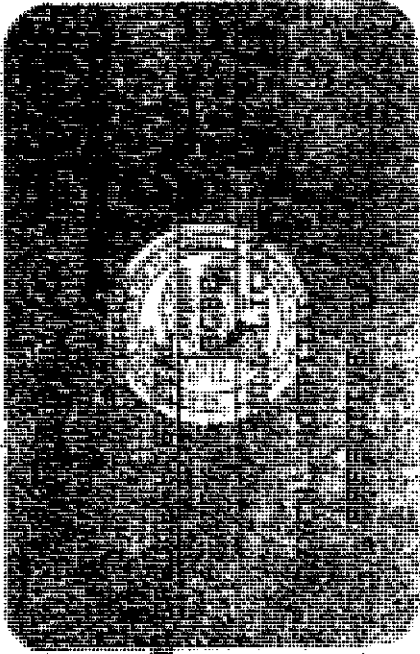
Sincerely,

Chris Howard

Executive Vice President, General Counsel & Secretary

← DISPLAY THIS PART IN A CONSPICUOUS PLACE

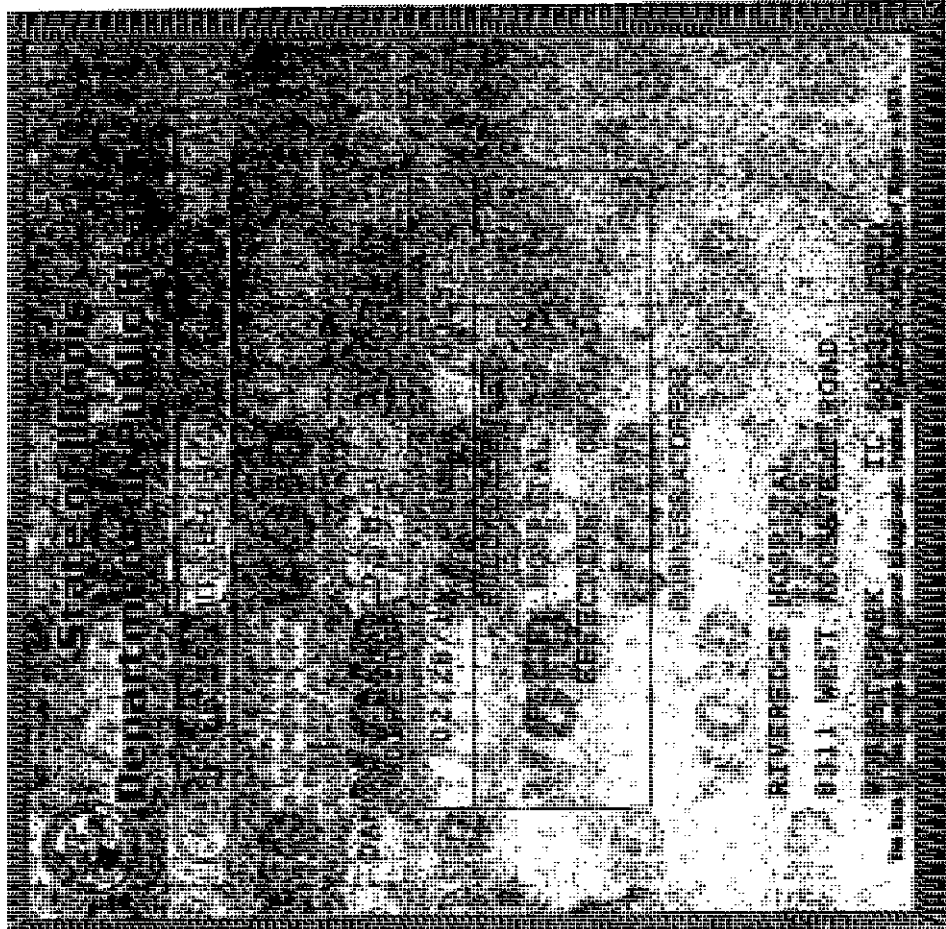
REMOVE THIS CARD TO CARRY AS AN IDENTIFICATION



01/02/10

RIVEREDGE HOSPITAL
8311 WEST ROOSEVELT ROAD
8311 WEST ROOSEVELT ROAD
FOREST PARK IL 60130 2500

FEE RECEIPT NO.





The Joint Commission

December 5, 2008

Carey Carlock
CEO
Riveredge Hospital
8311 West Roosevelt Road
Forest Park, IL 60130

Joint Commission ID #: 2992
Accreditation Activity: Evidence of Standards
Compliance
Accreditation Activity Completed: 11/25/2008

Dear Mrs. Carlock:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

Comprehensive Accreditation Manual for Behavioral Health Care

Comprehensive Accreditation Manual for Hospitals

This accreditation cycle is effective beginning October 25, 2007. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 39 months.

Please visit [Quality Check®](#) on the Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that the Joint Commission will keep the report confidential, except as required by law. To ensure that the Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

Ann Scott Blouin, RN, Ph.D.
Executive Vice President
Accreditation and Certification Operations

State of Illinois 1976451
 Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

ISSUED UNDER THE AUTHORITY OF THE STATE OF ILLINOIS DEPARTMENT OF PUBLIC HEALTH

DANIEL T. ARNOLD, M.D.
 DIRECTOR

EXPIRES DATE	CATEGORY	IL NUMBER
05/14/11	BCBD	0005512

FULL LICENSE

PSYCH. HOSPITAL

EFFECTIVE: 06/15/10

BUSINESS ADDRESS

SPRINGFIELD HOSPITAL, INC.
 D/B/A LINCOLN PRAIRIE BEHAVIORAL HEALTH
 5230 SOUTH SIXTH STREET
 SPRINGFIELD IL 62703

The fee of this license is a contract registered under authority of the Board of Health 4/87.

← DISPLAY THIS PART IN A CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN IDENTIFICATION

State of Illinois 1976451
 Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

SPRINGFIELD HOSPITAL, INC.

EXPIRES DATE	CATEGORY	IL NUMBER
05/14/11	BCBD	0005512

FULL LICENSE


PSYCH. HOSPITAL

EFFECTIVE: 05/15/10

04/03/10

SPRINGFIELD HOSPITAL, INC.
 D/B/A LINCOLN PRAIRIE BEHAVIORAL
 5230 SOUTH SIXTH ST.
 SPRINGFIELD IL 62703

FEE RECEIPT NO.

 The Joint Commission

June 17, 2008

Scott Vniand, MA
Chief Executive Officer
Lincoln Prairie Behavioral Health Center
5230 S. 31st Street
Springfield, IL 62707

Joint Commission ID #: 463649
Accreditation Activity: Evidence of Standards
Compliance
Accreditation Activity Completed: 6/17/2008

Dear Mr. Vniand:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is updating your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below.

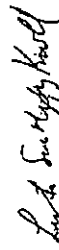
Comprehensive Accreditation Manual for Hospitals

This accreditation cycle is effective beginning June 17, 2008. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 39 months. Please visit [Quality Check](#) on the Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that the Joint Commission will keep the report confidential, except as required by law. To ensure that the Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,



Linda S. Murphy-Knoll
Interim Executive Vice President
Division of Accreditation and Certification Operations

ATTACHMENT 11

State of Illinois 1949847
Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

DAMON T. ARNOLD, M.D.
 DIRECTOR
 Issued under the authority of
 The State of Illinois
 Department of Public Health

EXPIRATION DATE	CATEGORY	ID. NUMBER
11/30/10	BGBD	0004762
FULL LICENSE		
PSYCH. HOSPITAL		
EFFECTIVE: 12/01/09		

BUSINESS ADDRESS

BHC STREAMWOOD HOSPITAL, INC.
 D/B/A STREAMWOOD HOSPITAL
 1400 E. IRVING PARK ROAD
 STREAMWOOD, ILL 60107 3202

The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/97 •

← DISPLAY THIS PART IN A CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN IDENTIFICATION

State of Illinois 1949847
Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

EXPIRATION DATE	CATEGORY	ID. NUMBER
11/30/10	BGBD	0004762

FULL LICENSE

PSYCH. HOSPITAL

EFFECTIVE: 12/01/09

10/03/09

BHC STREAMWOOD HOSPITAL, INC.
 D/B/A STREAMWOOD HOSPITAL
 1400 E. IRVING PARK ROAD
 STREAMWOOD, ILL 60107 3202

FEE RECEIPT NO.

CURRENT ADMISSION POLICIES



December 8, 2009

Cindy Meyer, MSSW
Chief Executive Officer
Streamwood Behavioral Health Systems
1400 East Irving Park Road
Streamwood, IL 60107

Joint Commission ID #: 1839
Program: Hospital Accreditation
Accreditation Activity: Measure of Success
Accreditation Activity Completed: 12/08/2009

Dear Ms. Meyer:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

• Comprehensive Accreditation Manual for Hospitals

This accreditation cycle is effective beginning March 28, 2009. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 39 months.

Please visit [Quality Check®](#) on The Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision.

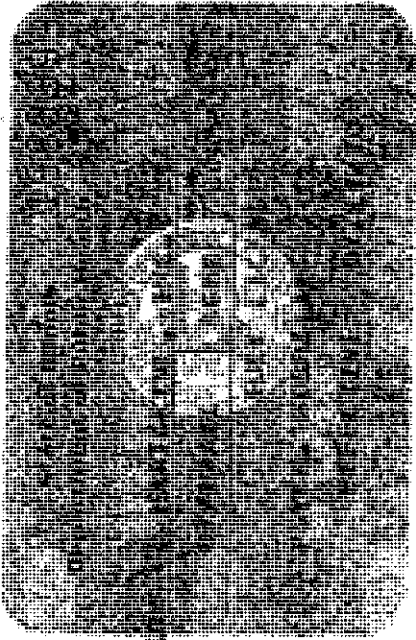
Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

Ann Scott Blouin, RN, Ph.D.
Executive Vice President
Accreditation and Certification Operations

← DISPLAY THIS PART IN A CONSPICUOUS PLACE

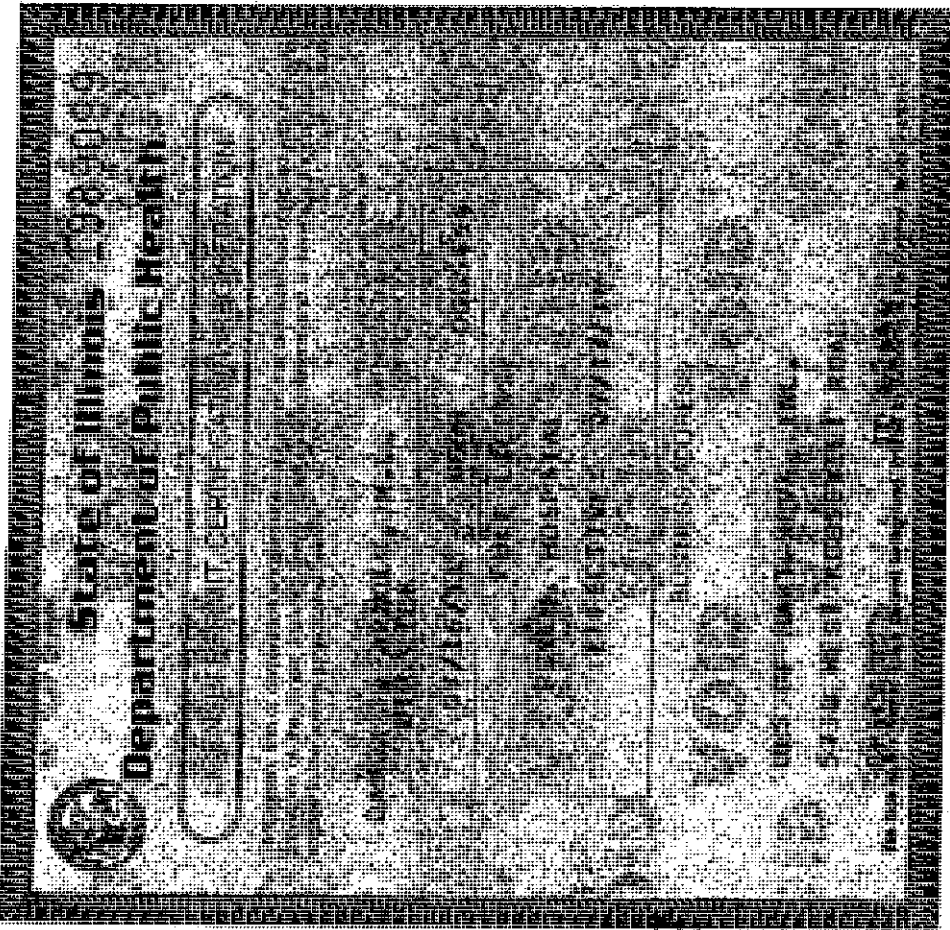
REMOVE THIS CARD TO CARRY AS AN IDENTIFICATION →



06/05/10

UPS OF HART GROVE, INC.
5730 WEST ROOSEVELT ROAD
CHICAGO IL 60644

FEE RECEIPT NO.





January 17, 2008

Steven Airhart
CBO/Managing Director
Hartgrove Hospital
5730 W. Roosevelt Road
Chicago, IL 60644

Joint Commission ID #: 2991
Accreditation Activity: Evidence of Standards
Compliance
Accreditation Activity Completed: 1/16/2008

Dear Mr. Airhart:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- Comprehensive Accreditation Manual for Behavioral Health Care
- Comprehensive Accreditation Manual for Hospitals

This accreditation cycle is effective beginning October 20, 2007. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 39 months.

Please visit Quality Check® on the Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that the Joint Commission will keep the report confidential, except as required by law. To ensure that the Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

Linda S. Murphy-Knoll
Interim Executive Vice President
Division of Accreditation and Certification Operations

ATTACHMENT 11



State of Illinois 1954487
 Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm, or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

DAMON T. ARNOLD, M. D.
 DIRECTOR

Issued under the authority of
 The State of Illinois
 Department of Public Health

EXPIRATION DATE	CATEGORY	ID. NUMBER
12/31/10	BGBD	0004689
FULL LICENSE		
PSYCH. HOSPITAL		
EFFECTIVE: 01/01/10		

BUSINESS ADDRESS

THE PAVILLION FOUNDATION
 809 WEST CHURCH STREET

CHAMPAIGN

IL 61820

The face of this license has a colored background, framed by Authority of the State of Illinois • 4497 •

DISPLAY THIS PART IN A
 CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN
 IDENTIFICATION

State of Illinois
 Department of Public Health

1954487

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

EXPIRATION DATE	CATEGORY	ID. NUMBER
12/31/10	BGBD	0004689
FULL LICENSE		
PSYCH. HOSPITAL		
EFFECTIVE: 01/01/10		

FULL LICENSE

PSYCH. HOSPITAL

EFFECTIVE: 01/01/10

11/07/09

THE PAVILLION FOUNDATION
 809 W. CHURCH STREET

CHAMPAIGN

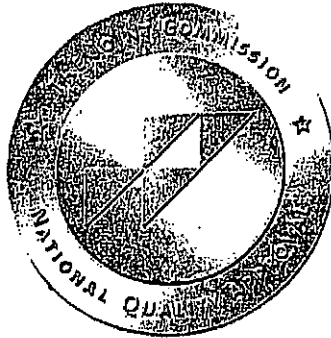
IL 61820

FEE RECEIPT NO.

The Pavilion Foundation

Champaign, IL

has been Accredited by



The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the
Hospital Accreditation Program

August 1, 2008

Accreditation is customarily valid for up to 39 months.

David L. Nahrwald, M.D.
Chairman of the Board

7256
Organization ID #

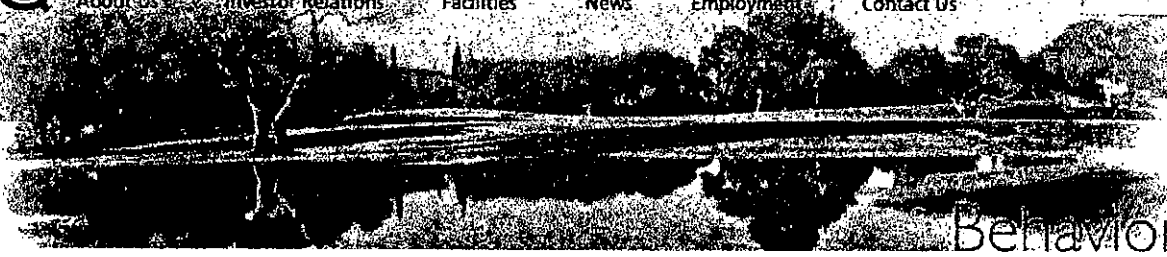
Mark Chassin, M.D.
President

The Joint Commission is an independent, not-for-profit, national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through The Joint Commission's web site at www.jointcommission.org.



FACILITIES OWNED by UNIVERSAL HEALTH SERVICES, INC.

ATTACHMENT 11



Behavioral

- Acute Care
- Behavioral Health Care
- Ambulatory Surgery Centers
- See All

Behavioral Health Care

[Back to Map](#)

Alabama Clinical Schools	Birmingham, AL
Anchor Hospital	Atlanta, GA
Arbour - Fuller Hospital	South Attleboro, MA
Arbour - HRI Hospital	Brookline, MA
Arbour Counseling Services	Brookline, MA
Arbour Hospital	Boston, MA
Arbour Senior Care	Rockland, MA
Aurora Pavilion Behavioral Health Services	Aiken, SC
Boulder Creek Academy	Bonnets Ferry, ID
Bristol Youth Academy	Bristol, FL
Cedar Grove Residential Treatment Center	Murfreesboro, TN
Cedar Ridge Hospital	Oklahoma City, OK
Cedar Ridge Residential Treatment Center	Oklahoma City, OK
Centennial Peaks Hospital	Louisville, CO
Center For Change	Orem, UT
Central Florida Behavioral Hospital	Orlando, FL
Clarion Psychiatric Center	Clarion, PA
Coastal Behavioral Health	Savannah, GA
Coastal Harbor Treatment Center	Savannah, GA
Community Behavioral Health	Memphis, TN
Compass Intervention Center	Memphis, TN
Cottonwood Treatment Center	So. Salt Lake, UT
Crescent Pines Hospital	

<u>Del Amo Hospital</u>	Torrance, CA
<u>Dover Behavioral Health System</u>	Dover, DE
<u>Fairmount Behavioral Health System</u>	Philadelphia, PA
<u>Forest View Hospital</u>	Grand Rapids, MI
<u>Foundations Behavioral Health</u>	Doylertown, PA
<u>Foundations for Living</u>	Mansfield, OH
<u>Glen Oaks Hospital</u>	Greenville, TX
<u>Good Samaritan Counseling Center</u>	Anchorage, AK
<u>Hampton Behavioral Health Center</u>	Westampton, NJ
<u>Hardgrove Hospital</u>	Chicago, IL
<u>Hermitage Hall</u>	Nashville, TN
<u>Highlands Behavioral Health</u>	Littleton, CO
<u>Horsham Clinic</u>	Ambler, PA
Jacksonville Youth Center	Jacksonville, FL
<u>Keys of Carolina</u>	Charlotte, NC
<u>Keystone Center</u>	Wallingford, PA
<u>King George School</u>	Sutton, VT
<u>La Amistad Behavioral Health - Adult Program</u>	Winter Park, FL
<u>La Amistad Behavioral Health Services</u>	Maitland, FL
<u>Lakeside Behavioral Health System</u>	Memphis, TN
<u>Laurel Heights Hospital</u>	Atlanta, GA
<u>Lincoln Trail BH System</u>	Radcliff, KY
<u>Marion Youth Center</u>	Marion, VA
<u>McDowell Center For Children</u>	Dyersburg, TN
<u>Meridell Achievement Center</u>	Liberty Hill, TX
<u>Midwest Center for Youth and Families</u>	Kouts, IN
<u>Mountain Youth Academy</u>	Mountain City, TN
<u>Natchez Trace Youth Academy</u>	Waverly, TN
<u>Newport News Behavioral Health Center</u>	Newport News, VA

<u>North Star Behavioral Health System - Debar</u>	Anchorage, AK
<u>North Star Behavioral Health System - Palmer</u>	Palmer, AK
<u>North Star Hospital</u>	Anchorage, AK
<u>Northwest Academy</u>	Naples, ID
<u>Oak Plains Academy</u>	Ashland City, TN
<u>Old Vineyard Behavioral Health Services</u>	Winston-Salem, NC
<u>Parkwood Behavioral Health System</u>	Olive Branch, MS
<u>Peachford Behavioral Health System</u>	Atlanta, GA
<u>Pembroke Hospital</u>	Pembroke, MA
<u>Pennsylvania Clinical Schools</u>	Coatesville, PA
<u>Professional Probation Services</u>	Norcross, GA
<u>Provo Canyon School</u>	Provo, UT
<u>Provo Canyon School - Springville Campus</u>	Springville, UT
<u>Ridge Behavioral Health System</u>	Lexington, KY
<u>Rivendell Behavioral Health Services of Arkansas</u>	Benton, AR
<u>Rivendell Behavioral Health Services of Kentucky</u>	Bowling Green, KY
<u>River Crest Hospital</u>	San Angelo, TX
<u>River Oaks Hospital</u>	New Orleans, LA
<u>Rockford Center</u>	Newark, DE
<u>Roxbury Treatment Center</u>	Shippensburg, PA
<u>San Juan Capestrano</u>	San Juan, PR
<u>South Texas Behavioral Health System</u>	Edinburg, TX
<u>Spring Mountain Sahara</u>	Las Vegas, NV
<u>Spring Mountain Treatment Center</u>	Las Vegas, NV
<u>Springwoods Behavioral Health</u>	Fayetteville, AR
<u>St. Louis Behavioral Medicine Institute</u>	St. Louis, MO
<u>Stonington Institute</u>	North Stonington, CT
<u>SummitRidge Hospital</u>	Lawrenceville, GA
<u>Talbot Recovery Campus</u>	Atlanta, GA

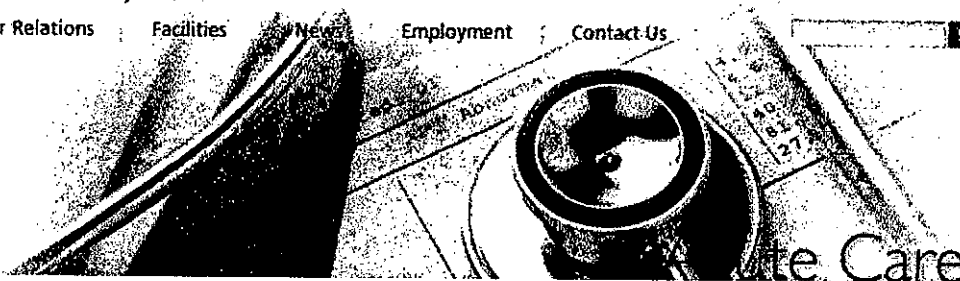
ATTACHMENT 11

<u>The Carolina Center for Behav. Health</u>	North Little Rock, AR
<u>The Meadows Hospital / Universal Community Behavioral Health</u>	Greer, SC
<u>The Pavilion at Northwest Texas</u>	Centre Hall, PA
<u>The Pavilion Foundation</u>	Amarillo, TX
<u>Timbertawn Mental Health System</u>	Champaign, IL
<u>TMC Behavioral Health Center</u>	Dallas, TX
<u>Turning Point Hospital</u>	Sherman, TX
<u>Turning Point Youth Center</u>	Moultrie, GA
<u>Two Rivers Psychiatric Hospital</u>	St. John's, MI
<u>UHS School - Cotati</u>	Kansas City, MO
<u>UHS School - Grand Terrace</u>	Cotati, CA
<u>UHS School - Hemet</u>	Grand Terrace, CA
<u>UHS School - Morongo Valley</u>	Hemet, CA
<u>UHS School - Nueces Co. JJAEP</u>	Twentynine Palms, CA
<u>UHS School - Rancho Cucamonga</u>	Corpus Christi, TX
<u>UHS School - Riverside</u>	Rancho Cucamonga, CA
<u>UHS School - Sacramento</u>	Riverside, CA
<u>UHS School - Steele Canyon</u>	Creekside, CA
<u>UHS School - Vallejo</u>	El Cajon, CA
<u>UHS School - Victorville</u>	Vallejo, CA
<u>Upper East Tennessee Regional Juvenile Detention Center</u>	Victorville, CA
<u>Westwood Lodge</u>	Johnson City, TN
<u>Womling Behavioral Institute</u>	Westwood, MA
	Casper, WY



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Acute Care

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- [Behavioral Health Care](#)
- [Ambulatory Surgery Centers](#)
- [See All](#)

Acute Care Hospitals

[Back to Map](#)

Aiken Regional Medical Centers	Aiken, SC
Auburn Regional Medical Center	Auburn, WA
Centennial Hills Hospital Medical Center The Valley Health System	Las Vegas, NV
Corona Regional Medical Center	Corona, CA
Desert Springs Hospital Medical Center The Valley Health System	Las Vegas, NV
Doctors Hospital of Laredo	Laredo, TX
Fort Duncan Regional Medical Center	Eagle Pass, TX
Inland Valley Medical Center Southwest Healthcare System	Wildomar, CA
Lakewood Ranch Medical Center The Manatee Healthcare System	Bradenton, FL
Lancaster Community Hospital	Lancaster, CA
Manatee Memorial Hospital The Manatee Healthcare System	Bradenton, FL
Northern Nevada Medical Center	Sparks, NV
Northwest Texas Healthcare System	Amarillo, TX
Rancho Springs Medical Center Southwest Healthcare System	Murrieta, CA
South Texas Health System	Edinburg, TX
Spring Valley Hospital Medical Center The Valley Health System	Las Vegas, NV
St. Mary's Regional Medical Center	Enid, OK
Summerlin Hospital Medical Center The Valley Health System	Las Vegas, NV
Texoma Medical Center	Denison, TX
The George Washington University Hospital	Washington, D.C.

