

ORIGINAL

E-007-12

ILLINOIS HEALTH FACILITIES PLANNING BOARD
APPLICATION FOR EXEMPTION FOR THE
CHANGE OF OWNERSHIP FOR AN EXISTING HEALTH CARE FACILITY

RECEIVED

AUG 02 2012

1. INFORMATION FOR EXISTING FACILITY

Current Facility Name DuPage Orthopaedic Surgery Center
Address 27650 Ferry Road Suite 140
City Warrenville Zip Code 60555 County DuPage
Name of current licensed entity for the facility DuPage Orthopaedic Surgery Center, LLC
Does the current licensee: own this facility no OR lease this facility yes (if leased, check if sublease ☐)
Type of ownership of the current licensed entity (check one of the following:) Sole Proprietorship
Not-for-Profit Corporation For Profit Corporation Partnership Governmental
X Limited Liability Company Other, specify

Illinois State Senator for the district where the facility is located: Sen. Tom Johnson
State Senate District Number 48 Mailing address of the State Senator 1725 S. Naperville Road
Wheaton, IL 60189
Illinois State Representative for the district where the facility is located: Rep. Mike Fortner
State Representative District Number 95 Mailing address of the State Representative 135 Freemont St.
West Chicago, IL 60185

2. OUTSTANDING PERMITS. Does the facility have any projects for which the State Board issued a permit that will not be completed (refer to 1130.140 "Completion or Project Completion" for a definition of project completion) by the time of the proposed ownership change? Yes ☐ No ☒ If yes, refer to Section 1130.520(f), and indicate the projects by Project # _____

3. FACILITY'S BED OR DIALYSIS STATION CAPACITY BY CATEGORY OF SERVICE (Complete "APPENDIX A" attached to this application)

4. FACILITY'S OTHER CATEGORIES OF SERVICE AS DEFINED IN 77 IAC 1100 (Complete "APPENDIX A" attached to this application)

5. NAME OF APPLICANT (complete this information for each co-applicant and insert after this page).

Exact Legal Name of Applicant CDH-Delnor Health System dba Cadence Health
Address 25 North Winfield Road
City, State & Zip Code Winfield, IL 60190
Type of ownership of the current licensed entity (check one of the following:) Sole Proprietorship
X Not-for-Profit Corporation For Profit Corporation Partnership Governmental
Limited Liability Company Other, specify

6. NAME OF LEGAL ENTITY THAT WILL BE THE LICENSEE/OPERATING ENTITY OF THE FACILITY NAMED IN THE APPLICATION AS A RESULT OF THIS TRANSACTION.

Exact Legal Name of Entity to be Licensed Cadence Ambulatory Surgery Center, LLC
Address 25 North Winfield Road
City, State & Zip Code Winfield, IL 60190
Type of ownership of the current licensed entity (check one of the following:) Sole Proprietorship
Not-for-Profit Corporation For Profit Corporation Partnership Governmental
X Limited Liability Company Other, specify

6. BUILDING/SITE OWNERSHIP. NAME OF LEGAL ENTITY THAT WILL OWN THE "BRICKS AND MORTAR" (BUILDING) OF THE FACILITY NAMED IN THIS APPLICATION IF DIFFERENT FROM THE OPERATING/LICENSED ENTITY

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8. TRANSACTION TYPE. CHECK THE FOLLOWING THAT APPLY TO THE TRANSACTION:

- X Purchase resulting in the issuance of a license to an entity different from current licensee;
Lease resulting in the issuance of a license to an entity different from current licensee;
Stock transfer resulting in the issuance of a license to a different entity from current licensee;
Stock transfer resulting in no change from current licensee;
Assignment or transfer of assets resulting in the issuance of a license to an entity different from the current licensee;
Assignment or transfer of assets not resulting in the issuance of a license to an entity different from the current Licensee;
Change in membership or sponsorship of a not-for-profit corporation that is the licensed entity;
Change of 50% or more of the voting members of a not-for-profit corporation's board of directors that controls a health care facility's operations, license, certification or physical plant and assets;
Change in the sponsorship or control of the person who is licensed, certified or owns the physical plant and assets of a governmental health care facility;
Sale or transfer of the physical plant and related assets of a health care facility not resulting in a change of current licensee;
Any other transaction that results in a person obtaining control of a health care facility's operation or physical plant and assets, and explain in "Attachment 3 Narrative Description"

9. **APPLICATION FEE.** Submit the application fee in the form of a check or money order for \$2,500 payable to the Illinois Department of Public Health and append as **ATTACHMENT #1**.
10. **FUNDING.** Indicate the type and source of funds which will be used to acquire the facility (e.g., mortgage through Health Facilities Authority; cash gift from parent company, etc.) and append as **ATTACHMENT #2**.
11. **ANTICIPATED ACQUISITION PRICE:** \$ 44,900,000 _____
12. **FAIR MARKET VALUE OF THE FACILITY:** \$41,000,000-51,000,000 _____
(to determine fair market value, refer to 77 IAC 1130.140)
13. **DATE OF PROPOSED TRANSACTION:** __by March 31, 2013_____
14. **NARRATIVE DESCRIPTION.** Provide a narrative description explaining the transaction, and append it to the application as **ATTACHMENT #3**.
15. **BACKGROUND OF APPLICANT** (co-applicants must also provide this information). Corporations and Limited Liability Companies must provide a current Certificate of Good Standing from the Illinois Secretary of State. Partnerships must provide the name and address of each partner and specify whether each is a general or limited partner. Append this information to the application as **ATTACHMENT #4**.
16. **TRANSACTION DOCUMENTS.** Provide a copy of the document(s) which detail the terms and conditions of the proposed transaction (purchase, lease, stock transfer, etc). Applicants should note that the document(s) submitted should reflect the applicant's (and co-applicant's, if applicable) involvement in the transaction. The document must be signed by both parties and contain language stating that the transaction is contingent upon approval of the Illinois Health Facilities Planning Board. Append this document(s) to the application as **ATTACHMENT #5**.
17. **FINANCIAL INFORMATION** (co-applicants must also provide this information). Per 77 IAC 1130.520(b)(3), an applicant must demonstrate it has sufficient funds to finance the acquisition and to operate the facility for 36 months by providing evidence of a bond rating of "A" or better (that must be less than two years old) from Fitch, Moody or Standard and Poor's rating agencies or evidence of compliance with the financial viability review criteria (as applicable) to the type of facility being acquired (as specified at 77 IAC 1120). Append as **ATTACHMENT #6**.
18. **PRIMARY CONTACT PERSON.** Individual representing the applicant to whom all correspondence and inquiries pertaining to this application are to be directed. (Note: other persons representing the applicant not named below will need written authorization from the applicant stating that such persons are also authorized to represent the applicant in relationship to this application).

Name: _____ Michael Holzhueter, Vice President and General Counsel Cadence Health _____
Address: _____ 25 North Winfield Road _____
City, State & Zip Code: _____ Winfield, IL 60190 _____
Telephone (630) 933-1600 Ext. _____

CDH-Delnor Health System

19. **ADDITIONAL CONTACT PERSON.** Consultant, attorney, other individual who is also authorized to discuss this application and act on behalf of the applicant.

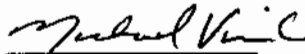
Name: Honey Jacobs Skinner, Partner Sidley Austin
Address: 1 South Dearborn
City, State & Zip Code: Chicago, IL 60603
Telephone (312 853-7527) Ext. _____

19. **ADDITIONAL CONTACT PERSON.** Consultant, attorney, other individual who is also authorized to discuss this application and act on behalf of the applicant.

Name: Jacob M. Axel, President Axel & Associates, Inc.
Address: 675 North Court Suite 210
City, State & Zip Code: Palatine, IL 60067
Telephone (847) Ext. 776-7101

20. CERTIFICATION

I certify that the above information and all attached information are true and correct to the best of my knowledge and belief. I certify that the categories of service, number of beds and/or dialysis stations within the facility will not change as part of this transaction. I certify that no adverse action has been taken against the applicant(s) by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois. I certify that I am fully aware that a change in ownership will void any permits for projects that have not been completed unless such projects will be completed or altered pursuant to the requirements in 77 IAC 1130.520(f) prior to the effective date of the proposed ownership change. I also certify that the applicant has not already acquired the facility named in this application or entered into an agreement to acquire the facility named in the application unless the contract contains a clause that the transaction is contingent upon approval by the State Board.

Signature of Authorized Officer 

Typed or Printed Name of Authorized Officer MICHAEL VIVODA

Title of Authorized Officer: PRESIDENT AND CHIEF EXECUTIVE OFFICER

Address: 25 N. WINFIELD ROAD

City, State & Zip Code: WINFIELD, IL 60190

Telephone (630) 933-5066 Date: JULY 30, 2012

NOTE: complete a separate signature page for each co-applicant and insert following this page.

Cadence Ambulatory Surgery Center, LLC

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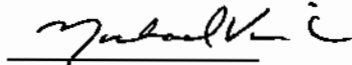
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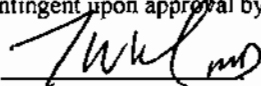
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Signature of Authorized Officer 

Typed or Printed Name of Authorized Officer

THOMAS W. KIESLER

Title of Authorized Officer:

Address: 27650 FERRY RD.

City, State & Zip Code: WARRENVILLE IL 60555

Telephone (630) 225-2663 Date: 7/30/12

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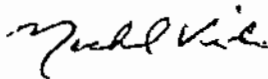
July 31, 2012

Illinois Health Facilities and
Services Review Board
Springfield, IL

To Whom It May Concern:

Cadence Health's acquisition of OAD Orthopaedics, Ltd., including its ambulatory surgery treatment center and medical office building, both located at 27650 Ferry Road in Warrenville, Illinois, will be accomplished through the use of cash and other liquid assets of Cadence Health. Neither Cadence Health nor any related entity will incur any debt related to the proposed acquisition of OAD Orthopaedics, Ltd.

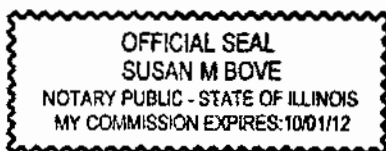
Sincerely,



Michael Vivoda
President and CEO

/smb

Notarized:



CAIN BROTHERS

INVESTMENT BANKERS AND CAPITAL ADVISORS

360 Madison Avenue
5th Floor
New York, NY 10017
Tel 212-869-3600
Fax 212 869-6418

July 23, 2012

The Board of Directors
CADENCE HEALTH
25 North Winfield Road
Winfield, Illinois, 60190

Members of the Board:

We understand that pursuant to the terms of the draft Asset Purchase Agreement, dated July 23, 2012 (the "Asset Purchase Agreement") and the Real Estate Purchase Agreements (relating to the real estate entities described below), Cadence Health (the "Purchaser" or "Cadence") intends to enter into a transaction with each of OAD Orthopaedics, Ltd. ("OADO"), DuPage Orthopaedic Surgery Center, LLC ("DOSC") (together, the "Company") and the Real Estate Entities (defined below) whereby, as of the closing date, the Purchaser shall purchase essentially all of the assets of OADO, DOSC and the Real Estate Entities (collectively, the "Purchased Assets") in exchange for an aggregate purchase price mutually agreed upon by Cadence and the Company (the "Total Consideration") (in the aggregate, the "Transaction").

Cadence Health is an Illinois not-for-profit corporation. OADO is an Illinois corporation whose principal business is the ownership and operation of physician practices. DOSC is an Illinois limited liability company whose principal business is the ownership and operation of an ambulatory surgery center. The Real Estate Entities means, collectively, Cornerstone Medical Development Company, LLC, an Illinois limited liability company; South Naperville Associated Partners, LLC, an Illinois limited liability company; and Danada Orthopedic Partnership, an Illinois general partnership (as well as any land trust through which such entities hold the real property) (collectively, the "Real Estate Entities").

As contemplated by our engagement letter with Cadence, dated February 16, 2012, the Cadence Board of Directors has asked us to determine if, in our opinion, the Total Consideration to be paid by Cadence with respect to the Transaction is fair to Cadence from a financial point of view (the "Opinion").

As part of our engagement by Cadence and in the course of performing our review and analysis for rendering the Opinion, we have:

- Reviewed certain financial and operating information relating to the business, earnings, cash flow, assets and prospects of the Company, as furnished to us by the Company;
- Conducted discussions and attended meetings with the Company and certain members of senior management of the Company concerning its operations, financial results and prospects;
- Reviewed financial forecasts prepared and provided by the Company, which assume continuation of the business as a stand-alone entity;
- Reviewed publicly available financial data, stock market performance data and trading multiples of companies that we deemed appropriate and generally comparable to the Company;

CAIN BROTHERS

Cadence Health

July 23, 2012

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- Compared the proposed financial terms of the Transaction with the publicly available financial terms of certain other mergers and acquisitions that we deemed to be relevant;
- Reviewed the latest drafts of the Asset Purchase Agreement and the related Transaction documents;
- Retained a third party, the licensed real estate appraisal firm LaSalle Appraisal Group, to provide real estate appraisals for the Real Estate Entities;
- Reviewed such other financial studies, performed such other analyses and investigations and took into account such other matters as we deemed appropriate; and
- Considered and applied Public Market Valuation Methodology, Comparable Transactions Methodology and Discounted Cash Flow Methodology ("DCF") to determine the value of the Company. Descriptions of each methodology are below:
 - The Public Market Valuation Methodology entails an analysis of publicly traded companies, to the extent possible, of comparable size and similar geographic, operating, and financial characteristics to that of the Company. This methodology, therefore, operates under the assumption that comparable companies should be valued similarly in the public market, giving effect to considerations such as the presence or magnitude of a control or liquidity premium or discount. We analyzed publicly available information furnished to shareholders or filed with the SEC or other regulatory bodies during some prescribed period of time in order to generate a set of defined operating and market statistics.
 - The Comparable Transactions Methodology attempts to determine a valuation range for the Company based upon the range of values paid by buyers in completed merger and acquisition transactions involving comparable companies. While this valuation methodology is similar to the Public Market Valuation Methodology in its attempt to draw upon a universe of comparable transactions in order to quantify certain valuation statistics to be applied in determining value, this methodology necessarily addresses valuation by detailing those valuation multiples paid to acquire similar companies at some point in time.
 - The Discounted Cash Flow Methodology ("DCF"), determines a range of values for the Company by estimating, under varying assumptions, the present value of projected future free cash flows available to both debt and equity holders of the Company.

Specifically, as a part of our analysis we assessed the estimated enterprise value range of DOSC; the \$44,900,000 price for DOSC negotiated between Cadence and DOSC falls within this range.

In preparing our Opinion, we have assumed and relied on the accuracy and completeness of all information reviewed by us, including the financial projections prepared by Company management, and we have not independently verified such information. Further, in connection with this engagement, other than as described herein, we have neither reviewed the books and records of the Company, nor

CAIN BROTHERS

Cadence Health

July 23, 2012

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undertaken an independent valuation or appraisal of the assets or liabilities (contingent or otherwise) of the Company, nor have we been furnished with any such valuation or appraisal. We are not legal, accounting, or tax advisors and have relied upon Cadence and their legal, accounting and tax advisors to make their own assessment of all legal, accounting and tax matters relating to the Transaction.

We have assumed that the Transaction will be consummated on the terms set forth in the draft Asset Purchase Agreement and the related other agreements, without waiver or modification of any material terms. Our Opinion is necessarily based on economic, market and other conditions and circumstances as they exist and can be evaluated on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this Opinion and the assumptions used in preparing it, and we do not assume any obligation to update, revise, reaffirm or withdraw this Opinion or to otherwise comment upon events occurring after the date hereof.

In arriving at our Opinion, we did not attribute any particular weight to any analysis or factor considered by us, but instead made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, we believe that our analyses must be considered as a whole and that selecting any portions of our analyses, without considering all analyses, would create an incomplete view of the process underlying this Opinion.

This Opinion does not constitute a recommendation as to how any member of the Board of Directors of Cadence should vote on the Transaction. This Opinion does not address the relative merits of the Transaction and any other transactions or business strategies discussed by the Board of Directors of Cadence as alternatives to the Transaction, or the decision of the Board of Directors of Cadence to proceed with the Transaction.

Our Opinion addresses only the fairness of the Total Consideration paid by Cadence with respect to the Transaction from a financial point of view and we do not express any views on any other terms of the Transaction.

It is understood that this letter is for the information of the Board of Directors of Cadence in connection with their consideration of the Transaction and may not be used, summarized, excerpted from or quoted for any purpose without our prior written consent.

In rendering this Opinion, we have not been engaged to act as an agent or fiduciary to Cadence or any other third party. The fee for the Opinion is not contingent upon the conclusions of the Opinion or the outcome of the Transaction, except that, pursuant to the Engagement Letter, dated February 16, 2012, from Cain Brothers to Cadence, Cain Brothers is entitled to receive a fixed fee upon Cadence's written acceptance of the final form of the written Opinion rendered by Cain Brothers.

We have reviewed the findings of our work described herein with Cain Brothers' Commitment and Valuation Committee and it has approved the issuance of this Opinion.

CAIN BROTHERS

Cadence Health
July 23, 2012
Page 4

On the basis of, and subject to, the foregoing it is our opinion that, as of the date hereof, the Total Consideration paid with respect to the Transaction is fair to Cadence Health from a financial point of view.

Very truly yours,

CAIN BROTHERS & COMPANY, LLC

By:



Carsten Beith
Managing Director

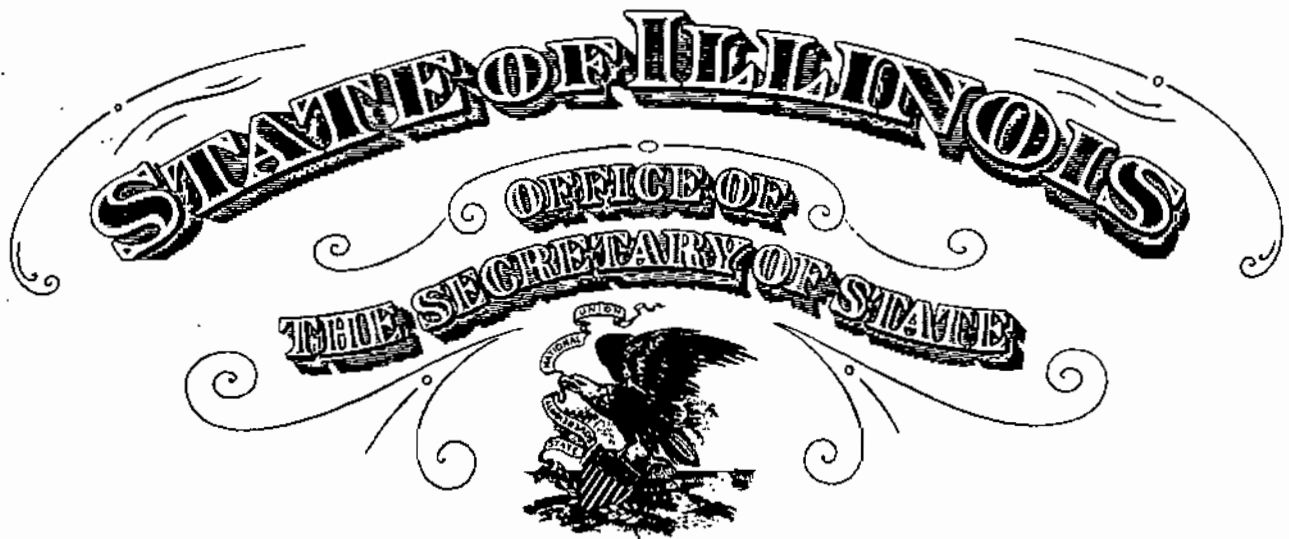
NARRATIVE DESCRIPTION

CDH-Delnor Health System dba Cadence Health ("Cadence"), the parent of Central DuPage Hospital and Delnor Hospital, intends to acquire, through a number of concurrent transactions, OAD Orthopaedics Ltd., commonly known as Orthopaedic Associates of DuPage ("OAD"), and real assets associated with OAD. These assets include an IDPH-licensed ambulatory surgery treatment center ("ASTC") in Warrenville, the medical office building in which the ASTC is located, a medical office building in Naperville, and a medical office building in Wheaton. The practice, the ASTC and each of the medical office buildings are owned and controlled by separate legal entities.

A technical assistance conference was conducted with IDPH staff on June 29, 2012, at which time it was determined that Cadence's acquisition of the ASTC is within the jurisdiction of the IHFSRB because the ASTC is a licensed health care facility, and that Cadence's acquisition of the Warrenville medical office building is under the jurisdiction of the IHFSRB because the value of the medical office building exceeds the capital expenditure threshold. It was also determined through the technical assistance process that the acquisition of the practice itself, and the acquisition of the Naperville and Wheaton medical office buildings do not require IHFSRB approval, as the capital expenditure does not exceed the agency's threshold.

This Certificate of Exemption application addresses the acquisition of an ASTC, located at 27650 Ferry Road, Suite 140 in Warrenville, Illinois, and qualifies for review as a COE as a result of Cadence's bond rating.

DuPage Orthopaedic Surgery Center, LLC is named as an applicant by virtue of its position as current owner and licensee of the ASTC, CDH-Delnor Health System is named as an applicant, as the acquiring entity, and Cadence Ambulatory Surgery Center, LLC is named an applicant as the proposed licensee of the ASTC.



To all to whom these Presents Shall Come, Greeting:

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

CDH-DELNOR HEALTH SYSTEM, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON OCTOBER 03, 1980, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



Authentication #: 1219801816

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 16TH
day of JULY A.D. 2012*

Jesse White

SECRETARY OF STATE

ATTACHMENT 4



To all to whom these Presents Shall Come, Greeting:

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

CADENCE AMBULATORY SURGERY CENTER, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON JULY 27, 2012, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.



Authentication #: 1221201368

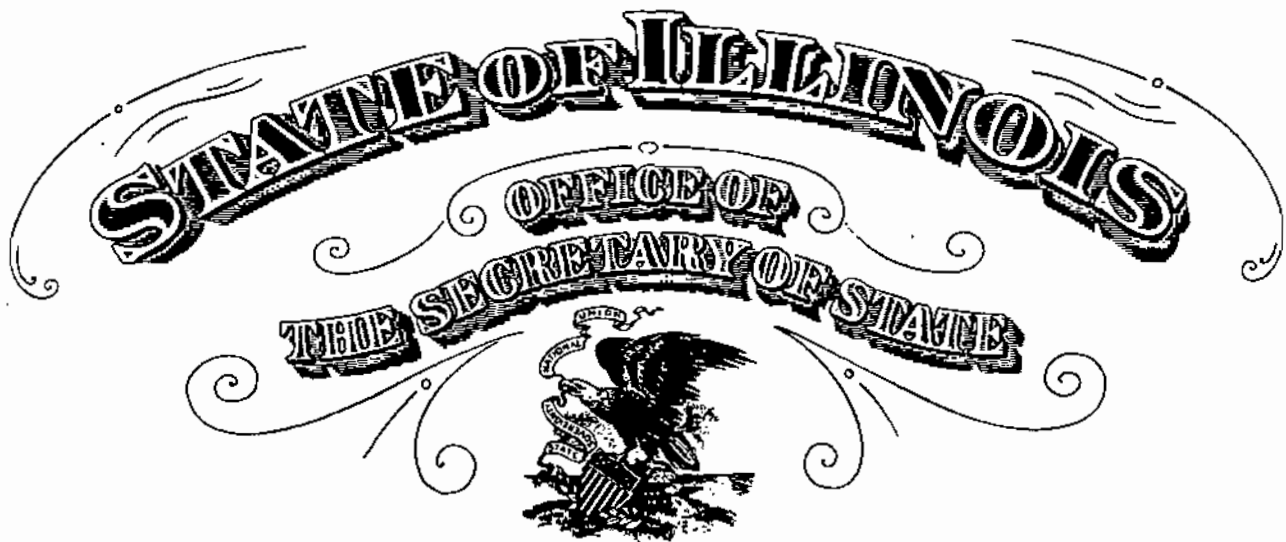
Authenticate at: <http://www.cyberdriveillinois.com>

*In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 30TH
day of JULY A.D. 2012 .*

Jesse White

SECRETARY OF STATE

ATTACHMENT 4



To all to whom these Presents Shall Come, Greeting:

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

DUPAGE ORTHOPAEDIC SURGERY CENTER, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON JANUARY 14, 2003, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.



Authentication #: 1219801730

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 16TH day of JULY A.D. 2012 .

Jesse White

SECRETARY OF STATE

ATTACHMENT 4

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT is made and entered into this 31st day of July, 2012, by and among CDH-Delnor Health System, Inc., d/b/a Cadence Health (the "Purchaser"), an Illinois not-for-profit corporation, OAD Orthopaedics, Ltd., an Illinois corporation ("OAD"), DuPage Orthopaedic Surgery Center, LLC, an Illinois limited liability company ("DOSC"), and each of the individual owners of OAD and DOSC (as shown on the signature page hereof, the "Owners") (OAD and DOSC, together, "Sellers" and, along with the Owners, "Seller Parties").

RECITALS

WHEREAS, the Parties share a patient-centered culture committed to excellence and quality, and the Parties' histories of sound governance and management, together with excellent physicians, nurses and other caregivers, have assured the delivery of exceptional care;

WHEREAS, the Parties desire to continue to improve quality, enhance access and accelerate the building of the premier orthopaedic services line for the communities of DuPage County and surrounding areas;

WHEREAS, OAD is the owner and operator of the Practice;

WHEREAS, DOSC is the owner and operator of the ASC;

WHEREAS, the Owners own all of the issued and outstanding ownership and economic interests in each of OAD and DOSC;

WHEREAS, the Purchaser, in furtherance of its mission and strategy, desires to purchase, and each of OAD and DOSC desires to sell, substantially all of the assets related to the operation of the Practice and the ASC, respectively, as more fully described herein, upon and subject to the terms and conditions contained in this Agreement;

WHEREAS, the Purchaser has formed Cadence Ambulatory Surgery Center, LLC as a wholly-owned subsidiary ("CASC") for the intended purpose of holding the assets to be acquired from DOSC, and operating the ASC post-Closing; and

WHEREAS, the Purchaser, on the one hand, and each of the Owners, on the other hand, have executed and delivered employment agreements dated as of the date hereof, conditioned upon and effective as of the Closing Date (the "Owner Employment Agreements").

NOW, THEREFORE, in consideration of the terms and conditions and the representations and warranties herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I DEFINITIONS

For the purposes of this Agreement and in addition to the capitalized terms elsewhere defined herein, the following terms shall have the indicated meanings:

- 1.1 "Affiliate" means, with respect to any Person, a Person that directly or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, the first Person.
- 1.2 "Agreement" means this Asset Purchase Agreement (including any Exhibits, attachments and Schedules hereto) as it may be amended, supplemented or restated from time to time in accordance with its terms.
- 1.3 "ASC" means the ambulatory surgical facility operated by DOSC at 27650 Ferry Road, Suite 140 in Warrenville, Illinois.
- 1.4 "Assignment and Assumption Agreements" means those certain Assignment and Assumption Agreements by and between the Purchaser (or its designee(s)) and each of OAD and DOSC in substantially the forms attached hereto as Exhibit A.
- 1.5 "Assumed Contracts" has the meaning set forth in Section 2.1(f).
- 1.6 "Average BC/BS Monthly Overpayment Amount" means the average of the two most recent monthly payments made by Sellers to Blue Cross/Blue Shield of Illinois prior to the date hereof in reconciliation of BC/BS Overpayment Liabilities.
- 1.7 "BC/BS Escrow" has the meaning set forth in Section 3.4.
- 1.8 "BC/BS Overpayment Liabilities" means the amount of all overpayment liabilities owed by Sellers to Blue Cross/Blue Shield of Illinois and/or arising from the Sellers' billing and collection for services provided to beneficiaries of Blue Cross/Blue Shield of Illinois prior to the Closing Date.
- 1.9 "Bankruptcy and Equity Exception" has the meaning set forth in Section 5.4.
- 1.10 "Bills of Sale" means those certain Bills of Sale by and between the Purchaser (or its designee(s)) and each of OAD and DOSC in the forms attached hereto as Exhibit B.
- 1.11 "Broker Amount" has the meaning set forth in Section 3.2(c).
- 1.12 "Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks located in Chicago, Illinois are authorized or required by Law to close.
- 1.13 "Cadence Physician Group" means Central DuPage Physician Group, d/b/a Cadence Physician Group, an Illinois not-for-profit corporation and an Affiliate of the Purchaser.
- 1.14 "CASC" means Cadence Ambulatory Surgery Center, LLC, an Illinois limited liability company and a newly-formed wholly-owned subsidiary of the Purchaser.
- 1.15 "Closing" means the consummation of the sale and purchase of the Purchased Assets and the other Transactions in accordance with the terms hereof.

1.16 "Closing Date" means the date on which the Closing occurs in accordance with the terms hereof.

1.17 "COBRA Employees" means all former employees of OAD or DOSC and their spouses and dependents who do not become employees of the Purchaser or any of its Affiliates and who are receiving, or are eligible to elect, COBRA continuation coverage as of or following the Closing Date under Sellers' Health Insurance Plans.

1.18 "COBRA Holdback" means the sum of the following amounts per each COBRA Employee (for purposes of this COBRA Holdback definition, a former employee of OAD or DOSC and his or her spouse and dependents shall constitute a single COBRA Employee) who has not, as of the Closing Date, accepted COBRA or alternate coverage through an arrangement made by Sellers pursuant to Section 8.9: (i) for each such COBRA Employee with employee only coverage through Sellers' Health Insurance Plans, \$7,184.40; (ii) for each such COBRA Employee with employee plus spouse coverage through Sellers' Health Insurance Plans, \$15,087.24; (iii) for each such COBRA Employee with employee plus children coverage through Sellers' Health Insurance Plans, \$13,650.36; and (iv) for each such COBRA Employee with employee plus family coverage through Sellers' Health Insurance Plans, \$22,990.20.

1.19 "Code" means the Internal Revenue Code of 1986, as amended.

1.20 "Confidential Information" has the meaning set forth in Section 8.10(a).

1.21 "Confidentiality Agreement" means the Confidentiality and Non-Disclosure Agreement entered into among OAD, DOSC and the Purchaser.

1.22 "Contract" means all agreements or arrangements, oral or written, which constitute contracts under applicable Law.

1.23 "Control" (including the terms "Controlled by" and "under common Control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person (whether through the ownership of voting securities, by contract, as trustee or executor, or otherwise) and shall be deemed to exist upon the authority to exercise more than 50% of the voting power in the election of directors, trustees or managers of such Person (or other Person or body performing similar functions).

1.24 "DOSC" has the meaning set forth in the first paragraph of this Agreement.

1.25 "DOSC Location" means 27650 Ferry Road in Warrenville, Illinois.

1.26 "EBITDA" means earnings before interest, income taxes, depreciation and amortization.

1.27 "Employed Physician" means a Physician who is an owner and/or employee or independent contractor of OAD as set forth on Schedule 1.27 attached hereto.

1.28 "Employee Plans" means any pension, retirement, savings, disability, medical, dental, health, life (including without limitation any individual life insurance policy under which any employee of OAD or DOSC, as applicable, is the named insured and as to which OAD or DOSC,

as applicable, makes premium payments, whether or not OAD or DOSC, as applicable, is the owner, beneficiary or both of such policy), death benefit, group insurance, profit-sharing, deferred compensation, stock option, bonus, incentive, vacation pay, severance pay, or other employee benefit plan, trust, arrangement, Contract, policy or commitment (including, without limitation, any pension plan as defined in Section 3(2) of ERISA ("Pension Plan"), and any welfare plan as defined in Section 3(1) of ERISA ("Welfare Plan"), whether or not any of the foregoing is funded or insured and whether written or oral, which is intended to provide or does in fact provide benefits to any or all employees of OAD or DOSC, as applicable, and: (a) to which OAD or DOSC, as applicable, is a party or by which OAD or DOSC, as applicable, (or any of the rights, properties or assets of OAD or DOSC, as applicable,) is bound; or (b) with respect to which OAD or DOSC, as applicable, has made any payments, contributions, or may otherwise have any liability (absolute, contingent or otherwise) (whether or not OAD or DOSC, as applicable, still maintains such plan, trust, Contract, policy or commitment).

1.29 "Environmental Laws" means all applicable Laws relating to: (a) the protection of the environment, or to any emission, discharge, generation, processing, storage, holding, abatement, Release, threatened Release or transportation of any Hazardous Substances, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), the Resource Conservation and Recovery Act of 1976 (42 U.S.C. §6901 et seq.), and the Occupational Safety and Health Act; (b) the reporting, licensing, permitting, investigation or remediation of Releases or threatened Releases of Hazardous Substances into the air, surface water, groundwater or land; and (c) the manufacture, processing, distribution, use, sale, treatment, receipt, storage, disposal, transport or handling of Hazardous Substances.

1.30 "Environmental Permits" means any applicable consent, certificate, license or other approval, or any waiver of any of the foregoing, required under any Environmental Laws and necessary for the conduct of the businesses and operations of OAD or DOSC, as applicable, as currently conducted.

1.31 "Escrow Account" has the meaning set forth in Section 3.4.

1.32 "Escrow Agent" has the meaning set forth in Section 3.4.

1.33 "Escrow Agreement" means that certain Escrow Agreement by and among the Purchaser, Sellers and the Escrow Agent in substantially the form attached hereto as Exhibit C.

1.34 "Escrow Deposit" has the meaning set forth in Section 3.4.

1.35 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

1.36 "ERISA Controlled Group" has the meaning set forth in Section 5.17(b).

1.37 "Excluded Assets" has the meaning set forth in Section 2.2.

1.38 "Financial Statements" has the meaning set forth in Section 5.5(a).

1.39 “Governmental Entity” means any United States federal, state or local government or subdivision thereof, or governmental, judicial, legislative, executive, administrative or regulatory authority, agency, commission or court.

1.40 “Hazardous Substances” means any substance that: (a) is or contains asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum or petroleum-derived substances or waste; (b) requires investigation, removal or remediation pursuant to any Environmental Laws; (c) is defined, listed or identified as a “hazardous waste” or “hazardous substance” pursuant to any Environmental Laws; (d) is regulated medical waste; or (e) is classified as toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous and is regulated pursuant to any Environmental Laws, but excludes office and janitorial supplies properly and safely maintained.

1.41 “Health Care Laws” means all Laws relating to health care providers and facilities, participation in “Federal Health Care Programs” (as defined in 42 U.S.C. §1320a-7b(f) and including Medicare, state Medicaid programs, state CHIP programs, TRICARE and similar or successor health care programs with or for the benefit of any governmental authority), the practice of medicine, institutional and professional licensure, pharmacology and dispensing medicines or controlled substances, medical documentation, medical record retention, laboratory services, unprofessional conduct, fee-splitting, referrals, billing and submission of false or fraudulent claims, claims processing, quality, safety, medical necessity, medical privacy and security, patient confidentiality, informed consent and the hiring of employees or acquisition of services or supplies from Persons excluded from participation in Federal Health Care Programs, standards of care, quality assurance, risk management, utilization review, peer review, and/or mandated reporting of incidents, occurrences, diseases and events, advertising or marketing of health care services, including Medicare, Medicaid, CHIP, the TRICARE laws (10 U.S.C. § 1071 *et seq.*), the False Claims Act, 31 U.S.C. §§3729 *et seq.*, the Civil Monetary Penalties Law, 42 U.S.C. §1320a 7a, federal and state anti kickback statutes (including 42 U.S.C. §1320a 7b), federal and state referral laws (including 42 U.S.C. §1395nn), criminal false claims statutes (e.g., 18 U.S.C. §§ 287 and 1001), the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. § 3801, *et seq.*), the Beneficiary Inducement Statute (42 U.S.C. §1320a-7a(a)(5)), the Confidentiality of Alcohol and Drug Abuse Patient Records Act (42 U.S.C. 290ee 3, *et seq.*) and the Health Insurance Portability and Accountability Act of 1996, P.L. 104-191 (including the Standards for Privacy of Individually Identifiable Health Information, the Security Standards for the Protection of Electronic Protected Health Information and the Standards for Electronic Transactions and Code Sets promulgated thereunder) (“HIPAA”) and applicable state Laws regarding patient privacy and the security, use or disclosure of health care records.

1.42 “HHS” means the United States Department of Health and Human Services.

1.43 “Indemnification Escrow” has the meaning set forth in Section 3.4.

1.44 “Indemnified Party” has the meaning set forth in Section 9.7.

1.45 “Indemnifying Party” has the meaning set forth in Section 9.7.

1.46 “Insurance Tail Policies” has the meaning set forth in Section 8.17.

1.47 "Intellectual Property" means trademarks, service marks, trade names, trade dress, copyrights, and similar rights, including registrations and applications to register or renew the registration of any of the foregoing, United States letters patents and patent applications, inventions, processes, designs, formulae, trade secrets, know-how, confidential information, data and documentation, all similar intellectual property rights and tangible embodiments of any of the foregoing (in any form or medium including electronic media).

1.48 "Interim Financial Statements" has the meaning set forth in Section 5.5(a).

1.49 "Inventory" means all of the inventory of drugs, medications, food, supplies and other disposables and consumables of OAD or DOSC, as applicable.

1.50 "IRS" means the Internal Revenue Service.

1.51 "Knowledge", "Known", "Knowingly", "to the Knowledge of" or any variant thereof, (a) with respect to Sellers, means and refers to the actual knowledge of Barbara Kiel, Dr. Lenard LaBelle, Dr. Richard Thomas and Dr. David Mochel, after due inquiry, except for purposes of Sections 5.11 and 5.12, in which case it means and refers to the actual knowledge of Barbara Kiel and the Owners, after due inquiry, and except for purposes of Section 5.5(d), in which case it means and refers to the actual knowledge of Barbara Kiel, Dr. Lenard LaBelle, Dr. Richard Thomas, Dr. David Mochel and Gloria Caballero, and (b) with respect to the Purchaser, means and refers to the actual knowledge of the officers of the Purchaser, after due inquiry.

1.52 "Law" or "Laws" means all federal, state and local statutes, common law, laws, ordinances, regulations, rules, resolutions, orders, decrees, determinations, writs and injunctions of any Governmental Entity.

1.53 "Licenses and Permits" has the meaning given to it in Section 5.14(a).

1.54 "Lien" means any lien, mortgage, pledge, charge, option, encumbrance or other security interest.

1.55 "Locations" means, collectively, the OAD Locations and the DOSC Location.

1.56 "Loss" and "Losses" have the meanings given to them in Section 9.2.

1.57 "Material Adverse Effect" means:

(a) With respect to OAD and DOSC, (i) any effect that is materially adverse or is reasonably likely to become materially adverse to the results of operations, financial condition, assets or liabilities of OAD, DOSC and the Real Estate Entities, taken as a whole, or (ii) which, individually or in the aggregate, could reasonably be expected to result in the debarment or exclusion of OAD, DOSC or any Owner from participation in the Medicare or Medicaid programs, or (iii) which results in the EBITDA of OAD and DOSC, collectively, for the trailing twelve month period ending September 30, 2012 being less than Eight Million Six Hundred and Ninety Three Thousand Dollars (\$8,693,000).

(b) With respect to the Purchaser, a material adverse effect on the condition (financial or otherwise), properties, business or results of operations of the Purchaser that could reasonably be expected to result in an inability of the Purchaser to perform its obligations under this Agreement.

(c) Notwithstanding anything to the contrary, the following shall not be taken into account in determining whether there is a "Material Adverse Effect" under Section 1.57(a)(i) but shall be taken into account in determining whether there is a "Material Adverse Effect" under Section 1.57(a)(ii) or (iii): (i) general business, industry or economic conditions, including such conditions related to the business of OAD or DOSC or the Purchaser, as the case may be, to the extent they do not disproportionately affect OAD or DOSC or the Purchaser, as the case may be; (ii) local, regional, national or international political or social conditions, including the engagement or escalation by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack, to the extent they do not disproportionately affect OAD or DOSC or the Purchaser, as the case may be; (iii) changes in financial, banking or securities markets (including any disruption thereof and any decline in the price of any security or any market index) to the extent they do not disproportionately affect OAD or DOSC or the Purchaser, as the case may be; (iv) changes in accounting rules, including GAAP; (v) changes due to or caused by the announcement of the Transactions or seasonal changes; (vi) any actions or omissions by, or taken at the direction or request of, Purchaser or any of its Affiliates; (vii) changes in Laws; (viii) the taking of any action contemplated by the Purchase Agreement; (ix) any actual or proposed change in reimbursement of any services or products offered by OAD or DOSC; or (x) any change, effect, event, occurrence, state of facts, development or circumstance described in clauses (x) – (xiii) of subsection (c) of the definition of "Material Adverse Effect" in the Real Estate Purchase Agreements (which such exceptions are to be dealt with as provided in the Real Estate Purchase Agreements without regard to this definition).

1.58 "Medicaid" means the medical assistance program established by Title XIX of the Social Security Act of 1965, 42 U.S.C. § 1396 *et seq.*

1.59 "Medical Waste" means (i) pathological waste, (ii) blood, (iii) wastes from surgery or autopsy, (iv) dialysis waste, including contaminated disposable equipment and supplies, (v) cultures and stocks of infectious agents and associated biological agents, (vi) contaminated animals, (vii) isolation wastes, (viii) contaminated equipment, (ix) laboratory waste, and (x) other biological waste and discarded materials contaminated with or exposed to blood, excretion, or secretions from human beings or animals, including any substance, pollutant, material or contaminant listed or regulated under the Medical Waste Tracking Act of 1988, 42 U.S.C. § 6992, *et seq.*

1.60 "OAD" has the meaning set forth in the first paragraph of this Agreement.

1.61 "OAD Locations" means the locations of OAD as set forth on Schedule 1.61.

1.62 "Orthopaedic Program" means the orthopaedics program maintained by Cadence Physician Group.

1.63 "Outside Date" means November 2, 2012; provided, however, that if all conditions to Closing set forth in Sections 4.3(a) and 4.3(b) other than (a) those to be satisfied at Closing and (b) the receipt by CASC of a Certificate of Exemption for the transfer of the ASC assets included in the Purchased Assets and, if required by Illinois Law, the receipt by the Purchaser of a Certificate of Exemption or Certificate of Need for the transfer of the Practice assets included in the Purchased Assets, as contemplated hereby from the Illinois Health Facilities and Services Review Board, have been satisfied and the Illinois Health Facilities and Services Review Board has not denied CASC a Certificate of Exemption for the transfer of the ASC assets and has not denied the Purchaser a Certificate of Exemption or Certificate of Need for the transfer of the Practice assets to the extent required by Illinois Law, as contemplated hereby, then the Outside Date shall be December 31, 2012.

1.64 "Owners" has the meaning set forth in the first paragraph of this Agreement.

1.65 "Party" or "Parties" means a party to this Agreement and the parties to this Agreement, respectively.

1.66 "Payment Programs" has the meaning set forth in Section 5.18.

1.67 "Payoff Letters" has the meaning set forth in Section 4.2(b)(ix).

1.68 "Permitted Liens" means (a) Liens for Taxes, assessments or other claims by a Governmental Entity not yet delinquent or the amount or validity of which is being contested in good faith by appropriate proceedings; (b) statutory Liens of landlords and mechanics', materialmen's, carriers', workers', repairers' and similar Liens arising or incurred in the ordinary course; (c) such other encroachments and imperfections in title, charges, restrictions or Liens that do not materially detract from or diminish the value of or materially interfere with the present use of the properties they affect; (d) Liens that will be released prior to or as of the Closing; and (e) Liens created by or through the Purchaser.

1.69 "Person" means any natural person, firm, partnership, association, corporation, company, limited liability company, trust or other entity, including a court or tribunal or a governmental or political subdivision or an agency or instrumentality thereof.

1.70 "Physician Designee" shall have the meaning set forth in Section 8.18.

1.71 "Physician Employment Agreement" means that certain Employment Agreement by and among the Purchaser and each Owner or Employed Physician (including, at the Purchaser's option, each Employed Physician who is a independent contractor) as of the Closing Date, in substantially the form attached hereto as Exhibit D.

1.72 "Physicians" or "Physician" means those physicians who are either Employed Physicians or Owners.

1.73 "Practice" means the medical practice and other health care businesses owned and operated by OAD at the Locations.

1.74 "Pro Rated Purchaser Deposits" means, with respect to each lease or sublease, as the case may be, of real property by OAD with a landlord or sublandlord other than the Purchaser or any Affiliate of the Purchaser, the amount of the security deposit related to such lease multiplied by a fraction, the numerator of which is the number of months remaining during the current term of such lease and the denominator of which is the total number of months in the current term of such lease.

1.75 "Pro Rata Share" means, with respect to each Owner, the amount set forth opposite such Owner's name on Schedule 1.75 hereto.

1.76 "Purchased Assets" has the meaning set forth in Section 2.1.

1.77 "Purchase Price" has the meaning set forth in Section 3.1.

1.78 "Purchaser" has the meaning set forth in the first paragraph of this Agreement.

1.79 "Purchaser Welfare Plan" has the meaning set forth in Section 8.8(b).

1.80 "Real Estate Entities" means, collectively, Cornerstone Medical Development Company, LLC, an Illinois limited liability company, South Naperville Associated Partners, LLC, an Illinois limited liability company, and Danada Orthopedic Partnership, an Illinois general partnership (as well as any land trusts through which such entities hold the real property specified in Section 4.3(a)(viii)).

1.81 "Real Estate Purchase Agreements" shall mean those three (3) certain Real Estate Purchase Agreements between the Purchaser and the Real Estate Entities relating to the real property specified in Section 4.3(a)(ix).

1.82 "Real Property Leases" has the meaning set forth in Section 5.7(b).

1.83 "Release" means any releasing, disposing, discharging, injecting, spilling, leaking, pumping, dumping, emitting, escaping, emptying, seeping, dispersal, leeching, migration, transporting, placing and the like, including without limitation the moving of any materials through, into or upon, any land, soil, surface water, ground water or air, or otherwise entering into the environment.

1.84 "Remedial Action" means all actions required pursuant to Environmental Laws necessary to: (a) clean up, remove, treat or in any other way remediate any Hazardous Substances; (b) prevent the release of Hazardous Substances so that they do not migrate or endanger or threaten to endanger public health or welfare or the environment; or (c) perform studies, investigations and care related to any such Hazardous Substances.

1.85 "Representative" has the meaning set forth in Section 11.5.

1.86 "Restricted Period" has the meaning set forth in Section 8.10(a).

1.87 "Retention Period" has the meaning set forth in Section 8.12.

- 1.88 "Schedule Correction" has the meaning set forth in Section 8.6(b).
- 1.89 "Schedule Update" has the meaning set forth in Section 8.6(b).
- 1.90 "Seller Parties" has the meaning set forth in the first paragraph of this Agreement.
- 1.91 "Sellers" has the meaning set forth in the first paragraph of this Agreement.
- 1.92 "Sellers' Health Insurance Plans" means the BlueCross BlueShield of Illinois BluePrint PPO 80/60 Medical Insurance Plan and the BlueCross BlueShield of Illinois BlueAdvantage HMO Medical Insurance Plan.
- 1.93 "Seller Welfare Plans" has the meaning set forth in Section 8.8(b).
- 1.94 "Software" has the meaning set forth in Section 2.1(g).
- 1.95 "Specified Representations" means (a) with respect to Sections 4.3(a)(ii) and 4.3(a)(iii): Sections 5.1 (Organization), 5.2 (Authorization), 5.4 (Binding Obligation), 5.5(a) (Financial Statements), 5.6(a) (Title to Purchased Assets), 5.11 (Litigation), 5.12 (Compliance with Laws; Regulatory Compliance), 5.14 (Licenses), and 5.16 (Employees), and (b) with respect to Sections 4.3(b)(ii) and 4.3(b)(iii): Sections 7.1 (Organization), 7.2 (Authorization), 7.4 (Binding Obligation) and 7.7 (Solvency; Financial Capacity).
- 1.96 "Straddle Period" has the meaning set forth in Section 8.14(b).
- 1.97 "Tail Policy Amount" has the meaning set forth in Section 3.2(b).
- 1.98 "Tax" means any income, receipts, value-added, transfer, registration, business, franchise, profits, capital, withholding, payroll, employment, property or customs tax, duty, governmental fee or other like assessment or charge, together with any interest or penalty on any of the foregoing imposed by any Governmental Entity.
- 1.99 "Tax Return" means any report, return, document, declaration or any other information or filing required to be supplied to any Governmental Entity with respect to Taxes.
- 1.100 "Terminated Insurance Policies" has the meaning set forth in Section 8.17.
- 1.101 "Third-Party Claim" has the meaning set forth in Section 9.7.
- 1.102 "Transaction Agreements" means the Assignment and Assumption Agreements, the Bills of Sale, the Physician Employment Agreements, the Escrow Agreement, the Transition Services Agreement and any other agreements, certificates, schedules, exhibits or documents executed or delivered in connection with the Transactions, as such agreements may from time to time be amended, supplemented or restated by the Parties hereto or thereto.
- 1.103 "Transactions" means the transactions contemplated by this Agreement and the Transaction Agreements.
- 1.104 "Transfer Taxes" has the meaning set forth in Section 11.3.

1.105 "Transferred Employee" has the meaning set forth in Section 8.8(a).

1.106 "Transition Services Agreement" means the Transition Services Agreement by and between the Purchaser and OAD and DOSC (if deemed necessary by the Purchaser and OAD and DOSC) substantially in the form attached hereto as Exhibit E.

1.107 "WARN Act" means the Worker Adjustment and Retraining Notification Act and the regulations promulgated thereunder.

1.108 "Work Relative Value Units" means the measure established by the Centers for Medicare and Medicaid Services which represents a physician's work effort for each service provided to patients, and includes all modifiers as published and applied by the Centers for Medicare and Medicaid Services.

ARTICLE II PURCHASE AND SALE OF ASSETS

2.1 Purchase and Sale of Assets. Subject to the terms and conditions of this Agreement and except for Excluded Assets, effective as of the Closing, each of OAD and DOSC shall sell, transfer, convey, assign and deliver to the Purchaser (or such Affiliate(s) of the Purchaser as the Purchaser may direct with respect to certain specified properties, rights or assets including, without limitation, CASC), and the Purchaser (or such Affiliate(s) of the Purchaser as the Purchaser may direct with respect to certain specified properties, rights or assets including, without limitation, CASC) shall purchase, acquire, receive, accept and assume from OAD or DOSC, respectively, all of its respective right, title and interest in, to and under all of its properties, rights and assets, including, without limitation, all assets used in providing imaging, physical and occupational therapy services (collectively, the "Purchased Assets"), and including, but not limited to, the following:

(a) All furniture, fixtures, equipment (including without limitation imaging equipment), machinery, instruments and other tangible personal property owned or leased by OAD or DOSC;

(b) All Inventory and Pro Rated Purchaser Deposits of OAD or DOSC;

(c) To the extent assignable or transferable, all financial, patient, medical staff and personnel records of OAD relating to the Practice and of DOSC related to the ASC, including, without limitation, all records, equipment records, medical administrative libraries, medical records, patient billing records, documents, catalogs, records, files, operating manuals and current personnel records, whether printed or in electronic form;

(d) All lists of patients, customers, users, institutional contacts, professional associations contacts, licensees, subscribers, suppliers and prospects of the Practice or the ASC, including, as appropriate, such names, addresses, dates and other information as are maintained by or for the benefit of OAD or DOSC;

(e) All rights and interests of OAD or DOSC in Intellectual Property, including without limitation the rights and interests in the names "OAD Orthopaedics," "Orthopaedics Associates of DuPage" and "DuPage Orthopaedic Surgery Center";

(f) All interest, to the extent assignable or transferable, in and to all Contracts with respect to the operation of the Practice and the ASC identified as Assumed Contracts on Schedule 5.8 (the "Assumed Contracts");

(g) To the extent assignable or transferable, the computer software, and all associated licenses, documents, records, operating manuals, files and data, used in the Practice or the ASC (collectively, the "Software");

(h) To the extent assignable or transferable, all Licenses and Permits, including any Environmental Permits, issued and held by OAD or DOSC relating to the ownership and/or operation of the Purchased Assets, the Practice and the ASC;

(i) All claims, causes of action and judgments in favor of OAD or DOSC relating to the physical condition or repair of the Purchased Assets and, to the extent assignable or transferable by OAD or DOSC, all warranties (express or implied) and rights and claims assertable by (but not against) OAD or DOSC relating to the Purchased Assets;

(j) All insurance proceeds (but not any insurance policies themselves) arising in connection with property damage to the Purchased Assets if such damaged Purchased Assets are not repaired or restored prior to the Closing;

(k) The interest of OAD or DOSC in all assets of the foregoing types, arising or acquired in the ordinary course of the business in respect of the Practice of the ASC through the Closing.

2.2 Excluded Assets. The Purchased Assets shall not include, and OAD or DOSC, respectively, shall retain all right and title to, the following assets (collectively, "Excluded Assets");

(a) All cash, cash equivalents, patient accounts receivable, payor/contractor accounts receivable and all other accounts receivable related to services provided prior to the Closing;

(b) All bank accounts;

(c) All assets and rights in and with respect to any and all Employee Plans;

(d) All claims, rights, interest and proceeds with respect to Tax refunds and the right to pursue appeals of the same;

(e) All Licenses and Permits that OAD or DOSC is prohibited by Law from transferring to the Purchaser;

(f) Notes due to OAD or DOSC from any Owner and any former owners of OAD or DOSC;

(g) The entity records of OAD and DOSC (including corporate minute books, Tax Returns, etc);

(h) All insurance policies;

(i) Any insurance proceeds arising in connection with property damage to the Purchased Assets if such damaged Purchased Assets are repaired or restored prior to the Closing Date;

(j) The Medicare and Medicaid provider numbers and all associated PINs of OAD;

(k) The Medicaid provider number of DOSC;

(l) The Medicare provider number of DOSC, unless, prior to the Closing Date, Purchaser informs Sellers in writing of its intent to treat such Medicare provider number as a Purchased Asset (in which case it shall be deemed to be a Purchased Asset);

(m) All amounts payable to OAD or DOSC from third-party payors pursuant to retrospective settlements (including cost reports filed or to be filed under any federal health care programs for pre-Closing periods) and all related appeals and appeal rights;

(n) All Contracts which are not Assumed Contracts and all of Sellers' rights under this Agreement and the Transaction Agreements;

(o) All deposits, escrows and prepaid expenses other than the Pro Rated Purchaser Deposits;

(p) All personal property of any Physician or non-Physician employee of either Seller located in such Physician's or employee's personal office or cubicle, as applicable, to the extent such personal property is not owned by OAD or DOSC and is not necessary for the operation of the Practice or the ASC in the ordinary course of business consistent with past practices; and

(q) The other assets expressly listed on Schedule 2.2.