ATTACHMENT 11

Valley Hospital Medical Center
The Valley Health System

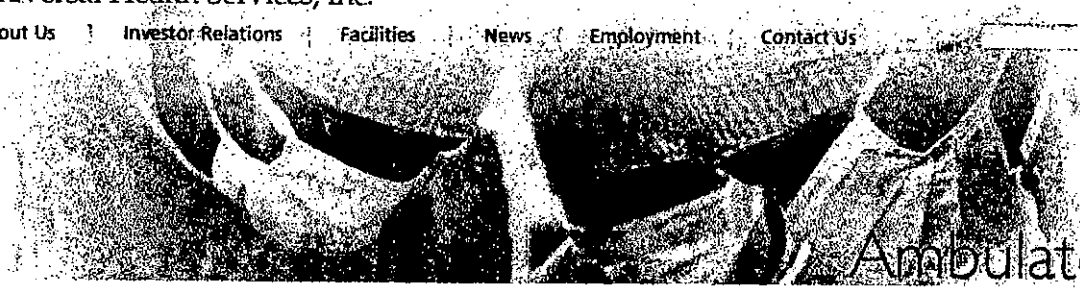
Las Vegas, NV

Wellington Regional Medical Center

West Palm Beach, FL

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ATTACHMENT 11



Ambulatory

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Ambulatory Surgery Centers

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Northwest Texas Surgery Center

Amarillo, TX

OJOS/Eye Surgery Specialists of Puerto Rico

Rio Piedras, Puerto Rico

FACILITIES OWNED by PSYCHIATRIC SOLUTIONS, INC.

ATTACHMENT 11

PSI Master Facility/Program List
Updated as of March 8, 2010

State	Facility/Program	Address	Number of Beds	Owned/Leased	Date of Acquisition
Alabama	Hill Crest Behavioral Health Services	6869 Fifth Avenue South Birmingham, AL 35212	205	Owned	Jun-03
Alabama	Laurel Oaks Behavioral Health Center	700 East Cottonwood Road Dothan, AL 36301	115	Owned	Jun-03
Arizona	Calvary Addiction Recovery Center	720 E. Montebello Avenue Phoenix, AZ 85014	50	Owned	Dec-03
Arkansas	Pinnacle Pointe Hospital	11501 Financial Centre Parkway Little Rock, AR 72211	124	Owned	Jul-05
California	Alhambra Hospital	4619 N. Rosemead Boulevard Rosemead, CA 91770	97	Owned	Jul-05
California	Canyon Ridge Hospital	5353 G Street Chino, CA 91710	106	Owned	Aug-05
California	Fremont Hospital	39001 Sundale Drive Fremont, CA 94538	96	Owned	Jul-05
California	Heritage Oaks Hospital	4250 Auburn Boulevard Sacramento, CA 95841	76	Owned	Jul-05
California	Sierra Vista Hospital	8001 Bruceville Road Sacramento, CA 95823	72	Owned	Jul-05
California	Somerset Educational Services	17241 Van Buren Boulevard Riverside, CA 92504	0 (School)	Owned	Sep-06
Colorado	Cedar Springs Hospital	2135 Southgate Road Colorado Springs, CO 80906	110	Owned	Apr-03
Delaware	MeadowWood Behavioral Health System	575 South DuPont Hwy New Castle, DE 19720	58	Owned	May-07
Florida	Adolescent Substance Abuse Program	1015 Mar Walt Drive Fort Walton Beach, FL 32547	40	Owned	Jun-03
Florida	Atlantic Shores Hospital	4545 North Federal Highway Fort Lauderdale, FL 33308	72	Owned	Jan-06
Florida	Emerald Coast Behavioral Hospital	1940 Harrison Ave. Panama City, FL 32405	90	Owned	Sep-09
Florida	Fort Lauderdale Hospital	1601 East Las Olas Boulevard Fort Lauderdale, FL 33301	100	Leased	Jun-04
Florida	Gulf Coast Youth Services	1015 Mar Walt Drive Fort Walton Beach, FL 32547	24	Owned	Jun-03
Florida	Gulf Coast Youth Academy	1015 Mar Walt Drive Fort Walton Beach, FL 32547	104	Owned	Jun-03
Florida	High Point Treatment Center	5960 SW 106th St Cooper City, FL 33328	68	Owned	May-07
Florida	Horace Mann Academy	550 Solutions Way Rockledge, FL 32955	0 (School)	Leased	Jun-03
Florida	Fieldstone Preparatory School	2940 Columbia Titusville, FL 32780	0 (School)	Leased	Jun-03
Florida	Manatee Palms Youth Services	4480 51st Street West Bradenton, FL 34210	60	Owned	Jun-03
Florida	Milton Girls Juvenile Residential Facility	5770 East Milton Road Milton, FL 32583	60	N/A (Dept. of Juvenile Justice)	N/A
Florida	National Deaf Academy	19650 U.S. Highway 441 Mt. Dora, FL 32757	132	Owned	Jul-06
Florida	Okaloosa Youth Academy	4455 Straight Line Road Crestview, FL 32539	100	N/A (Dept. of Juvenile Justice)	N/A
Florida	Okaloosa Youth Development Center	4449 Straight Line Road Crestview, FL 32539	54	N/A (Dept. of Juvenile Justice)	N/A
Florida	River Point Behavioral Health	6300 Beach Blvd. Jacksonville, FL 32216	99	Owned	Mar-08
Florida	Riverdale Country School	1945 Palm Bay Road Palm Bay, FL 32905	0 (School)	Leased	Jun-03

PSI Master Facility/Program List
Updated as of March 8, 2010

Florida	Sandy Pines Hospital	11301 S.E. Tequesta Terrace Tequesta, FL 33469	80	Owned	Sep-06
Florida	The Vines Hospital	3130 SW 27th Ave. Ocala, FL 34474	88	Owned	Mar-08
Florida	University Behavioral Center	2500 Discovery Drive Orlando, FL 32826	104	Owned	Sep-06
Florida	Walton Youth Development Center	286 Gene Hurley Road De Funiak Spring, FL 32435	40	N/A (Dept. of Juvenile Justice)	N/A
Florida	Wekiva Springs	3947 Salisbury Rd. Jacksonville, FL 32216	68	Owned	Mar-08
Florida	Windmoor Healthcare	11300 U.S. Highway 19 North Clearwater, FL 33764	100	Owned	Sep-06
Georgia	Lighthouse Care Center of Augusta	3100 Perimeter Parkway Augusta, GA 30909	106	Owned	May-07
Georgia	Macon Behavioral Health Treatment Center	3500 Riverside Drive Macon, GA 31210	155	Owned	Jun-03
Georgia	Saint Simons By-The-Sea Hospital	2927 Demere Road Simons, GA 31522	101	Owned	May-07
Idaho	Intermountain Hospital	303 North Allumbaugh Street Boise, ID 83704	125	Owned	Jul-05
Illinois	Lincoln Prairie Behavioral Health Center	5230 S. Sixth St. Springfield, IL 62703	80	Owned	May-08
Illinois	Northwest Academy at Addison	301 S. Swift Road, Suite F Addison, IL 60101	0 (School)	Leased	Jul-05
Illinois	Northwest Academy at Rock River	3445 Elmwood Road Rockford, IL 61101	0 (School)	Owned	Aug-07
Illinois	Northwest Academy at Streamwood	400 Streamwood Blvd. Streamwood, IL 60107	0 (School)	Leased	Jul-05
Illinois	Riveredge Hospital	8311 W. Roosevelt Road Forest Park, IL 60130	224	Owned	Jul-02
Illinois	Rock River Academy	3445 Elmwood Road Rockford, IL 61101	59	Owned	Aug-07
Illinois	Streamwood Behavioral Health Systems	1400 East Irving Park Road Streamwood, IL 60107	329	Owned	Jul-05
Indiana	Columbus Behavioral Center for Children and Adolescents	2223 Poshard Drive Columbus, IN 47202	61	Owned	Jul-05
Indiana	Meadows Hospital	3600 North Provo Road Bloomington, IN 47404	78	Owned	Jul-05
Indiana	Michiana Behavioral Health Center	1800 North Oak Drive Plymouth, IN 46563	80	Owned	May-07
Indiana	Valle Vista Hospital	898 East Main Street Greenwood, IN 46143	102	Owned	Jul-05
Indiana	Wellstone Regional Hospital	2700 Vissing Park Road Jeffersonville, IN 47130	100	Owned	Jan-06
Kentucky	Cumberland Hall	210 West 17th Street Hopkinsville, KY 42240	64	Owned	Dec-06
Kentucky	The Brook Hospital - Dupont	1405 Browns Lane Louisville, KY 40207	66	Owned	Mar-08
Kentucky	The Brook Hospital - KMI	8521 LaGrange Rd. Louisville, KY 40242	106	Owned	Mar-08
Louisiana	Brentwood Hospital	1006 Highland Avenue Shreveport, LA 71101	200	Owned	Mar-04
Michigan	Havenwyck Hospital	1525 University Drive Auburn Hills, MI 48326	184	Owned	Jun-03
Minnesota	Pride Institute	14400 Martin Drive Eden Prairie, MN 55344	42	Owned	Jun-04

PSI Master Facility/Program List
Updated as of March 8, 2010

Mississippi	Alliance Health Center	5000 Highway 39 N Meridian, MS 39307	194	Owned	Nov-03
Mississippi	Brentwood Behavioral Healthcare of Mississippi	3531 E. Lakeland Drive Jackson, MS 39232	107	Owned	Mar-04
Mississippi	Diamond Grove Center	P.O. Box 848 2311 Highway 15 S Louisville, MS 39339	55	Owned	May-06
Missouri	Heartland Behavioral Health Services	1500 West Ashland Street Nevada, MO 64772	159	Owned	Jun-03
Nevada	Montevista Hospital	5900 West Rochelle Avenue Las Vegas, NV 89103	81	Owned	Jul-05
Nevada	Red Rock Behavioral Health Hospital	5975 W. Twain Avenue Las Vegas, NV 89103	20	Leased	Jun-06
Nevada	West Hills Hospital	1240 East Ninth Street Reno, NV 89512	95	Owned	Jul-05
Nevada	Willow Springs Residential Treatment Center	690 Edison Way Reno, NV 89502	76	Owned	Jul-05
New Jersey	Summit Oaks Hospital	19 Prospect Street Summit, NJ 07901	126	Owned	Jun-04
New Mexico	Mesilla Valley Hospital	3751 Del Rey Boulevard Las Cruces, NM 88012	168	Owned	Jul-05
New Mexico	Peak Behavioral Health Services, Inc.	5045 McNutt Road Santa Teresa, NM 88008	84	Owned	Jun-04
North Carolina	Brynn Marr Hospital	192 Village Drive Jacksonville, NC 28546	88	Owned	Jun-03
North Carolina	Holly Hill Hospital	3019 Falstaff Road Raleigh, NC 27610	152	Owned	Dec-01
North Dakota	Prairie St. John's	510 4th Street South Fargo, ND 58103	131	Owned	Sep-09
Ohio	Arrowhead Behavioral Health (Joint Venture)	1725 Timberline Road Maumee, OH 43537	42	Owned	May-07
Ohio	Belmont Pines Hospital	615 Churchill-Hubbard Road Youngstown, OH 44505	102	Owned	Jul-05
Ohio	Fox Run Hospital	67670 Traco Drive Clairsville, OH 43950	100	Owned	Jul-05
Ohio	Windsor-Laurelwood Center	35900 Euclid Ave. Willoughby, OH 44094	160	Leased	May-07
Oklahoma	Eagle Creek	100 Sawmill Road Kansas, OK 74347	20	Leased	Jun-07 (Opened)
Oklahoma	Hope	4012 East 35th Place Tulsa, OK 74135	12	Owned	Oct-09 (Opened)
Oklahoma	ITS	2801 Venture Drive Norman, OK 73072	8	Owned	Apr-03
Oklahoma	Riverside	1027 East 66th Place Tulsa, OK 74136	60	Owned	Oct-06 (Opened)
Oklahoma	Shadow Mountain Behavioral Health System	6262 S. Sheridan Road Tulsa, OK 74133	108	Owned	Apr-03
Pennsylvania	Brooke Glen Behavioral Hospital	7170 Lafayette Avenue Fort Washington, PA 19034	146	Owned	Jul-05
Pennsylvania	Friends Hospital (Joint Venture)	4641 Roosevelt Blvd. Philadelphia, PA 19124	219	Owned	May-07
Puerto Rico	Community Cornerstones	1549 Alda Street Urb. Caribe Rio Peidras, PR 00926	0 (Outpatient Services)	Leased	Dec-06
Puerto Rico	Panamericano	State Road #787, Km 1.5 Cidra, PR 00739 P O Box 1400 Cidra, PR 00739-1400	240	Owned	Dec-06
South Carolina	Lighthouse Care Center of Berkeley	420 North Lane Summerville, SC 29483	0 (Closed)	Owned	Dec-06

PSI Master Facility/Program List
Updated as of March 8, 2010

South Carolina	Lighthouse Care Center of Conway	152 Waccamaw Medical Park Dr. Conway, SC 29526	108	Owned	May-07
South Carolina	Palmetto Lowcountry Behavioral Health	2777 Speissegger Drive North Charleston, SC 29405	112	Owned	May-04
South Carolina	Palmetto Pee Dee Behavioral Health	601 B Gregg Avenue Florence, SC 29501	59	Leased	May-04
South Carolina	The Pines Residential Treatment Center Charleston	225 Midland Parkway Summerville, SC 29485	60	Leased	Dec-06
South Carolina	Three Rivers Behavioral Health	2900 Sunset Boulevard West Columbia, SC 29169	118	Owned	Jan-07
South Carolina	Three Rivers Residential Treatment - Midlands Campus	200 Ermine Road West Columbia, SC 29170	59	Owned	Dec-06
Tennessee	Rolling Hills Hospital	2014 Quail Hollow Circle Franklin, TN 37067	80	Owned	Jan-09
Tennessee	FHC Chattanooga	7351 Standifer Gap Road	0 (Closed)	Owned	Dec-06
Texas	Austin Lakes Hospital	1025 East 32nd Street Austin, TX 78705	48	Leased	Aug-07
Texas	Compass Hospital (Reported as discontinued operation)	14743 Jones Maltsberger San Antonio, TX 78247	35	Leased	Jun-03
Texas	Cypress Creek Hospital	17750 Cali Drive Houston, TX 77090	96	Owned	Sep-01
Texas	Hickory Trail Hospital	2000 N. Old Hickory Trail DeSoto, TX 75115	86	Owned	Jul-06
Texas	Kingwood Pines Hospital	2001 Ladbrook Dr. Kingwood, TX 77339	78	Owned	May-07
Texas	Laurel Ridge Treatment Center	17720 Corporate Woods Drive San Antonio, TX 78259	252	Owned	Apr-03
Texas	Millwood Hospital	1011 North Cooper Street Arlington, TX 76011	120	Leased	Jun-04
Texas	San Marcos Treatment Center	120 Bert Brown Road San Marcos, TX 78666	265	Owned	Apr-03
Texas	Texas NeuroRehab Center	1106 West Dittmar Road Austin, TX 78745	151	Owned	Nov-01
Texas	The Excel Center	1220 W. Presidio Street Fort Worth, TX 76102	0 (Outpatient Services)	Leased	Jun-04
Texas	The Excel Center Friendswood	111 E. Edgewood Dr. Friendswood, TX 77546	0 (Outpatient Services)	Leased	Jun-04
Texas	The Excel Center Lewisville	190 Civic Cir. Lewisville, TX 75067	0 (Outpatient Services)	Leased	Jun-04
Texas	West Oaks Hospital	6500 Hornwood Houston, TX 77074	160	Owned	Sep-01
Utah	Benchmark Behavioral Health System	592 West 1350 South Woods Cross, UT 84087	151	Owned	Jun-03
Utah	Copper Hills Youth Center	5899 West Rivendell Drive West Jordan, UT 84088	153	Owned	May-07
Virgin Islands	Virgin Islands Behavioral Services	183 Anna's Hope Christiansted St. Croix, VI 00820	30	Owned	Dec-06
Virginia	Crawford First Education	825 Crawford Parkway Portsmouth, VA 23704	0 (School)	Owned	Dec-06
Virginia	Cumberland Hospital	9407 Cumberland Road New Kent, VA 23124	136	Owned	Jul-05
Virginia	First Home Care	1634 London Blvd. Portsmouth, VA 23704	0 (Administrative Office)	Leased	Dec-06
Virginia	Jefferson Trail Treatment Center for Children	2101 Arlington Boulevard Charlottesville, VA 22903	100	Leased	Apr-03

PSI Master Facility/Program List
 Updated as of March 8, 2010

Virginia	Liberty Point Healthcare, Inc.	1110 Montgomery Avenue Staunton, VA 24401	46	Owned	Apr-04
Virginia	North Spring Behavioral Healthcare, Inc.	42009 Victory Lane Leesburg, VA 20176	77	Leased	Jun-04
Virginia	Poplar Springs Hospital	350 Poplar Dr. Petersburg, VA 23805	199	Owned	May-07
Virginia	The Hughes Center for Exceptional Children	1601 Franklin Pike Danville, VA 24540	56	Owned	Sep-07
Virginia	The Pines Residential Treatment Center	825 Crawford Parkway Portsmouth, VA 23704	424	Owned	Dec-06
Virginia	Virginia Beach Psychiatric Center	1100 First Colonial Road Virginia Beach, VA 23454	100	Owned	Dec-06
Washington	Fairfax Hospital	10200 N.E. 132nd Street Kirkland, WA 98034	133	Owned	Jul-05
West Virginia	River Park Hospital	1230 6th Ave Huntington, WV 25705	187	Owned	May-07

PURPOSE OF PROJECT

The project addressed in this application is limited to a change of ownership, and does not propose either changes in the services provided at the hospital or changes to the hospital's bed complement. Riveredge Hospital ("Riveredge") will continue to provide acute mental illness services for the benefit of the communities traditionally served by the hospital.

The table below identifies each ZIP Code/ community that contributed 0.75% or more of Riveredge's 2,337 admissions during 2009. As documented in the table, Riveredge serves primarily residents from the western Chicago suburbs and the City of Chicago, and to a slightly lesser extent the near-southern suburbs, such as Harvey and Hazel Crest. As is to be expected with a specialty hospital, the patient origin is geographically broader than that of a general hospital

ZIP Code

Area	Community	Admissions
60402	Berwyn	103
60804	Cicero	80
60153	Maywood	71
60624	Chicago	60
60640	Chicago	55
60628	Chicago	52
60411	Chicago Heights	48
60620	Chicago	48
60629	Chicago	48
60130	Forest Park	47
60644	Chicago	45
60623	Chicago	44
60426	Harvey	37
60636	Chicago	36
60104	Bellwood	34
60525	LaGrange	31
60619	Chicago	30
60155	Broadview	29
60609	Chicago	29
60466	Park Forest	27
60639	Chicago	27
60429	Hazel Crest	26
60617	Chicago	26
60651	Chicago	26
60409	Calumet City	25
60637	Chicago	25
60160	Melrose Park	23
60643	Chicago	23
60649	Chicago	23
60428	Markham	21
60621	Chicago	20
60632	Chicago	20
60641	Chicago	20

ZIP Code

Area	Community	Admissions
60402	Berwyn	103
60804	Cicero	80
60153	Maywood	71
60624	Chicago	60
60640	Chicago	55
60628	Chicago	52
60411	Chicago Heights	48
60620	Chicago	48
60629	Chicago	48
60130	Forest Park	47
60644	Chicago	45
60623	Chicago	44
60426	Harvey	37
60636	Chicago	36
60104	Bellwood	34
60525	LaGrange	31
60619	Chicago	30
60155	Broadview	29
60609	Chicago	29
60466	Park Forest	27
60639	Chicago	27
60429	Hazel Crest	26
60617	Chicago	26
60651	Chicago	26
60409	Calumet City	25
60637	Chicago	25
60160	Melrose Park	23
60643	Chicago	23
60649	Chicago	23
60428	Markham	21
60621	Chicago	20
60632	Chicago	20
60641	Chicago	20

60626	Chicago	19
	all other, < .075% of total	<u>1,059</u>
	TOTAL	2,337

The proposed change of ownership will address the health care status of the population groups that have traditionally looked to Riveredge for care, by continuing to provide the AMI programming currently provided, and with the continued high utilization levels experienced by the hospital serving as a measurement of success.

ALTERNATIVES

Section 1110.230(c) requests that an applicant document that the project is the most effective or least costly alternative for meeting the health care needs of the population to be served by the project.