2.3 Assumption of Liabilities. The Purchaser shall assume all debts, liabilities and obligations accruing or arising under the Assumed Contracts with respect to periods after the Closing Date (the "Assumed Liabilities").

2.4 Excluded Liabilities. Except for the Assumed Liabilities, it is expressly agreed and understood that Sellers shall retain, and be solely responsible for paying or otherwise discharging or satisfying, all debts, liabilities and obligations of Sellers, the Practice, including but not limited to those that arise or relate to services rendered by the Sellers, the ASC or the Purchased Assets prior to the Closing, whether accrued, contingent, known or unknown, liquidated or unliquidated, or otherwise (each, an "Excluded Liability"). Except for the Assumed Liabilities, the Purchaser shall not assume or be liable for any debts, liabilities or obligations relating to Sellers, the Practice, the ASC or the Purchased Assets whether accrued, contingent, known or unknown, liquidated or unliquidated, or otherwise arising or relating to services rendered by Sellers, the Practice or the ASC prior to Closing.

2.5 Risk of Loss. The risk of loss or damage to any of the Purchased Assets shall remain with Sellers until the Closing.

2.6 Pro-rations. Within ninety (90) days after the Closing Date, the Purchaser and Sellers shall pro-rate, based on the number of days in the relevant period prior to, and including, the Closing Date relative to the number of days in such period subsequent to the Closing Date, all expenses incurred by the Practice or the ASC which are Assumed Liabilities or related to utilities, in each case with respect to which the period for invoicing does not terminate on the close of business on the Closing Date.

ARTICLE III PURCHASE PRICE

3.1 Purchase Price. The purchase price for the Purchased Assets shall be Fifty Two Million Dollars (\$52,000,000) (the "Purchase Price"), subject to adjustments as set forth herein. The Purchase Price shall be allocated Seven Million One Hundred Thousand Dollars (\$7,100,000) to OAD and Forty-four Million Nine Hundred Thousand Dollars (\$44,900,000) to DOSC.

3.2 Payment of the Purchase Price. On the Closing Date, upon the terms and subject to the conditions set forth in this Agreement, the Purchaser shall:

(a) Pay to the third parties who hold Liens on any of the Purchased Assets as of the Closing Date in cash, by wire transfer of immediately available United States funds to the account or accounts designated by such third party, the amounts set forth in payoff letters from such third parties such that Sellers may, at the Closing, sell, transfer, convey, assign and deliver the Purchased Assets to Purchaser (or its designee) free and clear of all Liens (such amounts in aggregate are the "Debt Relieved").

(b) Pay to an Affiliate of Purchaser the amount payable for the Insurance Tail Policies as determined in good faith by Purchaser or one of its Affiliates in a manner consistent with the quote previously provided to Sellers, provided that such amount shall not deviate more than five percent (5%) above or below Nine Hundred Seventy Thousand Two Hundred Eleven Dollars (\$970,211) (the "Tail Policy Amount").

(c) Pay to Sellers' brokers in cash, by wire transfer of immediately available United States funds to the account or accounts designated by such brokers, the amounts owed to them in connection with the Closing of the Transactions (the "Broker Amount").

(d) Pay to each of OAD and DOSC the Purchase Price, allocated as set forth in Section 3.1, minus the following (collectively, the "Purchase Price Reductions"):

- (i) The Debt Relieved;
- (ii) The Escrow Deposit;
- (iii) Tail Policy Amount;
- (iv) The Broker Amount; and

(v) The COBRA Holdback.

The Purchase Price minus the Purchase Price Reductions shall be paid to OAD and DOSC in cash by wire transfer of immediately available United States funds to the accounts designated by OAD and DOSC, respectively, pursuant to wire transfer instructions provided by OAD and DOSC.

3.3 Allocation of Purchase Price. The Parties agree that, for tax purposes, the Purchase Price and any other item of consideration for purposes of Section 1060 of the Code will be allocated (as prepared, and subject to amendment, in each case pursuant to this Section 3.3, the "Allocation") among the Purchased Assets in accordance with Section 1060 of the Code and the methodology set out in Exhibit F. No later than ninety (90) days following the Closing, the Sellers shall provide the initial Allocation to the Purchaser. If the Purchaser disputes such allocation (the sole permissible basis for such dispute being that the aggregate amount allocated to Class V assets (as used in Exhibit F) varies by more than 10% from the aggregate value for such assets determined by the appraisal obtained by the Purchaser), the Purchaser shall provide written notice of such dispute to Sellers within twenty (20) days of its receipt of the initial Allocation (and if the Purchaser does not provide such notice, such Allocation (and any part thereof not disputed by the Purchaser) shall be deemed agreed to by the Parties). Sellers and the Purchaser agree to attempt in good faith to settle such dispute within ten (10) days and if not settled within such ten (10) days, then the Parties may make such varying allocations with respect to the Class V assets (and the appropriate corresponding allocations to the Class VI and Class VII assets in accordance with the methodology for Class VI and Class VII assets set forth on Exhibit F) in their Tax Returns or other Tax information as they so determine and shall otherwise allocate the Purchase Price and any other item of consideration for purposes of Section 1060 of the Code as set out in the Allocation prepared by Sellers. In the case of an adjustment to the Purchase Price (or any other item of consideration for purposes of Section 1060 of the Code), an adjustment to the Allocation shall be made pursuant to the procedure set forth in the preceding sentence (solely with respect to the adjusted Allocation rather than the initial Allocation). Except as set forth above with respect to Class V assets, the Parties agree that any Tax Returns or other Tax information that they may file or cause to be filed with any Governmental Entity shall be prepared and filed consistently with the Allocation as finally prepared or amended pursuant to this Section 3.3. In this regard, the Parties agree that, to the extent required, they will each properly prepare and timely file IRS Form 8594 in accordance with Section 1060 of the Code. Except as set forth above with respect to Class V assets, no Party will take any position inconsistent with the Allocation or any amendment thereof as finally prepared or amended pursuant to this Section 3.3 on any Tax Return or in any audit or judicial or administrative proceeding before any Governmental Entity (except to the extent otherwise required by a "final determination"). For this purpose, a "final determination" shall mean a "determination" within the meaning of Section 1313(a)(1) of the Code that is not subject to further appeal.

3.4 Escrow. At the Closing, the Purchaser shall deposit in escrow with Wells Fargo Bank, National Association (the "Escrow Agent") a portion of the Purchase Price equal to Five Million Two Hundred Thousand Dollars (\$5,200,000) (the "Indemnification Escrow") plus an amount equal to product of: (a) the Average BC/BS Monthly Overpayment Amount; and (b) the number of months prior to the Closing Date as to which Sellers have not reconciled and paid all BC/BS Overpayment Liabilities (the "BC/BS Escrow") and together with the Indemnification Escrow,

the "Escrow Deposit"). The Escrow Deposit shall be held by the Escrow Agent in an account (the "Escrow Account") in accordance with the terms and provisions of the Escrow Agreement. The Purchaser, on the one hand, and Sellers, on the other hand, will share equally the payment of any fees and expenses payable to the Escrow Agent pursuant to the Escrow Agreement.

3.5 COBRA Holdback True-Up. On or before that date which is seventy-five (75) days after the Closing, the Purchaser and Sellers shall determine the COBRA Employees who have elected COBRA coverage (and have not accepted COBRA or alternate coverage through an arrangement made by Sellers pursuant to Section 8.9) and who are receiving COBRA benefits from the Purchaser or one of its Affiliates. The Purchaser shall permanently retain the portion of the COBRA Holdback with respect to all such COBRA Employees. The portion of the COBRA Holdback amount with respect to all other COBRA Employees shall, within ten (10) days of such determination, be paid by the Purchaser to Sellers in cash by wire transfer of immediately available funds to the account or accounts designated by the Sellers.

ARTICLE IV CLOSING

4.1 Closing. Unless this Agreement shall have been terminated in accordance with Section 10.1, the Closing shall take place at the offices of the Purchaser or at such other location as agreed to by the Parties. In the alternative, the Parties may remotely exchange documents and signatures in PDF format or by facsimile. The Closing shall occur as promptly as practicable but in no event later than 10:00 a.m. central time on the third (3rd) Business Day after the date on which all conditions set forth in Article IV (except those conditions that are to be satisfied or waived at Closing) have been satisfied or waived by the Party entitled to the benefit of the same; provided however that the Closing Date shall not be required to occur prior to ten (10) days after the Purchaser's receipt of a quarterly financial statement pursuant to Section 8.5.

4.2 Deliverables of the Parties at the Closing.

(a) By the Purchaser. At or prior to the Closing, unless otherwise waived in writing by OAD and DOSC, the Purchaser (or one or more of its Affiliates including, without limitation, CASC if designated by the Purchaser) shall deliver to Sellers:

(i) The Purchase Price minus the Purchase Price Reductions as specified in Section 3.2;

(ii) Copies of resolutions or other authorizing documentation authorizing and approving the performance of the Transactions and the execution and delivery of this Agreement and the Transaction Agreements to be executed by the Purchaser (and Cadence Physician Group and CASC to the extent applicable), certified as true and of full force as of the Closing by the appropriate officer of the Purchaser;

(iii) A certificate of good standing from the Illinois Secretary of State for each of the Purchaser, Cadence Physician Group and CASC dated within ten (10) business days prior to the Closing;

(iv) Duly executed Assignment and Assumption Agreements;

(v) Duly executed Escrow Agreement;

(vi) Duly executed assumptions and assignments of the Real Property Leases identified by the Purchaser on Schedule 5.7(b) hereto, in form satisfactory to the Purchaser, executed by the landlords when required pursuant to such Real Property Leases, provided that such documentation shall not be required for any Real Property Lease for which Purchaser or an Affiliate of Purchaser is the landlord; and

(vii) Evidence of the effectiveness of the Insurance Tail Policies.

(b) By Sellers. At or prior to the Closing, unless otherwise waived in writing by the Purchaser, Sellers shall deliver to the Purchaser:

(i) Copies of resolutions duly adopted by the governing bodies of each of OAD and DOSC authorizing and approving the performance of the Transactions and the execution and delivery of this Agreement and the Transaction Agreements to be executed by such Party, certified as true and of full force as of the Closing by the appropriate officer of such Party;

(ii) A certificate of good standing from the Illinois Secretary of State for each of OAD and DOSC dated within ten (10) business days prior to the Closing;

(iii) Duly executed Bills of Sale from OAD and DOSC, respectively;

(iv) Duly executed Assignment and Assumption Agreements;

(v) Duly executed Escrow Agreement;

(vi) Physician Employment Agreements (or, at the Purchaser's option with respect to physicians who are independent contractors of OAD, independent contractor agreements) duly executed by each of the Physicians who has not executed such Physician Employment Agreement as of the date hereof, and evidence that each Physician has satisfied the credentialing and other conditions to commencing work under the terms of such Physician Employment Agreements so as to be ready to begin work on the Closing Date; notwithstanding the foregoing, the failure of Sellers to comply with this Section 4.2(b)(vi) with respect to one Physician who is not an Owner shall not constitute a breach of this Closing condition;

(vii) Evidence of termination of all employment agreements with any Physician or employee, including termination of any non-competition or other restrictive covenants binding any Physician or employee who is offered and accepts employment with the Purchaser or one of its Affiliates as of the Closing Date and evidence of the payment by Sellers to their employees, of all unused paid time off owed to their employees as of the Closing Date;

(viii) Consents or notices from or to counterparties with respect to the Assumed Contracts set forth on Schedule 4.2(b)(viii);

(ix) Payoff letters ("Payoff Letters") from all Persons who have Liens on any of the Purchased Assets, with provision for releases of all Liens and discharge of all debts;

(x) Assignment of any and all rights to use the names "OAD Orthopaedics," "Orthopaedics Associates of DuPage" and "DuPage Orthopaedic Surgery Center;" and

(xi) Articles of amendment reflecting OAD and DOSC name changes.

4.3 Conditions to Closing.

(a) Conditions to Closing Obligations of the Purchaser. The obligation of the Purchaser to consummate the Transactions is subject to the fulfillment, before or at the Closing, of the following conditions:

(i) Sellers shall have delivered all of the agreements, documents and instruments required under Section 4.2(b) to be delivered by Sellers before or at the Closing.

(ii) Seller Parties' representations and warranties in this Agreement other than the Specified Representations shall, taken as a whole, be true and correct in all material respects as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, which shall be true and correct in all respects as of that specified date).

(iii) Seller Parties' representations and warranties in this Agreement which constitute Specified Representations shall be true and correct in all material respects as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, which shall be true and correct in all respects as of that specified date).

(iv) Each Seller Party shall have duly performed, complied with and fulfilled in all material respects all of the covenants, obligations and conditions under this Agreement and the Transaction Documents to which he, she or it, respectively, is a Party that are to be performed, complied with and fulfilled by such Person before or at the Closing.

(v) No Governmental Entity shall have entered any order or injunction which is in effect and has the effect of making the Transactions illegal or otherwise prohibiting consummation of the Transactions, and no material suit, action or proceeding by a Governmental Entity that is reasonably likely to result in such an order or injunction shall have been filed and not dismissed or withdrawn.

(vi) The Purchaser and OAD and DOSC shall have obtained all material consents, authorizations, and approvals required to be obtained from a Governmental Entity in order to effect the Transactions, including (A) the receipt by CASC of a Certificate of Exemption for the transfer of the ASC assets contemplated hereby from the Illinois Health Facilities and Services Review Board and, if required by Illinois Law, a

Certificate of Need or Certificate of Exemption for the transfer of the Practice assets contemplated hereby from the Illinois Health Facilities and Services Review Board, (B) the approval of the transfer of the existing DOSC ambulatory surgical treatment center license from the Illinois Department of Public Health, and (C) the transfer and assignment of all material Licenses and Permits necessary to enable the Purchaser to own and operate the Purchased Assets, the Practice and the ASC immediately following the Closing in the manner historically operated, including any Environmental Permits.

(vii) Neither OAD nor DOSC (A) shall be the subject of proceedings commenced by or against it under any bankruptcy, arrangement, reorganization, insolvency or similar Laws for the relief of debtors, (B) shall have an application pending for appointment, for the benefit of creditors, of a receiver or any other legal custodian with respect to its assets, (C) shall have made any general assignment for the benefit of creditors, (D) shall have stated in writing its inability to pay its debts as they mature, or (E) shall be otherwise unable to pay its debts when and as they become due.

(viii) Since the date of this Agreement, no fact, circumstance or condition shall have occurred that, individually or in the aggregate, shall have resulted in a Material Adverse Effect on OAD and DOSC.

(ix) The Purchaser shall have acquired pursuant to the applicable Real Estate Purchase Agreements from the Real Estate Entities the real property and improvements located at 27650 Ferry Road in Warrenville, Illinois, 101 E. 75th Street in Naperville, Illinois and 7 Blanchard Circle, Suite 101, in Wheaton, Illinois.

Any condition set forth in this Section 4.3(a) may be waived by the Purchaser, which waiver need not be in writing and shall be conclusively demonstrated by the Purchaser's participation in the Closing notwithstanding the failure of such condition to be satisfied.

(b) Conditions to Closing Obligations of Sellers. The obligation of Sellers to consummate the Transactions is subject to the fulfillment, before or at the Closing, of the following conditions:

(i) The Purchaser has delivered all of the agreements, documents and instruments required under Section 4.2(a) to be delivered by the Purchaser and its Affiliates before or at the Closing.

(ii) All of Purchaser's representations and warranties in this Agreement other than the Specified Representations shall be true and correct in all respects as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, which shall be true and correct in all respects as of that specified date), except where the failure of such representations and warranties to be true and correct would not have a material adverse effect on Purchaser.

(iii) All of Purchaser's representations and warranties in this Agreement which constitute Specified Representations shall be true and correct in all material respects as of the Closing Date with the same effect as though made at and as of such date (except those

representations and warranties that address matters only as of a specified date, which shall be true and correct in all respects as of that specified date).

(iv) The Purchaser shall have duly performed, complied with and fulfilled in all material respects all of the covenants, obligations and conditions under this Agreement and the Transaction Documents to which it is a Party that are to be performed, complied with and fulfilled by it before or at the Closing.

(v) No Governmental Entity shall have entered any order or injunction which is in effect and has the effect of making the Transactions illegal or otherwise prohibiting consummation of the Transactions, and no material suit, action or proceeding by a Governmental Entity that is reasonably likely to result in such an order or injunction shall have been filed and not dismissed or withdrawn.

(vi) The Purchaser and OAD and DOSC shall have obtained all material consents, authorizations, and approvals required to be obtained from a Governmental Entity in order to effect the Transactions, including (A) the receipt by CASC of a Certificate of Exemption for the transfer of the ASC assets contemplated hereby from the Illinois Health Facilities and Services Review Board and, if required by Illinois Law, a Certificate of Need or Certificate of Exemption for the transfer of the Practice assets contemplated hereby from the Illinois Health Facilities and Services Review Board, (B) the approval of the transfer of the existing DOSC ambulatory surgical treatment center license from the Illinois Department of Public Health, and (C) the transfer and assignment of all material Licenses and Permits necessary to enable the Purchaser to own and operate the Purchased Assets, the Practice and the ASC immediately following the Closing in the manner historically operated, including any Environmental Permits.

(vii) The Purchaser shall have acquired pursuant to the applicable Real Estate Purchase Agreements from the Real Estate Entities the real property and improvements located at 27650 Ferry Road in Warrenville, Illinois, 101 E. 75th Street in Naperville, Illinois and 7 Blanchard Circle, Suite 101, in Wheaton, Illinois.

Any condition set forth in this Section 4.3(b) may be waived by Sellers, which waiver need not be in writing and shall be conclusively demonstrated by Sellers' participation in the Closing notwithstanding the failure of such condition to be satisfied.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF SELLERS

Sellers, and each Seller, hereby represent and warrant as of the date hereof and as of the Closing Date to the following:

5.1 Organization. OAD is an Illinois corporation, and DOSC is an Illinois limited liability company, each duly organized, validly existing and in good standing under the Laws of the State of Illinois with full power and authority and financial capacity to conduct its business as now conducted and to own, lease or operate its properties and assets as now owned, leased or operated. Each of OAD and DOSC is duly qualified or licensed to do business in each jurisdiction in which the nature of its business or the assets and properties owned or leased by it

makes such qualification or licensing necessary, and all assumed names under which it operates its businesses are duly registered with the proper Governmental Entity.

5.2 Authorization. Each Seller has full power, authority and capacity to enter into this Agreement and each Transaction Agreement to which it is a party, to perform its obligations hereunder and thereunder and to consummate the Transactions. The execution, delivery and performance by each Seller of this Agreement and each Transaction Agreement to which each Seller is a party, and the consummation by such Seller of the Transactions, have been duly authorized and approved by all necessary corporate action, and no other proceedings on the part of any Seller are necessary to authorize this Agreement or any Transaction Agreement to which it is a party or to consummate the Transactions.

5.3 No Conflicts.

(a) The execution, delivery and performance of this Agreement by each Seller, the execution, delivery and performance by each Seller of the Transaction Agreements to which it is a party, and the consummation by each Seller of the Transactions, do not and will not (with the passing of time or the giving of notice or both) violate, conflict with or result in a breach of or default under, result in the loss of any benefit under, permit the acceleration of any obligation under or create in any party the right to terminate, modify or cancel: (i) the articles of organization, bylaws or other organizational documents of such Seller; (ii) any provision of any Law applicable to such Seller, or to which any of its assets are subject; (iii) any order, judgment or award of any Governmental Entity applicable to such Seller or to which any of its assets are subject; or (iv) except as set forth on Schedule 5.3(a)(iv), any agreement or instrument to which such Seller is subject or by which any of its assets are subject.

(b) Except as set forth on Schedule 5.3(b), the execution, delivery and performance of this Agreement by each Seller, the execution, delivery and performance by each Seller of the Transaction Agreements to which it is a party, and the consummation by each Seller of the Transactions, do not and will not require any consent, approval, authorization or permit of, or filing or registration with or notification to, any Governmental Entity, any third party payor or any party to any agreement to which such Seller is a party or by which such Seller is bound.

5.4 Binding Obligation. This Agreement constitutes the legal, valid and binding obligation of each Seller, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors' rights and to general principles of equity, regardless of whether enforcement is sought in a proceeding in equity or at law (the "Bankruptcy and Equity Exception"). Upon the execution and delivery of each Transaction Agreement to which any Seller is a party, such Transaction Agreement will constitute the legal, valid and binding obligation of each Seller, enforceable against it in accordance with its terms, subject to the Bankruptcy and Equity Exception.

5.5 Financial Statements.

(a) Schedule 5.5(a) contains, for each of OAD and DOSC, complete and accurate copies of the balance sheets and statements of revenues and expenses as of and for the years

ended December 31, 2010 and December 31, 2011 (the "Financial Statements"), and the balance sheets and statements of revenues and expenses as of and for the 6-month period ended on June 30, 2012 (the "Interim Financial Statements"). The Financial Statements and Interim Financial Statements were prepared on a cash basis consistently with historic practices applied throughout the periods covered thereby and fairly present in all material respects the financial position of OAD and DOSC, respectively, as of such dates and the results of their operations for such periods. The books, accounts and records of OAD and DOSC are, and have been, maintained in a manner consistent with historical practices and properly reflect all transactions entered into.

(b) Except as set forth on Schedule 5.5(b): (i) Since December 31, 2011, OAD has conducted the Practice and its business and DOSC has operated the ASC and its business only in the ordinary course and in a manner consistent with past practice; and (ii) OAD and DOSC have not suffered any Material Adverse Effect.

(c) Without limiting the generality of Section 5.5(b), except as set forth on Schedule 5.5(c), since June 30, 2012 neither OAD nor DOSC has:

(i) Modified any existing, or entered into any new, agreement, commitment or other transaction, other than in the ordinary course of business;

(ii) Disposed or agreed to dispose of any properties or assets necessary for the conduct of the Practice or the ASC as currently conducted, other than in the ordinary course of business;

(iii) Incurred, assumed, guaranteed or otherwise become directly or indirectly liable with respect to any material liability or obligation (whether absolute, accrued, contingent or otherwise and whether direct or indirect, or as guarantor or otherwise with respect to any liability or obligation of any other Person), except in the ordinary course of business;

(iv) Suffered any material casualty, damage, destruction, loss or interruption in use (whether or not covered by insurance), with respect to any asset or property or any strike;

(v) Changed in any material respect its accounting practices, policies or principles;

(vi) Incurred or made any capital expenditure in excess of \$100,000; or

(vii) Legally bound itself, whether in writing or otherwise, to take any action described in this Section 5.5(c);

(d) Except as set forth on Schedule 5.5(c), to Sellers' Knowledge, neither OAD nor DOSC has incurred any material liability first arising since June 30, 2012 that would be required to be shown on a balance sheet prepared in accordance with generally accepted accounting principles other than liabilities for accounts payable and employee payroll and benefit obligations arising in the ordinary course of business.

5.6 Title to Purchased Assets.

(a) Except for Liens granted to the Persons set forth on Schedule 5.6, OAD and DOSC own and possess and have good and marketable title to all of the Purchased Assets, free and clear of all Liens other than Permitted Liens. No unreleased mortgage, deed of trust, chattel mortgage, security instrument, financing statement or other instrument encumbering any Purchased Asset has been recorded or filed.

(b) All Purchased Assets are in good working condition, ordinary wear and tear excepted. No Person other than OAD or DOSC owns any item of equipment or other tangible personal property or assets situated on the premises of OAD or DOSC, except for (1) the leased items that are subject to personal property leases included in the Assumed Contracts and (2) personal property of the Physicians and other employees of OAD and DOSC that are located in their respective offices, cubicles or work stations, as applicable and which are not necessary to the operations of OAD or DOSC as they have historically operated. Since December 31, 2011, Seller has not sold, transferred or disposed of any assets used in connection with the Practice other than in the ordinary course of business.

5.7 Real Property.

(a) Neither OAD nor DOSC owns any real property.

(b) Set forth on Schedule 5.7(b) is a complete and correct list of real property leases that OAD or DOSC uses or occupies in connection with the Practice or the ASC, including the Locations ("Real Property Leases").

(c) To Sellers' Knowledge, there are no proceedings in eminent domain or other similar proceedings pending or threatened with respect to any Real Property Leases (or any portion thereof) leased by OAD or DOSC.

(d) Except as set forth on Schedule 5.7(d): (i) the use and operation of any premises under Real Property Leases (or any portion thereof) does not violate any agreement or legally binding commitment or understanding (whether written or oral) affecting such real property; (ii) neither OAD nor DOSC has violated any Law, covenant, condition, restriction or agreement, or governmental, regulatory, administrative or judicial authorization, permit or license, that affects the premises under Real Property Leases; and (iii) there are no Liens on the premises other than Permitted Liens.

(e) No security deposit or portion thereof deposited with respect to any Real Property Lease or any Location has been applied in respect of a breach or default under the applicable lease or sublease without redeposit in full. Either OAD or DOSC, respectively is the sole tenant of the real property subject to the applicable Real Property Lease, does not share such leased real property with or sublease any space to any other Person and enjoys peaceful and undisturbed possession of the leased real property and each Location.

(f) Except as set forth on Schedule 5.7(f), each Location and each facility located on OAD's and DOSC's leased real property is served by gas, electricity, water, sewage and waste disposal and other utilities adequate to operate such facility for its current use and at its current

rate of production. Each Location and each parcel of leased real estate abuts on and has direct vehicular access to a public road or has access to a public road via a permanent, irrevocable, appurtenant easement benefiting such parcel, and access to the Location and each parcel of leased real estate is provided by paved public rights of way with adequate curb cuts available.

5.8 Assumed Contracts. Schedule 5.8 lists all Contracts (including a written description of any oral Contracts) to which either OAD or DOSC is a party; the Contracts which constitute Assumed Contracts are indicated thereon. All Contracts are in full force and effect and bind OAD or DOSC, as applicable and the other parties thereto. None of OAD, DOSC nor, to Sellers' Knowledge, any other party is in default in any material respect under any Contract. No event has occurred or fact, circumstance or condition exists that, with or without notice or the lapse of time, would become a default by OAD or DOSC under any Contract. Except as set forth on Schedule 5.8, neither OAD nor DOSC has released or waived any of its rights under any Assumed Contract. Each of OAD and DOSC has made available to the Purchaser complete and accurate copies of all Contracts listed on Schedule 5.8 (including all related amendments and modifications). Schedule 5.8 indicates the Assumed Contracts which require notice or consent for assignment to the Purchaser or its designees.

5.9 Intellectual Property.

(a) Schedule 5.9 contains a complete and correct list of all of the following: (1) registered copyrights of OAD and DOSC, (2) registered and unregistered trademarks, service marks and trade names of OAD and DOSC, (3) patents and patent applications of OAD and DOSC, and (4) intellectual property licenses, including software licenses but excluding generally commercially available software programs pursuant to shrink-wrap or "click to accept" agreements. To Sellers' Knowledge, each of OAD and DOSC, respectively, owns, free and clear of all Liens (other than Permitted Liens), or has the full and legally enforceable right to use, all of its Intellectual Property.

(b) To Sellers' Knowledge, (1) the use of the Intellectual Property by OAD and DOSC does not infringe or otherwise conflict with any rights of any Person in respect of any Intellectual Property and (2) none of the Intellectual Property owned by OAD or DOSC is being infringed upon by any other Person.

(c) Since January 1, 2011, no claim or demand of any Person has been made in writing nor is there any proceeding that is pending or, to Sellers' Knowledge, threatened, that: (i) challenges the rights of OAD or DOSC in respect of any of their Intellectual Property; or (ii) asserts that any Seller is infringing or otherwise in conflict with any Intellectual Property of any Person.

5.10 Taxes.

(a) Each of OAD and DOSC has filed on a timely basis, or validly extended the time for filing of, all Tax Returns required to be filed by it. All Tax Returns are true and correct and accurately reflect the Tax liabilities of OAD or DOSC, as applicable. All amounts shown due on such Tax Returns have been or will be paid by OAD or DOSC, as applicable, on a timely basis

(including any interest or penalties and amounts due state unemployment authorities) to the appropriate Tax authorities.

(b) Each of OAD and DOSC has withheld proper and accurate amounts from its employees' compensation in compliance with all withholding and similar provisions of the Code, including employee withholding and Social Security Taxes, and any and all other Laws, and all such amounts required to have been remitted have been duly and validly remitted to the proper Tax authorities.

(c) No deficiencies for any Taxes have been asserted or threatened by a Governmental Entity in writing against either OAD or DOSC that have not been resolved. No Tax Returns of OAD or DOSC have been audited during the last five (5) years or are currently under audit by a Governmental Entity. There are no outstanding written agreements by OAD or DOSC with any Governmental Entity for the extension of time for the assessment of any Taxes against OAD or DOSC other than as the result of the extension of any due date of any Tax Return.

(d) Neither OAD nor DOSC has received written notice of Liens for Taxes on any of the Purchased Assets which Liens are still in place other than Permitted Liens.

5.11 Litigation. Schedule 5.11 lists all lawsuits, actions, claims or proceedings in front of any Governmental Entity and all regulatory and administrative actions and proceedings by any Governmental Entity (1) pending or, to Sellers' Knowledge, threatened against OAD or DOSC or (2) to Sellers' Knowledge, pending or threatened against any Physician with respect to any asset or business activity of OAD or DOSC. To Sellers' Knowledge, no Governmental Entity is investigating OAD, DOSC or any Physician with respect to any asset or business activity of OAD or DOSC. Except as set forth on Schedule 5.11, there are no outstanding orders, judgments, decrees or injunctions issued by any Governmental Entity (1) against OAD or DOSC or (2) to Sellers' Knowledge, against any Physician with respect to any asset or business activity of OAD or DOSC.

5.12 Compliance with Laws: Regulatory Compliance.

(a) None of OAD, DOSC or, to Sellers' Knowledge, any Physician, is party to or bound by any order (or any agreement entered into in any proceeding with any Governmental Entity) with respect to any asset or business activity of OAD or DOSC. No Seller or, to Sellers' Knowledge, solely in their capacity as an employee of OAD, any Physician (with respect to the Practice or the ASC) is in violation of or, to Sellers' Knowledge, is being investigated by any Governmental Entity for a violation of, any Law, License or Permit by which the Seller is bound or to which any asset or business activity of OAD or DOSC is subject, including Laws, Licenses and Permits relating to equal employment opportunities, fair employment practices, unfair labor practices, terms of employment, occupational health and safety, wages and hours, discrimination and zoning ordinances and building codes. Each of OAD and DOSC has complied with all applicable immigration Laws and maintained I-9 Forms in accordance with applicable Law.

(b) None of OAD, DOSC or any Owner, their respective officers, managers, and personnel, and the physicians, practitioners and other health care professionals who have been

employed by or otherwise engaged to provide professional services to OAD or DOSC or the Practice or the ASC is in violation of or, to Sellers' Knowledge, being investigated for violation of any Health Care Laws by which such Person is bound or to which any business activity or professional services performed by such Person for OAD or DOSC (including services provided to other Persons but arranged by OAD or DOSC) is subject.

(c) Each Owner, OAD and DOSC is qualified to participate in Medicare and Medicaid and is duly enrolled and certified in such programs as a provider of medical or administrative services at every location at which such Person has operations. Each of OAD and DOSC is operating in compliance with all Federal Health Care Program rules and regulations and all provisions of each Federal Health Care Program Contract to which it is a party or by which it is bound. None of OAD, DOSC or the Owners is a party to a corporate integrity agreement with the Office of Inspector General of the United States Department of Health and Human Services or otherwise has any continuing reporting obligations pursuant to any settlement agreement with any Governmental Entity.

(d) None of OAD, DOSC or any Owner (i) has been debarred, excluded or suspended from practicing in any Federal Health Care Program, (ii) has had a civil monetary penalty assessed under Section 1128A or any other Section of the Social Security Act, or (iii) is currently listed on the General Services Administration published list of parties excluded from federal procurement programs and non-procurement programs.

(e) None of the current directors, officers, limited liability company managers or employees of OAD or DOSC or any Physician (i) is currently debarred, excluded or suspended from participating in any Federal Health Care Program, (ii) is subject to sanction, has been indicted or convicted of a crime, or pled *nolo contendere* or to sufficient facts, in connection with any allegation of violation of any Federal Health Care Program requirement or Health Care Law, (iii) is currently listed on the General Services Administrative published list of parties excluded from federal procurement programs and non-procurement programs, or (iv) is designated a Specially Designated National or Blocked Person by the Office of Foreign Asset Control of the U.S. Department of Treasury.

(f) DOSC is accredited by the Accreditation Association for Ambulatory Health Care, Inc. and has not received any written notice of any actual or threatened revocation, suspension or restriction of any such accreditation.

(g) Each of OAD and DOSC has timely filed all reports and billings required to be filed with respect to each third-party payor, all of which were prepared in material compliance with all applicable Laws governing reimbursement and claims. Except as set forth on Schedule 5.12(g), each of OAD and DOSC has paid all known and undisputed refunds, overpayments, discounts and adjustments that are due with respect to any such report or billing, and there is not pending or, to Sellers' Knowledge, threatened any material appeal, adjustment, challenge or audit (including written notice of an intent to audit) by any third-party payor. Since January 1, 2009, to Sellers' Knowledge, except as set forth on Schedule 5.12(g), no third-party payor has asserted in writing any alleged violation of Law or any Contract against OAD or DOSC as a result of any audit or billing compliance review.

(h) Each Physician is duly licensed to practice medicine in the State of Illinois and has all DEA and other necessary registrations; each Physician is board eligible or board certified.

5.13 Environmental Matters.

(a) Each of OAD and DOSC is in compliance with all Environmental Permits and all applicable Environmental Laws pertaining to its lease or use and occupancy of real property (and the use, operations, ownership or transferability thereof) and its business. Since January 1, 2009, no Governmental Entity has alleged in writing to OAD or DOSC any continuing violation by OAD or DOSC of any Environmental Permit or any applicable Environmental Law relating to the conduct of its business or the lease, use, transferability or occupancy of the premises under Real Property Leases.

(b) Since January 1, 2009, no Seller has received written notice of any liability or obligations of OAD or DOSC relating to: (i) the environmental conditions on, under, or about any real property currently or in the past owned, leased or used by OAD or DOSC; or (ii) the past or present use, management, handling, transport, treatment, generation, storage or Release of any Hazardous Substances.

(c) None of the current or, to Sellers' Knowledge, past operations and none of the currently or, to Sellers' Knowledge, formerly owned or used property or assets of OAD or DOSC, is related to or subject to any investigation or evaluation by any Governmental Entity as to whether any Remedial Action is needed to respond to a Release or threatened Release of any Hazardous Substances.

(d) Except as set forth on Schedule 5.13, neither OAD nor DOSC is subject to any outstanding order, judgment, injunction or decree, or contractual obligation with, any Governmental Entity or other Person that may require it to incur Losses arising from the Release or threatened Release of a Hazardous Substance.

5.14 Licenses.

(a) Each of OAD and DOSC holds and is in material compliance with all licenses, permits, certificates, consents, certificates of need and approvals, in each case issued by a Governmental Entity, necessary for the operation of its businesses and the ownership of the Purchased Assets, in each case as currently conducted (the "Licenses and Permits"). All Licenses and Permits are listed on Schedule 5.14.

(b) Except as set forth on Schedule 5.14, none of the following has been received in writing by either Seller from a Governmental Entity: a statement of deficiencies, complaint or other notice of noncompliance with the requirements, standards or other conditions or any revocation, termination, suspension or limitation of any of the Licenses and Permits, in each case for which any actual or potential payment or other obligation exists.

5.15 Insurance. Schedule 5.15 (a) lists all insurance policies that are owned or maintained by OAD or DOSC or any Physician or that name OAD or DOSC or any Physician as an insured or loss payee and that pertain to any Purchased Asset, and (b) discloses for each such insurance policy (i) the name and contact information of the agent, (ii) the names of the insurer,

policyholder and each covered insured, and (iii) the policy number and period of coverage. All such insurance policies are in full force and effect, and no Seller has received written notice of termination or non-renewal of any such insurance policies. OAD and DOSC have furnished to the Purchaser complete and accurate copies of all such insurance policies.

5.16 Employee Matters.

(a) Schedule 5.16(a) is a true and correct list of all individuals employed by, or who are independent contractors to, OAD or DOSC, provided that Sellers shall be deemed to not be in breach of this Section 5.16(a) in the event that any individual listed on Schedule 5.16(a) as of the date hereof who is not offered employment in accordance with Section 8.8(a) by the Purchaser for compensation at least equal to such individual's compensation on the date hereof is no longer an employee of, or independent contractor to, OAD or DOSC as of the Closing Date. To Sellers' Knowledge, there is no threatened employee strike, work stoppage or other material labor dispute with any labor organization pertaining to OAD or DOSC. Since January 1, 2009, no labor organization has claimed in writing to represent any persons employed by OAD or DOSC. There is no collective bargaining agreement covering any persons employed by OAD or DOSC. Since January 1, 2011, no written demand for recognition has been made to OAD or DOSC by any labor organization seeking to represent any person employed by OAD or DOSC. There are no unfair labor practice charges pending against OAD or DOSC at the National Labor Relations Board.

(b) There has been no "mass layoff" or "plant closing" within the meaning of the WARN Act with respect to OAD or DOSC.

(c) Consummation of the Transaction will not result in the payment or acceleration of payment to any Person of any bonus, incentive, compensation or other benefit which has not been approved in writing by Purchaser.

5.17 Employee Benefits.

(a) Schedule 5.17(a) sets forth all of the Employee Plans of OAD and DOSC.

(b) The Purchased Assets are not, and will not be, subject to a Lien imposed under the Code, or under ERISA, or any other Law governing the Employee Plans, including Liens arising by virtue of Seller being considered aggregated with another entity pursuant to Section 414 or 430 of the Code ("ERISA Controlled Group").

(c) No Seller nor any member of any ERISA Controlled Group of which any Seller is a part has sponsored, contributed to or had an "obligation to contribute" (as defined in ERISA Section 4212) to a "multiemployer plan" (as defined in ERISA Sections 4001(a)(3) or 3(37)(A)) or has sponsored an Employee Plan subject to Section 412 of the Code or Title IV of ERISA on behalf of any employees of OAD or DOSC.

(d) All Employee Plans that are intended to satisfy Section 401 of the Code from which assets may be involved in a "direct rollover" (as described in Section 401(a)(31) of the Code) or other transfer to the Purchaser's tax-qualified retirement plans are in compliance with all requirements of Section 401(a) of the Code, ERISA and other applicable laws.

(e) Except as set forth on Schedule 5.17(e), no Employee Plan provides any medical, life or similar welfare type benefits following termination of employment except as required by ERISA § 601 or other applicable Law.

5.18 Payment Programs. Schedule 5.18 lists of all the private, commercial and governmental payment and procurement programs with which OAD, DOSC or any of the Physicians participate (including, without limitation, Medicare and Medicaid) (the "Payment Programs").

(a) Except as set forth on Schedule 5.18(a), none of OAD, DOSC or any Physician is engaged in termination proceedings as to its/his/her respective participation in any Payment Program, nor, to Sellers' Knowledge, has any Seller or any Physician received written notice that its/his/her current participation in any Payment Program is subject to any contest, termination or suspension as a result of alleged violations or any noncompliance with participation requirements.

(b) None of Sellers nor any Physician has violated any applicable Payment Program condition of participation, Contract, standard, policy, rule, regulation, procedure or other requirement.

(c) All billing and collection practices of OAD and DOSC and of any billing and/or collection agent acting on behalf of OAD or DOSC have been in compliance with all Laws and the conditions for participation, Contracts, standards, policies, rules, regulations, manuals, procedures and requirements of all Payment Programs.

(d) No Seller nor any Physician has taken any of the following actions: submitted to any Payment Program any false, fraudulent, abusive or improper claim for payment, billed any Payment Program for any service not rendered or not rendered as claimed, or received and retained any payment or reimbursement from any Payment Program in excess of the proper amount allowed by Law and applicable Contracts with the Payment Programs.

(e) Except as set forth on Schedule 5.18(e), since January 1, 2009, no Payment Program has requested or threatened in writing any recoupment, refund, or set-off from any Seller or any Physician, or imposed any fine, penalty or other sanction on any Seller or any Physician. Except as set forth on Schedule 5.18(e), neither Seller nor any Physician is currently engaged in any unresolved dispute with any Payment Program.

5.19 Equity; Joint Ventures. Except as specifically so identified on Schedule 5.19 and except for passive investments not exceeding five percent (5%) of the capital stock or other securities of any Person whose securities are publicly traded on any recognized national or regional securities exchange, no Seller owns or controls any equity security or other interest of any other corporation, general partnership, limited partnership, limited liability company, trust or other business entity, including but not limited to a subsidiary, no Seller is a participant in any joint venture, limited liability company, general partnership or similar arrangement.

5.20 No Affiliates. Except for the Real Estate Entities and each other, neither OAD nor DOSC has any Affiliates or subsidiaries.

5.21 Broker's Fees. Except as set forth on Schedule 5.21, neither Seller has any liability or has done anything to cause or incur any liability or obligation for investment banking, brokerage, finder's, agent's or other fees, commissions, expenses or charges in connection with the negotiation, preparation, execution or performance of this Agreement or the consummation of the Transactions, and, to Sellers' Knowledge, there are no claims by anyone for such a fee, commission, expense or charge.

5.22 No Insolvency. Neither OAD or DOSC (i) is the subject of proceedings commenced by or against it under any bankruptcy, arrangement, reorganization, insolvency or similar Laws for the relief of debtors, (ii) has an application pending for appointment, for the benefit of creditors, of a receiver or any other legal custodian with respect to its assets, (iii) has made any general assignment for the benefit of creditors, (iv) has admitted in writing its inability to pay its debts as they mature, or (v) is otherwise unable to pay its debts when and as they become due. The value of each of OAD's and DOSC's respective assets exceeds the value of its liabilities. No transfer of property is being made and no obligation is being incurred in connection with the Transactions with the intent to hinder, delay or defraud either present or future creditors of any Seller Party. In connection with the Transactions, no Seller Party has incurred nor does it plan to incur, debts beyond its ability to pay as they become absolute and matured. Sellers shall be solely responsible for complying with any applicable bulk sales law unless waived by the Purchaser.

ARTICLE VI REPRESENTATIONS AND WARRANTIES OF THE OWNERS

Each Owner represents and warrants as of the date hereof and as of Closing Date to the following:

6.1 Authorization. Such Owner has full power, authority and capacity to enter into this Agreement and each Transaction Agreement to which he is a party, to perform his obligations hereunder and thereunder and to consummate the Transactions.

6.2 No Conflicts.

(a) The execution, delivery and performance of this Agreement by such Owner, the execution, delivery and performance by such Owner of the Transaction Agreements to which he or she is a party, and the consummation by such Owner of the Transactions, do not and will not (with the passing of time or the giving of notice or both) violate, conflict with or result in a breach of or default under, result in the loss of any benefit under, permit the acceleration of any obligation under or create in any Party the right to terminate, modify or cancel: (i) any provision of any Law applicable to such Owner, or to which any of his or her assets are subject; (ii) any order, judgment or award of any Governmental Entity applicable to such Owner or to which any of his or her assets are subject; or (iii) any agreement or instrument to which such Owner is subject or by which any of his or her assets are subject.

(b) Except as set forth on Schedule 5.3(b), the execution, delivery and performance of this Agreement by such Owner, the execution, delivery and performance by such Owner of the Transaction Agreements to which it is a party, and the consummation by such Owner of the

Transactions, do not and will not require any consent, approval, authorization or permit of, or filing or registration with or notification to, any Governmental Entity, any third party payor or any party to any agreement to which such Owner is a party or by which such Owner is bound.

6.3 Binding Obligation. This Agreement constitutes the legal, valid and binding obligation of such Owner, enforceable against him or her in accordance with its terms, subject to the Bankruptcy and Equity Exception. Upon the execution and delivery of each Transaction Agreement to which such Owner is a party, such Transaction Agreement will constitute the legal, valid and binding obligation of such Owner, enforceable against him or her in accordance with its terms, subject to the Bankruptcy and Equity Exception.

6.4 No Broker's Fees. Except as set forth on Schedule 5.21, such Owner has no liability, and has not done anything to cause or incur any liability or obligation, for investment banking, brokerage, finder's, agent's or other fees, commissions, expenses or charges in connection with the negotiation, preparation, execution or performance of this Agreement or the consummation of the Transactions.

ARTICLE VII REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants as of the Closing Date to the following:

7.1 Organization. The Purchaser is an Illinois not-for-profit corporation duly organized, validly existing and in good standing under the Laws of the State of Illinois with full power, authority and financial capability to conduct its business as now conducted and to own, lease or operate its properties and assets as now owned, leased or operated, and following the Closing and delivery of the Purchased Assets to own, lease and operate the Practice and the ASC. Purchaser is duly qualified or licensed to do business in each jurisdiction in which the nature of its business or the assets and properties owned or leased by it makes such qualification or licensing necessary.

7.2 Authorization. The Purchaser has full power and authority to enter into this Agreement and each Transaction Agreement to which it is a party, and to perform its obligations hereunder and thereunder and to consummate the Transactions. The execution, delivery and performance by the Purchaser of this Agreement and each Transaction Agreement to which the Purchaser is a party, and the consummation by the Purchaser of the Transactions, have been duly authorized and approved by all necessary corporate action, and no other proceedings on the part of the Purchaser are necessary to authorize this Agreement or any Transaction Agreement to which it is a party or to consummate the Transactions.

7.3 No Conflicts.

(a) The execution, delivery and performance of this Agreement by the Purchaser, the execution, delivery and performance by the Purchaser of the Transaction Agreements to which it is a party, and the consummation by the Purchaser of the Transactions, do not and will not (with the passing of time or the giving of notice or both) violate, conflict with or result in a breach of or default under, result in the loss of any benefit under, permit the acceleration of any obligation under or create in any party the right to terminate, modify or cancel: (i) the Purchaser's

organizational documents; (ii) any provision of any Law applicable to the Purchaser, or to which any of its assets are subject; (iii) any order, judgment or award of any Governmental Entity applicable to the Purchaser or to which any of its assets are subject; or (iv) any agreement or instrument to which the Purchaser is subject, or by which any of its assets are subject.

(b) Except as set forth on Schedule 7.3(b), the execution, delivery and performance of this Agreement by the Purchaser, the execution, delivery and performance by the Purchaser of the Transaction Agreements to which it is a party, and the consummation by the Purchaser of the Transactions, do not and will not require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Entity, any third party payor or any other third party under any agreement by which the Purchaser is bound.

7.4 Binding Obligation. This Agreement constitutes the legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms, subject to the Bankruptcy and Equity Exception. Upon the execution and delivery of each Transaction Agreement to which the Purchaser is a party, such Transaction Agreement will constitute the legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms, subject to the Bankruptcy and Equity Exception.

7.5 Litigation. There are no governmental, regulatory, administrative or judicial actions, proceedings or investigations pending or threatened against or involving the Purchaser or any of its Affiliates that, individually or in the aggregate: (a) could reasonably be expected to impair the ability of the Purchaser to perform its obligations hereunder or under any other Transaction Agreement to which it is a party; (b) could reasonably be expected to impair the ability of the Purchaser to operate the Practice and the ASC following the Closing; or (c) could reasonably be expected to have or result in, or would reasonably be expected to have or result in, a Material Adverse Effect.

7.6 No Broker's Fees. Except as set forth on Schedule 7.6, the Purchaser does not have any liability and has not done anything to cause or incur any liability or obligation for investment banking, brokerage, finder's, agent's or other fees, commissions, expenses or charges in connection with the negotiation, preparation, execution or performance of this Agreement or the consummation of the Transactions, and the Purchaser does not Know of any claim by anyone for such a fee, commission, expense or charge.

7.7 Solvency; Financial Capacity. The Purchaser has immediately available funds sufficient to consummate the Transactions and perform and discharge its obligation under this Agreement and the Transaction Agreements and acknowledges and affirms that it is not a condition to Closing or any of its other obligations under this Agreement or any other Transaction Agreement that the Purchaser obtain financing (or obtain financing on terms acceptable to the Purchaser) for or relating to any of the Transactions. Immediately after giving effect to the Transactions, the Purchaser shall be solvent and shall: (a) be able to pay its debts as they become due; (b) own property that has a fair saleable value greater than the amounts required to pay its debts (including a reasonable estimate of the amount of all contingent liabilities); and (c) have adequate capital to carry on its business. No transfer of property is being made and no obligation is being incurred in connection with the Transactions with the intent to hinder, delay or defraud either present or future creditors of the Purchaser. In connection with the Transactions, the

Purchaser has not incurred, nor does it plan to incur, debts beyond its ability to pay as they become absolute and matured.

7.8 No Other Representations. Purchaser acknowledges and agrees that, except as expressly set forth in Article V and Article VI, no Seller Party has made or is making any express or implied representation or warranty of any kind whatsoever with respect to the Purchased Assets, the Practice or the ASC, including any representation or warranty as to (a) the physical condition or value of any of the assets of either Seller or their future profitability or future earnings performance or (b) the accuracy or completeness of any information regarding any Seller Party, the Purchased Assets, the Practice or the ASC furnished or made available to Purchaser or its Representatives.

ARTICLE VIII COVENANTS AND AGREEMENTS

8.1 Further Actions. Until the Closing, each Party will, and will cause its Affiliates to, use commercially reasonable efforts to cooperate with the other Parties and their Affiliates and to take such actions and execute and deliver any documents or instruments that are reasonably necessary, proper or advisable to consummate the Transactions as promptly as practicable, including using commercially reasonable efforts to (a) obtain each of the consents, authorizations, and approvals and make each of the filings, registrations and notices required hereby, (b) prevent the entry, enactment or promulgation of any pending or threatened action that would prevent, prohibit or delay the consummation of the Transactions, (c) lift or rescind any existing action preventing, prohibiting or delaying the consummation of the Transactions, and (d) cooperate with the other Parties with respect to all registrations, applications and other filings by any other Party that is required by applicable Law to consummate the Transactions.

8.2 Operation of the Practice and the ASC. Except as expressly contemplated by this Agreement or as the Purchaser may otherwise consent to in writing, until the Closing, Sellers will:

(a) conduct the business of the Practice and the ASC only in the ordinary course of business and maintain the material Purchased Assets in good working condition, ordinary wear and tear excepted, in accordance with past practice;

(b) pay when due or otherwise satisfy in the ordinary course of business all of the bona fide liabilities of OAD and DOSC incurred in the ordinary course of business, subject to good faith disputes;

(c) keep in full force and effect, without amendment, all material rights relating to the Practice and the ASC;

(d) continue in full force and effect the insurance coverage under the policies required to be disclosed in Schedule 5.15 or substantially equivalent policies;

(e) maintain all books and records relating to the Practice, the ASC or the Purchased Assets in the ordinary course of business;

(f) reasonably cooperate with and assist the Purchaser in identifying all Licenses and Permits (including all Environmental Permits) required by any of the Purchaser, OAD, DOSC and any Affiliates to operate the Practice and the ASC after the Closing Date, continuing the Company's existing Licenses and Permits (including Environmental Permits) and obtaining new Licenses and Permits (including Environmental Permits) for the Purchaser;

(g) notify Purchaser of any indebtedness incurred after the date hereof; and

(h) notify Purchaser in the event either Seller terminates, or provides notice of termination under, any employment agreement between either Seller and any Physician or non-Physician employee of either Seller; provided, however, that such notice will not excuse Sellers' compliance with Section 4.2(b)(vi) as a Closing condition.

8.3 Negative Covenant. Until the Closing, except as otherwise expressly permitted in or expressly contemplated by this Agreement, no Seller will, without the prior written consent of the Purchaser, modify any License or Permit outside the ordinary course of business or enter into any written agreement with a Governmental Entity with respect to the compromise or settlement of any litigation, proceeding or investigation.

8.4 Access and Investigation. Until the Closing, Sellers will, during normal business hours and upon reasonable notice, provided that it does not unreasonably interfere with or disrupt the operation of OAD or DOSC in the ordinary course of business: (a) give the Purchaser reasonable access to, or copies of, all of the properties, books, Contracts, documents, insurance policies and records of OAD and DOSC, (b) provide to the Purchaser such additional financial, operating and other relevant information as the Purchaser reasonably requests, and (c) otherwise cooperate and assist, to the extent reasonably requested by the Purchaser, with the Purchaser's investigation of OAD, DOSC, the Practice and the ASC and their operations, assets, liabilities, financial condition and prospects.

8.5 Interim Financial Statements and Activity Reports. Until the Closing, each of OAD and DOSC will: (a) continue to prepare financial statements in the ordinary course of business consistent with past practices; and (b) promptly deliver to the Purchaser within thirty (30) days after the end of each quarter a copy of a balance sheet and statement of income for such quarter (prepared in accordance with its previous accounting practices consistently applied). Until the Closing, each of OAD and DOSC will provide a monthly statement of activity within thirty (30) days after the end of each month. For purposes of OAD, the statement will show the total Work Relative Value Units (adjusted for all modifiers) and capital expenditures in excess of \$10,000 per item or \$100,000 in the aggregate. For purposes of DOSC, the statement will show the total number of surgical cases performed and capital expenditures in excess of \$10,000 per item or \$100,000 in the aggregate.

8.6 Notifications; Disclosure Updates.

(a) Until the Closing, each Party will, promptly after discovery, deliver to the other Parties (or, in the case of the Owners, the Representative) written notice of any event, fact, circumstance or condition that does or is reasonably likely to (i) cause a breach of any of such Party's covenants under this Agreement, (ii) render the satisfaction of the conditions in Section

4.3 impossible or unlikely, or (iii) prohibit, prevent or delay the timely consummation of the Transactions.

(b) Until the Closing, Sellers will, promptly after discovery (but at least one Business Day before the Closing Date), deliver to the Purchaser written notice updating the Schedules hereto to (i) reflect any event occurring or fact, circumstance or condition arising after the date of this Agreement that, if such event occurred or such fact, circumstance or condition arose before or on the date of this Agreement would have been required to be disclosed in the Schedules or that are necessary to correct any disclosures in the Schedules that have been rendered inaccurate thereby (a "Schedule Update") or (ii) correct any existing inaccuracy or deficiency in the Schedules based on any event that occurred or fact, circumstance or condition existed before or on the date of this Agreement (a "Schedule Correction").

(c) In the event that the matter giving rise to the Schedule Update or Schedule Correction causes or is reasonably likely to cause Seller Parties' representations and warranties in this Agreement to not be true and correct and would give rise to the failure of any of the conditions specified in Section 4.3(a), then the Purchaser, in its reasonable discretion, may terminate this Agreement; provided, further, that if the Purchaser has the right to, but does not elect to terminate this Agreement within fifteen (15) Business Days of its receipt of such Schedule Update or Schedule Correction, then the Purchaser shall be deemed to have irrevocably waived any right to terminate this Agreement with respect to such matter under any of the conditions set forth in Section 4.3(a)(ii).