In order to best respond to this Section, given the particular circumstances that apply to this proposed transaction, the applicant conducted a technical assistance conference with the State Agency staff on July 12, 2010. That technical assistance conference was documented according to the agency's practice. Through the technical assistance process the applicants were directed by State Agency staff to set forth the following factual background in response to Section 1110.230(c): Beginning in 2009, Psychiatric Solutions, Inc. ("PSI") began considering various strategic options available to the company, including remaining an independent company, pursuing a leveraged buyout transaction with a private equity firm, or pursuing a sale or merger with another company within the health care industry. On May 16, 2010, PSI's board of directors voted to enter into a Merger Agreement with Universal Health Services ("UHS") whereby, upon consummation of the Merger Agreement, UHS will acquire 100% of PSI's common stock. The sale of PSI's stock to UHS will include the transfer of PSI's three Illinois hospitals to UHS. To effectuate that end, three Certificate of Need applications for the changes of ownership of Riveredge Hospital in Forest Park, Streamwood Behavioral Health Hospital in Streamwood, and Lincoln Prairie Behavioral

Health Center in Springfield have been filed pursuant to the Illinois Health Facilities and Services Review Board's Rules.

IMPACT STATEMENT

UHS owns three acute mental illness facilities in Illinois, and has developed relationships with the many organizations, agencies and clinical teams that work together to develop the best clinical approach toward each patient in need of care. The relationships and approaches that have been developed at Riveredge will be enhanced by the expertise developed by UHS at Hartgrove Hospital and The Pavilion.

UHS does not anticipate that this change of ownership will have any impact on other providers of acute mental illness (AMI) services.

Consistent with IHFSRB rules, this impact statement covers the two-year period following the proposed change of ownership.

Anticipated Changes to the Number of Beds or Services Currently Offered

UHS is committed to retain the current programmatic complement and number of beds (210), consistent with IHFSRB requirements. UHS expects to begin a comprehensive assessment of all outpatient and inpatient services that will commence shortly after the change of ownership occurs. It is UHS' expectation that that assessment will yield constructive planning to affect better clinical outcomes and operational efficiencies.

Operating Entity

The hospital's current operating entity/licensee, Riveredge Hospital, Inc., will continue to be the operating entity/licensee following the change of ownership.

Reason for the Transaction

The proposed change of ownership results from PSI's decision to merge with UHS.

Additions or Reductions in Staff

UHS does not anticipate any additions or reductions in staff, aside from those typically associated with the operating of hospitals.

Cost/Benefit Analysis of the Transaction

1. Cost

The costs associated with the transaction are limited to those identified in Section I and discussed in ATTACHMENT 7. They include payment to the seller, and ancillary costs identified in ATTACHMENT 7 as "Consulting and Other Fees". The "Consulting and Other Fees" include all transaction-related costs, CON application preparation costs, CON review fees, outside legal and accounting fees, and miscellaneous acquisition-related costs. No major capital costs for construction, modernization or equipment acquisition are anticipated during the first two years following the change of ownership.

2. Benefit

The future of Riveredge is significant to the patient populations that are particularly fragile because of economic hardship. Last year, the hospital provided in excess of 31,000 inpatient days of care, and provided 6,300 outpatient encounters; and 58.4% of the patients admitted to the hospital were Medicaid recipients. UHS intends that Riveredge will continue to play a key role in the provision of care to Medicaid eligible patients. This commitment is reflected in UHS Hartgrove's high Medicaid utilization. According to IDPH data, during 2009 65.2% of the patients admitted to Hartgrove Hospital were Medicaid recipients.

Finally, with approximately 210 full and part-time employees, Riveredge Hospital is a major area employer, and, as noted above, UHS has committed to retain all of the hospital's current employees, at their current positions and wages or salaries.

ACCESS

Attached are the admissions-related policies currently used at Riveredge Hospital. It is UHS' intent to continue using these policies, and therefore no reductions in access to care will result from the proposed change of ownership.

A letter, consistent with Section 1110.240(c), confirming that the admissions policies following the change of ownership will not be more restrictive than those currently in place at the hospital, is also attached.



Universal Health Services, Inc.
UHS of Delaware, Inc.

367 South Gulph Road
P.O. Box 61558
King of Prussia
Pennsylvania
19406-0958

610-768-3300

July 23, 2010

Illinois Health Facilities
and Services Review Board

To Whom It May Concern:

Please be advised that upon the proposed change of ownership of Riveredge Hospital, Streamwood Behavioral Health Hospital and Lincoln Prairie Behavioral Health Center, there will be no policies adopted that will result in admissions to any of those hospitals becoming more restrictive.

It is intended that the admissions policies in place at the three hospitals at the time of the change of ownership will be retained.

As a result, upon acquisition, the admissions policies will not become more restrictive.

Sincerely,

Alan B. Miller

Commonwealth of Pennsylvania

County of Montgomery

Notarized:

Sworn to and subscribed before me

this 23rd day of July, 2010.

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Caitlin M. Vernot, Notary Public
Upper Merion Twp., Montgomery County
My Commission Expires Nov. 3, 2012
Member, Pennsylvania Association of Notaries

ATTACHMENT 19B

CURRENT ADMITTING POLICIES

ADMISSION CRITERIA AND ADMISSION SCREENING TOOL	Policy Manual: Assessment and Referral	
	Policy No: 400.20	POC-PE-105
	Original Policy Date: 06/91	
	Last Revision Date: 06/08	
	Last Review Date: 06/08	
	Policy Approval: CEO, Medical Executive Committee	

POLICY STATEMENT:

Riveredge Hospital is designed to serve the psychiatric population regardless of race, religion, gender, or sexual orientation, or ability to pay. An individual is assessed for clinical appropriateness and ability to benefit from our programs. Clinical appropriateness is determined by assessment of the patient by an Assessment Specialist in consultation with the Admitting Psychiatrist and/or the Medical Director.

SCOPE: Assessment & Referral

ACTION STEPS:

1. To be eligible for admission into one of Riveredge Hospital's psychiatric programs, a person must meet the medical necessity criteria developed for each age and/or special population. This medical necessity criteria has been developed and approved by the Medical Staff, Nursing, Medical Executive Committee, and Administration. A person may be denied admission to Riveredge Hospital if they have one or more of the following conditions which would prevent them from properly utilizing the services provided at Riveredge Hospital, or prevent them from receiving appropriate care for their condition:
 - Persons who are in need of detoxification from alcohol will not be admitted when the condition and clinical severity is such that close, intense medical attention would be required. Following detoxification and/or stabilization in a medical hospital, persons may be admitted to Riveredge Hospital with the appropriate medical clearance from the sending hospital.
 - Persons who are chronically bedridden as a result of a medical condition rather than a symptom of a psychiatric condition, or in need of long-term intravenous fluids, will not be admitted. Other medical conditions are to be evaluated on an individual basis, e.g. cardiac conditions. Clinical exceptions may be made by the Attending Psychiatrist and/or the Medical Director.
 - Patients with an acute infectious process requiring medical stabilization and deemed inappropriate by the Attending Psychiatrist and/or Medical Director

will not be admitted.

- Persons abusing or addicted to narcotics or who have been receiving regular administration of heroin or methadone will be admitted only with the approval of the Attending Psychiatrist in concurrence with the Nurse Manager and/or Medical Director.
- Those individuals with organic brain syndrome will be admitted only when there are also acute psychiatric symptoms. The admission is for the assessment and treatment of those psychiatric symptoms only.
- Persons with a drug overdose without medical clearance from the sending facility and/or attending psychiatrist will not be admitted, unless approval by the Medical Director is obtained.
- Persons with severe mental retardation, autism, etc. will be admitted only with the approval of the Medical Director. Those persons with mild retardation or mild autism who are evidencing an overriding psychiatric condition can be considered for admission on a case-by-case basis, depending on their ability to participate in programming, as approved by the Medical Director.

2. If it is determined that a patient is clinically inappropriate for admission to the REH inpatient program, a disposition and/or referral will be made taking into consideration clinical findings, patient/family/guardian requests, and with the Attending Psychiatrist's and/or Medical Director's direction.

3. Assessment and Referral:

- Gathers pre-admission information over the telephone from patients, family members, referral sources, etc. or in person if patient is a walk-in. Determines if patient has any special needs and/or requirements and assesses the ability of the family to provide such assistance (i.e. translation, mobility assistance, etc.).
- Gathers clinical information and completes the Admission Screening form. Focuses assessment on precipitating events and symptoms:
 - Suicidal/homicidal ideation-including current plans, history, lethality, etc., harm to self, fire setting and sexual acting out risk factors.
 - Evidence of impaired thought processes such as psychosis, delusions, etc.
 - Patient's affect and mental status, cognitive ability, etc.
 - Level of functioning with daily activities including eating, sleeping, work/school, ADL's, relationships, etc.
 - Substance abuse including use patterns, amount, previous and current treatment, methods of use, etc.
 - Ability to care for self including ADL's and ability to keep self safe from harm.

- Abuse including history, types of abuse, etc.
 - Medical conditions including treatments, vital signs, pregnancy and ability to remain medically stable.
 - Medications including amounts, dosages, compliance, etc.
 - Treatment history of behavioral health issues
 - Current living situation and support networks including family, friends, significant others, etc.
 - Support from other agencies that might be involved with patient (i.e. social services, probation, etc.)
 - Patient and family's willingness to participate in treatment.
 - De-escalation techniques, and triggers to patient behavior
 - Existing Advance Directives
4. If patient meets clinical criteria for one of Riveredge's programs, calls the Attending Psychiatrist, the Assigned Psychiatrist, or the Medical Director. Reviews the clinical data and discusses treatment options.
5. Discusses with patient (and family and/or guardian as appropriate) treatment recommendations.
6. Based on the guidelines for admission criteria, information gathered in the Assessment Screening tool, and physician recommendation, the patient can then be admitted for treatment or, if more appropriate or by patient / guardian request, referred or transferred to another provider.

NON-DISCRIMINATION (PATIENTS)	Policy Manual: Assessment and Referral	
	Policy No: 400.16	RI 100 (292)
	Original Policy Date: 04/98	
	Last Revision Date: 05/03, 06/08	
	Last Review Date: 06/08	
	Policy Approval: CEO, Medical Executive Committee	

POLICY STATEMENT:

Riveredge Hospital shall treat all patients without regard to race, color, handicap, religious affiliation, sexual orientation, or national origin.

Patient transfers will be made without reference to race, color, handicap, religious affiliation, sexual orientation, or national origin. There shall be no distinction in eligibility or in the manner of providing patient services in the Hospital.

All programs shall be available without distinction to all patients, employees, and visitors regardless of race, color handicap, religious affiliation, sexual orientation, or national origin

All persons involved in the involved in the referral of patients to the Hospital or assignment of patients within the Hospital will do so without regard to patient's race, color, handicap, religious affiliation, sexual orientation, or national origin.

Patients shall be assigned to hospital programs and units based on the patient's age and clinical needs. Riveredge Hospital has adolescent programs serving patients ages 12-18, adult programs serving adult patients ages 18 and above, and children's programs serving patients from 5 to 12 years of age; **exceptions:** can be made to treat 4 years old children if clinically approved by medical director.

Riveredge Hospital is a for-profit Hospital owned by Psychiatric Solution, Inc. (P.S.I.). As such, potential patients must be able to ensure the hospital of reimbursement for services rendered.

Acceptable forms of reimbursement are:

1. Commercial Insurance
2. Medicare
3. Illinois Medicaid (ages 20 and under and 65 years and over)
4. Private pay
5. Contracted HMO/PPO

Riveredge Hospital will treat patients, appropriate for its mission and services, who are without funds (reviewed on an individual basis). Riveredge will assess and if possible stabilize; if appropriate will transfer these patients to another facility or organization.

SCOPE:

ACTION STEPS:

CONSENT FOR PHOTO IDENTIFICATION AND PROCESS FOR OBTAINING PHOTO	Policy Manual: Nursing	
	Policy No: 700.3-A	RI-105A (300)
	Original Policy Date: 05/97	
	Last Revision Date: 02/05, 06/08	
	Last Review Date: 09/04, 06/08	
	Policy Approval: CEO, Medical Executive Committee	

POLICY STATEMENT:

All patients admitted to Riveredge Hospital will be photographed for the purpose of identification. This photograph becomes a confidential component of the permanent facility medical record of the patient. The photograph print or negative will not be used without the patient's knowledge or consent for any other purposes other than for identification for treatment.

Scope: Assessment and Referral/Nursing

Action Steps:

1. The patient/guardian signs consent for photograph during the admission process.
2. Assessment and Referral reviews consent with patient and obtain signature(s).
3. Assessment and Referral takes three (4) photographs of the patient.
4. Delivers photographs to the nursing unit.

Note: If patient does not sign consent, the patient is informed that photographs are still obtained to facilitate proper identification. Patient is offered substitution of valid copy of photo identification as an alternative to having his/her photo taken. Assessment and Referral Staff documents patient refusal.

5. The RN places one (1) photograph in Medication Administration Record (MAR), one (1) in medical record, and one (1) on the precaution sheet.
6. The RN removes photo from Medical Administration Record upon discharge of patient. Places photo in the medical consent section of the chart.
7. The RN/MHA monitors availability of photo and notifies Assessment and Referral staff of 00000missing photo.
8. Assessment and Referral follows-up on patients who are missing photos daily to obtain photo ID.

9. In absence of photo ID, the Medication RN follows policy which identifies procedure to identify patients (MM-TX326 (414)).

HEALTH CARE SYSTEM

The proposed change of ownership will not restrict the use of other area facilities, nor will it have an impact on other area providers.

Impact of the Proposed Transaction on Other Area Providers

Following the change of ownership, Riveredge Hospital will continue to operate with an "open" Medical Staff model. Any qualified physician can apply for admitting privileges at the hospital. Alternatively, members of the Medical Staff will not be required to admit only to Riveredge Hospital. In addition, because the current admissions policies of the hospital will not be changed, patients will not be "deflected" from Riveredge Hospital to other area facilities as a result of the change of ownership or changes in admitting policies.

UHS does not anticipate any impact on any other area providers of inpatient acute mental illness services to result from the change of ownership.

Other Facilities Within the Acquiring Co-Applicants' Health Care System

UHS currently owns two psychiatric hospitals in the Chicago area. They are Hartgrove Hospital, located at 5730 West Roosevelt Road in Chicago, and Garfield Park Hospital, located at 520 North Ridgeway Avenue in Chicago. The establishment of Garfield Park Hospital was approved by the IHFSRB on September 1, 2009, and it is

anticipated to open in mid-2012. Hartgrove Hospital is located 4.86 miles/8 minutes from Riveredge Hospital and the Garfield Hospital site is located 7.90 miles/13 minutes from Riveredge.

Hartgrove Hospital has 150 AMI beds and Garfield Park Hospital will operate 88 AMI beds once it is opened. AMI beds constitute the only IDPH-designated "category of service" provided at Riveredge, Hartgrove, and Garfield Park (proposed). During Calendar Year 2009, Hartgrove Hospital operated with an average daily census of 134.2 patients, or 89.4% occupancy when calculated based on 150 beds in operation. In reality, Hartgrove operated only 136 beds until September 30, when the Hospital was approved to expand by 14 beds. During the January 1 – October 1 period, therefore, Hartgrove operated substantially in excess of 95%.

Referral Agreements

The table below identifies the organizations and community agencies with which Riveredge Hospital currently maintains formal referral relationships. Copies of the referral agreements are attached.

Referral Partner	Minutes	Miles
Association House of Chicago	17	9.64
Corporate Health Resource Center	8	3.43
Gateway Foundation, Inc.	10	6.98
Leyden Family Services	16	6.45
National Runaway Switchboard	n/a	n/a
Riveredge Comm. Ment. Health Ctr.	n/a	n/a
Sarah's Inn	9	5.31
Westlake Holistic Family Services	15	7.63
Loretto Hospital Addiction Center	6	4.44

UHS intends to retain all of Riveredge Hospital's referral agreements, and each provider with which a referral agreement exists will be notified of the change of ownership. Each of the existing referral agreements will continue in their current form until those agreements are revised and/or supplemented, if necessary, by UHS. That revision process is anticipated to take 6-12 months from the date of the change of ownership.

Referrals from Riveredge will typically be made at the discretion of the patient's physician, in consultation with the patient and family. There will not be a policy in place regarding any preference of referrals to Health Care System members over other facilities

Duplication of Services

As certified in this application, UHS intends to continue to operate Riveredge Hospital as an acute mental illness hospital. UHS intends to continue to provide a full range of comprehensive AMI services, consistent with the services that are provided in other free-standing psychiatric hospitals. Given the high utilization of these hospitals, and the decrease or elimination of AMI services by other providers, UHS does not believe that this change of ownership will result in an unnecessary duplication of services. UHS does not have plans for the elimination of services.

Availability of Community Services

Riveredge Hospital plays an active role in community-based mental health related programming and is also an active, engaged member of the west suburban communities

that surround the hospital. UHS intends to continue the community-based programs that are provided at Riveredge appreciating, however, that programmatic needs change and do not remain static. UHS expects that, from time to time, programs will be added or eliminated in order to accommodate the changing needs of the patients that it serves. In order to stay abreast of its patients' needs, UHS will conduct intensive assessments, following closure of the acquisition, of the adequacy of its community services and how the provision and scope of those services can be improved.

The community will continue to be made aware of programs offered by the hospital through a variety of avenues, including hospital publications, local newspapers, public service announcements, information provided in mental health professionals' offices, and information provided to patients by staff.

Below is a list of community programs currently offered by Riveredge Hospital, or community services provided by the hospital, and as of the writing of this document, it is not UHS' intent to eliminate any of these programs.

- Jason Foundation
- Community Education Series
- On-site clinical presentations to a variety of organizations
- Provision of meeting space for groups such as Overeaters Anonymous and Co-Dependents Anonymous
- CPI instruction
- Wellness Fair
- Resource fair
- Presentations to a variety of organizations, such as the Chicago Police CIT, the Haymarket Series, and Chicago Public Schools
- Forest Park Chamber of Commerce
- Sponsorship of PLCCA golf outing and gala
- Depression Bipolar Support Alliance conference sponsorship
- Illinois Warrior Summit/VA event

- Lutheran Child and Family Services golf outing
- City of Berwyn National Night Out sponsor
- Chicago Police Department annual luncheon sponsor
- South Berwyn Education Foundation golf outing sponsor
- C4 walk
- NAMI walk
- Leyden Family Services annual dinner
- West Suburban Chief of Police Association sponsor/gift donation
- Forest Park Police Department annual golf outing
- Kenneth Young Mental Health Center golf outing



MAPQUEST.

Sorry! When printing directly from the browser your directions or map may not print correctly. For best results, try clicking the Printer-Friendly button.

A Starting Location

Riveredge Hospital
8311 Roosevelt Rd
Forest Park, IL 60130
Website | (708) 771-7000

B Ending Location

Hartgrove Hospital
5730 W Roosevelt Rd
Chicago, IL 60644
(773) 413-1700

Total Travel Estimate: 8 minutes / 4.86 miles Fuel Cost: [Calculate](#)



MAPQUEST.

Sorry! When printing directly from the browser your directions or map may not print correctly. For best results, try clicking the Printer-Friendly button.

A Starting Location

Riveredge Hospital
8311 Roosevelt Rd
Forest Park, IL 60130
[Website](#) | (708) 771-7000

B Ending Location

520 N Ridgeway Ave
Chicago, IL 60624-1232

Total Travel Estimate: **13 minutes** / **7.90 miles** Fuel Cost: [Calculate](#)

REFERRAL AGREEMENTS



Association House of Chicago

1116 North Kedzie Avenue • Chicago, IL 60651

773-772-8009 • Fax 773-384-0560

OPENING DOORS FOR A NEW CENTURY

INTERAGENCY LINKAGE AGREEMENT

Purpose of this Agreement

The purpose of this document is to formalize the existing relationship between **ASSOCIATION HOUSE OF CHICAGO** and **RIVEREDGE HOSPITAL** in order to provide coordinated mental health, substance abuse, and support services for children, youth, adults, and their families through cooperative and reciprocal arrangements. Through this agreement, we intend to ensure a unified, integrated, and coordinated public mental health system that reflects the values and principles of comprehensive community-based systems of care, as established in the Child and Adolescent Support Services Program for Mental Health Services and adult mental health services. We aim to maximize continuity of care across organizational boundaries with service providers and inpatient psychiatric services.

ASSOCIATION HOUSE OF CHICAGO and **RIVEREDGE HOSPITAL** agree to utilize services at both organizations for the best interest of children, youth, adults, and their families by coordinating and implementing services that will enhance their health, well being, and community functioning.

RIVEREDGE HOSPITAL agrees to provide the following services:

1. Refer participants to appropriate AHC outpatient mental health, substance abuse, educational, and community support services.
2. Participate in the development of the treatment plan and/or discharge planning.
3. Participate in client-centered consultation meeting to evaluate participants' progress in treatment and adapt services as needed.
4. Work collaboratively and in good faith with **ASSOCIATION HOUSE OF CHICAGO** to ensure continuity of care.

ASSOCIATION HOUSE OF CHICAGO agrees to provide the following services:

1. Assess all referrals to identify service needs.
2. Determine the clinical needs for admission of children, adolescents, and adults for mental health and substance abuse services following standard protocols.
3. Notify the appropriate parties of the clinical need for admission as determined by federal and state confidentiality laws.
4. Notify the appropriate parties, as determined by federal and state confidentiality laws, of any needs for support and case management in order to ensure appropriate continuity of care.
5. Will work collaboratively with **RIVEREDGE HOSPITAL** to ensure continuity of care.

Mutual Responsibilities

ATTACHMENT 19C

Both parties to this agreement consent to abide by Federal and State laws regarding the confidentiality of records and information. Each party is responsible for obtaining legally required consents from clients or legal guardians prior to exchanging information. There shall be regular contact, as appropriate, between staff of both organizations to jointly plan and discuss service needs and progress.

Terms of Agreement

The term of this agreement is one year and will automatically extend for additional one-year-periods unless either organization elects to terminate by giving written notice of such decision ninety (90) days prior to the expiration of any one-year period. Notwithstanding the foregoing, either organization may terminate this Agreement upon thirty (30)-day written notice.

This agreement is not intended to be seen as binding or legal document. It does not prohibit either party from entering into similar agreements with other providers.

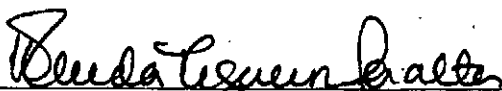
General Provisions

1. No additions, deletions, or changes to this agreement shall be valid without mutual written agreement.
2. Each party is an independent contractor with respect to the other and not an agent, servant, or employee thereof or joint venture therewith.
3. Each party agrees to hold the other harmless from any claim, demands or expenses of all kinds by reason of any act or omission caused by the other party or employee of the other party.
4. The applicant law of this agreement shall be that of the State of Illinois.

In witness thereof, **ASSOCIATION HOUSE OF CHICAGO** and **RIVEREDGE HOSPITAL** have each caused agreement to be duly executed.

This Agreement is accepted by:

Organization: ASSOCIATION HOUSE OF CHICAGO

Signature:  Date: 09/22/08

Organizational Representative (Print Name): Dr. Wanda Figueroa-Peralta, LCPC

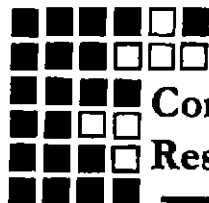
Title: Division Director of Behavioral Health and After-School Programs

Organization: RIVEREDGE HOSPITAL

Signature:  Date: 10/2/08

Organizational Representative (Print Name): Carey E. Carlock

Title: Chief Executive Officer



**Corporate Health
Resource Center, Inc.**

NETWORKING AGREEMENT

Corporate Health Resource Center, Inc., a community-based treatment provider the State of Illinois, Counties of Cook, DuPage & Kane, has established services for Alcohol & Substance Abuse.

Corporate Health Resource Center, Inc. wishes to join with other service providers in the development of a coordinated network of services which mutually contribute to the betterment of services for our clients.