(d) In the event that the matter giving rise to the Schedule Update or Schedule Correction causes or is reasonably likely to cause Seller Parties' representations and warranties in this Agreement to not be true or correct but would not give rise to the failure of any of the conditions specified in Section 4.3(a), then such Schedule Update or Schedule Correction shall be disregarded for purposes of determining whether a breach of a representation and warranty has occurred under Section 9.2(a) and Section 9.2(b).

8.7 Exclusivity. Until this Agreement is terminated pursuant to the terms hereof, no Seller Party will, and will not permit any of his, her or its Affiliates or representatives (including investment bankers, attorneys and accountants), directly or indirectly, to solicit, initiate or encourage any inquiries or proposals from, discuss or negotiate with, provide any non-public information to, or consider the merits of any unsolicited inquiry, proposal or offer from, any Person (other than the Purchaser) relating to any transaction or series of transactions involving (a) the sale of OAD's or DOSC's business operations or all or substantially all of their assets or equity securities, or (b) any merger, consolidation, combination or similar transaction involving OAD or DOSC. In the event that any such proposal is nonetheless received by a Seller in writing, Sellers shall promptly disclose the proposal and its terms to the Purchaser.

8.8 OAD and DOSC Employees.

(a) Not less than ten (10) business days prior to the Closing, the Purchaser (or an Affiliate of the Purchaser) shall offer employment to all non-Physician employees of Sellers, effective upon the Closing. Such offers shall (i) be subject to the Purchaser's normal hiring policies and procedures (including without limitation background checks and drug tests), and (ii)

will provide for compensation in accordance with Section 8.8(b) hereof. Each non-Physician employee who accepts such offer of employment shall become an employee of the Purchaser (or an Affiliate of the Purchaser) immediately after the Closing (any such employee is referred to hereinafter as a "Transferred Employee"). OAD and DOSC shall participate in providing recommendations for the evaluation and initial compensation of Transferred Employees. Effective as of and contingent upon the Closing (and subject to the Purchaser's compliance with this Section 8.8(a)), each of OAD and DOSC shall terminate their respective employees who are Transferred Employees.

(b) On the Closing Date, the Purchaser (or the employing Affiliate of the Purchaser) shall provide the Transferred Employees with (i) compensation not less than that compensation set forth opposite such employee's name on Schedule 8.8(b), and (ii) employee benefits that are commensurate with those then provided to similarly situated employees of the Purchaser. From and after the Closing, the Purchaser shall give each Transferred Employee seniority credit based on such Transferred Employee's service with the Sellers for purposes of determining paid time off benefit accruals maintained by the Purchaser, to the same extent recognized by the Sellers, except to the extent such credit would result in the duplication of benefits for the same period of service. Each Transferred Employee shall be immediately eligible to participate, without any waiting period, in each employee benefit plan sponsored, maintained or contributed to by the Purchaser or any of its Affiliates that is a welfare benefit plan within the meaning of Section 3(1) of ERISA (each, a "Purchaser Welfare Plan") to the extent coverage under such Purchaser Welfare Plan replaces coverage under a comparable Employee Plan in which such Transferred Employee previously participated, and for purposes of each Purchaser Welfare Plan providing welfare benefits to any Transferred Employee. The Purchaser shall cause all preexisting condition exclusions and actively-at-work requirements of its Purchaser Welfare Plans to be waived for each Transferred Employee and his or her covered dependents (but only to the extent such exclusions and requirements were waived under the Employee Plans that are employee welfare benefit plans within the meaning of 3(1) of ERISA ("Seller Welfare Plans").

(c) As of the Closing, each of OAD and DOSC shall pay all accrued but unused vacation and other paid time off obligations to its employees.

(d) Notwithstanding anything to the contrary herein, the Purchaser shall not be required to continue the employment of any Transferred Employee for any period of time after the Closing Date.

(e) Except as otherwise provided in this Section 8.8, nothing herein shall be deemed to affect or limit in any way normal management prerogatives of the Purchaser with respect to any Transferred Employees or to create or grant to any such Transferred Employee third party beneficiary rights or claims of any kind or nature. With respect to the termination of employees by OAD or DOSC prior to and on the Closing Date, including the termination of employees by OAD or DOSC discussed herein, any obligation to comply with the WARN Act as a result of such terminations remains with the applicable Seller subject to the Purchaser's compliance with the requirements set forth in this Section 8.8.

8.9 Employee Plan Liabilities. Prior to the Closing, Sellers shall use commercially reasonable efforts (without regard to the cost of such coverage) to make available COBRA

coverage effective as of the Closing Date for the COBRA Employees either under Sellers' Health Insurance Plans or one or more other fully-insured, group health plans. In the event Sellers are unable to make such coverage available, Sellers shall use commercially reasonable efforts (without regard to the cost of such coverage) to make available health insurance to the COBRA Employees effective as of the Closing Date by exercising the conversion privilege described in Sellers' Health Insurance Plans or through alternate individual coverage for the COBRA Employees comparable to the coverage offered by Sellers' Health Insurance Plans (which, for the sake of clarity, shall include Sellers' fully transferring the risk of loss to a third party in exchange for paying a fixed insurance premium). In the event Sellers are unable to make available COBRA coverage or similar health insurance to the COBRA Employees effective as of the Closing Date through any of options previously described in this Section 8.9 or a COBRA Employee elects COBRA but does not accept COBRA or any alternate coverage offered by the Sellers, the Purchaser (or one of its Affiliates) shall provide COBRA coverage to the COBRA Employees under its employee benefit plans. Notwithstanding the foregoing, the Purchaser shall not have any liability of any kind under any of the Employee Plans, nor shall the Purchaser assume any of the Employee Plans and, except for the applicable COBRA Holdback, no Seller Party shall have any COBRA liability with respect to any COBRA Employee or his or her spouse and dependents, if applicable, who is provided COBRA coverage by the Purchaser or one of its Affiliates.

8.10 Restrictive Covenants.

(a) Seller Parties recognize and acknowledge that as of the Closing, they shall have knowledge of confidential and proprietary information concerning Sellers and the Purchaser and its Affiliates and their respective businesses, including, as applicable, information known as of the Closing relating to financial statements, clients, customers, potential clients or customers, employees, suppliers, equipment, designs, drawings, programs, strategies, analyses, profit margins, sales, methods of operation, plans, products, technologies, materials, trade secrets, strategies, prospects or other proprietary information ("Confidential Information"). Between the Closing Date and the fifth anniversary thereof (the "Restricted Period"), each Seller Party agrees that he, she or it will refrain from using or disclosing any of the Confidential Information except in connection with this Agreement or services to be provided to the Purchaser or any of its Affiliates, unless one of the following disclosure exceptions was or is applicable: (i) such information was or is already known to others not bound by a duty of confidentiality; (ii) such information became or becomes publicly available through no fault of such Party; or (iii) the other Party expressly consented to the disclosure of the relevant information. In the event that, during such period, a Seller Party is requested or required (by oral question or request for information or documents in any legal proceeding, interrogatory, subpoena, civil investigative demand, or similar process) to disclose any Confidential Information, such Seller Party will, to the extent permitted by Law, notify the Purchaser promptly of the request or requirement so that the Purchaser may seek an appropriate protective order or waive compliance with the provisions of this Section 8.10(a). If, in the absence of a protective order or the receipt of a waiver hereunder, such Seller Party is, on the advice of counsel, compelled during this period to disclose any Confidential Information, such Seller Party may disclose the limited amount of Confidential Information necessary to comply with such request or requirement.

(b) During the Restricted Period (except on behalf of the Purchaser or its Affiliates), each Seller Party agrees that he, she or it will not directly or indirectly, in any manner (whether on his, her or its own account, or as an owner, operator, manager, consultant, officer, director, employee, investor, agent or otherwise), anywhere within a 15-mile radius of any OAD Location engage directly or indirectly in the practice of orthopaedic medicine or in any other business competitive with a business line of OAD operated during any portion of calendar year 2012 prior to the Closing;

(c) During the Restricted Period (except on behalf of the Purchaser or its Affiliates), each Seller Party agrees that he, she or it will not directly or indirectly, in any manner (whether on his, her or its own account, or as an owner, operator, manager, consultant, officer, director, employee, investor, agent or otherwise), anywhere within a 25-mile radius of the DOSC Location engage directly or indirectly in the management of ambulatory surgical services, imaging services, rehabilitation services or in any other business competitive with a business line of DOSC operated during any portion of calendar year 2012 prior to the Closing;

(d) During the Restricted Period (except on behalf of the Purchaser or its Affiliates), each Seller Party agrees that he, she or it will not directly or indirectly, in any manner (whether on his, her or its own account, as an owner, operator, manager, consultant, officer, director, employee, investor, agent or otherwise), (i) hire or engage or recruit, solicit or otherwise attempt to employ or engage, any individual employed or engaged by OAD or DOSC on the Closing Date and who is, at such time or has been at any time during the six (6) months immediately prior to any such action, an employee or contractor of the Purchaser or any of its Affiliates, or induce or attempt to induce any such individual to leave such employment or engagement, (ii) recommend, or provide any references to a third party for, any individual who is an employee of OAD or DOSC on the date hereof and who is an employee of the Purchaser or any of its Affiliates on the date of any such action, or who was an employee of any such entity within the prior six (6) month period, or (iii) solicit any patient of OAD, DOSC or the Purchaser or any of its Affiliates.

(e) Other than on behalf of the Purchaser, each Seller Party agrees that it will not directly or indirectly, use (or cause to be used) the names "OAD Orthopaedics" or "DuPage Orthopaedic Surgery Center" or any other business, trade or fictitious name used by OAD or DOSC before the Closing (including, in each case, acronyms and derivations thereof) without the Purchaser's express written consent (which may be withheld by the Purchaser in its sole discretion).

(f) Nothing in this Section 8.10 shall be deemed to eliminate or limit:

(i) the right of a Seller Party to be a passive owner, without any management responsibility or authority, of capital stock or other securities of any publicly-traded Person provided that the passive ownership interest of any Seller Party shall not exceed, directly or indirectly, five percent (5%) of such Person's outstanding voting securities or similar equity interests; or

(ii) the right of a Seller Party to take such actions as may be necessary to exercise or to perform his, her or its obligations under, or enforce his, her or its rights and the Purchaser's obligations set forth in, this Agreement or any Transaction Agreement.

(g) The existence of any claim, demand, action or cause of action of any Seller Party or any of their Affiliates against the Purchaser or any of its Affiliates, whether predicated on this Agreement or otherwise, will not constitute a defense to the enforcement by the Purchaser and its Affiliates of any covenant or agreement contained in this Section. Nothing in this Section will supersede or otherwise adversely affect the validity of any restrictive covenant (including confidentiality, non-competition, non-solicitation and similar covenants) contained in any other agreement to which any Seller Party, on one hand, and the Purchaser or any of its Affiliates, on the hand, are parties.

(h) Seller Parties acknowledge and agree that (i) the restrictive covenants contained in this Section and the territorial, time, activity and other limitations set forth herein are commercially reasonable and do not impose a greater restraint than is necessary to protect the goodwill and legitimate business interests of the Purchaser and its Affiliates, (ii) any breach of the restrictive covenants in this Section will cause immediate and irreparable harm to the Purchaser and its Affiliates, which could not be adequately remedied through the payment of monetary damages, (iii) if any breach of any such covenant occurs, then the Purchaser and its Affiliates will be entitled to injunctive relief (without the posting of a bond or similar security) in addition to such other legal and equitable remedies that may be available (without limiting the availability of legal or equitable, including injunctive, remedies under any other provisions of this Agreement), and (iv) Seller Parties hereby waive the claim or defense that an adequate remedy at law exists for such a breach.

(i) If any court of competent jurisdiction holds the geographic or temporal scope of any restrictive covenant contained in this Section invalid or unenforceable, then such restrictive covenant will be construed as a series of parallel restrictive covenants and the geographic or temporal scope of such restrictive covenant will be deemed modified (including by application of any "blue pencil" doctrine under applicable Law) to the minimum extent necessary to render such restrictive covenant valid and enforceable.

(j) If any Seller Party breaches any covenant in this Section then the duration of such covenant will be tolled with respect to such Seller Party for a period of time equal to the time of such breach.

8.11 Public Announcements. No Party may issue any press release or make any public statement or announcement with respect to this Agreement, any of the other Transaction Agreements or any of the Transactions, without the prior consent of the other Parties hereto (or, in the case of the Owners, the Representative). Notwithstanding the foregoing, any Party hereto may make such public statements, announcements or other disclosures as are required by applicable Law after notice to and consultation with the other Parties hereto (or, in the case of the Owners, the Representative).

8.12 Post-Closing Access to Information. Each Seller and the Purchaser acknowledge that, subsequent to Closing, each Party may need access to information or documents in the control or

possession of the other Party for the purposes of concluding the Transactions, audits, compliance with governmental regulations, the prosecution or defense of third party or other claims and for other reasonable and legitimate business purposes. Accordingly, each Seller and the Purchaser agree that for a period of six (6) years after Closing, or ninety (90) days after the expiration of the applicable statute of limitations (if the information or documents relate to a patient not of majority age when treated), whichever is longer (the "Retention Period"), each will make available to the other's agents, independent auditors and counsel within ten (10) days after receipt of the other Party's written request and at the expense of the requesting Party such documents and information as may be available relating to the Purchased Assets for periods prior and subsequent to Closing to the extent necessary to facilitate concluding the Transactions, audits, compliance with governmental regulations, the prosecution or defense of claims and other reasonable and legitimate business purposes.

8.13 Preservation of Records. After the Closing, the Purchaser shall, in the ordinary course of business and for no less than the period required by Law, keep and preserve in their original form all records of OAD and DOSC transferred or conveyed to the Purchaser as of the Closing and which constitute a part of the Purchased Assets delivered to the Purchaser at the Closing. For purposes of this Agreement, the term "records" includes all documents, electronic data and other compilations of information in any form. The Purchaser acknowledges that as a result of entering into this Agreement, it may gain access to patient and other information which is subject to rules and regulations regarding confidentiality. The Purchaser agrees to abide by any such rules and regulations relating to the confidential information it acquires. The Purchaser further agrees to maintain the patient records delivered to the Purchaser at the Closing in accordance with applicable Law, including such Laws with respect to medical privacy, all in a manner consistent with the maintenance of patient records generated by the Purchaser after Closing to the extent such maintenance rules are consistent with applicable Laws. A Party shall not destroy any records of the other Party during the Retention Period.

8.14 Tax Matters.

(a) Following the Closing, the Parties (or, in the case of the Owners, the Representative) shall cooperate fully with each other and shall make available to each other, as reasonably requested and at the expense of the requesting Party, and to any Tax authority, as reasonably requested and at the expense of the requesting Party, all information, records or documents relating to Tax liabilities or potential Tax liabilities of the Seller Parties for all taxable periods (or portions thereof) ending on or prior to the Closing Date and any information which may be relevant to determining the amount payable under this Agreement, and shall preserve all such information, records and documents (to the extent a part of the Purchased Assets delivered to the Purchaser at Closing) at least until the sixty (60) days following the expiration of any applicable statute of limitations or any extensions thereof.

(b) Sellers and the Purchaser shall treat the Purchaser as a "successor employer" and each Seller as a "predecessor," within the meaning of Sections 3121(a)(1) and 3306(b)(1) of the Code, with respect to Transferred Employees for purposes of Taxes imposed under the United States Federal Unemployment Tax Act ("FUTA") and the United States Federal Insurance Contributions Act ("FICA") and any comparable provision of state and local law.

(c) In addition to any indemnifications under Section 9.2 but subject to the limitations on indemnification set forth in Section 9.6 and the Purchaser's obligations set forth in Section 11.3, each Seller shall indemnify Purchaser for any liability for unpaid Taxes of OAD or DOSC for (i) any Tax year ending on or before the Closing Date, and (ii) the "Straddle Period" (defined below) to the extent allocable to that portion of the Straddle Period ending on the Closing Date. For all purposes under this Agreement, in the case of any taxable period that includes but does not end on the Closing Date (each, a "Straddle Period"), the amount of any Taxes (including any refund thereof) based on or measured by income, receipts or expenses for the portion of the Straddle Period ending on the Closing Date shall be determined based on an interim closing of the books as of the Closing Date, and the amount of other Taxes (including any refund thereof) for a Straddle Period which relate to the portion of the period ending on the Closing Date shall be deemed to be the amount of such Tax for the entire taxable period, multiplied by a fraction, the numerator of which is the number of days in the taxable period ending on the Closing Date, and the denominator of which is the number of days in such Straddle Period.

8.15 Cooperation on Contract Matters. During the one hundred and eighty (180) day period following the Closing, each Owner shall provide reasonable cooperation to the Purchaser following reasonable notice, to assist the Purchaser and its Affiliates in negotiating new contractual arrangements with vendors providing goods or services to both the Purchaser and either OAD or DOSC prior to the Closing, or in extending the Purchaser's Contracts in place with such vendors to the business operations acquired by the Purchaser from either OAD or DOSC pursuant to the terms hereof, in each case as the Purchaser may elect, provided, however, that such cooperation shall not interfere with or disrupt the provision of medical services by such Owner. Upon the Purchaser's written request and at the Purchaser's sole cost and expense, Sellers shall enforce pursuant to the Purchaser's directions any restrictive covenants of any former owner, employee or independent contractor of either Seller that has not been terminated pursuant to Section 4.2(b)(vii) and that benefits OAD or DOSC.

8.16 Further Assurances Post-Closing: Misdirected Payments.

(a) From time to time after the Closing, the Purchaser and each Seller, as appropriate, will each at its own respective expense, execute and deliver, or cause to be executed and delivered, such additional documents and instruments, and take such other actions, as may be reasonably requested by the other Party to render effective the consummation of the Transactions or otherwise to carry out the intent and purposes of such agreements.

(b) The Purchaser and Sellers covenant and agree to remit, with reasonable promptness, to the other any payments received by them or their Affiliates which were misdirected to the recipient and are in respect of items owned by (or otherwise payable to) Sellers or the Purchaser, as applicable. Each of the Purchaser and Sellers, respectively, grants to the other the right, during normal business hours and upon reasonable prior written notice, to inspect and audit (at the sole cost of the auditing party) its books and records to verify compliance with this Section 8.16. The auditing party shall refrain from using or disclosing any information obtained in connection with such audit except in connection with enforcing compliance with this Section 8.16.

8.17 Insurance Tail Policies. Effective at the Closing, OAD and DOSC will terminate all insurance policies that are underwritten on a claims-made basis, including general, professional, directors' and officers', fiduciary liability, employment practices liability and umbrella liability policies insurance policy for directors' and officers' liability insurance, fiduciary liability insurance and employment practices liability insurance (the "Terminated Insurance Policies") and Purchaser will provide to OAD, DOSC and each of the Physicians extended reporting period endorsements of indefinite duration with liability limits equal to or greater than those applicable to the Terminated Insurance Policies (the "Insurance Tail Policies") through its captive insurance affiliate, provided that the expense of the Insurance Tail Policies shall be borne by Sellers; such expense shall be paid at Closing out of the Purchase Price pursuant to Section 3.2.

8.18 Post-Closing Operating Commitments of the Purchaser. For at least five (5) years after the Closing, at least one (1) Physician shall be a member of the Clinical Practice Council maintained by Cadence Physician Group (such Physician, the "Physician Designee"). For at least five (5) years after the Closing, the Physician Designee shall have input on hiring and firing decisions for orthopaedic and other physicians, clinical staff and non-clinical staff for the Purchaser and Cadence Physician Group and provide input on budgets and strategic plans for the Purchaser and Cadence Physician Group. For at least five (5) years following the Closing, the Physician Designee shall receive access to revenue and expense reports for the Orthopaedic Program, all as a means of allowing the Physician Designee to assist in managing the Orthopaedic Program as efficiently as possible.

8.19 BC/BS Overpayment Liabilities. Prior to the Closing, the Sellers shall satisfy the BC/BS Overpayment Liabilities in the ordinary course consistent with past practices. Following the Closing, in the event Purchaser is required to pay to Blue Cross/Blue Shield of Illinois any amount in respect of Sellers' BC/BS Overpayment Liabilities and (a) any amount remains in the BC/BS Escrow, then Purchaser and Sellers shall jointly execute and deliver written notice to the Escrow Agent instructing the Escrow Agent to disburse to Blue Cross/Blue Shield of Illinois such amount from the BC/BS Escrow and (b) no funds remain in the BC/BS Escrow, then Sellers shall satisfy the BC/BS Overpayment Liabilities in the ordinary course consistent with past practices. Following Sellers' satisfaction of all BC/BS Overpayment Liabilities, Purchaser and Sellers shall promptly execute and deliver a joint written notice to the Escrow Agent instructing the Escrow Agent to release the balance, if any, of the BC/BS Escrow in full to Sellers.

8.20 Pursuit of Regulatory Approvals.

(a) Each Party shall, as promptly as possible, use its reasonable commercial efforts to obtain, or cause to be obtained, all consents, authorizations, orders and approvals from all Governmental Entities that may be or become necessary for its execution and delivery of this Agreement and the performance of its obligations pursuant to this Agreement. Each Party shall cooperate fully with the other Party and its Affiliates in promptly seeking to obtain all such consents, authorizations, orders and approvals. The Parties hereto shall not willfully take any action that will have the effect of delaying, impairing or impeding the receipt of any required consents, authorizations, orders and approvals.

(b) All analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals made by or on behalf of either Party before any

Governmental Entity or the staff or regulators of any Governmental Entity, in connection with the Transactions (but, for the avoidance of doubt, not including any interactions between a Seller and a Governmental Entity or any disclosure by a Seller to a Governmental Entity, in each case in the ordinary course of business) shall be disclosed to the other Party in advance of any filing, submission or attendance, it being the intent that the Parties (or, in the case of the Owners, the Representative) will consult and cooperate with one another, and consider in good faith the views of one another, in connection with any such analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals. Each Party (or the Representative, in the case of the Owners) shall give notice to the other Parties with respect to any meeting, discussion, appearance or contact with any Governmental Entity or the staff or regulators of any Governmental Entity in connection with the Transactions (but, for the avoidance of doubt, not including any interactions between a Seller and a Governmental Authority in the ordinary course of business), with such notice being sufficient to provide the other Party with the opportunity to attend and participate in such meeting, discussion, appearance or contact.

8.21 Confidentiality. Each of the Purchaser and each Seller Party acknowledges and agrees that the Confidentiality Agreement remains in full force and effect and, in addition, covenants and agrees to keep confidential, in accordance with the provisions of the Confidentiality Agreement, the information provided or received pursuant to this Agreement. If this Agreement is, for any reason, terminated prior to the Closing, the Confidentiality Agreement and the provisions of this Section 8.21 shall nonetheless continue in full force and effect.

ARTICLE IX INDEMNIFICATION

9.1 Survival. The representations and warranties contained herein shall survive the Closing and shall remain in full force and effect until the eighteen (18) month anniversary of the Closing, except that (a) the representations and warranties set forth in Section 5.10 (Taxes) shall survive the Closing and continue in full force and effect until thirty (30) days after the expiration of the applicable statute of limitations (as may be extended by any Governmental Entity), and (b) the representations and warranties set for in Sections 5.1 (Organization), 5.2 (Authorization), 5.4 (Binding Obligation), 5.6(a) (Title to Purchased Assets), 5.12 (Compliance with Laws; Regulatory Compliance), 5.18 (Payment Programs) and 5.22 (No Insolvency) shall survive the Closing and continue in full force and effect indefinitely. None of the covenants or other agreements contained in this Agreement shall survive the Closing other than those which by their terms contemplate performance after the Closing, and each such surviving covenant and agreement shall survive the Closing for the period contemplated by its terms or perpetually if no term is specified. The obligations under this Article IX in respect of a breach of representation or warranty or covenant shall terminate when the survival period of the applicable representation or warranty or covenant expires pursuant to this Section 9.1; provided, however, that any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the Indemnified Party to the Indemnifying Party prior to the expiration of the applicable survival period shall not thereafter be barred by the expiration of such survival period and such claims shall survive until finally resolved.

9.2 Indemnification by Seller Parties. From and after the Closing, each Seller Party shall indemnify and hold the Purchaser, its Affiliates and each of their respective members, managers, trustees, officers and employees (collectively, the "Purchaser Indemnified Parties") harmless against, any actual damage, loss, liability, fine, penalty, Tax, charge, judgment, cost or expense (including, subject to the provisions of Section 9.6, reasonable attorneys' fees and other reasonable expenses including those incurred in investigating or defending any claim against the Purchaser, its members, trustees, Affiliates, officers and employees for such damage, loss, cost or expense) (each of the foregoing a "Loss", and collectively "Losses") resulting from:

(a) Any breach of the Sellers' representations and warranties set forth in Article V of this Agreement, other than inaccuracies or breaches of Sections 5.1 (Organization), 5.2 (Authorization), 5.4 (Binding Obligation), 5.6(a) (Title to Purchased Assets), 5.12 (Compliance with Laws; Regulatory Compliance), 5.18 (Payment Programs) and 5.22 (No Insolvency);

(b) Any breach of the Sellers' representations and warranties set forth in Sections 5.1 (Organization), 5.2 (Authorization), 5.4 (Binding Obligation), 5.6(a) (Title to Purchased Assets), 5.12 (Compliance with Laws; Regulatory Compliance), 5.18 (Payment Programs) and 5.22 (No Insolvency);

(c) Any Excluded Liability;

(d) The post-Closing activities of Sellers, including but not limited to any breach by a Seller of a post-Closing covenant set forth in this Agreement and the winding-up and dissolution of OAD and DOSC; and

(e) Sellers' broker fees and expenses of the Transactions.

9.3 Indemnification for Owners' Representations and Covenants. From and after the Closing, the Owners shall, in accordance with Section 9.6, indemnify and hold the Purchaser Indemnified Parties harmless against, any Losses resulting from:

(a) Any breach of the Owners' representations and warranties set forth in Article VI of this Agreement; and

(b) Any breach of the Owners' covenants set forth in this Agreement.

9.4 Indemnification by the Purchaser. From and after the Closing, the Purchaser shall indemnify and hold each Seller Party and each of the shareholders, members, managers, directors, officers and employees of OAD and DOSC (collectively, the "Seller Indemnified Parties") harmless against, any Losses resulting from:

(a) Any breach of the Purchaser's representations and warranties set forth in Article VII of this Agreement;

(b) The post-Closing activities of the Purchaser, including breach of the Purchaser's post-Closing covenants set forth in this Agreement and the post-Closing ownership and operation of the Purchased Assets;

- (c) any Assumed Liability;
- (d) the Purchaser's broker fees and the Purchaser's expenses of the Transactions; and
- (e) any Transfer Taxes.

9.5 Benefit of the Bargain.

(a) The Purchaser's right to indemnification, payment of damages or other remedy hereunder based upon any representation, warranty, covenant or obligation of any Seller Party herein will not be affected or limited by any investigation conducted by or on behalf of the Purchaser with respect hereto, or any knowledge acquired (or capable of being acquired) by the Purchaser, at any time before or after the execution and delivery of this Agreement or the Closing Date with respect to the accuracy or inaccuracy of or compliance with, any such representation, warranty, covenant or obligation.

(b) The Seller Parties' right to indemnification, payment of damages or other remedies hereunder based upon the Purchaser's representations, warranties, covenants and obligations herein will not be affected or limited by any investigation conducted by or on behalf of Sellers with respect hereto, or any knowledge acquired (or capable of being acquired) by Sellers, at any time before or after the execution and delivery of this Agreement or the Closing Date with respect to the accuracy or inaccuracy of or compliance with any such representation, warranty, covenant or obligation.

9.6 Certain Limitations. Notwithstanding anything to the contrary in this Agreement, the indemnification provided for in this Article IX and Section 8.14(c) shall be subject to the following limitations:

(a) Subject to the limitations set forth in the other provisions of this Section 9.6, Seller Parties shall be jointly and severally liable for all indemnification obligations pursuant to Section 9.2; provided, however, that if the Indemnification Escrow is exhausted or has been released in accordance with the Escrow Agreement, then the Purchaser Indemnified Parties shall not be entitled, with respect to any Loss, to recover from an Owner an amount (apart from any amount previously recovered from the Indemnification Escrow) in excess of the product of (i) the amount of such indemnifiable Loss, after application of all limitations of this Article IX, and (ii) such Owner's Pro Rata Share. Payment of amounts owed to a Purchaser Indemnified Party pursuant to Section 9.2 shall be made first from the Indemnification Escrow in accordance with the Escrow Agreement until the Indemnification Escrow has been exhausted or released in accordance with the Escrow Agreement, and thereafter shall be made by Seller Parties as set forth above in this Section 9.6(a).

(b) Subject to the limitations set forth in the other provisions of this Section 9.6, the Seller Parties expressly agree that the Purchaser Indemnified Parties may recover from the Indemnification Escrow on a joint and several basis all indemnifiable Losses incurred by the Purchaser Indemnified Parties pursuant to Section 9.3(a) until the Indemnification Escrow is exhausted regardless of the Owner which caused such indemnifiable Losses; provided, however, that once the Indemnification Escrow is exhausted or has been released in accordance with the Escrow Agreement, then the Owner whose breach of a representation and warranty in Article VI

of this Agreement caused such indemnifiable Loss shall be severally liable for the entire amount of any such remaining indemnification obligation and no other Owner shall have any further liability with respect thereto.

(c) Subject to the limitations set forth in the other provisions of this Section 9.6, each Owner shall be severally, and not jointly, liable for indemnification obligations pursuant to Section 9.3(b). With respect to any indemnifiable Losses incurred by the Purchaser Indemnified Parties pursuant to Section 9.3(b), the Purchaser Indemnified Parties may only recover from the Indemnification Escrow an amount equal the product of (i) the amount of such indemnifiable Loss, and (ii) the Pro Rata Share of the Owner whose breach of a covenant set forth in this Agreement caused such indemnification obligation; provided, however, that nothing contained in this Section 9.6(c) shall be deemed to limit the Purchaser Indemnified Parties' right to seek and obtain recourse against such Owner pursuant to Section 9.3(b) for any remaining indemnifiable Losses apart from the Indemnification Escrow.

(d) No Seller Party shall have any obligation under Section 9.2(a) unless and until with respect to each individual Loss or series of related Losses, the aggregate amount of all such Losses suffered by Purchaser Indemnified Parties hereunder exceeds Two Hundred and Sixty Thousand Dollars (\$260,000), whereupon, provided the other requirements of this Article IX have been complied with and subject to the other limitations of this Article IX, the Seller Parties shall be liable to indemnify Purchaser Indemnified Parties for the entire amount of such Losses. In no event shall the aggregate of all Losses paid by Seller Parties (including any such payments from the Indemnification Escrow) under Section 9.2(a) exceed Five Million Two Hundred Thousand Dollars (\$5,200,000).

(e) If any Losses sustained by a Purchaser Indemnified Party are covered by an insurance policy or an indemnification, contribution or similar obligation of another Person, the Purchaser shall use commercially reasonable efforts to collect (or cause to be collected) such insurance proceeds or indemnity, contribution or similar payments. If such payments are received before the Purchaser Indemnified Party is indemnified with respect to such Losses hereunder, such Losses shall be reduced by the amount of such payment, less reasonable attorney's fees and other reasonable expenses incurred in connection with such recovery. If such payments are received after a Purchaser Indemnified Party is indemnified and held harmless with respect to some or all of such Losses, the Purchaser shall pay to Sellers the lesser of (i) the amount of such payment less reasonable attorney's fees and other reasonable expenses incurred in connection with such recovery and (ii) the amount paid by Seller Parties (including payment from the Indemnification Escrow) with respect to such Losses. If any Purchaser Indemnified Party receives payment under this Article IX on account of a claim that a Seller believes in good faith is covered by an insurance policy or an indemnification, contribution or similar obligation of another Person, the Purchaser (x) shall or shall cause, on written request of a Seller, if permitted under such insurance policy, an assignment to the extent assignable, of the rights under such insurance policy or indemnification, contribution or similar obligation with respect to such claim to a Seller and (y) shall, if so requested, be relieved of any further obligation to pursue collection of such insurance or indemnification, contribution or similar obligation (except that, if requested to do so by a Seller, the Purchaser shall reasonably cooperate with such Seller at such Seller's sole expense, to collect any such insurance or indemnification, contribution or similar obligation).

(f) In no event shall any Indemnifying Party be liable to any Indemnified Party under this Article IX or otherwise for any punitive or exemplary damages other than, in each case, actual amounts required to be paid with respect thereto by the Indemnified Party to an independent third party.

(g) No Purchaser Indemnified Party shall have any right to indemnification under this Agreement with respect to any Losses with respect to a breach of any of the representations and warranties in Section 5.10 to the extent such Losses (i) are attributable to Taxes imposed on any Purchaser Indemnified Party for Tax periods (or portions thereof) beginning after the Closing Date; or (ii) are due to the unavailability in any Tax period (or portion thereof) beginning after the Closing Date of any net operating losses, income Tax credits or other income Tax attribute from a taxable period (or portion thereof) ending on or prior to the Closing Date.

(h) The Purchaser shall have the right, at its election, to offset against any or all amounts owing to a Seller Party, including current or future wages payable under any Owner's Physician Employment Agreement with Purchaser or any accounts receivable collected or held by the Purchaser on behalf of either OAD or DOSC, any and all Losses owed by such Seller Party to any Purchaser Indemnified Party pursuant to Section 9.2 or Section 9.3.

9.7 Notice and Control of Litigation. If any claim or liability is asserted by a third party ("Third-Party Claim") against a Party entitled to indemnification under this Article IX (the "Indemnified Party"), which would give rise to a claim under this Article IX, the Indemnified Party shall promptly notify the Party(ies) giving the indemnity (individually or collectively, if more than one, the "Indemnifying Party") in writing of the same; provided, however, that the failure to give such prompt written notice shall not relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party is prejudiced by reason of such failure. Such notice by the Indemnified Party shall describe the Third-Party Claim in reasonable detail, shall include copies of all material written evidence thereof and all correspondence from or to such third party (or its representatives) related to the matter giving rise to such Third-Party Claim and shall indicate the estimated amount, if known or reasonably calculable, of the Loss that has been or will be sustained by the Indemnified Party in connection with such Third-Party Claim. The Indemnifying Party shall have the right to participate therein and, to the extent desired, to control the defense of any Third Party Claim, which right shall be exercised by delivery of written notice to such effect to the Indemnified Party within thirty (30) days of receipt of such claim notice and required materials; provided that, with the consent of the Indemnifying Party, which consent shall not be unreasonably withheld, the Indemnified Party shall have the right to retain its own additional counsel at its own cost and expense if its rights are or are likely to be adverse to the Indemnifying Party. No legal fees or other expenses of investigation or defense incurred by an Indemnified Party after receipt by such Indemnified Party of the Indemnifying Party's written election to control the defense of such claim shall be considered a Loss. In the event that the Indemnifying Party assumes the defense of any Third-Party Claim, (i) it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third-Party Claim in the name and on behalf of the Indemnified Party and (ii) the Indemnified Party shall have the right, at its own cost and expense, to participate in the defense of any Third-Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. All Parties (or, in the case of the Owners, the Representative) agree to cooperate fully as

necessary in the defense of such matters, including, if applicable, providing reasonable access to such Party's premises during normal business hours in a manner that does not impair the business operations of the Party, and personnel and the right to examine and copy any accounts, documents or records, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, as may be reasonably requested for the defense and preparation of the defense of such Third-Party Claim.

9.8 Settlement of Third-Party Claims. Regardless of who is controlling the defense of such Third-Party Claim, neither the Indemnifying Party nor the Indemnified Party shall enter into any settlement of, or consent to the entry of any judgment with respect to, any Third-Party Claim without the prior written consent of the other; provided, however, that the Indemnifying Party may, without the prior written consent of the Indemnified Party, settle, or consent to the entry of any judgment with respect to, a Third-Party Claim provided that the proposed settlement or judgment does not include any monetary damages payable by the Indemnified Party or any material restriction on the operations of the Indemnified Party and also provides, in customary form, for the unconditional release of the Indemnified Party from all liabilities in connection with such Third-Party Claim.

9.9 Direct Claims. If an Indemnified Party becomes aware of any breach of the representations or warranties of the Indemnifying Party hereunder or any other basis for indemnification under this Article IX (except as otherwise provided for under Section 9.7), the Indemnified Party shall promptly notify the Indemnifying Party in writing of the same after becoming aware of such breach or claim, specifying in detail the circumstances and facts which give rise to such claim under this Article IX, shall provide copies of any documents or correspondence in the Indemnified Party's possession regarding such claim and shall indicate the estimated amount, if known or reasonably calculable, of the Loss that has been sustained by the Indemnified Party with in connection with such Claim; provided, however, that the failure to give such prompt written notice shall not relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party is prejudiced by reason of such failure.

9.10 Exclusive Remedies. The Parties acknowledge and agree that from and after the Closing their sole and exclusive remedy with respect to any and all claims for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to this Agreement and the subject matter hereof, shall be pursuant to the indemnification provisions set forth in Article IX (subject to all limitations contained herein, including Section 9.6 and subject to the offset right specified in Section 9.6(e)). Notwithstanding the foregoing, nothing in this Section 9.10 shall limit a Party's ability to make any claims for fraud on the part of a Party hereto in connection with this Agreement or the Transactions or claims seeking equitable relief, injunctive relief, specific performance or common law rights of setoff.

9.11 Purchase Price Adjustments. All indemnification payments made pursuant to this Article IX will be adjustments to the Purchase Price.

ARTICLE X TERMINATION

10.1 Termination. This Agreement may be terminated at any time prior to the Closing:

- (a) by the mutual written consent of Sellers and the Purchaser;
- (b) by the Purchaser, if the Purchaser is not then in material breach of any provision of this Agreement and there has been a material breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by a Seller Party pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Section 4.3(a) and such breach, inaccuracy or failure is not curable or cannot be cured by such Seller Party by the Outside Date;
- (c) by Sellers, if no Seller Party is then in material breach of any provision of this Agreement and there has been a material breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by the Purchaser pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Section 4.3(b) and such breach, inaccuracy or failure is not curable or cannot be cured by the Outside Date;
- (d) by the Purchaser, if the transactions contemplated hereby have not been consummated on or before the Outside Date; provided that the Purchaser shall not be entitled to terminate this Agreement pursuant to this Section 10.1(d) if the Purchaser's breach of this Agreement has prevented the consummation of the Transactions or if a lawsuit by Sellers to enforce the provisions of Section 11.1 is pending at such time; or
- (e) by Sellers, if the transactions contemplated hereby have not been consummated on or before the Outside Date; provided that Sellers shall not be entitled to terminate this Agreement pursuant to this Section 10.1(e) if the breach of this Agreement by any Seller Party has prevented the consummation of the Transactions or if a lawsuit by the Purchaser to enforce the provisions of Section 11.1 is pending at such time.

10.2 Effect of Termination. In the event of the termination of this Agreement in accordance with this Article X, this Agreement shall forthwith become void and there shall be no liability on the part of any Party except that:

- (a) Sections 8.11, 8.21, this Article X and Article XI (collectively, the "Surviving Provisions") shall survive the termination of this Agreement and be enforceable by the Parties (or, in the case of the Owners, the Representative);
- (b) Subject to the provisions in Sections 9.7, 9.8 and 9.9, each Party shall indemnify and hold the Seller Indemnified Parties or the Purchaser Indemnified Parties, as applicable, harmless against any Losses resulting from any breach (i) of the covenants set forth in Section 8.7 which occurred prior to the termination of this Agreement and (iii) of the covenants set forth in Sections 8.11 and 8.21 which occurred prior to or after the termination of this Agreement; and
- (c) Nothing herein shall relieve any Party from liability for any willful breach of any provision of this Agreement prior to such termination.

ARTICLE XI MISCELLANEOUS

11.1 Specific Performance.

(a) The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed, or in the event that the Closing is not consummated, in each case in accordance with the terms of this Agreement, and that money damages or other legal remedies would not be an adequate remedy for any such damages. Accordingly, the Parties acknowledge and hereby agree that in the event of any breach or threatened breach by any Party of its covenants or obligations set forth in this Agreement, the other Parties shall be entitled to an injunction or injunctions to prevent or restrain such breach or threatened breach, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, and to enforce compliance with, the covenants and obligations of such Party under this Agreement.

(b) The right of specific enforcement is an integral part of this Agreement and the Transactions and each Party agrees not to raise any objections to the availability of the equitable remedy of specific performance to prevent or restrain breaches of this Agreement by such Party, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of such Party under this Agreement all in accordance with the terms of this Section 11.1. Any Party seeking an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the terms and provisions of this Agreement shall not be required to provide any bond or other security in connection with such order or injunction. Each Party waives all defenses in any action for specific performance, including the defense that a remedy at law would be adequate.

11.2 Expenses. Except as otherwise specifically provided herein, the Parties shall bear their respective direct and indirect expenses incurred in connection with the negotiation, preparation, execution and performance of this Agreement, the Transaction Agreements and the Transactions, whether or not the Transactions are consummated, including, but not limited to, all fees and expenses of brokers, agents, representatives, counsel and accountants. The terms and conditions of this Section 11.2 shall survive termination of this Agreement.

11.3 Transfer Taxes. All transfer, documentary, sales, use, stamp, registration and other similar Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest), incurred in connection with the consummation of the Transactions (together, "Transfer Taxes") shall, be borne by the Purchaser, and Sellers shall file all necessary Tax Returns and other documentation with respect to all Transfer Taxes, and, if required by Law, the Purchaser shall join in the execution of any such Tax Returns and other documentation. The Purchaser and Sellers agree to cooperate in seeking any available partial or whole exemption from Transfer Taxes, which cooperation shall include but not be limited to the execution and delivery of any form of certificate, affidavit or other documentation necessary or appropriate to secure such exemption.

11.4 Assignment.

(a) The Purchaser may not assign, transfer or otherwise dispose of any of its rights hereunder without the prior written consent of Sellers; provided, however, that (i) the Purchaser may assign any or all of its rights hereunder to any one or more of its Affiliates so long as the Purchaser has provided advance written notice to Sellers of any such assignments and (ii) no such assignment shall relieve the Purchaser of any of its obligations under this Agreement.

(b) No Seller Party may assign, transfer or otherwise dispose of any of his, her or its rights hereunder without the prior written consent of the Purchaser.

(c) All of the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the respective successors and permitted assigns of the Parties hereto.

11.5 Owners' Representative. Each Owner hereby irrevocably constitutes and appoints Sellers as such Owner's attorney-in-fact and agent in connection with the execution, delivery and performance of this Agreement and the Transaction Documents (the "Representative"). This power is irrevocable and coupled with an interest, and will not be affected by any Owner's death, incapacity, illness, dissolution or other inability to act.

Without limiting the generality of the foregoing, each Owner hereby irrevocably grants the Representative full power and authority:

(a) to execute and deliver, on such Owner's behalf, and accept delivery of, on such Owner's behalf, any documents or instruments that the Representative deems, in its sole discretion, necessary, proper or advisable to consummate the Transactions, including one or more letter agreements that amend, modify, or supplement the terms of this Agreement;

(b) to certify on such Owner's behalf as to the accuracy of such Owner's representations and warranties made in this Agreement and the Transaction Documents;

(c) to (i) dispute or refrain from disputing, on such Owner's behalf, any claim made by the Purchaser under this Agreement, (ii) negotiate and compromise, on such Owner's behalf, any dispute that may arise under, and to exercise or refrain from exercising any remedies available under this Agreement or any Transaction Document, and (iii) execute, on such Owner's behalf, any settlement agreement, release or other document with respect to any such dispute or remedy;

(d) to give, on such Owner's behalf, any consent or waiver that the Representative deems, in his sole discretion, necessary, proper or advisable under this Agreement or any Transaction Document and to execute and deliver any document or instrument that is necessary, proper or advisable therewith;

(e) to enforce, on such Owner's behalf, or settle any claim by or against the Purchaser or otherwise arising under this Agreement;

(f) to engage attorneys, accountants and agents at such Owner's expense;

(g) to amend this Agreement (other than this Section) or any other Transaction Document; and

(h) to give such instructions and take such action, or refrain from taking such action, on such Owner's behalf, as the Representative deems, in his sole discretion, necessary, proper or advisable to effect the provisions of this Agreement and consummate the Transactions.

Each Owner hereby agrees that:

(a) in all matters in which the Representative is required or permitted to act on such Owner's behalf, the Purchaser may rely on any action taken by the Representative under this Agreement (notwithstanding any dispute or disagreement among the Owners or between any Owner and the Representative) without any liability to or obligation to inquire of any Owner;

(b) notice to the Representative in accordance with the provisions of Section 11.8 will constitute notice to each Owner;

(c) the power and authority of the Representative as described in this Agreement will continue in full force and effect until all rights and obligations of the Owners under this Agreement and the Transaction Documents have terminated, expired or been fully performed; and

(d) if the Representative resigns or is removed or otherwise ceases to function in its capacity as the Representative and no successor is appointed by Sellers within thirty (30) days, then any Owner or the Purchaser may petition a court of competent jurisdiction for the appointment of a successor Representative, provided that any successor Representative must agree to be bound by the terms of this Agreement applicable to the Representative and shall thereupon become the Representative for purposes of this Agreement and the Transaction Documents.

The Representative shall not be liable to any Owner for any action or inaction taken by the Representative in its capacity as the Representative in good faith pursuant to this Section 11.5 (and the Representative hereby agrees to act in good faith in its capacity as the Representative). The Owners shall reimburse the Representative based on their Pro Rata Share for all fees, expenses and Losses (including reasonable fees and expenses of its counsel, experts and other agents and consultants) incurred by the Representative in such capacity. The Representative is serving in this capacity solely for purposes of administrative convenience, and shall not be personally liable in such capacity for indemnification or other obligations of the Owners.

Each Seller agrees that, notwithstanding the forgoing, at the Purchaser's request, such Seller will take all actions necessary, proper or advisable to consummate the Transactions individually on such Seller's own behalf.

11.6 Entire Agreement; Amendments; Waiver. This Agreement, including all Exhibits, Schedules, lists and other documents and writings referred to herein or delivered pursuant hereto, which form a part hereof, along with the Confidentiality Agreement (which remains in full force and effect but which shall terminate upon consummation of the Transactions), contain the entire understanding of the Parties with respect to their subject matter. There are no restrictions,

agreements, promises, warranties, covenants or undertakings other than those expressly set forth herein or therein. This Agreement supersedes all prior agreements and understandings among the Parties with respect to its subject matter other than the Confidentiality Agreement. This Agreement may be amended only by a written instrument duly executed by the Purchaser and Sellers or their respective successors. Any condition to a Party's obligations hereunder may be waived but, other than the waiver of a condition to Closing, only by a written instrument identifying the provision to be waived that is signed by the Party entitled to the benefits thereof. The failure or delay of any Party at any time or times to require performance of any provision or to exercise its rights with respect to any provision hereof, shall in no manner operate as a waiver of or affect such Party's right at a later time to enforce the same.

11.7 Severability. The invalidity of any term or terms of this Agreement shall not affect any other term of this Agreement, which shall remain in full force and effect.

11.8 Notices. All notices and other communications provided for herein shall be dated and in writing and shall be deemed to have been duly given: (a) on the date of delivery, if delivered personally; (b) on the date of delivery if delivered by facsimile on a Business Day prior to 5 p.m. central time, or otherwise on the next succeeding Business Day; or (c) on the following Business Day, if delivered by a recognized overnight courier service at the following address (or at such other address as any Party hereto shall hereafter specify by notice in writing to the other Parties hereto):

If to Sellers or the Representative:

OAD Orthopaedics, Ltd.
27650 Ferry Road, Suite 100
Warrenville, IL 60555
Attn: President
Fax: (630) 225-2309

DuPage Orthopaedic Surgery Center, LLC
27650 Ferry Road, Suite 140
Warrenville, IL 60555
Attn: President
Fax: (630) 225-2309

If to the Purchaser:

CDH-Delnor Health System, Inc.
d/b/a Cadence Health
25 N. Winfield Road
Winfield, IL 60190
Attn: Michael Holzhuetter
Fax: (630) 933-2729

With a copy (which shall not constitute notice) to:

Paul Hastings LLP
191 N. Wacker Drive, 30th Floor
Chicago, IL 60606
Attn: Brian F. Richards
Fax: (312) 499-6170

With a copy (which shall not constitute notice) to:

McDermott Will & Emery LLP
227 West Monroe Street
Chicago, IL 60606
Attn: John M. Callahan
Fax: (312) 984-7700

or to such other address as any Party may have furnished to the others in writing in accordance herewith, except that notices of change of address shall only be effective upon receipt.

11.9 Section and Other Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

11.10 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile transmission or in Portable Document Format (pdf) by the Parties or the Parties' respective attorneys will constitute effective execution and delivery of this Agreement as to the Parties and may be used in lieu of the original Agreement for all purposes. Signatures of the Parties transmitted by facsimile or in Portable Document Format (pdf) will be deemed to be their original signatures for any purpose whatsoever.

11.11 Parties in Interest. The Parties acknowledge that they have independently negotiated the provisions of this Agreement, that they have relied upon their own counsel as to matters of Law and application and that neither Party has relied on the other Party with regard to such matters. The Parties expressly agree that there shall be no presumption created as a result of any Party having prepared in whole or in part any provisions of this Agreement.

11.12 Applicable Law; Waiver of Jury Trial. This Agreement shall be governed by and construed and enforced in accordance with the Laws of the State of Illinois, without regard to its conflict of laws rules. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR REGARDING THE TRANSACTIONS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 11.12.

11.13 Interpretation. For purposes of this Agreement: (a) the words "include," "includes" and "including" shall be deemed to be followed by the words "but not limited to"; (b) the word "or" is not exclusive; (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole; (d) the meaning assigned to each term defined herein shall be equally applicable to both the singular and the plural forms of such term and vice versa; (e) words denoting either gender shall include both genders as the context requires; and (f) where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning. Unless the context otherwise requires, references herein: (a) to Articles, Sections, Disclosure Schedules and Exhibits mean the Articles and Sections of, and Disclosure Schedules

and Exhibits attached to, this Agreement; and (b) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof. The Disclosure Schedules (including all attachments thereto) and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein. The Parties agree that any drafts of this Agreement or any Transaction Agreement prior to the final fully executed drafts shall not be used for purposes of interpreting any provision thereof, and each of the Parties agrees that no Party or any Affiliate thereof shall make any claim, assert any defense or otherwise take any position inconsistent with the foregoing in connection with any suit, action or proceeding among any of the foregoing or for any other purpose. When calculating the time period before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is referenced in calculating such period shall be excluded (for example, if an action is to be taken within two (2) days of a triggering event and such event occurs on a Tuesday then the action must be taken by Thursday). If the last day of such period is not a Business Day, the period in question shall end on the next succeeding Business Day. Any reference in this Agreement to \$ shall mean U.S. dollars.

11.14 Disclosure Schedules. The disclosures in the disclosure schedules to this Agreement shall be deemed to be responsive to and to qualify the representations and warranties contained in the corresponding sections in this Agreement and any other representations and warranties in this Agreement so long as the relationship between the disclosure and the other representations and warranties are reasonably apparent. The inclusion of information in the disclosure schedules shall not be construed as or constitute an admission or agreement that a violation, right of termination, default, liability or other obligation of any kind exists with respect to any item, nor shall it be construed as or constitute an admission or agreement that such information is material. In addition, matters reflected in the disclosure schedules are not necessarily limited to matters required by this Agreement to be reflected in the disclosure schedules. Such additional matters are set forth for informational purposes only and do not necessarily include other matters of a similar nature. Neither the specification of any dollar amount in any representation, warranty or covenant contained in this Agreement nor the inclusion of any specific item in the disclosure schedules is intended to imply that such amount, or higher or lower amounts, or the item so included or other items, are or are not material, and no Person shall use the fact of the setting forth of any such amount or the inclusion of any such item in any dispute or controversy between the Parties as to whether any obligation, item or matter not described herein or included in the disclosure schedules is or is not material for purposes of this Agreement. Further, neither the specification of any item or matter in any representation, warranty or covenant contained in this Agreement nor the inclusion of any specific item in the disclosure schedules is intended to imply that such item or matter, or other items or matters, are or are not in the ordinary course of business, and no Person shall use the fact of setting forth or the inclusion of any such items or matter in any dispute or controversy between the Parties as to whether any obligation, item or matter not described herein or included in the disclosure schedules is or is not in the ordinary course of business for purposes of this Agreement.

11.15 Prevailing Party. The prevailing Party in any suit, action or proceeding in connection with this Agreement or the transactions contemplated hereby shall be entitled to recover from such other Party its costs and expenses, including, without limitation, reasonable legal fees and expenses.

11.16 No Third-party Beneficiaries. Except with respect to the Seller Indemnified Parties and the Purchaser Indemnified Parties, this Agreement is for the sole benefit of the Parties and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

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IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.

SELLERS:

OAD ORTHOPAEDICS, LTD.

By: Lenard W. LaBelle

Name: Lenard W. LaBelle

Title: President

PURCHASER:

CDH-DELNOR HEALTH SYSTEM, INC.,
d/b/a CADENCE HEALTH

By: _____

Name: _____

Title: _____

DUPAGE ORTHOPAEDIC SURGERY
CENTER, LLC

By: John Andreshak

Name: JOHN ANDRESHAK

Title: MEDICAL DIRECTOR

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.

SELLERS:

OAD ORTHOPAEDICS, LTD.

By: _____

Name: _____

Title: _____

PURCHASER:

CDH-DELNOR HEALTH SYSTEM, INC.,
d/b/a CADENCE HEALTH

By: Michael Vivoda

Name: Michael Vivoda

Title: CEO

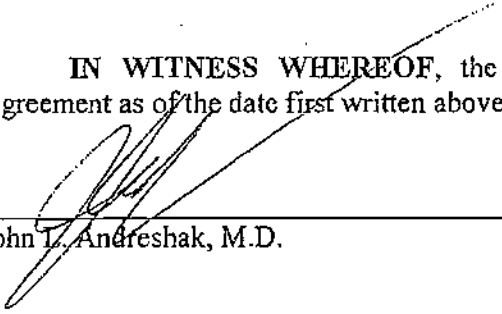
DUPAGE ORTHOPAEDIC SURGERY
CENTER, LLC

By: _____

Name: _____

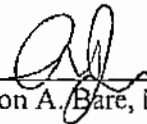
Title: _____

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.



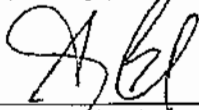
John L. Andreshak, M.D.