Be It therefore resolved that Corporate Health Resource Center, Inc. and Riveredge Hospital:

1. Recognize the existence of their respective professional services;
2. Maintain regular and frequent contact with regard to changes in service elements in each;
3. Acquaint and refer individuals who may have need of each other's services;
4. Assist in providing necessary client information with use of appropriate release of information forms;
5. Generally promote the continuation of a cooperative coordination of the comprehensive system of services now available in Cook, DuPage and Kane Counties; and
6. Consider confidentiality both a right and responsibility of all visitors, clients, volunteers and staff. Both parties agree to uphold the principle of confidentiality and take precautions to do everything reasonably responsible to respect and protect each person's right to privacy, as required by law.

This agreement will be renewed annually and may be revoked in writing by either party at any time.

Camille L. Ference PhD
Camille L. Ference, PhD
Clinical Director
April 25, 2007

By: Michael J. [Signature] (M)
Signature
Chief Operating Officer
Title
4-25-07
Date



161 N. Marion Street
Oak Park, IL. 60301
708-383-6770

3550 Hobson Road
Woodridge, IL. 60517
630-719-9292

Fax: 708-383-1717

2972 Indian Trail Road
Aurora, IL. 60504
630-717-9611

E-mail: chrcinc@sbcglobal.net

37 W. 002 Mooseheart Road
Mooseheart, IL. 60539
630-717-9611

INTERAGENCY LINKAGE AGREEMENT
BY AND BETWEEN

GATEWAY FOUNDATION, INC. (Gateway)
Chicago Area Facilities
(Westside, Northwest Outpatient and Kedzie)

AND

RIVERSE~~D~~GE HOSPITAL

The intent of this Agreement is to facilitate a working relationship between our two agencies and to support the uniqueness and viability of each agency. This Agreement promotes the principle that the individual is best served by the coordination of community-based prevention, education, treatment, assessment, counseling, evaluation and other services.

To strengthen cooperative interagency planning and community-based interdisciplinary services to individuals, we mutually agree to the following:

- the reciprocal sharing of the expertise of both agencies' staff toward strengthening our respective services. We will support one another through case conferences, professional consultation, and in-service training endeavors.
- that each party is offering to refer, and will refer clients to the other, and will accept referrals from the other subject to each party's admission criteria.
- subject to the confidentiality and privacy rules and regulations contained in 42 CFR, part 2 and the Health Insurance Portability and Accountability Act (HIPAA), we will, when appropriate, work jointly on referrals, interventions, and service plans with the understanding that primary case management responsibility must be identified for there to be efficient and effective joint service delivery.
- we agree to work cooperatively and promote efficient referral procedures in order to develop the most appropriate and comprehensive case plan for clients referred under the terms of this agreement.
- we will each ensure that no person will be excluded from service, denied benefits or be discriminated against in any way under the terms of this Agreement on the grounds of age, race, creed, color, sex, disability, national origin, sexual orientation or religious preference.

To ensure compliance with the foregoing and the Division of Alcohol and Substance Abuse (DASA) guidelines,

- the transmitting agency shall deliver to the receiving agency written authorization from the client for the transfer of relevant portions of the client's record to the receiving agency and for permission to communicate with the transmitting agency regarding the services the receiving agency provides to the client
- the transmitting agency shall also provide a letter to the receiving agency indicating the reason for the referral, providing information about the services provided by the transmitting agency and any additional services that might be needed or requested by the client, and specifying any necessary coordination between Gateway and the Agency and the time frame of any necessary follow-up reports

If requested by Gateway, Agency shall provide the services set forth in Exhibit A, attached hereto and made a part hereof, for the benefit of Gateway's clients.

If requested by Agency, Gateway shall provide the services set forth in Exhibit B, attached hereto and made a part hereof, for the benefit of Agency's clients.

This term of this Agreement is one year and will automatically extend for additional one-year periods unless either agency elects to terminate by giving notice of such election 90 days prior to the expiration of any one-year period. Notwithstanding the foregoing, either agency may terminate this Agreement upon 30-day written notice.

This Agreement is accepted by:

GATEWAY FOUNDATION, INC.

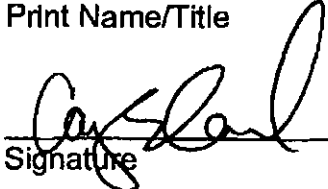
RIVERSEDGE HOSPITAL



 Sarah Thoren
 Chicago Area Community Director

Date: 6-17-09

Carey E. Carlock, CEO

 Print Name/Title


 Signature

Date: 7/20/09

AGENCY SERVICES - EXHIBIT A

CONTACT PERSON: _____

ADDRESS: _____

PHONE NO.: _____

DAYS/HOURS OF OPERATION: _____

OTHER REQUIREMENTS:

GATEWAY SERVICES - EXHIBIT B

Adult Programs

- Co-ed Adult Residential
- MISA Residential
- Women's Residential

Youth Programs

- Youth Residential

CONTACT: Intake Department

ADDRESS: 3828 West Taylor, Chicago, Illinois 60624

PHONE NUMBER: (773) 826-1916

HOURS OF OPERATION: 24 HOURS

Adult Program Services

- Intake Assessment
- Bi-Lingual Assessment
- Individualized Treatment Plans
- Individual and Group Counseling
- Pharmacotherapy
- Drug Use Testing
- Mental Health Counseling
- Primary Health Assessment
- HIV Early Intervention Counseling
- On-Site Psychiatric, Psychological Counseling
- Family Participation and Support

Youth Program Services

- Intake Assessment
- Bi-Lingual Assessment
- Individualized Treatment Plans
- Individual and Group Counseling
- Pharmacotherapy
- Drug Use Testing
- Mental Health Counseling
- Primary Health Assessment
- HIV Early Intervention Counseling
- On-Site Psychiatric, Psychological Counseling
- Family Participation and Support
 - Academic Program
- Family Participation and Support
- Support
- Bi-Lingual Treatment Services

GATEWAY SERVICES - EXHIBIT B (continued)

Adult Outpatient Program

- Basic Outpatient
- Intensive Outpatient

Youth Outpatient Program

- Basic Outpatient
- Intensive Outpatient

CONTACT: Chicago Outpatient Intake Department

ADDRESS: 4301 West Grand, Chicago, Illinois 60651

PHONE NUMBER: (773) 862-2279

**HOURS OF OPERATION: 9:00 am-5:00pm
Monday through Friday**

Adult Outpatient Services

- Intake Assessment
- Individualized Treatment Plans
- Individual and Group Counseling
- Small Group Format
- Drug Use Testing
- Parenting Groups
- Pre-Treatment Groups
- Primary Health Assessment
- HIV Early Intervention Counseling
- Family Participation and Support
- Transportation Provided
- Case Management Services
- Priority Services to Pregnant Women

Day and Evening Programming

Youth Outpatient Services

- Intake Assessment
- Individualized Treatment Plans
- Individual and Group Counseling
- Small Group Format
- Drug Use Testing
- Primary Health Assessment
- HIV Early Intervention Counseling
- Family Participation and Support
- Transportation Provided
- Case Management Services
- Day and Evening Programming

GATEWAY SERVICES - EXHIBIT B (continued)

Kedzie Recovery Home Co-Ed Program

CONTACT: Kedzie Recovery Home and Halfway House

ADDRESS: 1706 North Kedzie, Chicago, Illinois 60647

PHONE NUMBER: (773) 227-2158

**HOURS OF OPERATION: 9:00 am-5:00pm
Monday through Friday**

Adult Recovery Home Co-Ed Services

- Three Meals a Day
- Laundry Facilities
- Referrals to Health Screenings
- Referrals to Mental Screenings
- Referrals to Education Job Training Programs
- Referrals to Employment Services Agencies
- Self Help Groups AA, NA, and CA
- Outpatient Treatment Services
- Personal Needs Assessments



LEYDEN FAMILY SERVICES

LEYDEN FAMILY SERVICE & MENTAL HEALTH CENTER
LEYDEN FAMILY SERVICES/AFTERCARE PROGRAM
NORWOOD PARK TOWNSHIP FAMILY SERVICE
THE SHARE PROGRAM

10001 W. Grand Avenue
Franklin Park, Illinois 60131
Phone: (847) 451-0330
Fax: (847) 451-1652

DENNIS P. VACCARO
Chief Executive Officer

REFERRAL/LINKAGE AGREEMENT

On November 17, 2009, Riveredge Hospital, referred to as "Provider", and Leyden Family Services/The SHARE Program, referred to as "Program", entered into an agreement.

GOALS

Provider and Program mutually agree that both agencies, where appropriate, will seek the services of the other in a cooperative manner in order to make available comprehensive services to substance abuse and mental health clientele in and about the State of Illinois.

The goal is to maintain and improve continuity of care in the treatment of substance abusing and mental health clientele. This will be accomplished by establishing a linkage between the Program and the services provided by the Provider.

GENERAL GUIDELINES

This agreement is non-exclusive and does not prohibit either party from entering into similar agreements with other providers.

Provider and Program will become familiar with each other's programs, goals, objectives and procedures. A staff person from each agency will be appointed to function as the key resource and liaison person to facilitate and maintain effective communication between the facilities. Governance and policy matters will remain the responsibility of each agency. Referrals will be considered by each agency without regard to race, creed, sex, or national origin, when the client meets the admission criteria of either agency.

MUTUAL RESPONSIBILITIES

There shall be mutual agreement to exchange written information relevant to client's treatment upon the client's signature for release of information and to abide by all Federal, State, program and JCAHO standards regarding confidentiality of patient information.

TERMS OF AGREEMENT

This agreement will become effective upon signature by both parties. Either party may terminate this agreement upon thirty (30) days written notice to the other party.

GENERAL PROVISIONS

No additions, deletions, or changes to this agreement shall be valid unless agreed to in writing by both parties.

Each party is an independent contractor with respect to the other and not an agent, servant, or employee thereof or joint ventured there with.

Each party agrees to hold the other harmless from any claims, demands, and expenses of all kinds by reason of any act of omission caused or alleged to have been caused by the other party or by an agent or employee of the other party.

The applicable law of this agreement shall be that of the State of Illinois.



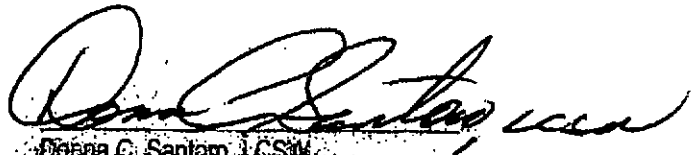
In witness whereof, Leyden Family Services/The SHARE Program and Riveredge Hospital have each caused this agreement to be duly executed.

PROGRAM

Leyden Family Services
10001 W. Grand Avenue
Franklin Park, Illinois 60131

Leyden Family Services/Aftercare
10200 W. Grand Avenue
Franklin Park, Illinois 60131

60139

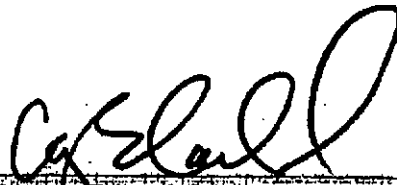


Diana C. Santoro, LCSW
Chief Operations and Development Officer
Title

November 17, 2009
Date

PROVIDER

Carey E. Carlock, CEO
Riveredge Hospital
8331 Roosevelt Road
Forest Park, IL 60133-2500



Program Representative Signature

Carey E. Carlock

Program Representative (Please Print)

Chief Executive Officer

Title

12-1-09

Date



Keeping America's runaway and at-risk youth safe and off the streets.
Call 1-800-RUNAWAY.

April 29, 2009
Profile ID: 662

Dear Colleague:

The National Runaway Switchboard is in the process of updating our Resource database. If you were one of the many agencies we called, please accept our sincere appreciation for participating and keeping your profile up-to-date.

We are pleased to offer you an opportunity to formalize our working relationship through a Memorandum of Understanding, which defines the areas of cooperation and activities between NRS and RIVEREDGE HOSPITAL. You can electronically sign the agreement at our website or sign and fax the enclosed copy to us at (773) 929-5150. To review your updated profile (and make any additional changes as needed) and accept or reject our offer, please complete the following steps before MAY 15, 2009:

- Go to www.nrsupdate.org
- Enter your LOGIN: 662
- Enter your PASSWORD: qpkyps98
- Review your listing and make any needed changes.
- Read and ACCEPT or REJECT our Memorandum of Understanding
- If you have made changes, click UPDATE to save them.
- If no changes are required, click MAKE NO CHANGES to verify that you have reviewed it.
- To make a copy of changes you made, scroll to the top of the page and click on Download PDF.
- Click LOGOUT and your profile will be updated within 24 hours.

If you need help or have questions, call (800) 344-2785 or email Larry D. Bechdol at resources@1800RUNAWAY.org.

If you choose not to participate in our agreement program, please send me an email with 'NO THANKS' in the subject line. As always we do appreciate your great support of runaway and at-risk youth!

Larry D. Bechdol, Data & Technology Coordinator, MA, MCP
National Runaway Switchboard

5/5/2009

Cary Carlock

ATTACHMENT 19C

191



**Memorandum of Understanding (MOU)
between
National Runaway Switchboard
and
RIVEREDGE HOSPITAL**

RIVEREDGE HOSPITAL
8311 ROOSEVELT RD
FOREST PARK IL 60130-2500

Dear Cary Carlock

In an effort to strengthen FOREST PARK services to runaway, homeless and other youth at risk and to ensure appropriate, safe services to the National Runaway Switchboard (NRS) callers, this Memorandum of Understanding defines areas of cooperation and activity between the National Runaway Switchboard and RIVEREDGE HOSPITAL. The parties agree to the following:

The National Runaway Switchboard agrees to:

- Continue to provide 24-hour telephone crisis intervention, conference calls, message relay and information and referral services to youth and families in and around FOREST PARK.
- Provide referrals to RIVEREDGE HOSPITAL as appropriate, in accordance with the information provided by RIVEREDGE HOSPITAL on the National Runaway Switchboard's Resource Agency Profile;
- Provide National Runaway Switchboard outreach and educational materials to RIVEREDGE HOSPITAL to utilize within its organizational outreach effort;
- Maintain a web site on the Internet (www.1800RUNAWAY.org) with capability for multiple linkages as an additional outreach tool;
- Provide community-based referrals for information and direct services for youth and families; and
- Coordinate access to the Home Free transportation program, conducted in collaboration with Greyhound Lines, Inc., to youth in and around FOREST PARK and provide consultation and support to qualifying youth during the youth's journey home

In exchange, RIVEREDGE HOSPITAL agrees to:

- Complete the National Runaway Switchboard's Resource Agency Profile as fully and accurately as possible. Your signature/check mark, as an authorized representative of RIVEREDGE HOSPITAL will provide the basis for all National Runaway Switchboard referrals to RIVEREDGE HOSPITAL.
- Be available by phone within the hours specified on the National Runaway Switchboard's Resource Agency Profile for youth referred by the National Runaway Switchboard.
- Provide a link between your web site (if applicable) and www.1800RUNAWAY.org, the web site of the National Runaway Switchboard.

offered or demographic populations served by RIVEREDGE HOSPITAL .

The National Runaway Switchboard and RIVEREDGE HOSPITAL jointly agree to

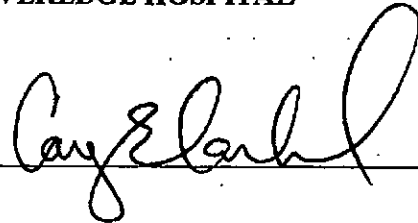
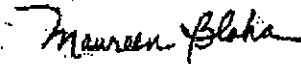
- Communicate, not less than once a year, to assure accurate program information is available to each other.
- Maintain regular communication via exchange of agency newsletters and agency updates.

Term of Agreement

This MOU becomes effective on the date it is signed by representatives of both parties and will end April 30, 2011, except that either party may end the MOU by giving a 30-day written notice to the other. If this MOU is viewed in electronic format, clicking the Accept button on the form is the same as manually signing a paper version. Electronic form may mean a form on the NRS web site or a form sent via email to the agency contact.

NATIONAL RUNAWAY SWITCHBOARD

RIVEREDGE HOSPITAL



Maureen Blaha,
Executive Director

Cary Carlock
RIVEREDGE HOSPITAL

5/5/2009
Date

5/12/09
Date



PORTRAIT OF A RUNAWAY

Runaways are not "bad" kids. They are not running to something, but away from something. They believe their home situations to be so awful that living anywhere else is better; even if this means living on the streets. Their home situation usually involves many problems, not one isolated problem.

Anyone may run away from home when home or school situations become "unbearable" to them. And it is important to understand that a youth's reason for leaving is unique to that individual. There is no such thing as a "typical" runaway. Youth come from every kind of neighborhood, rich or poor, rural or urban. There is no differentiation between race or religion.

Many runaways leave home more than once. The first time they run, they typically with friends or relatives. As the length of time away from home increases, these youth often flee to urban areas where they can "blend in" with other kids and are therefore less likely to be noticed by authority figures. They tend to hang out at fast food restaurants, shopping malls and video arcades. They live in abandoned buildings or underneath highway bridges. In warmer climates, they may spend their nights on the beach or in parks.

As bad as things may have been at home, runaways soon find life on the street even worse. Most leave home without understanding the daily problems they will encounter once they have run away: they only seek to escape the problems in their current situation. And it doesn't help when television and movies romanticize life on the streets. Street life is not a Tom Sawyer/river boat adventure as runaways find out all too soon.

NRS MISSION

The mission of the National Runaway Switchboard (NRS) is to keep America's runaway and at-risk youth safe and off the streets.

NATIONAL DISTINCTION

The National Runaway Switchboard is the federally designated national communication system for runaway and homeless youth, the only organization to ever hold that distinction.

3080 N. Lincoln Chicago, Illinois 60657
773-880-9860, fax: 773-929-5150

NRS SERVICES

Crisis Intervention: NRS operates a hotline 24 hours a day, 365 days a year. All calls to the crisis line are confidential. The front line team of staff and volunteers receive 40 hours of training to provide non-judgmental and non-directive support.

Information & Referrals: A database of more than 13,000 youth and family agencies provides countless options for callers to access counseling, alternative housing, basic center/shelter services, alcohol/drug treatment, and child protective services. In addition, NRS maintains a hard copy library of reference materials to supplement the database.

Conference Calls: When youth request assistance contacting their family or an agency that can help them, NRS will facilitate a conference call. The front line team member remains on the line with the youth, helping to advocate in support of the youth.

Message Service: NRS maintains a message service for youth who want to relay a message but are not ready to communicate with their parent. NRS' message service is the least intimidating means for a youth to reestablish contact with the parent/guardian and often serves as the first step toward reunification.

Home Free: In partnership with Greyhound Lines Inc., NRS helps reunite runaway youth with their families through a free bus ticket home. More than 13,000 youth have been reunited with families through the Home Free Program since 1995.

Prevention and Educational Materials: Educators can receive a free copy of the NRS Runaway Prevention Curriculum, *Let's Talk*, complete with an eight-minute film, *1-800-RUNAWAY*. NRS provides educational and promotional material free of charge to individuals and organizations to distribute within their community.

www.1800RUNAWAY.org: NRS' website has three main goals: to direct calls to the hotline so that youth and families can receive individualized attention and support; to engage youth and families so they can access critical information before a runaway episode occurs; and to disseminate information about NRS, youth and runaways to the community.

1-800-RUNAWAY
www.1800RUNAWAY.org

NRS HISTORY

Founded by a group of Chicago agencies and originally named Metro Help, the hotline was established in 1971 to fill a need for comprehensive crisis intervention for young people in Chicago. Recognized as the oldest hotline of its kind in the world, it was conceived as a centralized organization with 24-hour services, expertise in all youth-related issues and as an information clearinghouse of youth services.

In 1974, the National Runaway Switchboard received an eight-month federal demonstration grant to establish a national hotline. During this time, 11,000 calls were received demonstrating the need for this type of service. Since then, NRS' capabilities and services have grown considerably. On average, NRS handles more than 100,000 phone calls annually. The operations have grown to full-time equivalent of 22 paid, professional staff with the support of over 150 volunteers.

NRS' services are provided through funding from and in partnership with the Family and Youth Services bureau in the Administration for Children, Youth and Families, US Department of Health and Human Services. In addition, private funding is raised from foundations, corporations and individuals.

NRS VOLUNTEERS

As a non-profit organization, NRS depends heavily on volunteers. NRS volunteers include "liners" in its Chicago call center, who answer calls 24 hours a day, 365 days a year from youth and families in crisis. Each liner completes 40 hours of specialized training to provide hotline support to callers from across the country. In addition, volunteers serve as task force members to help plan activities. Volunteer ambassadors across the country promote NRS by distributing runaway prevention educational materials and 1-800-RUNAWAY promotional materials. Volunteers are of every age and socio-economic background.

"I really do feel that NRS is my second family. I have been enriched by my experiences at NRS. Being a volunteer at NRS has really changed my life."

- 2008 Volunteer Satisfaction Survey

408

3080 N. Lincoln Chicago, Illinois 60657
773-880-9860, fax: 773-929-5150

STATEMENT OF NEED

The statistics tell the story of why NRS is in operation. In a time when so many children are in crisis, NRS' services are needed even more urgently.

- **Between 1.6-2.8 million runaway and homeless youth live on the streets of America.**
(OJJDP, 2002, Research Triangle Institute, 1995)
- **Youth aged 12-17 are at higher risk for homelessness than adults.**
(American Journal of Public Health, 1994, 1998)
- **47% of runaway/homeless youth indicated that conflict between them and their parent or guardian was a major problem.**
(Westat, 1997)

2008 STATISTICS – REASONS FOR CALLS

- Family Dynamics: divorce, remarriage, problems with siblings, extended family** 29%
- Peer/Social: pressure from friends, gang issues, dating and relationships** 14%
- Abuse: neglect, emotional maltreatment, physical abuse, sexual abuse** 15%
- Mental Health/Economics: depression, suicide, counseling or therapy, concerns and referrals, financial difficulties** 12%
- School: problems with teachers, administration, suspension, expulsion** 8%
- Youth Services/Judicial System: relationship with social worker, alternative housing, judicial system** 8%
- Alcohol/Drug: by youth, friend, parent, family member, treatment concerns** 5%
- Transportation: Each year we reunite approximately 1,000 families through the Home Free Program in partnership with Greyhound Lines, Inc.** 5%
- Health: physical ailment, pregnancy, STDs, including HIV/AIDS** 3%
- Sexuality: homosexuality, bisexuality, sexual concerns of self or others** 1%

Visit www.1800RUNAWAY.org for more statistical information.

1-800-RUNAWAY
www.1800RUNAWAY.org

REFERRAL/LINKAGE AGREEMENT

On April 11, 2008, Riveredge Hospital, referred to as "Provider",
Riveredge Community Mental Health Center, referred to as "PLCCA", entered into
an agreement.

GOALS

Provider and Community Mental Health Center / PLCCA mutually agree that both agencies, where appropriate, will seek the services of the other in a cooperative manner in order to make available comprehensive services for mental health clientele in and about the State of Illinois.

The goal is to maintain and improve continuity of care in the treatment of mental health clientele. This will be accomplished by establishing a linkage between the Community Mental Health Center / PLCCA and the services available through the Provider.

SERVICES PROVIDED BY RIVEREDGE

Pursuant to Illinois law, Riveredge is authorized to treat patients in the following categories:

1. Patients in need of psychiatric services for children;
2. Patients in need of adolescent psychiatric services;
3. Patients in need of general psychiatric services;
4. Patients in need of chronic adult psychiatric services;
5. Patients in need of geriatric psychiatric services and;
6. Patients with a dual diagnosis requiring both psychiatric and substance abuse services.