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.



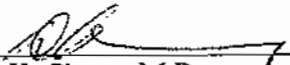
Aaron A. Bare, M.D.

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.



Anup A. Bendre, M.D.

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.



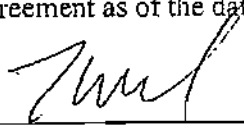
David K. Chang, M.D.

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.

A handwritten signature in black ink, appearing to be 'S. Heim', written over a horizontal line.

Stephen E. Heim, M.D.

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.



Thomas W. Kiesler, M.D.

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.

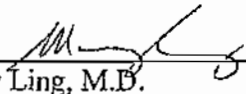


Jerome L. Kolavo, M.D.

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.

Lenard W. LaBelle
Lenard W. LaBelle, M.D.

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.



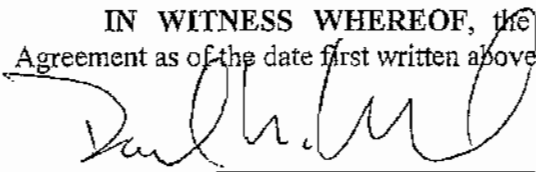
Mary Ling, M.D.

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.

R. Makowiec

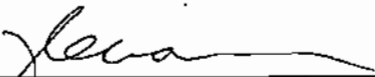
Richard L. Makowiec, M.D.

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.



David M. Mochel, M.D.

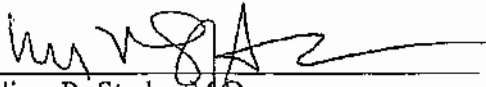
IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.



Jeffrey A. Senall, M.D.

[Signature Page to Asset Purchase Agreement]

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.



William R. Sterba, M.D.

[Signature Page to Asset Purchase Agreement]

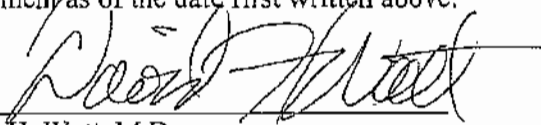
IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.



Richard K. Thomas, M.D.

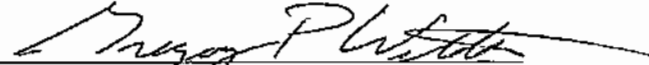
[Signature Page to Asset Purchase Agreement]

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.



David H. Watt, M.D.

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.


Gregory P. Witkowski, M.D.

EXHIBITS AND SCHEDULES

Exhibit A:	Assignment and Assumption Agreements
Exhibit B:	Bills of Sale
Exhibit C:	Escrow Agreement
Exhibit D:	Physician Employment Agreement
Exhibit E:	Transition Services Agreement
Exhibit F:	Purchase Price Allocation Methodology

Schedule 1.27	Physicians – Owners, Employees and Independent Contractors
Schedule 1.61	OAD Locations
Schedule 1.75	Pro Rata Share
Schedule 2.2	Excluded Assets
Schedule 4.2(b)(viii)	Required Consents and Notices
Schedule 5.3(a)(iv)	No Conflicts
Schedule 5.3(b)	Sellers' Required Approvals
Schedule 5.5(a)	Financial Statements
Schedule 5.5(b)	Events Since December 31, 2011
Schedule 5.5(c)	Specified Events Since June 30, 2012
Schedule 5.6	Title to Purchased Assets
Schedule 5.7(b)	Real Property Leases
Schedule 5.7(d)	Matters Regarding Real Property Leases
Schedule 5.7(f)	Real Property Utilities
Schedule 5.8	Assumed Contracts
Schedule 5.9	Intellectual Property
Schedule 5.11	Litigation/Governmental Actions
Schedule 5.12(g)	Billing Disputes
Schedule 5.13	Environmental Matters
Schedule 5.14	Licenses and Permits; Deficiencies
Schedule 5.15	Insurance
Schedule 5.16(a)	Employees
Schedule 5.17(a)	Employee Plans
Schedule 5.17(e)	Post-Employment Employee Benefits
Schedule 5.18	Payment Programs
Schedule 5.18(a)	Payment Programs – Terminations
Schedule 5.18(e)	Payment Programs – Penalties and Sanctions
Schedule 5.19	Joint Ventures and Investments; Affiliates and Subsidiaries
Schedule 5.21	Sellers' Broker Fees
Schedule 7.3(b)	The Purchaser's Required Approvals
Schedule 7.6	The Purchaser's Broker Fees
Schedule 8.8(b)	Employee Compensation

EXHIBIT A

Assignment and Assumption Agreements

See attached.

ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT (the "Agreement") is made and entered into this ___ day of _____, 2012 by and between CDH-Delnor Health System, Inc., d/b/a Cadence Health, an Illinois not-for-profit corporation ("Assignee"), and OAD Orthopaedics, Ltd., an Illinois corporation ("Assignor").

RECITALS

WHEREAS, Assignor and Assignee are parties to that certain Asset Purchase Agreement dated as of July 31, 2012 by and among Assignee, Assignor, DuPage Orthopaedic Surgery Center, LLC, an Illinois limited liability company ("DOSC"), and each of the individual owners of the Assignor and DOSC (as amended, modified or supplemented in accordance with its terms, the "Purchase Agreement"), the terms of which are incorporated herein by reference, including the meaning of all initially-capitalized terms not otherwise defined herein; and

WHEREAS, this Agreement is being entered into pursuant to the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration as recited in the Purchase Agreement, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Assignment and Assumption. Assignor hereby assigns, transfers and delegates unto Assignee all of the Assumed Liabilities of Assignor, and Assignee hereby assumes and agrees to pay, perform and otherwise discharge in accordance with their terms and when due all of such Assumed Liabilities.

2. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon Assignor and Assignee and their respective successors and assigns.

3. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Illinois, without giving effect to any choice or conflict of law provision or rule (whether of the State of Illinois or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Illinois.

4. Priority. This Agreement is subject to all of the terms, conditions and limitations set forth in the Purchase Agreement. In the event of any conflict or inconsistency between the terms of this Agreement and the terms of the Purchase Agreement, the terms of the Purchase Agreement shall prevail. Nothing contained herein shall be deemed to alter, modify, expand or diminish the terms of the Purchase Agreement.

5. Miscellaneous. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall constitute one and the same instrument. Facsimile signatures shall be deemed to be original signatures. The headings

of the sections of this Agreement are for convenience only and in no way modify, interpret or construe the meaning of specific provisions of this Agreement.

(Signatures on the next page)

IN WITNESS WHEREOF, the parties have executed this Assignment and Assumption Agreement as of the date first written above.

ASSIGNEE:

**CDH-DELNOR HEALTH SYSTEM, INC.,
D/B/A CADENCE HEALTH**

By: _____
Name _____
Its: _____

ASSIGNOR:

OAD ORTHOPAEDICS, LTD.

By: _____
Name _____
Its: _____

ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT (the "Agreement") is made and entered into this ___ day of _____, 2012 by and among CDH-Delnor Health System, Inc., d/b/a Cadence Health, an Illinois not-for-profit corporation ("CDH"), Cadence Ambulatory Surgery Center, LLC, an Illinois limited liability company ("Assignee"), and DuPage Orthopaedic Surgery Center, LLC, an Illinois limited liability company ("Assignor").

RECITALS

WHEREAS, CDH and Assignor are parties to that certain Asset Purchase Agreement dated as of July 31, 2012 by and among CDH, OAD Orthopaedics, Ltd., an Illinois corporation ("OAD"), Assignor and each of the individual owners of the OAD and Assignor (as amended, modified or supplemented in accordance with its terms, the "Purchase Agreement"), the terms of which are incorporated herein by reference, including the meaning of all initially-capitalized terms not otherwise defined herein;

WHEREAS, CDH has formed Assignee for the purpose of holding the assets to be acquired from Assignor pursuant to the Purchase Agreement, and operating the ASC post-Closing; and

WHEREAS, this Agreement is being entered into pursuant to the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration as recited in the Purchase Agreement, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Assignment and Assumption. Assignor hereby assigns, transfers and delegates unto Assignee all of the Assumed Liabilities of Assignor, and Assignee hereby assumes and agrees to pay, perform and otherwise discharge in accordance with their terms and when due all of such Assumed Liabilities.
2. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon Assignor and Assignee and their respective successors and assigns.
3. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Illinois, without giving effect to any choice or conflict of law provision or rule (whether of the State of Illinois or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Illinois.
4. Priority. This Agreement is subject to all of the terms, conditions and limitations set forth in the Purchase Agreement. In the event of any conflict or inconsistency between the terms of this Agreement and the terms of the Purchase Agreement, the terms of the Purchase Agreement shall prevail. Nothing contained herein shall be deemed to alter, modify, expand or diminish the terms of the Purchase Agreement.

5. Miscellaneous. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall constitute one and the same instrument. Facsimile signatures shall be deemed to be original signatures. The headings of the sections of this Agreement are for convenience only and in no way modify, interpret or construe the meaning of specific provisions of this Agreement.

(Signatures on the next page)

IN WITNESS WHEREOF, the parties hereto have executed this Assignment and Assumption Agreement as of the date first written above.

ASSIGNEE:

**CADENCE AMBULATORY SURGERY
CENTER, LLC**

By: _____
Name _____
Its: _____

ASSIGNOR:

**DUPAGE ORTHOPAEDIC SURGERY
CENTER, LLC**

By: _____
Name _____
Its: _____

CDH:

**CDH-DELNOR HEALTH SYSTEM, INC.,
D/B/A CADENCE HEALTH**

By: _____
Name _____
Its: _____

EXHIBIT B

Bills of Sale

See attached.

BILL OF SALE

This BILL OF SALE (the "Bill of Sale") is made this ___ day of _____, 2012, (the "Effective Date"), by and between CDH-Delnor Health System, Inc., d/b/a Cadence Health, an Illinois not-for-profit corporation (the "Purchaser"), and OAD Orthopaedics, Ltd., an Illinois corporation (the "Seller"). (Purchaser and Seller are referred to herein collectively as the "Parties," and individually, as a "Party").

WITNESSETH, that, in consideration for the sum of Seven Million One-Hundred Thousand Dollars (\$7,100,000.00) paid by the Purchaser to the Seller, the receipt and sufficiency of which consideration is hereby acknowledged, the Seller does hereby sell, transfer, convey, assign and deliver unto the Purchaser, and the Purchaser does hereby purchase, acquire, receive, accept and assume, effective as of the Effective Date, all of the Seller's right, title and interest in, to and under those Purchased Assets of the Seller, free and clear of all Liens other than Permitted Liens.

TO HAVE AND TO HOLD such Purchased Assets, rights and interests unto the Purchaser, its successors and assigns, to and for their use forever.

Neither the making nor the acceptance of this Bill of Sale shall constitute a waiver or release by the Purchaser of any liabilities, duties or obligations imposed upon the Seller by the terms of the Asset Purchase Agreement, including, without limitation, the representations, warranties, covenants and other provisions which the Asset Purchase Agreement specifies shall survive the Closing Date.

This Bill of Sale is subject to all of the terms, conditions and limitations set forth in the Asset Purchase Agreement (as defined below). In the event of any conflict or inconsistency between the terms of this Bill of Sale and the terms of the Asset Purchase Agreement, the terms of the Asset Purchase Agreement shall prevail. Nothing contained herein shall be deemed to alter, modify, expand or diminish the terms of the Asset Purchase Agreement.

This Bill of Sale shall be governed by and construed in accordance with the laws of the State of Illinois, without giving effect to any choice or conflict of law provision or rule.

All capitalized terms used and not otherwise defined herein have the respective meanings ascribed to such terms in the Asset Purchase Agreement dated as of July 31, 2012 by and among the Parties, DuPage Orthopaedic Surgery Center, LLC, an Illinois limited liability company ("DOSC"), and each of the individual owners of the Seller and DOSC (as amended, modified or supplemented in accordance with its terms, the "Asset Purchase Agreement").

This Bill of Sale may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall constitute one and the same instrument. Facsimile signatures shall be deemed to be original signatures.

(Signatures on the next page)

IN WITNESS WHEREOF, the Parties have caused this Bill of Sale to be executed on the date first above written.

PURCHASER:

**CDH-DELNOR HEALTH SYSTEM, INC.,
D/B/A CADENCE HEALTH**

By: _____
Name _____
Its: _____

SELLER:

OAD ORTHOPAEDICS, LTD.

By: _____
Name _____
Its: _____

BILL OF SALE

This BILL OF SALE (the "Bill of Sale") is made this ___ day of _____, 2012, (the "Effective Date"), by and between Cadence Ambulatory Surgery Center, LLC, an Illinois limited liability company (the "Purchaser"), and DuPage Orthopaedic Surgery Center, LLC, an Illinois limited liability company (the "Seller"). (The Purchaser and the Seller are referred to herein collectively as the "Parties," and individually, as a "Party").

WITNESSETH, that, in consideration for the sum of Forty-Four Million Nine-Hundred Thousand Dollars (\$44,900,000.00) paid by or on the behalf of the Purchaser to the Seller, the receipt and sufficiency of which consideration is hereby acknowledged, the Seller does hereby sell, transfer, convey, assign and deliver unto the Purchaser, and the Purchaser does hereby purchase, acquire, receive, accept and assume, effective as of the Effective Date, all of the Seller's right, title and interest in, to and under those Purchased Assets of the Seller, free and clear of all Liens other than Permitted Liens.

TO HAVE AND TO HOLD such Purchased Assets, rights and interests unto the Purchaser, its successors and assigns, to and for their use forever.

Neither the making nor the acceptance of this Bill of Sale shall constitute a waiver or release of any liabilities, duties or obligations imposed upon the Seller by the terms of the Asset Purchase Agreement, including, without limitation, the representations, warranties, covenants and other provisions which the Asset Purchase Agreement specifies shall survive the Closing Date.

This Bill of Sale is subject to all of the terms, conditions and limitations set forth in the Asset Purchase Agreement (as defined below). In the event of any conflict or inconsistency between the terms of this Bill of Sale and the terms of the Asset Purchase Agreement, the terms of the Asset Purchase Agreement shall prevail. Nothing contained herein shall be deemed to alter, modify, expand or diminish the terms of the Asset Purchase Agreement.

This Bill of Sale shall be governed by and construed in accordance with the laws of the State of Illinois, without giving effect to any choice or conflict of law provision or rule.

All capitalized terms used and not otherwise defined herein have the respective meanings ascribed to such terms in the Asset Purchase Agreement dated as of July 31, 2012 by and among CDH-Delnor Health System, Inc. d/b/a Cadence Health, an Illinois not-for-profit corporation, OAD Orthopaedics, Ltd., an Illinois corporation ("OAD"), the Seller and each of the individual owners of the Seller and OAD (as amended, modified or supplemented in accordance with its terms, the "Asset Purchase Agreement").

This Bill of Sale may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall constitute one and the same instrument. Facsimile signatures shall be deemed to be original signatures.

IN WITNESS WHEREOF, the Parties have caused this Bill of Sale to be executed on the date first above written.

PURCHASER:

**CADENCE AMBULATORY SURGERY
CENTER, LLC**

By: _____
Name _____
Its: _____

SELLER:

**DUPAGE ORTHOPAEDIC SURGERY
CENTER, LLC**

By: _____
Name _____
Its: _____

EXHIBIT C
Escr w Agreement

See attached.

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Escrow Agreement"), dated as of / / , 2012 (the "Effective Date"), is entered into by and among CDH-Delnor Health System, Inc., d/b/a Cadence Health, an Illinois not-for-profit corporation ("Purchaser"), OAD Orthopaedics, Ltd., an Illinois corporation ("OAD"), DuPage Orthopaedic Surgery Center, LLC, an Illinois limited liability company (together with OAD, "Sellers"), and Wells Fargo Bank, National Association, a national banking association, as escrow agent (the "Escrow Agent"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Agreement (as defined below).

RECITALS

A. Reference is made to that certain Asset Purchase Agreement (as it may be amended, modified or supplemented in accordance with its terms, the "Purchase Agreement"), dated as of July 31, 2012, by and among Purchaser, Sellers and the Owners.

B. Section 3.4 of the Purchase Agreement provides that, at the Closing, Purchaser shall deposit a total of \$/ / (the "Escrow Deposit") with the Escrow Agent, such funds to be separately held and disbursed by the Escrow Agent in accordance with the terms and conditions of the Purchase Agreement and this Escrow Agreement. Five Million Two Hundred Thousand Dollars (\$5,200,000) of the Escrow Deposit, together with any interest and earnings thereon, shall comprise the "Indemnification Escrow" and the remainder of the Escrow Deposit shall comprise the "BC/BS Escrow."

C. This Escrow Agreement and the Escrow Fund (as defined below) are intended to provide assurance and security to Purchaser in respect of certain obligations of the Seller Parties to Purchaser under the Purchase Agreement, including (a) with respect to the Indemnification Escrow, the Seller Parties' indemnification obligations under Section 9.2 of the Purchase Agreement, and (b) with respect to the BC/BS Escrow, the Sellers' BC/BS Overpayment Liabilities under Section 8.19 of the Purchase Agreement.

D. The basis for all claims against the Escrow Accounts (as defined below) shall be governed by the Purchase Agreement, which, as between Purchaser and the Seller Parties, shall be controlling for all purposes of this Escrow Agreement to the extent inconsistent with any provisions hereof.

E. Schedule I to this Escrow Agreement sets forth the wire transfer instructions of Purchaser and Sellers.

AGREEMENT

In consideration of the mutual covenants of the parties hereto set forth in this Escrow Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Agent. Sellers and Purchaser hereby appoint and designate the Escrow Agent as escrow agent for the purposes set forth herein and the Escrow Agent hereby accepts such appointment and agrees to accept, hold and disburse the Escrow Fund in accordance with the terms hereof. All references to the "Escrow Agent," as that term is used herein, shall refer to the Escrow Agent solely in its capacity as such, and not in any other capacity whatsoever, whether as individual, agent, fiduciary, trustee or otherwise. Except as set forth in this Escrow Agreement, the Escrow Agent shall have no obligation to assure or participate in the enforcement or performance of the Purchase Agreement whether or not the Escrow Agent shall have knowledge or notice of the terms thereof, or any acts or omissions relating thereto.

2. Deposit of Escrow Deposit. Pursuant to the terms of the Purchase Agreement, on the date hereof, Purchaser hereby deposits with the Escrow Agent, by wire transfer of immediately available funds, and the Escrow Agent hereby acknowledges receipt of, the Escrow Deposit, to be held and disbursed by the Escrow Agent as set forth herein. The term "Escrow Fund" as used herein refers to the Escrow Deposit, plus all earnings thereon from the investment thereof in accordance with the terms of this Escrow Agreement, less disbursements or payments thereof authorized and made hereunder. Subject to the provisions of Section 3, the portion of the Escrow Fund comprised of the Indemnification Escrow shall be deposited by the Escrow Agent in the [] Account Number (the "Indemnification Escrow Account") and the portion of the Escrow Fund comprised of the BC/BC Escrow shall be deposited by the Escrow Agent in the [] Account Number (the "BC/BS Escrow Account") and together with the Indemnification Escrow Account, the "Escrow Accounts"), in each case at the Escrow Agent and shall be maintained in such Escrow Accounts until the distribution of the Escrow Fund in accordance with the terms hereof.

3. Investment of Escrow Fund.

(a) The Escrow Agent shall invest and reinvest the Escrow Fund from time to time in twenty-eight (28) day treasury bills which are guaranteed in full as to principal and interest by the United States of America. Notwithstanding the foregoing, the Escrow Agent shall be permitted to invest up to \$50,000 of the Escrow Fund at any point in time in the Wells Fargo Bank Money Market Deposit Account, or a successor or similar fund or account offered by the Escrow Agent, which shall be insured up to a total of \$250,000, per depositor, per insured bank (including principal and accrued interest) by the Federal Deposit Insurance Corporation. The Escrow Agent shall have the right to liquidate any investments of the Escrow Fund held by the Escrow Agent hereunder in order to provide funds necessary to make required payments hereunder. The Escrow Agent shall have no authority to invest the Escrow Fund in any other obligations or investments except as provided in this Section 3(a).

(b) The parties hereto recognize and agree that the Escrow Agent shall not provide supervision, recommendations or advice relating to either the investment of moneys held in the Escrow Accounts or the purchase, sale, retention or other disposition of any permitted investment.

(c) Interest and other earnings on permitted investments shall be added to the Escrow Accounts and shall be part of the Escrow Fund. Any loss or expense incurred as a result of an investment shall be borne by the Escrow Accounts.

(d) The Escrow Agent is hereby authorized to execute purchases and sales of permitted investments through the facilities of its own trading or capital markets operations or those of any affiliated entity. The Escrow Agent shall send statements to each of the other parties hereto on a monthly basis reflecting activity in the Escrow Accounts for the preceding month, whether or not activity occurred for such month. Although each of the parties hereto recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the parties hereto hereby agree that confirmations of permitted investments are not required to be issued by the Escrow Agent for each month in which a monthly statement is rendered.

(e) The parties hereto acknowledge and agree that the delivery of the Escrow Fund is subject to the sale and final settlement of permitted investments. Proceeds of a sale of permitted investments shall be delivered on the business day on which the appropriate instructions are delivered to the Escrow Agent if received prior to the deadline for same day sale of such permitted investments. If such instructions are received after the applicable deadline, proceeds shall be delivered on the next succeeding business day.

4. Tax Matters.

(a) Reporting of Income. Purchaser and Sellers agree that, for all Tax reporting purposes, all Taxable interest on or other income, if any, attributable to the Escrow Fund shall be allocable to Purchaser in accordance with Proposed Treasury Regulation 1.468B-8. The Escrow Agent shall report all income, if any, that is earned on, or derived from, the Escrow Fund as income of Purchaser, whether or not the income has been distributed by the Escrow Agent during any particular year. To the extent required under the provisions of the Code, the Escrow Agent shall prepare and distribute to Purchaser a Form 1099-INT or equivalent Tax reporting forms reflecting such income, if applicable. Except to the extent that Sellers elect otherwise pursuant to Section 453(d) of the Code, for all income tax purposes, the Escrow Fund shall be treated as an installment obligation from Purchaser to Sellers subject to Section 453(a) of the Code and neither Purchaser nor Sellers shall take any position inconsistent with such treatment. To the extent required by Section 483 of the Code or the Treasury Regulations thereunder, a portion of each payment (if any) from the Escrow Fund to Sellers shall be treated as a payment of interest by Purchaser to Sellers, and the remainder of each such payment shall be treated as a payment of principal.

(b) Preparation and Filing of Tax Returns. Subject to the obligation to prepare and distribute Form 1099-INT or equivalent Tax reporting form pursuant to Section 4(a), any Tax returns required to be prepared and filed with respect to income earned on the Escrow Fund shall be prepared and filed by Purchaser with the Internal Revenue Service in all years income is earned, whether or not income is received or distributed in any particular Tax year, and the Escrow Agent shall have no responsibility for the preparation and/or filing of any Tax Return with respect to any income earned by the Escrow Accounts.

5. Presentation and Payment of Indemnity Claims.

(a) At any time prior to the Indemnification Escrow Distribution Date (as defined below), Purchaser (on behalf of any Purchaser Indemnified Party) may, in accordance with Article IX of the Purchase Agreement, from time to time provide the Escrow Agent and Sellers a written notice in connection with a good faith claim pursuant to Article IX of the Purchase Agreement (each such notice, a "Demand"), which Demand shall state a good faith estimate of the amount of the Escrow Fund to be reserved against such claim (each, a "Claim").

(b) Sellers may reply to any Demand made under Section 5(a) hereof by written notice given to Purchaser with a copy to the Escrow Agent, which notice shall state whether Sellers agree or disagree in good faith that the Claim asserted by Purchaser is a valid claim under the Purchase Agreement and agree or disagree with respect to the amount of the Claim. If, within thirty (30) calendar days after the date of receipt by Sellers and the Escrow Agent of the Demand from Purchaser, the Escrow Agent and Purchaser have not received a notice from Sellers that asserts that a dispute exists with respect to such Claim (a "Dispute Notice"), then Sellers shall be deemed to have irrevocably agreed with such Claim, the Escrow Agent shall pay to Purchaser (or such other Purchaser Indemnified Party as Purchaser may direct in writing) from the Indemnification Escrow Account the amount of the Claim and the Indemnification Escrow Account shall be reduced to the extent thereof. If in the Dispute Notice Sellers acknowledge or fail to contest that a portion of the Claim is a valid Claim and agree with or fail to contest the amount attributable to such portion of the Claim, then the Escrow Agent shall disburse to Purchaser (or such other Purchaser Indemnified Party as Purchaser may direct in writing) from the Indemnification Escrow Account the amount so agreed to or not contested by Sellers.

(c) If a Dispute Notice is given by Sellers in accordance with Section 5(b) hereof, then the amount of the Claim less the amount (if any) acknowledged or not contested in the Dispute Notice by Sellers as due Purchaser and disbursed to Purchaser, shall be treated as a disputed claim (the "Disputed Claim") and the amount of such Disputed Claim shall be held by the Escrow Agent as an undivided portion of the Indemnification Escrow Account (which amount shall continue to be available to satisfy other Claims) until the earlier to occur of (i) the Escrow Agent's receipt of a joint direction executed by Sellers and Purchaser with respect to such Disputed Claim (a "Joint Written Instruction") or (ii) the Escrow Agent's receipt of a final, non-appealable judgment, order or decree of a court or other judicial body of competent jurisdiction that decided the Disputed Claim (a "Final Judgment"). The Escrow Agent shall be entitled to receive and may conclusively rely upon an opinion of counsel to the effect that any

such Final Judgment is final, non-appealable and from a court of competent jurisdiction. The aggregate of all outstanding Disputed Claims and all outstanding Claims with respect to which the deadline for delivery of a Dispute Notice has not passed, in each case from time to time, is sometimes referred to herein as the "Reserve." Upon the Escrow Agent's receipt of either a Joint Written Instruction or a Final Judgment with respect to any Disputed Claim, (i) if such Joint Written Instruction or Final Judgment sets forth any amounts that are to be paid in favor of Purchaser (or other Purchaser Indemnified Party), then the Escrow Agent shall within three (3) business days of the date of such receipt disburse from the Indemnification Escrow Account such amount to Purchaser (or such other Purchaser Indemnified Party) and (ii) (A) if the Escrow Fund Distribution Date has not yet occurred, then the Escrow Agent shall reduce the amount of the Reserve to an amount equal to the aggregate of all then-existing Disputed Claims and all Claims with respect to which the deadline for delivery of a Dispute Notice has not passed, or (B) if the Indemnification Escrow Distribution Date has occurred, then the Escrow Agent shall within three (3) business days of the date of such receipt disburse to Sellers from the Indemnification Escrow Account an amount equal to the excess, if any, of the amount of such Disputed Claim over the amount, if any, paid in favor of Purchaser, but only to the extent that the Reserve as of such date (after giving effect to such disbursement) is equal to the aggregate of all then-existing Disputed Claims and all Claims with respect to which the deadline for delivery of a Dispute Notice has not passed.