Riveredge is currently authorized as a provider of services under the Medicare program pursuant to Illinois law. Riveredge is not authorized to provide services to adult patients between the ages of 21 and 64 with Medicaid coverage. Riveredge may provide services to children, adolescents and young adults up to the age of 21 whose care is paid for by Medicaid, or who are unfunded and eligible for Crisis Services.

GENERAL GUIDELINES

This Agreement is non-exclusive and does not prohibit either party from entering into similar agreements with other providers.

Provider and Community Mental Health Center / PLCCA will become familiar with each other's programs, goals, objectives and procedures. A staff person from each agency will be appointed to function as the key resource and liaison person to facilitate and maintain effective communication between the facilities. Governance and policy matters will remain the responsibility of each agency. Referrals will be considered by each agency without regards to race, creed, sex, or national origin, when the client meets the admission criteria of either agency.

MUTUAL RESPONSIBILITIES

There shall be mutual agreement to exchange written information relevant to client's treatment upon the client's signature for release of information and to abide by all Federal, State, program and JCAHO standards regarding confidentiality of patient information.

TERMS OF AGREEMENT

This Agreement will become effective upon signature by both parties. Either party may terminate this Agreement upon thirty (30) days written notice to the other party.

GENERAL PROVISIONS

No additions, deletions, or changes to this Agreement shall be valid unless agreed to in writing both parties.

Each party is an independent contractor with respect to the other and not an agent, servant, or employee thereof or joint ventured there with.

Each party agrees to hold the other harmless from any claim, demands, and expenses of all kinds by reason any act of omission caused or alleged to have been caused by the other party or by an agent or employee of the other party.

The applicable law of this Agreement shall be that of the State of Illinois.

In witness whereof, PLCCA and Riveredge Hospital, have each caused this agreement to be duly executed.

Community Mental Health Center/ PLCCA :

Authorized Representative

Beverly Smith, CFO
Title

4/11/08
Date

PROVIDER:
8311 West Roosevelt Road
Forest Park, IL 60130

Riveredge Hospital

Linda Simko
Linda Simko, Interim CEO

4/11/08
Date



NETWORKING AGREEMENT

Sarah's Inn is a community-based domestic violence agency serving women and their families by providing the following: a 24-hour crisis line; assistance with access to emergency shelter; legal advocacy; support and education groups for women, teens and children; individual advocacy and counseling for women, teens, and children; abuser intervention services; emergency financial assistance; community outreach and education; and teen dating violence prevention.

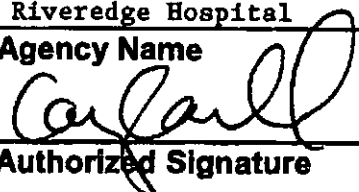
Sarah's Inn works in partnership with individuals and organizations within a network of service providers to ensure quality services to women and their families.

Therefore, Sarah's Inn and [AGENCY] jointly agree to:

1. Recognize the existence of their respective professional services;
2. Maintain regular and frequent contact to inform each other of changes and additional services;
3. Refer individuals who may have need of each other's services;
4. Obtain signed release of information forms to aid in the transfer of relevant client information;
5. Avoid duplication of services;
6. Consent to be guided by eligibility requirements established by each agency; and
7. Promote a cooperative coordination of the services available in the Chicagoland area to eliminate systemic barriers that battered women and their families may encounter.

This agreement will be renewed every (3) years and may be revoked in writing by either party at any time.

Riveredge Hospital

 Agency Name


 Authorized Signature


Carey E. Carlock

 Printed Name

Chief Executive Officer

 Title
 8/14/08

 Date

Sarah's Inn


 Authorized Signature

Pat Prinzevalle

 Executive Director

08/07/08

 Date

REFERRAL/LINKAGE AGREEMENT

On October 1, 2007, Riveredge Hospital, referred to as "Provider Hospital" and Westside Holistic Family Services referred to as "Community Center", entered into an agreement.

GOALS

Provider and Community Center mutually agree that both agencies, where appropriate, will seek the services of the other in a cooperative manner in order to make available comprehensive services for mental health clientele in and about the State of Illinois.

The goal is to maintain and improve continuity of care in the treatment of mental health clientele. This will be accomplished by establishing a linkage between the Community Center and the services available through the Provider.

SERVICES PROVIDED BY RIVEREDGE

Pursuant to Illinois law, Riveredge is authorized to treat patients in the following categories:

1. Patients in need of psychiatric services for children;
2. Patients in need of adolescent psychiatric services;
3. Patients in need of general psychiatric services;
4. Patients in need of chronic adult psychiatric services;
5. Patients in need of geriatric psychiatric services and;
6. Patients with a dual diagnosis requiring both psychiatric and substance abuse services.

Riveredge is currently authorized as a provider of services under the Medicare program pursuant to Illinois law. Riveredge is not authorized to provide services to adult patients between the ages of 21 and 64 with Medicaid coverage. Riveredge may provide services to children, adolescents and young adults up to the age of 21 whose care is paid for by Medicaid, or who are unfunded and eligible for Crisis Services.

GENERAL GUIDELINES

This Agreement is non-exclusive and does not prohibit either party from entering into similar agreements with other providers.

Provider and Community Center will become familiar with each other's programs, goals, objectives and procedures. A staff person from each agency will be appointed to function as the key resource and liaison person to facilitate and maintain effective communication between the facilities. Governance and policy matters will remain the responsibility of each agency. Referrals will be considered by each agency without regards to race, creed, sex, or national origin, when the client meets the admission criteria of either agency.

MUTUAL RESPONSIBILITIES

There shall be mutual agreement to exchange written information relevant to client's treatment upon the client's signature for release of information and to abide by all Federal, State, program and JCAHO standards regarding confidentiality of patient information.

TERMS OF AGREEMENT

This Agreement will become effective upon signature by both parties. Either party may terminate this Agreement upon thirty (30) days written notice to the other party.

GENERAL PROVISIONS

No additions, deletions, or changes to this Agreement shall be valid unless agreed to in writing both parties.

Each party is an independent contractor with respect to the other and not an agent, servant, or employee thereof or joint ventured there with.

Each party agrees to hold the other harmless from any claim, demands, and expenses of all kinds by reason any act of omission caused or alleged to have been caused by the other party or by an agent or employee of the other party.

The applicable law of this Agreement shall be that of the State of Illinois.

In witness whereof, Westside Holistic Family Ser. and Riveredge Hospital, have each caused this agreement to be duly executed.

Westside Holistic Family Services:

Authorized Representative

Storance B. Merritt, Director

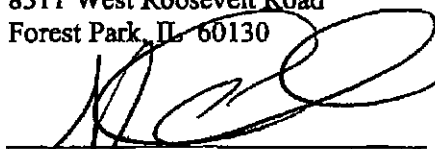
Title

10/16/07

Date

PROVIDER:

Riveredge Hospital
8311 West Roosevelt Road
Forest Park, IL 60130



Steven Quigley, CEO

10/17

Date

**LORETTO HOSPITAL
ADDICTION CENTER**

645 S. Central Avenue
Chicago, IL 60644
(773) 626-9250

INTERAGENCY LINKAGE AGREEMENT

On this date, Riveredge Hospital, referred to as "PROVIDER" and Loretto Hospital Addiction Center, referred to as "PROGRAM" have entered into an agreement.

PURPOSE OF THE AGREEMENT

The Program and Provider mutually agree that, when appropriate, both agencies will seek to secure the services of the other in a cooperative manner in order to increase access to substance abuse services in and about Cook, DuPage, Lake and Will counties in the State of Illinois. The goal of this agreement is through the development of a synergistic relationship, to enhance the continuum of services provided by Program and Provider by encouraging the utilization of the other's services when it is in the best interest of the client and by encouraging the flow of information concerning clients between these agencies when it is in the best interest of the client.

GENERAL GUIDELINES

- This agreement is non-exclusive and does not prohibit either party from entering into similar agreements with other providers.
- This agreement promotes referrals, but does not mandate referrals.
- Program and Provider will become familiar with the policies, procedures and admission criteria of the other agency.
- Referrals are the responsibility of each agency's clinical and professional staff.
- Each facility will appoint a designated contact person who will act as liaison with the other agency.
- Referrals will be evaluated without regard to race, gender, creed, ethnic origin or sexual orientation, when the client meets the admission criteria of either agency.

SERVICES TO BE PROVIDED FROM THE PROGRAM TO THE PROVIDER, include, but are not limited to:

- | | | |
|-------------------------------|--|------------------------------------|
| • Substance abuse assessments | • Dual-diagnosis treatment at all levels of care | • Medical Detoxification/Treatment |
| • Residential Rehabilitation | • Intensive Outpatient | • Traditional Outpatient |
| • Aftercare Outpatient | • DUI Evaluation | • DUI Evaluation |
| • Medical Evaluation | • Drug/Alcohol Toxicology | • DUI Risk Education |
| • Family HIV Services Program | • Gambling Program | |

MUTUAL RESPONSIBILITIES

- Program and Provider are both responsible for obtaining legally required consent from clients prior to exchanging information regarding clients.
- Program and Provider will facilitate interagency staff conferences regarding clients who are served by both agencies.

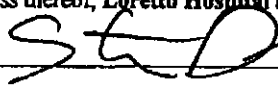
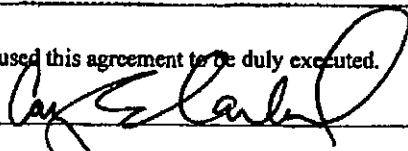
TERMS OF AGREEMENT

This agreement will become effective upon signature by both parties. Either party may terminate this agreement upon thirty days written notice to the other party. This agreement will be updated annually.

GENERAL PROVISIONS

- No additions, deletions or changes to this agreement shall be valid without mutual written agreement.
- Each party is an independent contractor with respect to the other and not an agent, servant or employee thereof or joint venture therewith.
- Each party agrees to hold the other harmless from any claim, demands or expenses of all kinds by reason of any act or omission caused by the other, within the parameters of this agreement.
- The applicable law of this agreement shall be that of the State of Illinois.

In witness thereof, Loretto Hospital and Riveredge Hospital have each caused this agreement to be duly executed.

Loretto Hospital Representative

Riveredge Hospital Representative

Date 12/24/08

Date 2/2/09

BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement ("Agreement"), as amended and restated April 20, 2005, is incorporated into the Linkage Agreement dated November 25, 2008 (the "Agreement") between Loretto Hospital ("Covered Entity") and Riveredge Hospital ("Business Associate"). Covered Entity and Business Associate are also referred to in this Addendum individually as a "Party" and collectively as the "Parties."

RECITALS

A Covered Entity will be sharing with and transferring to Business Associate, pursuant to the Agreement, individually identifiable health information that is confidential and must be afforded special treatment and protection under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and its implementing regulations, including the Standards for Privacy of Individually Identifiable Health Information, 45 CFR Part 160 and Part 164, Subparts A and E (the "HIPAA Privacy Rule"); and

B Business Associate may create, receive, use or disclose the individually identifiable health information in electronic format or otherwise (also known as "protected health information" or "PHI") received from Covered Entity while performing under the Agreement; and

C Business Associate shall implement appropriate security safeguards for PHI which will be implemented during the Agreement; and

D The parties wish to enter into this agreement to set forth the limitations on Business Associate's use and disclosure of PHI and obligations regarding security of PHI under the Agreement.

NOW, THEREFORE, Covered Entity and Business Associate agree as follows:

1. **Definitions.** Unless otherwise provided in this Agreement, capitalized terms used in this Agreement have the same meaning as forth in the HIPAA Privacy Rule Regulations, 45 C.F.R. 160.103 and 164.501.
2. **Permitted Uses and Disclosures of PHI**
 - 2.1 **Provision of Services.** Except as otherwise limited in this Agreement, Business Associate may use or disclose PHI to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in the Agreement, provided that such use or disclosure would not violate the Privacy Rule if done by Covered Entity or the minimum necessary policies and procedures of the Covered Entity.
 - 2.2 **Additional Uses and Disclosures.** Business Associate may use or disclose PHI received from Covered Entity if:

- a. The use relates to: (i) the proper management and administration of Business Associate or the conduct of the legal responsibilities of Business Associate, or (ii) data aggregation services relating to the health care operations of Covered Entity; or
- b. The disclosure of information received in such capacity will be made in connection with Section 2.2 (a) above, and such disclosure is required by law or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will be held confidential and the person agrees to notify Business Associate of any breaches of confidentiality.

2.3 Access to Networks. Business Associate agrees that while present at any Covered Entity facility or when accessing Covered Entity's computer network, it and all of its employees, agents, representatives and subcontractors shall at all time comply with any network access and other security practices, procedures and/or policies established by the Covered Entity, including, without limitation, those required by HIPAA.

3. **Responsibilities with respect to PHI**

3.1 Responsibilities of the Business Associate. With regard to its use and/or disclosure of PHI, the Business Associate hereby agrees to do the following:

- a. implement commercially reasonable administrative, physical and technical safeguards to appropriately protect the confidentiality and integrity of PHI that it creates, maintains or transmits on behalf of Covered Entity;
- b. use or disclose PHI received from Covered Entity only as permitted or required pursuant to the Agreement, or as otherwise required by law;
- c. use reasonable precautions or safeguards to prevent the use or disclosure of PHI received from Covered Entity;
- d. mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate in violation of the obligations of this Agreement;
- e. immediately report in writing to Covered Entity's Privacy Officer when Business Associate becomes aware of uses or disclosures not provided for in this Addendum;
- f. immediately report in writing to Covered Entity's Privacy Officer any security incident (e.g., unauthorized access, use, disclosure, modification or destruction of information or interference with systems operations in Business Associate's information system);

- g. ensure that any agents, including subcontractors, to whom Business Associate provides PHI agrees to the same restrictions and conditions that apply to the Business Associate pursuant to this Agreement with respect to such information, and agrees to implement reasonable and appropriate safeguards to protect PHI;
- h. make PHI available in accordance with 45 C.F.R. § 164.524 relating to access by Individuals to their PHI;
- i. make PHI available to Covered Entity for amendment, and incorporate any amendments to PHI at the direction of Covered Entity in accordance with 45 C.F.R. § 164.526;
- j. document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. 164.528;
- k. provide to Covered Entity or an Individual within 30 days from Covered Entity's request, information collected in accordance with Section 3.1(h) of this Addendum, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosure of PHI in accordance with 45 C.F.R. 164.528; and
- l. make its internal practices, books, and records relating to the use and disclosure of PHI and security safeguards related to it available to the Secretary of the Department of Health and Human Services for purposes of determining the Covered Entity's compliance with HIPAA. The provisions of this Section 3.1(j) shall survive the termination of the Agreement or this Addendum for any reason.

3.2 Responsibility of the Covered Entity. With regard to the use and/or disclosure of PHI by the Business Associate, the Covered Entity hereby agrees to notify the Business Associate, in writing and in a timely manner, of any arrangements permitted or required of the Covered Entity under 45 C.F.R. part 160 and 164 that may impact in any manner the use or disclosure or security of PHI by the Business Associate under this Agreement, including, but not limited to, restrictions on use and disclosure of PHI as provided for in 45 C.F.R. § 164.522 agreed to by the Covered Entity.

4. **Term and Termination**

4.1 Term. This Addendum shall become effective on the Effective Date and shall continue in effect unless terminated as provided in Section 4.2 below.

4.2 Termination by the Covered Entity. In the event Business Associate commits a material breach of any of its obligations pursuant to this

agreement, Covered Entity may terminate the Agreement with thirty (30) days written notice to Business Associate.

- 4.3 Effect of Termination. Upon termination of the Agreement for any reason, the Business Associate agrees to return or destroy all PHI and shall not retain any copies of PHI received from or prepared on behalf of Covered Entity. Prior to doing so, the Business Associate further agrees to recover any PHI in the possession of its subcontractors or agents. If it is not feasible for the Business Associate to return or destroy any and all PHI, the Business Associate will notify the Covered Entity in writing. In such a case, the rights, duties, and obligations relating to PHI established under this Agreement shall survive the termination of this Agreement for as long as Business Associate maintains such PHI.

5. Miscellaneous

- 5.1 Regulatory References. A reference in this Agreement to a section in the HIPAA Privacy Rule means the section as in effect or as amended.
- 5.2 Amendment. The Agreement may not be modified, nor shall any provision hereof be waived or amended, except in a writing duly signed by authorized representatives of the Parties. The Parties agree to take such action as is necessary to amend the Agreement from time to time as is necessary for Covered Entity to comply with the requirements of HIPAA and the HIPAA Privacy Rule.
- 5.3 Notices. Any notices to be given hereunder to a Party shall be made via U.S. Mail or express courier to such Party's address given below, and/or (other than for the delivery of fees) via facsimile to the facsimile telephone numbers listed below.

If to Business Associate, to:

Riveredge Hospital
8311 Roosevelt Road
Forest Park, IL 60130
Attn: Steve Puigley

If to Covered Entity, to:

Loretto Hospital
645 South Central
Chicago, Illinois 60644
Attn: Privacy Officer
Fax: (773) 854-5319

with a copy (which shall not constitute notice) to:

Renaissance Hospital Management
1011 Lake Street
Suite 307
Oak Park, Illinois 60301
Attn: Legal Counsel
Fax: (708) 660-9393


Each Party may change its address and that of its representative for notice by the giving of notice thereof in the manner herein provided.


- 5.4 Waiver. A waiver by either Party with respect to one event shall not be construed as continuing, or as a bar to or waiver of any right or remedy as to subsequent events.
- 5.5 Interpretation. Any ambiguity in this Agreement shall be resolved to permit Covered Entity to comply with the HIPAA Privacy Rule.

IN WITNESS WHEREOF, each of the undersigned has caused this to the Agreement to be duly executed in its name and on its behalf.

LORETTO HOSPITAL

BUSINESS ASSOCIATE

By: 

By: 

Print Name: Steve Drucker

Print Name: Carey E. Carlock

Print Title: President/ CEO

Print Title: Chief Executive Officer

Date: 12/24/08

Date: 1/22/09

Execution Copy

J.P. MORGAN SECURITIES INC.
270 Park Avenue
New York, New York 10017

DEUTSCHE BANK SECURITIES INC.
60 Wall Street
New York, New York 10005

JPMORGAN CHASE BANK, N.A.
270 Park Avenue
New York, New York 10017

DEUTSCHE BANK AG NEW YORK
BRANCH
60 Wall Street
New York, New York 10005

May 16, 2010

Universal Health Services, Inc.
367 South Gulph Road, P.O. Box 61558
King of Prussia, PA 19406-0958
Attention: Steve Filton
Chief Financial Officer

Project Olympus
Commitment Letter

Ladies and Gentlemen:

You have advised JPMorgan Chase Bank, N.A. ("JPMCB"), Deutsche Bank Securities Inc. ("DBSI"), J.P. Morgan Securities Inc. ("JPMSI") and Deutsche Bank AG New York Branch ("DB", and together with JPMCB, DBSI and JPMSI, the "Commitment Parties", "us" or "we") that you (the "Borrower"), intend to acquire, through a merger, the company you have identified to us as "Phoenix" (the "Target") and consummate the other transactions described on Exhibit A hereto. Capitalized terms used but not defined herein are used with the meanings assigned to them on the Exhibits attached hereto (such Exhibits, together with this letter, collectively, the "Commitment Letter").

1. Commitments

In connection with the Transactions, JPMCB is pleased to advise you of its commitment to provide 65% of the entire aggregate principal amount of the Credit Facilities, and DB is pleased to advise you of its commitment to provide 35% of the entire aggregate principal amount of the Credit Facilities, upon the terms and conditions set forth in this letter and the Summary of Terms and Conditions, attached as Exhibits B and C hereto (the "Term Sheet").

2. Titles and Roles

It is agreed that (i) each of JPMSI and DBSI will act as joint lead arranger and joint bookrunner for the Credit Facilities (acting in such capacities, the "Senior Lead Arrangers") and (ii) JPMCB will act as sole administrative agent for the Credit Facilities. Each of JPMSI and DBSI will, in its capacity as

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Senior Lead Arranger, perform the duties and exercise the authority customarily performed and exercised by it in such role.

It is further agreed that JPMSI will have "left" placement in any marketing materials or other documentation used in connection with the Credit Facilities and that DBSI will have "right" placement in any marketing materials or other documentation used in connection with the Credit Facilities. You agree that no other agents, co-agents, arrangers or bookrunners will be appointed and no other titles will be awarded and no compensation (other than that expressly contemplated by the Term Sheet and Fee Letter referred to below) will be paid in connection with the Credit Facilities unless you and we shall so reasonably agree (it being understood and agreed that no other agents, co-agents, arrangers or bookrunners shall be entitled to greater economics in respect of the Credit Facilities than the Commitment Parties).

3. Syndication

We intend to syndicate the Credit Facilities to a group of lenders identified by us in consultation with you (together with JPMCB and DB, the "Lenders"). The financial institutions identified and selected to act as the Lenders shall be subject to your prior consent (not to be unreasonably withheld). The Senior Lead Arrangers intend to commence syndication efforts promptly, and until the earlier to occur of (i) a Successful Syndication (as defined in the Fee Letter) and (ii) ninety (90) days after the Closing Date, you agree actively to assist (and to use your commercially reasonable efforts to cause the Target to actively assist) the Senior Lead Arrangers in completing a syndication satisfactory to the Commitment Parties. Such assistance shall include (A) using commercially reasonable efforts to ensure that the syndication efforts benefit from your and your affiliates' existing banking relationships, (B) direct contact between your senior management and advisors and the proposed Lenders (and using your commercially reasonable efforts to ensure such contact between senior management of the Target and the proposed Lenders), (C) your assistance (and using your commercially reasonable efforts to cause the Target to assist) in the preparation of one or more confidential information memoranda and other marketing materials to be used in connection with the syndication, (D) the hosting, with the Commitment Parties, of one or more meetings of prospective Lenders at times and locations to be mutually agreed (and using your commercially reasonable efforts to cause the officers of the Target to be available for such meetings), (E) using your commercially reasonable efforts to obtain (x) corporate credit and/or corporate family ratings for the Borrower and (y) ratings for the Credit Facilities and the Senior Notes, in each case from each of Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Group ("S&P") prior to the Closing Date, and (F) there being no competing offering, placement or arrangement of any debt securities (other than the Senior Notes or debt securities issued in lieu of the Senior Notes) or bank financing (other than the Credit Facilities) by or on behalf of you or the Target and its subsidiaries. Upon the request of any Commitment Party, you will furnish, and will use your commercially reasonable efforts to cause the Target to furnish, or cause to be furnished, to such Commitment Party an electronic version of your and the Target's trademarks, service marks and corporate logo for use in marketing materials for the purpose of facilitating the syndication of the Credit Facilities (the "License"); provided, however, that the License shall be used solely for the purpose described above, is granted without any fee and may not be assigned or transferred. Without limiting your obligations to assist with syndication efforts as set forth in this paragraph, we agree that completion of a syndication is not a condition to our commitments hereunder and we further agree that (except for purposes of determining whether a Successful Syndication has been achieved under the market flex provisions of the Fee Letter) we will not be released from our commitment hereunder in connection with such a syndication to any Lender unless (A) any such Lender (reasonably acceptable to you) has entered into an amendment or joinder with respect to this Commitment Letter committing to provide a portion of the Credit Facilities (in which case our commitments hereunder shall be reduced at such time by an amount equal to the commitment assumed by such Lender) or (B)

such Lender shall have entered into the applicable Credit Facilities Documentation and funded the portion of the Credit Facilities required to be funded by it on the Closing Date.

The Senior Lead Arrangers, in their capacity as such, will manage, in consultation with you, all aspects of the syndication, including decisions as to the selection of institutions to be approached and when they will be approached, when the Lenders' commitments will be accepted, which Lenders will participate (subject to your consent rights set forth above, not to be unreasonably withheld), the allocation of the commitments among the Lenders (subject to your prior consent, not to be unreasonably withheld) and the amount and distribution of fees among the Lenders. You hereby acknowledge and agree that each Senior Lead Arranger, in such capacity, will have no responsibility other than to arrange the syndication as set forth herein and in no event shall be subject to any fiduciary or other implied duties in connection with the transactions contemplated hereby. To assist the Senior Lead Arrangers in their syndication efforts, you agree promptly to prepare and provide to the Senior Lead Arrangers (and use commercially reasonable efforts to cause the Target to provide to the Senior Lead Arrangers) all information with respect to the Borrower and (to the best of your knowledge) the Target and their respective subsidiaries and the Acquisition, including all financial information and Projections (as defined below), as the Senior Lead Arrangers may reasonably request in connection with the arrangement and syndication of the Credit Facilities (it being understood that the Senior Lead Arrangers may engage in two or more syndication periods and you have agreed to assist the Senior Lead Arrangers as set forth in this paragraph in connection with all such syndication efforts). Notwithstanding anything in this Commitment Letter to the contrary, the terms of the Credit Facilities Documentation shall be negotiated by the parties in good faith not to be in a form such that the Credit Facility is not available on the date that the conditions to the acquisition are satisfied or capable of being satisfied if the Conditionality Provision (as defined below) and the conditions precedent set forth in the Term Sheet are satisfied.

At the request of the Senior Lead Arrangers, you agree to assist in the preparation of a version of the information package and presentation (the "Public Information Package") consisting exclusively of information and documentation with respect to you and your affiliates, the Target and its subsidiaries (in this case, to the best of your knowledge) and the Acquisition that is either publicly available or not material with respect to you and your affiliates, the Target and its subsidiaries (in this case, to the best of your knowledge), any of your or their respective securities or the Acquisition for purposes of United States federal and state securities laws. It is understood that in connection with your assistance described above, authorization letters will be included in any information package and presentation whereby you authorize the distribution of such information to prospective Lenders, containing a representation by you to the Commitment Parties that the Public Information Package does not include any such material non-public information and exculpating you and us with respect to any liability related to the use of the contents of such Public Information Package or any related marketing material by the recipients thereof. You acknowledge and agree that the following documents may be distributed to potential Lenders wishing to receive only the Public Information Package (unless you promptly notify us otherwise): (a) drafts and final versions of the Credit Facilities Documentation; (b) administrative materials prepared by the Commitment Parties for prospective Lenders (such as a lender meeting invitation, allocations and funding and closing memoranda); and (c) notification of changes in the terms of the Credit Facilities. You also agree to use commercially reasonable efforts to identify that portion of any other Information or Projections (the "Borrower Materials") to be distributed to "public side" lenders (i.e. lenders that do not wish to receive any such material non-public information), including by clearly and conspicuously marking such materials "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof. By marking Borrower Materials "PUBLIC", you shall be deemed to have authorized the Commitment Parties and the proposed Lenders to treat such Borrower Materials as not containing any material non-public information with respect to you and your affiliates, the Target and its subsidiaries (in this case, to the best of your knowledge), any of your or their (in this

case, to the best of your knowledge) respective securities or the Acquisition for the purpose of United States federal and state securities laws.

4. Information

You hereby represent, warrant and covenant that (with respect to Information and Projections relating to the Target and its subsidiaries, to your knowledge) (a) all written information, other than the Projections and information of a general economic or industry specific nature (the "Information"), that has been or will be made available to us by you or any of your representatives in connection with the transactions contemplated hereby, when taken as a whole, does not or will not, when furnished to us, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made (giving effect to all supplements thereto) and (b) the financial projections and other forward-looking information (the "Projections") that have been or will be made available to us by you or any of your representatives in connection with the transactions contemplated hereby have been or will be prepared in good faith based upon assumptions believed by you to be reasonable at the time furnished to us (it being recognized by the Commitment Parties that such Projections are not to be viewed as facts and that actual results during the period or periods covered by any such Projections may differ from the projected results, and such differences may be material). You agree that if, at any time prior to the Closing Date, you become aware that any of the representations in the preceding sentence is incorrect, in any material respect, then you will (or, with respect to the Information and Projections relating to the Target and its subsidiaries, will use commercially reasonable efforts to) promptly supplement the Information and the Projections so that (with respect to Information and Projections relating to the Target and its subsidiaries, to your knowledge) such representations are correct, in all material respects, under those circumstances. You understand that in arranging and syndicating the Credit Facilities we may use and rely on the Information and Projections without independent verification thereof.

5. Fees

As consideration for the commitments and agreements of the Commitment Parties hereunder, you agree to cause to be paid the nonrefundable fees described in the Fee Letter dated the date hereof and delivered herewith (the "Fee Letter") on the terms and subject to the conditions set forth therein.

6. Conditions

Each Commitment Party's commitments and agreements hereunder are subject to the conditions set forth in this Section 6, on Exhibit C and in Exhibit B under the heading "CERTAIN CONDITIONS - Initial Conditions". Notwithstanding anything in this Commitment Letter, the Fee Letter, the Credit Facilities Documentation (as defined in Exhibit B) or any other letter agreement or other undertaking concerning the financing of the transactions contemplated hereby to the contrary, (a) the only representations relating to you and your subsidiaries and the Target and its subsidiaries and their respective businesses, the accuracy of which shall be a condition to availability of the Credit Facilities on the Closing Date, shall be (i) such of the representations made by the Target in the Merger Agreement as are material to the interests of the Lenders, but only to the extent that you have the right to terminate your obligations under the Merger Agreement as a result of a breach of such representations in the Merger Agreement (the "Merger Agreement Representations") and (ii) the Specified Representations (as defined below), and (b) the terms of the Credit Facilities Documentation shall be in a form such that they do not impair availability of the Credit Facilities on the Closing Date if the conditions set forth in this Commitment Letter are satisfied (it being understood that, to the extent any collateral (including the creation or perfection of any security interest) referred to in the Term Sheet is not or cannot be provided on the Closing Date (other than (x) the pledge of capital stock of domestic subsidiaries of the Borrower

and (y) the grant and perfection of security interests in other assets pursuant to which a lien may be perfected solely by the filing of a financing statement under the Uniform Commercial Code ("UCC") after your use of commercially reasonable efforts to do so or without undue burden or expense, then the provision of any such collateral shall not constitute a condition precedent to the availability of the Credit Facilities on the Closing Date, but may instead be provided after the Closing Date pursuant to arrangements to be mutually agreed). For clarity, the satisfaction of the requirements described in the foregoing clauses (x) and (y) shall not be defeated solely because you fail to deliver on the Closing Date, after your use of commercially reasonable efforts to do so, one or more stock certificates of domestic subsidiaries of the Borrower (which in any event shall be delivered no later than 30 days after the Closing Date). For purposes hereof, "Specified Representations" means the representations and warranties referred to in the Term Sheet relating to corporate existence and qualification, power and authority, due authorization, execution and delivery and the enforceability of the Credit Facilities Documentation, in each case as they relate to the entering into and performance of the Credit Facilities Documentation, effectiveness, validity and perfection of first priority liens under the security documents (subject to permitted liens and the limitations set forth in the preceding sentence), use of proceeds, Investment Company Act, compliance with laws, solvency of the Borrower and its subsidiaries, on a consolidated basis after giving effect to the Transactions, Federal Reserve margin regulations and status of the Credit Facilities and the guarantees thereof as senior debt. Notwithstanding anything in this Commitment Letter, the Fee Letter, the Credit Facilities Documentation or any other letter agreement or other undertaking concerning the financing of the transactions contemplated hereby to the contrary, the only conditions to availability of the Credit Facilities on the Closing Date are set forth in the Term Sheet under the heading "CERTAIN CONDITIONS-Initial Conditions" and in Exhibit C. This paragraph, and the provisions of this paragraph, shall be referred to as the "Conditionality Provision".

7. Indemnification and Expenses

You agree (a) to indemnify and hold harmless the Commitment Parties, their respective affiliates and their respective directors, officers, employees, advisors and agents (each, an "indemnified person") from and against any and all losses, claims, damages and liabilities to which any such indemnified person may become subject arising out of or in connection with this Commitment Letter, the Fee Letter, the Credit Facilities, the use of the proceeds thereof and the Acquisition and the Transactions or any claim, litigation, investigation or proceeding (a "Proceeding") relating to any of the foregoing, regardless of whether any indemnified person is a party thereto, whether or not such Proceedings are brought by you, your equity holders, affiliates, creditors or any other person, and to reimburse each indemnified person upon demand for any reasonable, documented, out-of-pocket legal or other documented out-of-pocket expenses incurred in connection with investigating or defending any of the foregoing, provided that the foregoing indemnity will not, as to any indemnified person, apply to losses, claims, damages, liabilities or related expenses to the extent they arise from the willful misconduct, bad faith or gross negligence of such indemnified person or from the breach by such indemnified person of its agreement hereunder and (b) regardless of whether the Closing Date occurs, to reimburse each Commitment Party and its affiliates for all reasonable, documented out-of-pocket expenses that have been invoiced prior to the Closing Date (not to exceed \$250,000) or following termination or expiration of the commitments hereunder (including due diligence expenses, syndication expenses, travel expenses, and the fees, charges and disbursements of one transaction counsel, in addition to special or local counsel) incurred in connection with each of the Credit Facilities and any related documentation (including this Commitment Letter and the definitive Credit Facility Documentation) or the administration, amendment, modification or waiver thereof. It is further agreed that each Commitment Party shall only have liability to you (as opposed to any other person). No indemnified person shall be liable for any damages arising from the use by other persons of Information or other materials sent through electronic, telecommunications or other information transmission systems that are intercepted by such other persons, except to the extent any such damages arise from the gross negligence, bad faith or willful misconduct of such indemnified person (or any of its related parties) or

from the breach by such indemnified person (or any of its related parties) of its agreements hereunder. None of the indemnified persons or you, the Target or any of your or their respective affiliates or the respective directors, officers, employees, advisors, and agents of the foregoing shall be liable for any indirect, special, punitive or consequential damages in connection with this Commitment Letter, the Fee Letter, the Credit Facilities or the transactions contemplated hereby. You shall not be liable for any settlement of any Proceeding effected without your consent (which consent shall not be unreasonably withheld or delayed), but if settled with your written consent, or if there is a judgment against an indemnified person in any such Proceeding, you agree to indemnify and hold harmless each indemnified person in the manner set forth above. You shall not, without the prior written consent of an indemnified person (which consent shall not be unreasonably withheld, conditioned or delayed), effect any settlement of any pending or threatened Proceeding against an indemnified person in respect of which indemnity could have been sought hereunder by such indemnified person unless such settlement (i) includes an unconditional release of such indemnified person from all liability or claims that are the subject matter of such Proceeding and (ii) does not include any statement as to any admission.

8. Sharing of Information, Absence of Fiduciary Relationship, Affiliate Activities

You acknowledge that each Commitment Party (or its affiliates) is a full service securities firm and such person may from time to time effect transactions, for its own or its affiliates' account or the account of customers, and hold positions in loans, securities or options on loans or securities of you, the Target, your or their respective affiliates and of other companies that may be the subject of the transactions contemplated by this Commitment Letter. In addition, none of the Commitment Parties and none of their respective affiliates will use confidential information obtained from you or your affiliates or on your or their behalf by virtue of the transactions contemplated hereby in connection with the performance by the Commitment Parties and their respective affiliates of services for other companies or other persons and none of the Commitment Parties or their respective affiliates will furnish any such information to any of their other customers. You also acknowledge that the Commitment Parties and their respective affiliates have no obligation to use in connection with the transactions contemplated hereby, or to furnish to you, confidential information obtained from other companies or other persons.

You further acknowledge and agree that (a) no fiduciary, advisory or agency relationship between you and the Commitment Parties is intended to be or has been created in respect of any of the transactions contemplated by this Commitment Letter, irrespective of whether the Commitment Parties have advised or are advising you on other matters, (b) the Commitment Parties, on the one hand, and you, on the other hand, have an arm's length business relationship that does not directly or indirectly give rise to, nor do you rely on, any fiduciary duty on the part of the Commitment Parties, (c) you are capable of evaluating and understanding, and you understand and accept, the terms, risks and conditions of the transactions contemplated by this Commitment Letter, (d) you have been advised that the Commitment Parties are engaged in a broad range of transactions that may involve interests that differ from your interests and that the Commitment Parties have no obligation to disclose such interests and transactions to you by virtue of any fiduciary, advisory or agency relationship, (e) you have consulted your own legal, accounting, regulatory and tax advisors to the extent you have deemed appropriate, (f) each Commitment Party has been, is, and will be acting solely as a principal and, except as otherwise expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for you, any of your affiliates or any other person or entity and (g) none of the Commitment Parties has any obligation to you or your affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein or in any other express writing executed and delivered by such Commitment Party and the Borrower.

9. Confidentiality

This Commitment Letter is delivered to you on the understanding that neither this Commitment Letter nor the Fee Letter nor any of their terms or substance shall be disclosed, directly or indirectly, to any other person except (a) you and your officers, directors, employees, affiliates, members, partners, stockholders, attorneys, accountants, agents and advisors and, on a confidential basis, those of the Target and its subsidiaries and the Target itself (provided that the Fee Letter and its terms and substance shall only be disclosed to the Target and its officers, directors, employees, attorneys, accountants, agents or advisors in mutually agreed redacted form), (b) in any legal, judicial or administrative proceeding or as otherwise required by law or regulation or as requested by a governmental authority (in which case you agree, to the extent permitted by law, to inform us promptly in advance thereof), (c) upon notice to the Commitment Parties, this Commitment Letter and the existence and contents hereof (but not the Fee Letter or the contents thereof other than the existence thereof and the contents thereof as part of projections, pro forma information and a generic disclosure of aggregate sources and uses to the extent customary in marketing materials and other disclosures) may be disclosed in any prospectus or offering memoranda relating to the Senior Notes, in any syndication or other marketing material in connection with the Credit Facilities or in connection with any public filing requirement, and (d) the Term Sheet may be disclosed to potential Lenders and to any rating agency in connection with the Acquisition; provided that the foregoing restrictions shall cease to apply in respect to the existence and contents of this Commitment Letter (but not in respect of the Fee Letter and its terms and substance) after this Commitment Letter has been accepted by you.

The Commitment Parties shall use all nonpublic information received by them in connection with the Acquisition and the related transactions solely for the purposes of providing the services that are the subject of this Commitment Letter and shall treat confidentially all such information; provided, however, that nothing herein shall prevent any Commitment Party from disclosing any such information (a) to rating agencies, (b) to any Lenders or participants or prospective Lenders or participants, (c) in any legal, judicial, administrative proceeding or other compulsory process or otherwise as required by applicable law or regulations (in which case such Commitment Party shall promptly notify you, in advance, to the extent permitted by law), (d) upon the request or demand of any regulatory authority having jurisdiction over such Commitment Party or its affiliates (in which case such Commitment Party shall, except with respect to any audit or examination conducted by bank accountants or any governmental bank regulatory authority exercising examination or regulatory authority, promptly notify you, in advance, to the extent lawfully permitted to do so), (e) to the employees, legal counsel, independent auditors, professionals and other experts or agents of such Commitment Party (collectively, "Representatives") who are informed of the confidential nature of such information and are or have been advised of their obligation to keep information of this type confidential, (f) to any of its respective affiliates (provided that any such affiliate is advised of its obligation to retain such information as confidential, and such Commitment Party shall be responsible for its affiliates' compliance with this paragraph) solely in connection with the Acquisition and the related transactions, (g) to the extent any such information becomes publicly available other than by reason of disclosure by such Commitment Party, its affiliates or Representatives in breach of this Commitment Letter and (h) for purposes of establishing a "due diligence" defense; provided that the disclosure of any such information to any Lenders or prospective Lenders or participants or prospective participants referred to above shall be made subject to the acknowledgment and acceptance by such Lender or prospective Lender or participant or prospective participant that such information is being disseminated on a confidential basis (on substantially the terms set forth in this paragraph or as is otherwise reasonably acceptable to you and each Commitment Party, including, without limitation, as agreed in any confidential information memorandum or other marketing materials) in accordance with the standard syndication processes of such Commitment Party or customary market standards for dissemination of such type of information. The provisions of this paragraph shall automatically terminate two years following the date of this Commitment Letter.

10. Miscellaneous

This Commitment Letter shall not be assignable by you (except to one or more of your subsidiaries immediately prior to or otherwise substantially concurrently with the consummation of the Acquisition) without the prior written consent of each Commitment Party (and any purported assignment without such consent shall be null and void), is intended to be solely for the benefit of the parties hereto and the indemnified persons and is not intended to and does not confer any benefits upon, or create any rights in favor of, any person other than the parties hereto and the indemnified persons to the extent expressly set forth herein. Subject to Section 3 above, the Commitment Parties reserve the right to employ the services of their affiliates in providing services contemplated hereby and to allocate, in whole or in part, to their affiliates certain fees payable to the Commitment Parties in such manner as the Commitment Parties and their affiliates may agree in their sole discretion. This Commitment Letter may not be amended or waived except by an instrument in writing signed by you and each Commitment Party. This Commitment Letter may be executed in any number of counterparts, each of which shall be an original, and all of which, when taken together, shall constitute one agreement. Delivery of an executed signature page of this Commitment Letter by facsimile or other electronic transmission (e.g., "pdf" or "tif") shall be effective as delivery of a manually executed counterpart hereof. This Commitment Letter and the Fee Letter are the only agreements that have been entered into among us and you with respect to the Credit Facilities and set forth the entire understanding of the parties with respect thereto. This Commitment Letter shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

You and we hereby irrevocably and unconditionally submit to the exclusive jurisdiction of any state or federal court sitting in the Borough of Manhattan in the City of New York over any suit, action or proceeding arising out of or relating to the Transactions or the other transactions contemplated hereby, this Commitment Letter or the Fee Letter or the performance of services hereunder or thereunder. You and we agree that service of any process, summons, notice or document by registered mail addressed to you or us shall be effective service of process for any suit, action or proceeding brought in any such court. You and we hereby irrevocably and unconditionally waive any objection to the laying of venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding has been brought in any inconvenient forum. You and we hereby irrevocably agree to waive trial by jury in any suit, action, proceeding, claim or counterclaim brought by or on behalf of any party related to or arising out of the Transactions, this Commitment Letter or the Fee Letter or the performance of services hereunder or thereunder.

Each of the Commitment Parties hereby notifies you that, pursuant to the requirements of the USA PATRIOT Act, Title III of Pub. L. 107-56 (signed into law on October 26, 2001) (the "PATRIOT Act"), it is required to obtain, verify and record information that identifies the Borrower and each Guarantor, which information includes names, addresses, tax identification numbers and other information that will allow such Commitment Party and each Lender to identify the Borrower and each Guarantor in accordance with the PATRIOT Act. This notice is given in accordance with the requirements of the PATRIOT Act and is effective for the Commitment Parties and each Lender.

The indemnification, fee, expense, jurisdiction, syndication and confidentiality provisions contained herein and in the Fee Letter shall remain in full force and effect regardless of whether definitive financing documentation shall be executed and delivered and notwithstanding (except with respect to syndication) the termination of this Commitment Letter or the commitments hereunder; provided that your obligations under this Commitment Letter (other than your obligations with respect to (a) assistance to be provided in connection with the syndication thereof and (b) confidentiality of the Fee Letter and the contents thereof) shall automatically terminate and be superseded by the provisions of the Credit Facilities Documentation upon the initial funding thereunder, and you shall automatically be released from all

liability in connection therewith at such time. You may terminate the Commitment Parties' commitments hereunder at any time subject to the provisions of the preceding sentence.


Section headings used herein are for convenience of reference only and are not to affect the construction of, or to be taken into consideration in interpreting, this Commitment Letter.

If the foregoing correctly sets forth our agreement, please indicate your acceptance of the terms of this Commitment Letter and the Fee Letter by returning to us executed counterparts of this Commitment Letter and of the Fee Letter not later than 5:00 p.m., New York City time, on May 17, 2010. This offer will automatically expire at such time if we have not received such executed counterparts in accordance with the preceding sentence. In the event that the initial borrowing under the Credit Facilities does not occur on or before the Expiration Date, then this Commitment Letter and the commitments hereunder shall automatically terminate unless we shall, in our discretion, agree to an extension. "Expiration Date" means the earliest of (i) January 7, 2011, (ii) the closing of the Acquisition without the use of the Credit Facilities and (iii) the termination prior to closing of the Acquisition of the Merger Agreement.

We are pleased to have been given the opportunity to assist you in connection with this important financing.

Very truly yours,

JPMORGAN CHASE BANK, N.A.

By: 
Name: Dawn L. LeeLum
Title: Executive Director

J.P. MORGAN SECURITIES INC.

By: _____
Name:
Title:

We are pleased to have been given the opportunity to assist you in connection with this important financing.

Very truly yours,

JPMORGAN CHASE BANK, N.A.

By: _____
Name:
Title:

J.P. MORGAN SECURITIES INC.

By: 4 3
Name: David A. Dwyer
Title: Executive Director

DEUTSCHE BANK AG NEW YORK BRANCH

By: _____
Name: Stephen Caver
Title: Managing Director

By: _____
Name: Patrick W. Dowling
Title: Director

DEUTSCHE BANK SECURITIES INC.

By: _____
Name: Sean Murphy
Title: Managing Director

By: _____
Name: William Frauen
Title: Managing Director

Accepted and agreed to as of the date first written above:

UNIVERSAL HEALTH SERVICES, INC.

By:

St. J. it

Number
Title

EXHIBIT A

PROJECT OLYMPUS
TRANSACTION SUMMARY

Capitalized terms used but not defined in this Exhibit A shall have the meanings set forth in the Commitment Letter to which this Exhibit A is attached and in Exhibits B and C thereto.

Universal Health Services, Inc. (the "Borrower") has newly formed Olympus Acquisition Corp. ("Acquisition Co"), for the purpose of having the Borrower acquire (the "Acquisition"), through a merger transaction the company identified to us as "Phoenix" (the "Target") pursuant to a Merger Agreement (together with all exhibits, schedules and disclosure letters thereto, the "Merger Agreement") dated as of May 16, 2010 between the Target, Acquisition Co and the Borrower. In connection therewith, it is intended that:

(a) The Borrower will obtain senior secured credit facilities (the "Credit Facilities") in an aggregate amount of \$4,150 million comprised of (i) a \$500 million "tranche A" term loan facility, (ii) a \$2,850 million "tranche B" term loan facility and (iii) a \$800 million revolving credit facility, each as described in Exhibit B. The amount of the "tranche B" term loan facility shall be reduced by an amount equal to the gross cash proceeds (if any) obtained by the Borrower prior to the Closing Date by the issuance and sale of senior unsecured notes (the "Senior Notes") in a public offering or in a Rule 144A or other private placement.

(b) The proceeds of the Credit Facilities and the Senior Notes on the Closing Date will be applied (i) to refinance certain existing indebtedness of the Target and the Borrower, (ii) to pay the cash consideration for the Acquisition and (iii) to pay the fees and expenses incurred in connection with the Transactions (such fees and expenses, the "Transaction Costs").

The transactions described above are collectively referred to herein as the "Transactions". For purposes of this Commitment Letter and the Fee Letter, "Closing Date" shall mean the date of the satisfaction or waiver of the conditions set forth in Exhibit C and the initial funding of the relevant Credit Facilities.

EXHIBIT B

PROJECT OLYMPUS
\$4,150 million
Credit Facilities
Summary of Terms and Conditions

Set forth below is a summary of the principal terms and conditions for the Credit Facilities. Capitalized terms used but not defined shall have the meanings set forth in the Commitment Letter to which this Exhibit B is attached and in Exhibits A and C attached thereto.

1. PARTIES

- Borrower:** Universal Health Services, Inc., a Delaware corporation (the "Borrower").
- Guarantors:** Each of the Borrower's direct and indirect, existing and future, domestic material subsidiaries (the "Guarantors"); together with the Borrower, the "Loan Parties").
- Joint Lead Arrangers and Joint Bookrunners:** J.P. Morgan Securities Inc. ("JPMSI") and Deutsche Bank Securities Inc. ("DBSI") and, together with JPMSI, in such capacity, the "Senior Lead Arrangers").
- Administrative Agent:** JPMorgan Chase Bank, N.A. (in such capacity, the "Administrative Agent").
- Lenders:** A syndicate of banks, financial institutions and other entities arranged by the Commitment Parties and reasonably acceptable to the Borrower (collectively, the "Lenders").

2. TYPES AND AMOUNTS OF CREDIT FACILITIES

A. Term Loan Facilities

Type and Amount: Term loan facilities (the "Term Loan Facilities") as follows:

Tranche A Term Facility: A five-year term loan facility (the "Tranche A Term Facility") in the amount of up to \$500 million (the loans thereunder, the "Tranche A Term Loans"). The Tranche A Term Loans will be offered to Lenders with upfront fees of 0.75% of the amount thereof.

Tranche B Term Facility: A six-year term loan facility (the "Tranche B Term Facility") in the amount of up to \$2,850 million (the loans thereunder, the "Tranche B Term Loans" and, together with the Tranche A Term Loans, the "Term Loans"). The Tranche B Term Loans will be offered to Lenders with upfront fees of 1.00% of the amount thereof.

Maturity and Amortization:

The Tranche A Term Loans will mature on the date that is five years after the Closing Date (the "Tranche A Term Maturity Date").

The Tranche A Term Loans shall be repayable for the first eight quarters in equal quarterly installments in an aggregate annual amount equal to 2.5% of the original principal amount of the Tranche A Term Facility and thereafter in equal quarterly installments in an aggregate annual amount equal to 5% of the original principal amount of the Tranche A Term Facility. The balance of the Tranche A Term Loans will be payable on the Tranche A Term Maturity Date.

The Tranche B Term Loans will mature on the date that is six years after the Closing Date (the "Tranche B Term Maturity Date").

The Tranche B Term Loans shall be repayable in equal quarterly installments in an aggregate annual amount equal to 1% of the original principal amount of the Tranche B Term Facility. The balance of the Tranche B Term Loans will be payable on the Tranche B Term Maturity Date.

Availability:

The Term Loans shall be made in a single drawing on the Closing Date. Repayments and prepayments of the Term Loans may not be reborrowed.

Use of Proceeds:

The proceeds of the Term Loans will be used to finance a portion of the Transactions and to refinance certain existing indebtedness of the Borrower and the Target.

B. Revolving Facility.

Type and Amount:

A five-year revolving facility (the "Revolving Facility"; the commitments thereunder, the "Revolving Commitments") in the initial amount of \$800 million (the loans thereunder, together with (unless the context otherwise requires) the Swingline Loans referred to below, the "Revolving Loans"; and together with the Term Loans, the "Loans"). The Revolving Facility will be offered to Lenders with upfront fees of 0.75% of the amount thereof.

Availability and Maturity:

The Revolving Facility shall be available on a revolving basis during the period commencing on the Closing Date and ending on the date that is five years after the Closing Date (the "Revolving Termination Date") (and, in the case of ABR borrowings, will be available on a same day basis). The Revolving Commitments and the Revolving Loans will mature on the Revolving Termination Date. Amounts repaid under the

Revolving Facility may be reborrowed, subject to satisfaction of the on-going borrowing conditions. The Borrower shall be permitted to borrow up to \$300 million under the Revolving Facility on the Closing Date (excluding the amount of letters of credit then outstanding).

Letters of Credit:

A portion of the Revolving Facility not in excess of \$125 million shall be available beginning on the Closing Date for the issuance of letters of credit (the "Letters of Credit") by the Administrative Agent or other Lenders reasonably satisfactory to the Borrower (in such capacity, the "Issuing Lender"). No Letter of Credit shall have an expiration date after the earlier of (a) one year after the date of issuance unless consented to by the Issuing Lender and (b) five business days prior to the Revolving Termination Date, provided that any Letter of Credit with a one-year tenor may provide for the renewal thereof for additional one-year periods (which shall in no event extend beyond the date referred to in clause (b) above) under customary "evergreen" provisions.

Drawings under any Letter of Credit shall be reimbursed by the Borrower (whether with its own funds or with the proceeds of Revolving Loans) within one business day. To the extent that the Borrower does not so reimburse the Issuing Lender, the Lenders under the Revolving Facility shall be irrevocably and unconditionally obligated to fund participations in the reimbursement obligations on a pro rata basis.

Swingline Loans:

A portion of the Revolving Facility not in excess of \$50 million shall be available for swingline loans (the "Swingline Loans") from the Administrative Agent on same-day notice. Any Swingline Loans will reduce availability under the Revolving Facility on a dollar-for-dollar basis. Each Lender under the Revolving Facility shall be irrevocably and unconditionally required to purchase, under certain circumstances, a participation in each Swingline Loan on a pro rata basis.

Use of Proceeds:

The proceeds of the Revolving Loans, the Letters of Credit and the Swingline Loans shall be used to finance the working capital needs and for general corporate purposes of the Borrower and its subsidiaries.

3. CERTAIN PAYMENT PROVISIONS

Fees and Interest Rates:

As set forth on Annex I.

**Optional Prepayments and
Commitment Reductions:**

Loans may be prepaid and commitments may be reduced, in whole or in part without premium or penalty, in minimum amounts to be agreed, at the option of the Borrower at any time upon one day's (or, in the case of a prepayment of Eurodollar Loans, three days') prior notice, subject to reimbursement of the

Lenders' redeployment costs in the case of a prepayment of Eurodollar Loans (as defined in Annex I) prior to the last day of the relevant interest period. Optional prepayments of the Term Loans shall be applied as directed by the Borrower.

Mandatory Prepayments:

Mandatory repayments of Term Loans shall be required from:

- (a) 100% of any non-ordinary course sale or other disposition of assets (including as a result of casualty or condemnation but excluding the sale of receivables in connection with a receivables securitization facility up to an amount to be determined (the "Receivables Facility") and asset swaps) by the Loan Parties and their subsidiaries (subject to exceptions and reinvestment rights to be agreed);
- (b) 100% of the net cash proceeds from issuances or incurrences of debt by the Loan Parties and their subsidiaries (other than indebtedness permitted by the Credit Facilities); and
- (c) 50% (with stepdowns to be agreed based on the Leverage Ratio (as defined below)) of annual Excess Cash Flow (to be defined in a manner to be agreed) of the Loan Parties and their subsidiaries.

All mandatory repayments of Term Loans will be applied first to scheduled installments thereof occurring within the next 12 months in direct order of maturity and second ratably to the remaining respective installments thereof. Mandatory prepayments of the Term Loans may not be reborrowed.

4. COLLATERAL

Collateral:

Subject to exclusions and limitations to be agreed and subject to the Conditionality Provision, the obligations of the Borrower and each Guarantor in respect of the Credit Facilities and any swap agreements and cash management arrangements provided by any Lender (or any affiliate of a Lender) shall be secured by a perfected first priority security interest in substantially all of its tangible and intangible assets (including, without limitation, intellectual property, real property and all of the capital stock each of the Borrower's direct and indirect domestic subsidiaries (and limited, in the case of foreign subsidiaries, to 66-2/3% of the capital stock of first tier foreign subsidiaries)), except (a) for (i) motor vehicles, (ii) deposit accounts, (iii) letters of credit and letter of credit rights not constituting supporting obligations, (iv) intellectual property to the extent perfection of a security interest thereon requires any filing to be made outside the United States, (v) accounts receivable sold pursuant to the Receivables Facility up to an amount to be agreed, (vi) certain real estate property to be agreed that will be subject to sale-leaseback transactions, and (vii) those assets (including, without limitation, "RTC" facilities)

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as to which the Administrative Agent and the Borrower agree that the cost of obtaining a security interest therein is excessive in relation to the benefit to the Lenders afforded thereby and (b) that the Loan Parties shall not be required to enter into control agreements or otherwise provide control with respect to securities accounts. If the Borrower's 6.75% Senior Notes due 2011, and the 7.125% Senior Notes due 2016 shall remain outstanding, the Administrative Agent and the trustee(s) thereof shall enter into an intercreditor agreement reasonably satisfactory to the Administrative Agent.

5. CERTAIN CONDITIONS

Initial Conditions:

The availability of the Credit Facilities on the Closing Date will be subject only to (a) the conditions precedent set forth in Section 6 of the Commitment Letter and on Exhibit C, and (b) the accuracy in all material respects of the representations and warranties (subject to the Conditionality Provision).

On-Going Conditions:

After the Closing Date, the making of each Loan or the issuance of a Letter of Credit shall be conditioned upon (a) the accuracy in all material respects (and in all respects if qualified by materiality) of all representations and warranties in the definitive documentation for the Credit Facilities and (b) there being no default or event of default in existence at the time of, or after giving effect to the making of, such extension of credit.

6. DOCUMENTATION

Credit Documentation:

The definitive documentation for the Credit Facilities (the "Credit Facilities Documentation") shall contain those terms and conditions usual for facilities and transactions of this type as may be reasonably agreed by the Borrower, the Senior Lead Arrangers and the Lenders.

Financial Covenants:

Limited to:

- (a) A maximum total leverage ratio (the "Leverage Ratio"), defined as the ratio of total indebtedness to EBITDA, at levels to be agreed and with at least a 25% cushion in EBITDA above the EBITDA levels set forth in the Borrower model delivered to the Senior Lead Arrangers (the "Borrower Model").
- (b) A minimum net interest coverage ratio (the "Interest Coverage Ratio"), defined as the ratio of EBITDA to total net interest expense, at levels to be agreed and with at least a 25% cushion in EBITDA above the EBITDA levels set forth in the Borrower Model.

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Financial definitions shall be consistent with the relevant definitions in the credit agreement dated as of March 4, 2005, among the Borrower, the subsidiaries of the Borrower party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the other financial institutions from time to time party thereto (the "Existing Credit Agreement"), as in effect on the date hereof (after giving effect to any amendment, modification or supplement prior to the date hereof).

Representations and Warranties:

Shall consist of the following (with exceptions and materiality and other qualifications to be agreed): material accuracy of financial statements (including pro forma financial statements); absence of undisclosed material liabilities; no material adverse change; corporate existence and qualification; due authorization and compliance with law; power and authority; enforceability of Credit Facilities Documentation; no conflict with law or material contractual obligations; no material litigation; no default; ownership of material property; liens; intellectual property; taxes; Federal Reserve margin regulations; labor matters; compliance with ERISA; Investment Company Act and other regulations; subsidiaries; use of proceeds; environmental matters; accuracy of disclosure; creation and perfection of security interests (subject to permitted liens); solvency of the Borrower and its subsidiaries, on a consolidated basis; status of Credit Facilities as senior debt; Regulation H; and delivery of certain documents.

Affirmative Covenants:

Shall consist of the following (with exceptions and materiality and other qualifications to be agreed): delivery of financial statements, reports, accountants' letters, projections, officers' certificates and certain other information; payment of taxes and other obligations; continuation of business and maintenance of existence and material rights and privileges; compliance with laws and material contractual obligations; maintenance of property and insurance; maintenance of books and records; right of the Lenders to inspect property and books and records; notices of defaults, litigation and other material events; compliance with environmental laws; compliance with ERISA; further assurances with respect to collateral (including, without limitation, with respect to security interests in after-acquired property), guarantees and new subsidiaries; maintenance of monitored public corporate family/corporate credit ratings; and agreement to obtain interest rate protection in an amount and manner satisfactory to the Administrative Agent.

Negative Covenants:

Shall consist of the following (with exceptions, baskets and other qualifications to be agreed): limitations on: indebtedness (including guarantee obligations); liens; mergers, consolidations, liquidations and dissolutions; sales of assets (other than the sale of accounts receivable in connection with a Receivables Facility); dividends and other payments in respect of capital

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ATTACHMENT 39

stock; capital expenditures; acquisitions, investments, loans and advances; payments and modifications of subordinated and other material debt instruments to be agreed; transactions with affiliates; sale-leasebacks; changes in fiscal year; hedging arrangements; negative pledge clauses and clauses restricting subsidiary distributions; changes in lines of business; and amendments to the Transaction Agreement and other transaction documents.

Events of Default:

Shall consist of the following (to be subject to exceptions, baskets and materiality and other qualifications to be agreed upon): nonpayment of principal when due; nonpayment of interest, fees or other amounts after a grace period to be agreed upon; material inaccuracy of a representation or warranty when made; violation of a covenant (subject, in the case of certain affirmative covenants, to notice and a grace period to be agreed upon); cross-default to material indebtedness; bankruptcy events in respect of the Borrower and its subsidiaries other than immaterial subsidiaries; certain ERISA events; material judgments; actual or asserted invalidity of any guarantee or security document or non-perfection of security interest; and a change of control (the definition of which is to be agreed upon).

Voting, Assignments and Participations, Yield Protection:

Amendments and waivers with respect to the Credit Facilities Documentation shall require the approval of Lenders holding more than 50% of the aggregate amount of the Term Loans and Revolving Commitments (the "Required Lenders"), except that (a) the consent of each Lender directly affected thereby shall be required with respect to (i) reductions in the amount or extensions of the scheduled date of any amortization or final maturity of any Loan, (ii) reductions in the rate of interest or any fee or extensions of any due date thereof and (iii) increases in the amount or extensions of the expiry date of any Lender's commitment and (b) the consent of 100% of the Lenders shall be required with respect to (i) reductions of any of the voting percentages, (ii) releases of all or substantially all the collateral and (iii) releases of all or substantially all of the Guarantors.

The Credit Facilities Documentation shall contain customary provisions for replacing non-consenting Lenders in connection with amendments and waivers requiring the consent of all Lenders or of all Lenders directly affected thereby so long as the Required Lenders shall have consented thereto.

The Credit Facilities Documentation shall contain customary provisions relating to "defaulting" Lenders (including provisions relating to providing cash collateral to support swingline loans or letters of credit, the suspension of voting rights, rights to receive

certain fees, and termination or assignment of commitments or Loans of such Lenders).

The Lenders will be permitted to assign all or a portion of their Loans and Commitments with the consent of the Borrower (unless an event of default has occurred and is continuing or such assignment is to a Lender or an affiliate of a Lender).

Expenses and Indemnification:

Regardless of whether the Closing Date occurs, the Borrower shall pay (a) all reasonable out-of-pocket expenses of the Administrative Agent and the Lead Arrangers associated with the syndication of the Credit Facilities and the preparation, execution, delivery and administration of the Credit Facilities Documentation (not to exceed \$250,000) and any amendment or waiver with respect thereto (including the reasonable fees, disbursements and other charges of one transaction counsel, in addition to special or local counsel) and (b) all out-of-pocket expenses of the Administrative Agent and the Lenders (including the fees, disbursements and other charges of counsel) in connection with the enforcement of the Credit Facilities Documentation.

The Administrative Agent, the Lead Arrangers and the Lenders (and their affiliates and their respective officers, directors, employees, advisors and agents) will have no liability for, and will be indemnified and held harmless against, any losses, claims, damages, liabilities or expenses (including the reasonable fees, disbursements and other charges of counsel) incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof, except to the extent they are found by a final, nonappealable judgment of a court of competent jurisdiction to arise from the gross negligence, bad faith or willful misconduct of the relevant indemnified person (or its related parties) or from breach by such indemnified person of its agreements under the Credit Facilities Documentation.

Governing Law and Forum:

New York.

Counsel to the Administrative Agent and the Commitment Parties:

Simpson Thacher & Bartlett LLP.

INTEREST AND CERTAIN FEES

Interest Rate Options:

The Borrower may elect that the Loans comprising each borrowing bear interest at a rate per annum equal to (a) the ABR plus the Applicable Margin or (b) the Eurodollar Rate, plus the Applicable Margin; provided that all Swingline Loans shall bear interest at a rate per annum equal to the ABR plus the Applicable Margin.

As used herein:

"ABR" means the highest of (i) the rate of interest publicly announced by JPMorgan Chase Bank, N.A. as its prime rate in effect at its principal office in New York City (the "Prime Rate"), (ii) the federal funds effective rate from time to time plus 0.50% and (iii) the Eurodollar Rate applicable for an interest period of one month plus 1.00%; provided, however, that notwithstanding the rate calculated in accordance with the foregoing, at no time shall the ABR for the Tranche B Term Facility be deemed to be less than 2.50% per annum.

"ABR Loans" means Loans bearing interest based upon the ABR.

"Applicable Margin" means, initially, (a) with respect to Revolving Loans (including Swingline Loans), (i) 2.25% in the case of ABR Loans and (ii) 3.25% in the case of Eurodollar Loans, (b) with respect to Tranche A Term Loans (i) 2.25%, in the case of ABR Loans and (ii) 3.25%, in the case of Eurodollar Loans and (c) with respect to Tranche B Term Loans (i) 2.50%, in the case of ABR Loans and (ii) 3.50%, in the case of Eurodollar Loans. The foregoing margins applicable to Revolving Loans and Tranche A Term Loans shall be subject to change after financial statements have been delivered for two full fiscal quarters after the Closing Date based upon the pricing grid attached hereto as Annex I-B.

"Eurodollar Rate" means the rate (adjusted for statutory reserve requirements for eurocurrency liabilities) for eurodollar deposits for a period equal to one, two, three, six, and if agreed by all relevant Lenders, nine or twelve months (as selected by the Borrower) appearing on LIBOR01 Page published by Reuters; provided, however, that notwithstanding the rate calculated in accordance with the foregoing, at no time shall the Eurodollar Rate for the Tranche B Term Facility be deemed to be less than 1.50% per annum.

"Eurodollar Loans" means Loans bearing interest based upon the Eurodollar Rate.

Interest Payment Dates:

In the case of ABR Loans, quarterly in arrears.

In the case of Eurodollar Loans, on the last day of each relevant interest period and, in the case of any interest period longer than three months, on each successive date three months after the first day of such interest period.

Commitment Fees:

The Borrower shall pay a commitment fee calculated at a rate per annum equal to 0.50% on the average daily unused portion of the Revolving Facility, payable quarterly in arrears, subject to change after financial statements have been delivered for two full fiscal quarters after the Closing Date based upon the pricing grid attached hereto as Annex I-B. Swingline Loans shall, for purposes of the commitment fee calculations only, not be deemed to be a utilization of the Revolving Facility.

Letter of Credit Fees:

The Borrower shall pay a fee on all outstanding Letters of Credit at a per annum rate equal to the Applicable Margin then in effect with respect to Eurodollar Loans under the Revolving Facility on the face amount of each such Letter of Credit. Such fee shall be shared ratably among the Lenders participating in the Revolving Facility and shall be payable quarterly in arrears.

A fronting fee in an amount to be agreed on the face amount of each Letter of Credit shall be payable quarterly in arrears to the Issuing Lender for its own account. In addition, customary administrative, issuance, amendment, payment and negotiation charges shall be payable to the Issuing Lender for its own account.

Default Rate:

At any time when the Borrower is in default in the payment of any amount under the Credit Facilities, after giving effect to any applicable grace period, such overdue amounts shall bear interest at 2.00% per annum above the rate otherwise applicable thereto (or, in the event there is no applicable rate, 2.00% per annum in excess of the rate otherwise applicable to Revolving Loans maintained as ABR Loans from time to time).

Rate and Fee Basis:

All per annum rates shall be calculated on the basis of a year of 360 days (or 365/366 days, in the case of ABR Loans, the interest rate payable on which is then based on the Prime Rate) for actual days elapsed.

Annex I-B

Pricing¹

Leverage Ratio	Eurodollar Rate for Tranche A Term Loans and Revolving Loans	ABR for Tranche A Term Loans and Revolving Loans	Commitment Fee
<2.75 to 1.00	2.50%	1.50%	0.25%
<3.25 to 1.00 but ≥ 2.75 to 1.00	2.75%	1.75%	0.375%
<3.75 to 1.00 but ≥ 3.25 to 1.00	3.00%	2.00%	0.375%
<4.25 to 1.00 but ≥ 3.75 to 1.00	3.25%	2.25%	0.50%
≥ 4.25 to 1.00	3.50%	2.50%	0.50%

¹ Pricing levels to include a trigger based on ratings to be agreed.

PROJECT OLYMPUS
Conditions

The availability of the Credit Facilities shall be subject to the satisfaction of the following conditions (subject to the Conditionality Provision). Capitalized terms used but not defined herein have the meanings set forth in the Commitment Letter to which this Exhibit C is attached and in Exhibits A and B.

1. Each Loan Party to be party thereto shall have executed and delivered the Credit Facilities Documentation on terms consistent with the Commitment Letter and otherwise reasonably satisfactory to both the Loan Parties and the Commitment Parties, and the Commitment Parties shall have received:

- a. customary closing certificates and legal opinions; and
- b. a certificate from the chief financial officer of the Borrower, in form and substance reasonably acceptable to the Commitment Parties, certifying that the Borrower and its subsidiaries, on a consolidated basis after giving effect to the Transactions and the other transactions contemplated hereby, are solvent.

2. On the Closing Date, after giving effect to the Transactions, neither the Borrower nor any of its subsidiaries shall have any material indebtedness for borrowed money other than the Credit Facilities (or the Senior Notes issued in lieu of any portion of the Tranche B Term Facility), the Borrower's existing 6.75% Senior Notes due 2011, and the Borrower's existing 7.125% Senior Notes due 2016 and other indebtedness expressly contemplated by the Merger Agreement.

3. The Acquisition shall be consummated pursuant to the Merger Agreement, substantially concurrently with the initial funding of the Credit Facilities and no provision thereof shall have been amended or waived in any respect that would be materially adverse to the Commitment Parties without the prior written consent of the Commitment Parties.

4. Since December 31, 2009, there has not been any event, circumstance, state of facts, change or effect that, individually or in the aggregate, has had or would reasonably be expected to have a Target Material Adverse Effect (without any regard to the Company Disclosure Schedule (as defined in the Merger Agreement) or any disclosures in the SEC Reports (as defined in the Merger Agreement)). As used herein, a "Target Material Adverse Effect" means (i) any event, circumstance, state of facts, change or effect that is materially adverse to the business, financial condition or results of operations of the Target and its Subsidiaries (as defined in the Merger Agreement), taken as a whole, or (ii) any event, circumstance, state of facts, change or effect that would prevent or materially delay the consummation of the Merger or otherwise prevent the Target from performing its obligations under the Merger Agreement, *provided, however*, that in no event shall any of the following, alone or in combination, be deemed to constitute, nor shall any of the following be taken into account in determining whether there has been or would reasonably be expected to be, a Target Material Adverse Effect (except, in the case of clauses (A)(1), (A)(2) or (A)(4) below, to the extent any of the matters referred to therein has had or would reasonably be expected to have a disproportionate adverse effect on the Target and its Subsidiaries, taken as a whole, as compared to other for-profit and comparable or similar companies operating in the industries in which the Target and its Subsidiaries operate, after taking into account the size of the Target relative to such other for-profit companies): (A) any event, circumstance, state of facts, change or effect resulting from or relating to (1) a change in general economic, political or financial

market conditions, including interest or exchange rates, (2) a change generally affecting the industries in which the Target and its Subsidiaries operate (including seasonal fluctuations) or general economic conditions that generally affect the industries in which the Target and its Subsidiaries conduct their business, (3) any change in accounting requirements or principles required by GAAP (as defined in the Merger Agreement) (or any interpretations thereof) or required by any change in applicable Laws (as defined in the Merger Agreement) (or any interpretations thereof), (4) any adoption, implementation, promulgation, repeal, modification, reinterpretation or proposal of any Law after the date hereof, (5) any Action (as defined in the Merger Agreement), investigation, review or examination undertaken by a Governmental Authority (as defined in the Merger Agreement), or any sanction, fine, operating restriction or other similar penalty arising as a result thereof, with respect to any Company Health Care Business (as defined in the Merger Agreement) or Company Health Care Facility (as defined in the Merger Agreement) (a "Regulatory Condition"), that is currently pending or arises after the date of the Merger Agreement, in each case to the extent such Regulatory Condition is consistent in nature, scope and impact on the Target and its Subsidiaries, taken as a whole, with Regulatory Conditions arising and fully resolved from time to time in the conduct of the business of the Target and its Subsidiaries on or before December 31, 2009, (6) any acts of terrorism or war or any weather related event, fire or natural disaster or any escalation thereof, (7) the announcement of the execution of the Merger Agreement or the pendency or consummation of the Acquisition and the other transactions contemplated by the Merger Agreement (collectively, the "Merger Agreement Transactions") (including any Actions, challenges or investigations to the extent relating to the Merger Agreement or to the Merger Agreement Transactions made or brought by any of the current or former stockholders of the Target (on their own behalf or on behalf of the Target), (8) the identity of Borrower or any of its affiliates as the acquirer of the Target or any facts or circumstances concerning the Borrower or any of its affiliates, or (9) compliance with the terms of, the taking of any action required or the failure to take any action prohibited by, the Merger Agreement or the taking of any action consented to or requested by the Borrower; or (B) any failure, in and of itself, to meet internal or published projections, forecasts, performance measures, operating statistics or revenue or earnings predictions for any period or a decline in the price or trading volume of the Company Common Stock (as defined in the Merger Agreement) (provided that, except as otherwise provided in this definition, the underlying causes of such failure or decline may be taken into account in determining whether there is a Target Material Adverse Effect).

5. No bankruptcy default under the Credit Facilities Documentation shall have occurred and be continuing.

6. The Leverage Ratio for the Borrower and its subsidiaries, calculated on a pro forma basis for the Transactions for the four most-recent fiscal quarters ended not less than 45 days prior to the Closing Date shall not be more than 3.90 to 1.00.

7. The Commitment Parties shall have received (a) audited consolidated balance sheets and related statements of income, stockholders' equity and cash flows of (A) the Borrower and its subsidiaries and (B) the Target and its subsidiaries, in each case for the three most recently completed fiscal years ended at least 90 days before the Closing Date and (b) unaudited consolidated balance sheets and related statements of income, stockholders' equity and cash flows of (A) the Borrower and its subsidiaries and (B) the Target and its subsidiaries, in each case for each subsequent fiscal quarter after the latest fiscal year referred to in clause (a) ended at least 45 days before the Closing Date; provided that filing of the required financial statements on form 10-K and form 10-Q by the Borrower or the Target, as applicable, will satisfy the foregoing requirements with respect to the Borrower and its subsidiaries or the Target and its subsidiaries, as applicable.

8. The Commitment Parties shall have received a pro forma consolidated balance sheet and related pro forma consolidated statement of income of the Borrower and its subsidiaries as of

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ATTACHMENT 39

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and for the twelve-month period ending on the last day of the most recently completed four-fiscal quarter period ended at least 45 days prior to the Closing Date, prepared after giving effect to the Transactions as if the Transactions had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of such other financial statements).

9. (a) the Investment Banks (as defined in the Fee Letter referred to in the Commitment Letter) shall have received, not later than 20 days prior to the Closing Date, a customary offering memorandum, including financial statements, pro forma financial statements, business and other financial data of the type required by Regulation S-X and Regulation S-K under the Securities Act of 1933 and of type and form customarily included in offering memoranda, private placement memoranda, prospectuses and similar documents to consummate the offering of the Senior Notes (with the exception of a consolidating footnote to the financial statements for guarantors and non-guarantors, financial information, as such information may be expressed in the body of the relevant disclosure document with disclosure customary for a Rule 144A offering) and drafts of customary comfort letters by the auditors of the Borrower and the Target which such auditors are prepared to issue upon completion of customary procedures and (b) the Borrower shall ensure that such Investment Bank shall have been afforded a period of at least 20 consecutive days upon receipt of the information described in clause (a), to seek to place the Senior Notes with qualified purchasers thereof.

10. The Administrative Agent shall have received, at least 5 days prior to the Closing Date, all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the PATRIOT Act, previously requested by the Administrative Agent.

11. Payment of all fees and invoiced expenses due to the Commitment Parties and the Lenders from the proceeds of the initial fundings under the Credit Facilities.

12. All actions necessary to establish that the Administrative Agent will have a perfected first priority security interest (subject to liens permitted under the Credit Facilities Documentation) in the Collateral under the Credit Facilities shall have been taken; provided, however, that with respect to the creation or perfection of a security interest in any intended Collateral, if the creation or perfection of the Administrative Agent's security interest in such intended Collateral is not or cannot reasonably be accomplished prior to the Closing Date (other than (x) the pledge of capital stock of domestic subsidiaries of the Borrower and (y) the grant and perfection of security interests in other assets pursuant to which a lien may be perfected solely by the filing of a financing statement under the UCC) after use of commercially reasonable efforts to do so or without undue delay, burden or expense, then such Collateral shall not constitute a condition precedent to the initial borrowings under the Credit Facilities if the Borrower agrees to deliver or cause to be delivered such documents and instruments, and take or cause to be taken such other actions as may be required to perfect such security interests, within a reasonable period after the Closing Date to be mutually agreed.

13. The Borrower and the Credit Facilities shall have received a rating (not subject to a minimum rating requirement) from Moody's Investors Service, Inc. and Standard & Poor's Ratings Group at least 30 days prior to the Closing Date.

14. The Lead Arrangers shall have been afforded a reasonable period of time to syndicate the Credit Facilities, which shall be 20 consecutive days from the date of commencement of syndication.

15. Each of the conditions in paragraph 1 to 14 above shall have been satisfied on or before the Expiration Date.

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ATTACHMENT 39

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J.P. MORGAN SECURITIES INC.
270 Park Avenue
New York, New York 10017

JPMORGAN CHASE BANK, N.A.
270 Park Avenue
New York, New York 10017

DEUTSCHE BANK SECURITIES INC.
60 Wall Street
New York, New York 10005

DEUTSCHE BANK AG NEW YORK
BRANCH
60 Wall Street
New York, New York 10005

June 15, 2010

Commitment Letter Amendment

Universal Health Services, Inc.
367 South Gulph Road, P.O. Box 61558
King of Prussia, PA 19406-0958

Attention: Steve Filton, Chief Financial Officer

Ladies and Gentlemen:

Reference is made to the Commitment Letter dated May 16, 2010 (the "Commitment Letter") among us and you. Capitalized terms used but not defined herein are used with the meanings assigned to them in the Commitment Letter.

You have requested an amendment to a certain condition included in the Commitment Letter.

By their execution of this letter agreement (this "Amendment"), the parties hereto agree to the following amendment to the Commitment Letter:

1. Conditions. Paragraph 6 in Exhibit C to the Commitment Letter ("Conditions") is deleted in its entirety and replaced with the following:

(a) "6. The Leverage Ratio for the Borrower and its subsidiaries, calculated on a pro forma basis for the Transactions for the four most-recent fiscal quarters ended not less than 45 days prior to the Closing Date shall not be more than 4.00 to 1.00, provided however, that for purposes of this paragraph 6 only, the definition of EBITDA shall add back the following to the extent deducted (or in the case of clause (c) below, for which pro forma effect may be given) in the determination of consolidated net income: (a) minority interest expense, (b) equity-based compensation expense (to the extent paid in equity and not in cash) (c) the amount of cost savings and synergies projected by the Borrower in good faith to be realized in one fiscal year as a result of the Acquisition

(provided however, that such amount shall not exceed the amount of cost savings and synergies projected in the Universal Health Services Presentation to Rating Agencies dated May 27th, 2010, shared among all the Commitment Parties) and (d) fees and expenses related to the Acquisition and the other Transactions.”

On and after the execution of this Amendment, each reference in the Commitment Letter to “this Commitment Letter”, “this letter”, “hereunder”, “hereof” or words of like import referring to the Commitment Letter, and each reference in the Fee Letter to “the Commitment Letter”, “thereunder”, “thereof” or words of like import referring to the Commitment Letter, shall mean and be a reference to the Commitment Letter, after giving effect to this Amendment. Except as specifically amended above, the Commitment Letter shall remain in full force and effect and is hereby ratified and confirmed.


This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by facsimile transmission or electronic transmission shall be effective as delivery of a manually executed counterpart of this Amendment.

This Amendment and its contents are subject to the confidentiality provisions of the Commitment Letter.

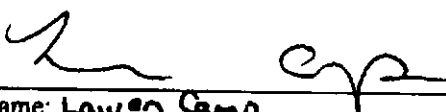
This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

Very truly yours,

JPMORGAN CHASE BANK, N.A.

By: 
Name: **Dawn Lee Lum**
Title: **Executive Director**

J.P. MORGAN SECURITIES INC.

By: 
Name: **Lauren Camp**
Title: **Managing Director**

DEUTSCHE BANK SECURITIES INC.

By: _____
Name:
Title:

DEUTSCHE BANK AG NEW YORK BRANCH

By: _____
Name:
Title:

Commitment Letter Amendment

509333-0191-11824-12056069

ATTACHMENT 39

Very truly yours,

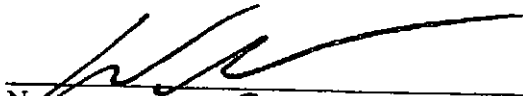
JPMORGAN CHASE BANK, N.A.

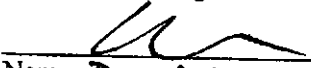
By: _____
Name:
Title:

J.P. MORGAN SECURITIES INC.

By: _____
Name:
Title:


DEUTSCHE BANK SECURITIES INC.

By: 
Name: William Frauen
Title: Managing Director

By: 
Name: David Lynch
Title: Managing Director

DEUTSCHE BANK AG NEW YORK BRANCH

By: 
Name: Cathi S. Hayes
Title: Managing Director

By: 
Name: Patrick W. Dowling
Title: Director

THE ROYAL BANK OF SCOTLAND PLC

By: _____

Name: Scott MacVicar

Title: Vice President

BANK OF AMERICA, N.A.

By: _____

Name:

Title:

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK

By: _____

Name:

Title:

By: _____

Name:

Title:

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.

By: _____

Name:

Title:

By: _____

Name:

Title:

By: _____

Name:

Title:

By: _____

Name:

Title:

ROYAL BANK OF SCOTLAND PLC

By: _____
Name:
Title:

BANK OF AMERICA, N.A.

By: Jill J. Hogan
Name: Jill J. Hogan
Title: Vice President

CREDIT AGRICOLE CORPORATE AND
INVESTMENT BANK

By: _____
Name:
Title:

By: _____
Name:
Title:

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.

By: _____
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By: _____
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By: _____
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By: _____
Name:
Title:

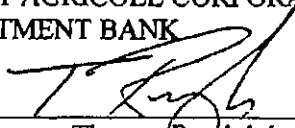
ROYAL BANK OF SCOTLAND PLC


By: _____
Name:
Title:

BANK OF AMERICA, N.A.

By: _____
Name:
Title:

CREDIT AGRICOLE CORPORATE AND
INVESTMENT BANK

By:  _____
Name: Thomas Randolph
Title: Managing Director

By:  _____
Name: David Christiansen
Title: Vice President

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.

By: _____
Name:
Title:

By: _____
Name:
Title:

By: _____
Name:
Title:

By: _____
Name:
Title:

ROYAL BANK OF SCOTLAND PLC

By: _____
Name:
Title:

BANK OF AMERICA, N.A.

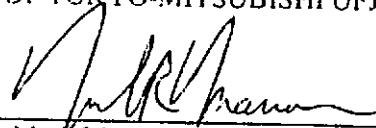
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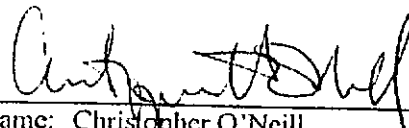
CREDIT AGRICOLE CORPORATE AND
INVESTMENT BANK


By: _____
Name:
Title:


By: _____
Name:
Title:

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.

By: 
Name: Mark Marron
Title: Senior Vice President

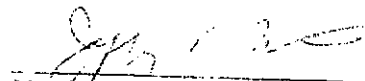
By: 
Name: Christopher O'Neill
Title: Senior Vice President

By: 
Name: Jerry Fall
Title: Senior Vice President

By: 
Name: J. Michael Leffler
Title: Authorized Signature

SUNTRUST BANK

By:




Name: Jeffrey R. Titus

Title: Managing Director

Accepted and agreed to as of the date first written above:

UNIVERSAL HEALTH SERVICES, INC.

By: 
Name: Cheryl K. Kanagawa
Title: Vice President and Treasurer

Universal Health Services, Inc.

Current Ratio
(Dollar amounts in thousands)

	2007	2008	2009	2012
Current Assets	774,847	789,417	796,197	
Current Liabilities	487,711	561,125	582,817	
Current Ratio	1.59	1.41	1.37	1.37 Estimate

Universal Health Services, Inc.

Net Margin
(Dollar amounts in thousands)

	2007	2008	2009	2012
Net Revenues	4,683,150	5,022,417	5,202,379	
Operating Income	618,678	674,736	795,182	
Net Margin	13.2%	13.4%	15.3%	15.3% Estimate

Universal Health Services, Inc.

% Debt to Total Capitalization
(Dollar amounts in thousands)

	2007	2008	2009	<u>2012</u>
Long Term Debt	1,008,786	990,661	956,429	
Long Term Debt	1,008,786	990,661	956,429	
Common Stockholders' Equity	<u>1,517,199</u>	<u>1,543,850</u>	<u>1,751,071</u>	
	2,525,985	2,534,511	2,707,500	
Percentage	40%	39%	35%	35% Estimate

Universal Health Services, Inc.

Debt Service Coverage
(Dollar amounts in thousands)

	2007	2008	2009	2012
Long Term Debt	1,008,786	990,661	956,429	
Operating Income	618,678	674,736	795,182	
Lease and Rental Expense	67,867	69,882	69,947	
Minority Interest	43,361	40,693	43,874	
EBITDA	507,450	564,161	681,361	
Debt/EBITDA	1.99	1.76	1.40	1.4 Estimate

Universal Health Services, Inc.

Days of Cash on Hand
(Dollar amounts in thousands)

	2007	2008	2009	2012
Revolving Credit Agreement	408,000	800,000	800,000	
Cash and Cash Equivalentss	16,354	5,460	9,180	
	424,354	805,460	809,180	
Operating Charges				
Salaries, Wages and Benefits	2,004,995	2,133,181	2,204,422	
Other Operating Expenses	982,614	1,044,278	994,923	
Supplies Expense	666,320	694,477	699,249	
Lease and Rental Expense	67,867	69,882	69,947	
	3,721,796	3,941,818	3,968,541	
Divided 365	10,197	10,800	10,873	
Cash and Investments / (Operating Expense/365)	42	75	74	74 Estimate

Universal Health Services, Inc.

Cushion Ratio
(Dollar amounts in thousands)

	2007	2008	2009	2012
Cash	16,354	5,460	9,180	
Revolving Credit Agreement	408,000	800,000	800,000	
Short-term investments	0	0	0	
	424,354	805,460	809,180	
Interest expense	51,626	53,207	45,810	
Debt principal payments	8,716	166,557	66,499	
	60,342	219,764	112,309	
Cushion Ratio	7.03	3.67	7.20	7.2 Estimate

PSI - Viability Ratios
Calculation of Current Ratio

Current Ratio = Current Assets/Current Liabilities

	<u>12/31/2007</u>	<u>12/31/2008</u>	<u>12/31/2009</u>
Current Assets	\$ 344,186	\$ 467,510	\$ 361,420
Current Liabilities	\$ 182,505	\$ 233,604	\$ 183,502
Current Ratio	1.89	2.00	1.97

PSI - Viability Ratios
Calculation of Net Margin Percentage

Net Margin Percentage = (Net Income/Net Operating Revenues)*100

	<u>12/31/2007</u>	<u>12/31/2008</u>	<u>12/31/2009</u>
Net Income	\$ 76,208	\$ 104,953	\$ 117,617
Net Operating Revenues	\$ 1,414,700	\$ 1,696,116	\$ 1,805,361
Net Margin Percentage	5.4%	6.2%	6.5%

PSI - Viability Ratios
Calculation of Long-Term Debt to Capitalization

LT Debt to Capitalization = (LT Debt/LT Debt + Net Assets)*100

	<u>12/31/2007</u>	<u>12/31/2008</u>	<u>12/31/2009</u>
LT Debt	\$ 1,172,024	\$ 1,314,397	\$ 1,187,079
Net Assets	\$ 754,742	\$ 889,885	\$ 1,030,335
LT Debt to Capitalization	60.8%	59.6%	53.5%

PSI - Viability Ratios

Calculation of Debt Service Coverage

$$\text{Debt Service Coverage} = \frac{(\text{Net Income} + \text{Depreciation} + \text{Interest} + \text{Amortization})}{\text{Principal Payments}^*}$$

	<u>12/31/2007</u>	<u>12/31/2008</u>	<u>12/31/2009</u>
Net Income	\$ 76,208	\$ 104,953	\$ 117,617
Depreciation & Amortization	\$ 30,113	\$ 38,843	\$ 44,778
Interest Expense	\$ 73,887	\$ 75,982	\$ 71,549
Principal Payments	\$ 41,281	\$ 6,067	\$ 5,093
Debt Service Coverage	4.37	36.23	45.93

*Excludes net payments on Bank of America Revolver

PSI - Viability Ratios

Calculation of Days Cash on Hand

$$\text{Days Cash on Hand} = (\text{Cash} + \text{Revolver Availability} + \text{Investments} + \text{plus Board Funds}) / (\text{Operating Expense} - \text{Depreciation \& Amortization}) / 365$$

	<u>12/31/2007</u>	<u>12/31/2008</u>	<u>12/31/2009</u>
Cash	\$ 39,970	\$ 51,271	\$ 6,815
Revolver Availability	\$ 213,000	\$ 63,900	\$ 295,700
Investments	\$ -	\$ -	\$ -
Board Funds	\$ -	\$ -	\$ -
Total Cash A	<u>\$ 252,970</u>	<u>\$ 115,171</u>	<u>\$ 302,515</u>
Operating Expense	\$ 1,292,081	\$ 1,526,021	\$ 1,610,301
Less: Depreciation & Amortization	<u>\$ 30,113</u>	<u>\$ 38,843</u>	<u>\$ 44,778</u>
Adjusted Operating Expense	\$ 1,261,968	\$ 1,487,178	\$ 1,565,523
	/365	/365	/365
Adjusted Operating Expense per Day B	\$ 3,457	\$ 4,074	\$ 4,289
Days Cash on Hand* A/B	73	28	71

* Includes Immediate Availability of Borrowed Funds from Revolving Line of Credit

PSI - Viability Ratios
Calculation of Cushion Ratio

$$\text{Cushion Ratio} = \frac{(\text{Cash} + \text{Revolver Availability} + \text{Investments} + \text{Board Funds})}{\text{Principal Payments}}$$

	<u>12/31/2007</u>	<u>12/31/2008</u>	<u>12/31/2009</u>
Cash	\$ 39,970	\$ 51,271	\$ 6,815
Revolver Availability	\$ 213,000	\$ 63,900	\$ 295,700
Investments	\$ -	\$ -	\$ -
Board Funds	\$ -	\$ -	\$ -
Total Cash	<u>\$ 252,970</u>	<u>\$ 115,171</u>	<u>\$ 302,515</u>
Principal Payments	\$ 41,281	\$ 6,067	\$ 5,093
	<u>\$ 21,000</u>	<u>\$ -</u>	<u>\$ 229,333</u>
	<u>\$ 62,281</u>	<u>\$ 6,067</u>	<u>\$ 234,426</u>
Cushion Ratio	4	19	1



Universal Health Services, Inc.
UHS of Delaware, Inc.

367 South Gulph Road
P.O. Box 61558
King of Prussia
Pennsylvania
19406-0958

610-768-3300

July 23, 2010

Illinois Health Facilities
and Services Review Board

To Whom It May Concern:

The selected form of debt financing as presented in the *Applications for Permit* addressing the changes of ownership of Riveredge Hospital, Streamwood Behavioral Health Hospital and Lincoln Prairie Behavioral Health Center will, it is believed, result in the lowest net cost to the co-applicants.

Sincerely,

Steve G. Filton
Sr. Vice President and
Chief Financial Officer

Commonwealth of Pennsylvania
County of Montgomery

Notarized:

Sworn to and subscribed before me
this 23rd day of JULY, 2010.

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Caitlin M. Vernot, Notary Public
Upper Merion Twp., Montgomery County
My Commission Expires Nov. 3, 2012
Member, Pennsylvania Association of Notaries

ATTACHMENT 42B

NOTE ON REVIEW CRITERIA 1120.310.e and 1120.310f

The referenced review criteria request calculations of projected "operating expenses" and "capital expenses" per equivalent patient day for the year following the completion of the project. While the information is requested, the State Agency does not have standards for either resultant calculation, and findings related to compliance cannot and have not historically been made by the State Agency.

With regard to the proposed change of ownership transaction, the applicants contacted the State Agency Staff for technical assistance on July 7, 2010, and informed it that, for the reasons noted below, the requested information cannot be provided. The Staff directed the applicant to set forth its explanation here.

PSI, as seller, cannot project the expenses necessary to determine the "operating costs" and "capital costs" (wages/salaries, benefits, supplies, depreciation, amortization, and interest) that will be incurred following the closing of the transaction because the seller is not sufficiently familiar with the buyer's anticipated costs and operating practices. Alternatively, and because of limitations imposed by the Federal Trade Commission (FTC) and the Department of Justice on the sharing of information between the "buyer" and the "seller" (the Sherman Act, 15 U.S.C. § 1 and the Hart-Scott-Rodino Act, Section 7A of the Clayton Act, 15 U.S.C. § 18a), the "buyer", Universal Health Services, Inc., does not have sufficient information related to the historical costs incurred at the individual hospitals to develop reasonable projections that would serve as the basis for the required calculations.

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