6. Presentation and Payment of BC/BS Claims. The BC/BS Escrow Account, or any portion thereof (including any Disputed Amount), shall be disbursed by the Escrow Agent promptly following: (i) the Escrow Agent's receipt of joint written directions executed by Sellers and Purchaser advising the Escrow Agent of the portion of the BC/BS Escrow Account to be disbursed, the recipients thereof and any applicable payment delivery instructions; or (ii) the receipt of a final, non-appealable judgment, order or decree of a court or other judicial body of competent jurisdiction advising the parties of the amount of the BC/BS Overpayment Liability to be disbursed and the recipients thereof; or (iii) the receipt of a final, non-appealable judgment, order or decree of a court or other judicial body of competent jurisdiction confirming that the BC/BS Overpayment Liability has been satisfied, in which case the then-remaining balance of the BC/BS Escrow Account shall be disbursed to Sellers. The Escrow Agent shall be entitled to receive and may conclusively rely upon an opinion of counsel to the effect that any such order or decree is final, non-appealable and from a court of competent jurisdiction.

7. Distributions and Payments.

(a) On 1 / 1 / 2014¹ (the "Indemnification Escrow Distribution Date"), the Escrow Agent shall disburse to Sellers all remaining funds in the Indemnification Escrow Account then held by the Escrow Agent less the aggregate amount of the Reserve as of the Indemnification Escrow Distribution Date. The Reserve shall be distributed in accordance with Section 5(c) hereof.

(b) Other than pursuant to the terms expressly set forth herein, the Escrow Agent shall make distributions from the Escrow Fund to Purchaser, Sellers and/or their designees

¹ Such date to be 18 months after the Closing Date.

only as shall be specified in a joint direction executed by Purchaser and Sellers and delivered to the Escrow Agent.

(c) Subject to the terms of Section 5(c) hereof, any distribution required to be made by the Escrow Agent under this Escrow Agreement shall be made by the Escrow Agent from the applicable Escrow Account promptly upon liquidation of any investment required for such distribution.

8. Rights, Obligations and Indemnification of the Escrow Agent.

(a) In performing any of its duties under this Escrow Agreement, or upon the claimed failure to perform its duties hereunder, the Escrow Agent shall not be liable to anyone for any damages, losses, or expenses that such party may incur as a result of the Escrow Agent so acting or failing to act; provided that the Escrow Agent shall be liable for damages arising out of its fraud, gross negligence or willful misconduct under this Escrow Agreement. Accordingly, the Escrow Agent shall not incur any such liability with respect to: (i) any action taken or omitted to be taken in good faith and without fraud, gross negligence or willful misconduct; or (ii) any action taken or omitted to be taken in reliance (including reliance not only as to a document's due execution and the validity and effectiveness of its provisions, but also as to the truth and accuracy of any information contained therein) upon any document, including any written notice, request or instruction provided for in this Escrow Agreement, that the Escrow Agent shall in good faith believe to be genuine without inquiry and without requiring substantiating evidence of any kind, to have been signed or presented by a proper person or persons and to conform with the provisions of this Escrow Agreement. Concurrent with the execution of this Escrow Agreement, Purchaser and Sellers shall deliver to the Escrow Agent authorized signers' forms in the form of Exhibit A-1 and Exhibit A-2 to this Escrow Agreement. The Escrow Agent shall have no liability for loss arising from any cause beyond its control, including, but not limited to, the following: (x) the act, failure or neglect of any agent or correspondent selected by Sellers or Purchaser for the remittance of funds; (y) any delay, error, omission or default of any communication by any Person other than the Escrow Agent; or (z) the acts or edicts of any government or governmental agency or other group or entity exercising governmental powers.

(b) Sellers, on the one hand, and Purchaser, on the other hand, hereby each agree on a several (and not joint) basis to indemnify and hold the Escrow Agent and its parent, affiliates, directors, officers, agents and employees (collectively, the "Escrow Agent Indemnitees") harmless from and against one-half (1/2) of any and all claims, liabilities, losses, damages, fines, penalties and expenses, including out-of-pocket, incidental expenses and reasonable legal fees and expenses ("Losses") that may be imposed on, incurred by, or asserted against, the Escrow Agent Indemnitees or any of them for following any instruction or other direction upon which the Escrow Agent is authorized to rely pursuant to the terms of this Escrow Agreement; provided that such Losses are not finally adjudicated to have primarily resulted from the Escrow Agent's fraud, gross negligence or willful misconduct. In addition to and not in limitation of the immediately preceding sentence, Sellers, on the one hand, and Purchaser, on the other hand, hereby each also covenant and agree on a several (and not joint) basis to indemnify and hold the Escrow Agent Indemnitees and each of them harmless from and against one-half

(1/2) of all Losses that may be imposed on, incurred by, or asserted against the Escrow Agent Indemnitees or any of them in connection with or arising out of the Escrow Agent's performance under this Escrow Agreement (including any action taken by the Escrow Agent in accordance with Section 7(i)); provided, however, that such indemnity shall not apply to any Losses finally determined to have been primarily caused by the Escrow Agent's fraud, gross negligence or willful misconduct. The provisions of this Section 7(b) shall survive the termination of this Escrow Agreement and the resignation or removal of the Escrow Agent for any reason.

(c) The Escrow Agent shall have only those duties as are specifically provided herein, which shall be deemed purely ministerial in nature, and shall under no circumstance be deemed a fiduciary for any of the parties to this Escrow Agreement. The Escrow Agent shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument or document between the other parties hereto, in connection herewith, including, but not limited to, the Purchase Agreement. This Escrow Agreement sets forth all matters pertinent to the escrow contemplated hereunder, and no additional obligations of the Escrow Agent shall be inferred from the terms of this Escrow Agreement or any other agreement. IN NO EVENT SHALL THE ESCROW AGENT BE LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY (i) DAMAGES, LOSSES OR EXPENSES ARISING OUT OF THE SERVICES PROVIDED HEREUNDER, OTHER THAN DAMAGES, LOSSES OR EXPENSES WHICH HAVE BEEN FINALLY ADJUDICATED TO HAVE ARISEN FROM THE ESCROW AGENT'S FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, OR (ii) SPECIAL, INDIRECT OR CONSEQUENTIAL LOSSES OR DAMAGES OF ANY KIND WHATSOEVER (INCLUDING, BUT NOT LIMITED TO, LOST PROFITS), EVEN IF THE ESCROW AGENT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES AND REGARDLESS OF THE FORM OF ACTION.

(d) If any part of the Escrow Fund is at any time attached, garnished or levied upon under any court order, or if the payment or transfer of any such funds shall be stayed or enjoined by any court order, or any order, judgment or decree shall be made or entered by any court affecting such funds or any portion thereof, then in any of such events, the Escrow Agent (i) shall provide Purchaser and Sellers with prompt written notice of any such events and (ii) is authorized, in its sole discretion, to rely upon and comply with any such order, writ, judgment or decree which it is advised by legal counsel is binding upon it. If the Escrow Agent complies with the preceding sentence and any such order, writ, judgment or decree, it shall not be liable to Purchaser, Sellers or any other Person by reason of such compliance, even though such order, writ, judgment or decree may subsequently be reversed, modified, annulled, set aside or vacated.

(e) Sellers and Purchaser agree that until there is a Final Judgment of a Disputed Claim or the delivery of a Joint Written Instruction regarding a Disputed Claim, the Escrow Agent shall retain the Reserve in connection with such Disputed Claim under Section 5 hereof.

(f) Except as specifically provided in Section 3 of this Escrow Agreement, the Escrow Agent shall have no responsibility for the investment of any funds held hereunder. The

Escrow Agent shall not be liable to Sellers or Purchaser and hereby disclaims any responsibility for any losses or penalties incurred with respect to any such investments.

(g) Subject to the terms hereof, the Escrow Agent may resign without obtaining the order of any court, by giving written notice to Sellers and Purchaser of the Escrow Agent's intent to resign and, upon the taking of all the actions as described in this Section 8(g) by the Escrow Agent, the Escrow Agent shall have no further responsibilities hereunder to Sellers or Purchaser or to any other Person in connection with this Escrow Agreement. Such resignation shall be effective upon the appointment by Sellers and Purchaser of a successor escrow agent, which shall be a bank or other financial institution having capital and surplus of at least \$500,000,000. Any such successor escrow agent shall be appointed (which appointment shall be made without delay) by a written instrument, mutually satisfactory to, and executed by, Sellers, Purchaser and the successor escrow agent, and the Escrow Agent shall execute an assignment by the Escrow Agent of the Escrow Fund to the successor escrow agent. Any fees, expenses, and charges then due and owing to the Escrow Agent shall be paid promptly by Purchaser and Sellers in accordance with Section 9 hereof. Any successor escrow agent appointed under the provisions of this Escrow Agreement shall have all of the same rights, powers, privileges, immunities and authority with respect to the matters contemplated herein as are granted herein to the original Escrow Agent and thereafter such successor escrow agent shall be the Escrow Agent hereunder. If Sellers and Purchaser have failed to appoint a successor escrow agent prior to the expiration of thirty (30) calendar days following receipt of the notice of resignation or removal, the Escrow Agent may appoint a successor escrow agent or petition any court of competent jurisdiction for the appointment of a successor escrow agent or for other appropriate relief. Any such resulting appointment shall be binding upon all of the parties hereto and thereafter such successor escrow agent shall be the Escrow Agent hereunder.

(h) It is not the intention of the parties hereto to create, nor shall this Escrow Agreement be construed as creating, a partnership or association, or to render the parties hereto liable as partners.

(i) Notwithstanding any provision herein to the contrary, in the event (i) of any disagreement or controversy arising under this Escrow Agreement, (ii) conflicting demands or notices are made upon the Escrow Agent arising out of or relating to this Escrow Agreement, or (iii) the Escrow Agent in good faith is in doubt as to what action it should take hereunder, the Escrow Agent shall have the right, at its election, to withhold and stop all further proceedings in, and performance of, this Escrow Agreement and all instructions received hereunder and file a suit in interpleader and obtain an order from a court of competent jurisdiction requiring all parties involved to interplead and litigate in such court their claims and rights among themselves and with the Escrow Agent. Should any suit or legal proceeding be instituted arising out of or related to this Escrow Agreement, whether such suit be initiated by the Escrow Agent or others, the Escrow Agent shall have the right, at its option, to stop all further proceedings under and performance of this Escrow Agreement and of all instructions received hereunder until all differences shall have been rectified and all doubts resolved by agreement or until the rights of all parties hereto shall have been fully adjudicated.

(j) The Escrow Agent shall have the right to perform any of its duties hereunder through agents, attorneys, custodians or nominees.

(k) The Escrow Agent shall have the right, but not the obligation, to consult with counsel of its choice and shall not be liable for any action taken or omitted to be taken by the Escrow Agent either in accordance with the advice of such counsel or in accordance with any opinion of counsel addressed and delivered to the Escrow Agent.

9. Fees. Sellers, on the one hand, and Purchaser, on the other hand, shall each be liable for one-half (1/2) of the fees and expenses of the Escrow Agent as described in Exhibit B attached hereto for so long as any portion of the Escrow Fund is held by the Escrow Agent hereunder. The Escrow Agent shall have, and is hereby granted, a prior lien upon any property, cash, or assets of the Escrow Accounts, with respect to its unpaid fees, non-reimbursed expenses and unsatisfied indemnification rights, superior to the interests of any other persons or entities. The Escrow Agent shall be entitled to and is hereby granted the right to set off and deduct any unpaid fees, non-reimbursed expenses and unsatisfied indemnification rights from amounts on deposit in the Escrow Accounts. In the event fees, expenses, indemnification obligations or any other amounts owed by Purchaser or Sellers, as applicable, under this Escrow Agreement are withdrawn by the Escrow Agent from the Escrow Fund, then the party whose actions (or inactions) are responsible for such withdrawal shall promptly deposit such amount into the Escrow Account from which such withdrawal was made to be held and disbursed in accordance with the terms hereof. If the Indemnification Escrow Distribution Date has passed and Purchaser's actions (or inactions) are responsible for such withdrawal, then Purchaser shall promptly pay such amount to Sellers.

10. Notices and Instructions. Any notice, request, demand, waiver, consent, approval or other communication which is required or permitted hereunder shall be in writing and shall be deemed given: (a) on the date delivered personally, (b) on the date delivered by a private courier as established by the sender by evidence obtained from the courier, (c) on the date sent by facsimile, with confirmation of transmission, if sent during normal business hours of the recipient, if not, then on the next business day, or (d) on the fifth business day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications, to be valid, must be addressed as follows:

If to Purchaser, to:

CDH-DeInor Health System, Inc.
d/b/a Cadence Health
25 North Winfield Road
Winfield, IL 60190
Attention: Michael Holzhueter
Facsimile: (630) 933-2729
Telephone: (630) 933-6484

With a required copy (which shall not constitute notice) to:

McDermott Will & Emery LLP
227 West Monroe Street
Chicago, IL 60606
Attention: John Callahan
Facsimile: (312) 984-7700
Telephone: (312) 984-7553

If to Sellers, to:

OAD Orthopaedics, Ltd.
2760 Ferry Road, Suite 100
Warrenville, IL 60555
Attention: President
Facsimile: (630) 225-2309
Telephone: (630) 225-2333

DuPage Orthopaedic Surgery Center, LLC
2760 Ferry Road, Suite 140
Warrenville, IL 60555
Attention: President
Facsimile: (630) 225-2309
Telephone: (630) 225-2333

With a required copy (which shall not constitute notice) to:

Paul Hastings LLP
191 North Wacker Drive, 30th Floor
Chicago, Illinois 60606
Attention: Brian Richards
Facsimile: (312) 499-6170
Telephone: (312) 499-6070

If to the Escrow Agent, to:

Wells Fargo Bank, National Association
230 W. Monroe St.
Corporate Trust Department—29th Floor
Chicago, Illinois 60606
Attention: Timothy P. Martin
Facsimile: (312) 726-2158
Telephone: (312) 726-2137

11. Entire Agreement. This Escrow Agreement and, as between Purchaser and Sellers, the Purchase Agreement set forth the entire understanding of the parties hereto, and

supersede and preempt all prior oral or written understandings and agreements, with respect to the subject matter hereof, and shall not be modified or affected by any offer, proposal, statement or representation, oral or written, made by or for any party hereto in connection with the negotiation of the terms hereof.

12. Governing Law. THIS ESCROW AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED IN ALL RESPECTS, INCLUDING VALIDITY, INTERPRETATION AND EFFECT, BY THE LAWS OF THE STATE OF ILLINOIS, WITHOUT REGARD TO ITS RULES OF CONFLICT OF LAWS.

13. Consent to Jurisdiction; Forum Selection; Waiver of Jury Trial.

(a) THE PARTIES HERETO AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS ESCROW AGREEMENT SHALL BE TRIED AND LITIGATED EXCLUSIVELY IN THE STATE OR FEDERAL COURTS LOCATED IN ILLINOIS. THE AFOREMENTIONED CHOICE OF VENUE IS INTENDED BY THE PARTIES HERETO TO BE MANDATORY AND NOT PERMISSIVE IN NATURE, THEREBY PRECLUDING THE POSSIBILITY OF LITIGATION BETWEEN THE PARTIES HERETO WITH RESPECT TO OR ARISING OUT OF THIS ESCROW AGREEMENT IN ANY JURISDICTION OTHER THAN THOSE SPECIFIED IN THIS SECTION 12. EACH PARTY HERETO HEREBY WAIVES ANY RIGHT IT MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON-CONVENIENS OR SIMILAR DOCTRINE OR TO OBJECT TO VENUE WITH RESPECT TO ANY PROCEEDING BROUGHT IN ACCORDANCE WITH THIS SECTION 12, AND STIPULATES THAT THE STATE AND FEDERAL COURTS LOCATED IN ILLINOIS SHALL HAVE IN PERSONAM JURISDICTION AND VENUE OVER SUCH PARTY HERETO FOR THE PURPOSE OF LITIGATING ANY DISPUTE, CONTROVERSY OR PROCEEDING ARISING OUT OF OR RELATED TO THIS ESCROW AGREEMENT. EACH PARTY HERETO HEREBY AUTHORIZES AND ACCEPTS SERVICE OF PROCESS SUFFICIENT FOR PERSONAL JURISDICTION IN ANY ACTION AGAINST IT AS CONTEMPLATED BY THIS SECTION 13 BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, POSTAGE PREPAID, TO ITS ADDRESS FOR THE GIVING OF NOTICES AS SET FORTH IN THIS ESCROW AGREEMENT, OR IN THE MANNER SET FORTH IN SECTION 10 OF THIS ESCROW AGREEMENT FOR THE GIVING OF NOTICE. ANY FINAL JUDGMENT RENDERED AGAINST A PARTY HERETO IN ANY ACTION OR PROCEEDING SHALL BE CONCLUSIVE AS TO THE SUBJECT OF SUCH FINAL JUDGMENT AND MAY BE ENFORCED IN OTHER JURISDICTIONS IN ANY MANNER PROVIDED BY LAW.

(b) EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION IN ANY LEGAL PROCEEDING ARISING OUT OF THIS ESCROW AGREEMENT OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. THE PARTIES HERETO EACH AGREE THAT ANY AND ALL SUCH CLAIMS AND CAUSES OF

ACTION SHALL BE TRIED BY THE COURT WITHOUT A JURY. EACH OF THE PARTIES HERETO FURTHER WAIVES ANY RIGHT TO SEEK TO CONSOLIDATE ANY SUCH LEGAL PROCEEDING IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER LEGAL PROCEEDING IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED.

14. Severability. The unenforceability or invalidity of any provision of this Escrow Agreement shall not affect the enforceability or validity of any other provision.

15. Amendment and Waiver. Any provision of this Escrow Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

16. Headings. The subject headings of Sections of this Escrow Agreement are included for purposes of convenience of reference only and shall not affect the construction or interpretation of any of its provisions.

17. Successors and Assigns. All covenants and agreements contained in this Escrow Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Except as otherwise provided herein, this Escrow Agreement shall not be assignable by any party hereto without the prior written consent of the other parties.

18. Successor Escrow Agent by Merger. Notwithstanding anything contained herein to the contrary, any entity into which the Escrow Agent may be merged or with which it may be consolidated, or any entity resulting from any merger or consolidation to which the Escrow Agent shall be a party, or any entity to which the Escrow Agent may sell or otherwise transfer all or substantially all of its corporate trust business, shall be the successor Escrow Agent hereunder without the execution or filing of any paper or any further act on the part of the parties hereto.

19. Recitals; Not an Amendment. The Recitals set forth above are hereby incorporated herein by reference. This Escrow Agreement is not intended to amend or supersede any provision of the Purchase Agreement.

20. Counterparts. This Escrow Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other.

21. Delivery by Facsimile. This Escrow Agreement and any amendments hereto, to the extent signed and delivered by means of a facsimile machine or other electronic transmission

(including transmission in portable document format by electronic mail)), shall be treated in all manner and respects and for all purposes as an original agreement and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto, each other party hereto shall re-execute original forms hereof and deliver them to all other parties. No party hereto shall raise the use of a facsimile machine or other electronic transmission to deliver a signature, or the fact that any signature was transmitted or communicated through the use of a facsimile machine or other electronic transmission, as a defense to the formation or enforceability of a contract and each such party forever waives any such defense.

22. Termination. This Escrow Agreement shall terminate upon final disbursement of the Escrow Fund in accordance with the terms hereof.

23. Assignment of Interests. No assignment of the interest of any of the parties hereto shall be binding upon the Escrow Agent unless and until written notice of such assignment shall be delivered to the Escrow Agent in accordance with Section 9.

24. Force Majeure. The Escrow Agent shall not be responsible or liable for any failure or delay in the performance of its obligations under this Escrow Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; wars; acts of terrorism; civil or military disturbances; sabotage; epidemic; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Escrow Agent shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

[Signature Page Follows]

IN WITNESS WHEREOF, this Escrow Agreement has been duly executed as of the date first written above.

Sellers:

OAD ORTHOPAEDICS, LTD.

By: _____
Name: _____
Title: _____

DUPAGE ORTHOPAEDIC SURGERY CENTER, LLC

By: _____
Name: _____
Title: _____

Purchaser:

CDH-DELNOR HEALTH SYSTEM, INC.
d/b/a CADENCE HEALTH

By: _____
Name: _____
Title: _____

Escrow Agent:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Escrow Agent

By: _____
Name: _____
Title: _____

[Signature Page to Escrow Agreement]

Schedule I

Sellers Wire Instructions:

[]

ABA #: []

A/C Name: []

Account #: []

Purchaser Wire Instructions:

[]

ABA #: []

A/C Name: []

Account #: []

Exhibit A-1

CERTIFICATE AS TO SELLERS' AUTHORIZED SIGNATURES

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as authorized representatives of Sellers and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under the Escrow Agreement to which this Exhibit A-1 is attached, on behalf of Sellers.

Name / Title	Specimen Signature
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	

Exhibit A-2

CERTIFICATE AS TO PURCHASER'S AUTHORIZED SIGNATURES

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as authorized representatives of Purchaser and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under the Escrow Agreement to which this Exhibit A-2 is attached, on behalf of Purchaser.

Name / Title	Specimen Signature
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	

Exhibit B

SCHEDULE OF ESCROW AGENT FEES

Annual Charge: \$4,500.00

Any out-of-pocket expenses, or extraordinary fees or expenses such as reasonable attorneys' fees or messenger costs, are additional and are not included in the above charge, subject to the terms and conditions of the Escrow Agreement.

These fees cover a full year, or any part thereof, and thus are not prorated in the year of termination. The annual fee is billed in advance and payable prior to that year's service.

EXHIBIT D

FORM EMPLOYMENT AGREEMENT

(TO BE INCLUDED IN CLOSING DOCUMENTS)

EXHIBIT E
Transition Services Agreement

See attached.

TRANSITION SERVICES AGREEMENT

This Transition Services Agreement ("Agreement") dated _____, 2012 is among CDH-Delnor Health System, Inc., d/b/a Cadence Health (the "Purchaser"), OAD Orthopaedics, Ltd. ("OAD") and DuPage Orthopaedic Surgery Center, LLC ("DOSC"). OAD and DOSC, together, are referred to as the "Sellers." The Purchaser, OAD and DOSC are collectively referred to herein as the "Parties."

RECITALS

A. The Purchaser, the Sellers and the owners of the Sellers have entered into an Asset Purchase Agreement dated July 31, 2012 (as amended, modified or supplemented in accordance with its terms, the "Purchase Agreement"), pursuant to which the Purchaser is acquiring substantially all of the assets related to the operation of the Practice and the ASC.

B. In connection with the transactions contemplated by the Purchase Agreement, the Purchaser has agreed to provide certain transition services to OAD and DOSC, and OAD and/or DOSC may provide certain transition services to the Purchaser, in each case as set forth herein.

AGREEMENTS

The Parties agree as follows:

1. **Provision of Transition Services.** For the time periods after the Closing stated in Exhibit A, the Purchaser will provide to each of OAD and DOSC the services listed and described in Exhibit A (collectively, the "Purchaser Transition Services"). The Purchaser will provide all of the Purchaser Transition Services in accordance with the terms, limitations and conditions stated herein and in Exhibit A. If, after the execution of this Agreement, the Parties determine that either of the Sellers requires any additional service which the Purchaser is willing to provide, then the Parties will negotiate in good faith to add such service to Exhibit A. Notwithstanding the time periods stated in Exhibit A, either OAD or DOSC may cancel, in whole or in part, any Transition Service at any time without penalty upon five days' prior written notice to the Purchaser. For the time periods after the Closing stated in Exhibit B, either OAD or DOSC, as indicated in Exhibit B, will provide to the Purchaser the services listed and described in Exhibit B (collectively, the "Seller Transition Services"). Either OAD or DOSC, as so indicated, will provide all of the Seller Transition Services in accordance with the terms, limitations and conditions stated herein and in Exhibit B. If, after the execution of this Agreement, the Parties determine that the Purchaser requires any additional service which the Sellers are willing to provide, then the Parties will negotiate in good faith to add such service to Exhibit B. Notwithstanding the time periods stated in Exhibit B, the Purchaser may cancel, in whole or in part, any Transition Service at any time without penalty upon five days' prior written notice to the Sellers.

2. **Standard of Performance; Cooperation.** The Purchaser will perform the Purchaser Transition Services in compliance with all Laws and in accordance with industry standards. Each of OAD and DOSC will perform the Seller Transition Services provided by it in compliance with all Laws and in accordance with industry standards. Subject to the other provisions of this Agreement, the Parties will cooperate with each other in all matters relating to the provision and receipt of the Purchaser Transition Services and the Seller Transition Services.

3. **Payment Terms.** In consideration for the Purchaser Transition Services, each of OAD and DOSC, respectively, will pay the Purchaser the respective amounts specified in Exhibit A (the "Purchaser Service Costs") within 30 days after receipt by it of an invoice therefor from the Purchaser. The Purchaser will invoice each of OAD and DOSC for the Purchaser Service Costs on a monthly basis during the term of this Agreement. In consideration for the Seller Transition Services, the Purchaser will

pay the Sellers the respective amounts specified in Exhibit B (the "Seller Service Costs") within 30 days after receipt by it of an invoice therefor from the Sellers. The Sellers will invoice the Purchaser for the Seller Service Costs on a monthly basis during the term of this Agreement.

4. Term; Termination.

(a) **Term.** This Agreement will terminate on the earlier of (i) the day after the last day on which the Purchaser is committed to provide any Transition Services in accordance with Section 1 and the terms set forth on Exhibit A or Exhibit B and (ii) the date on which this Transition Agreement is terminated pursuant to Section 4(b).

(b) **Termination Upon Breach.** Notwithstanding Section 4(a), this Agreement may be terminated by the Purchaser, on the one hand, or the Sellers, on the other hand, upon 30 days' written notice to the breaching Party in the event the breaching Party materially breaches any of its respective obligations under this Agreement and, provided such breach is capable of being cured, does not cure such breach within such 30 day period.

(c) **Effect of Termination.** Upon the effective date of the expiration or earlier termination of this Agreement (the "Termination Date");

(i) Each Party will pay the compensation earned or accrued under this Agreement through the Termination Date, and the Purchaser will not be entitled to any other compensation hereunder; and

(ii) all rights and obligations of the Parties will immediately cease and terminate, and no Party will have any further obligations under this Agreement except for (A) obligations accrued through the Termination Date, (B) obligations that expressly extend beyond the term of this Agreement, and (C) the rights and obligations pursuant to Sections 4(c) and 9.

5. Representations of the Purchaser. The Purchaser represents and warrants to each of OAD and DOSC that:

(a) The Purchaser is an Illinois not-for-profit corporation duly formed, validly existing and in good standing under the Laws of the State of Illinois, with full power and authority to enter into and perform its obligations under this Agreement;

(b) this Agreement has been duly executed and delivered by a duly authorized officer of the Purchaser and constitutes a valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, moratorium and similar generally applicable Laws regarding creditors' rights or by general equity principles;

(c) neither the Purchaser's execution and delivery of this Agreement nor the Purchaser's performance under this Agreement will conflict with or result in a breach of any of the terms, conditions or provisions of the Purchaser's Governing Documents, (ii) any Law or Order to which the Purchaser is party to by which the Purchaser is bound;

(d) the Purchaser is not a party to or bound by any Contract under the terms of which (i) the execution and delivery or performance by the Purchaser of this Agreement will constitute a default or an event of acceleration, or (ii) performance by the Purchaser according to the terms of this Agreement may be prohibited, prevented or delayed; and

(e) no consent, authorization, Order or approval of, or filing or registration with, any governmental authority or other Person is required for the Purchaser's execution and delivery of this Agreement or the Purchaser's performance under this Agreement.

6. **Representations of OAD and DOSC.** Each of OAD and DOSC represents and warrants to the Purchaser that:

(a) It is a corporation (with respect to OAD) or a limited liability company (with respect to DOSC) duly formed, validly existing and in good standing under the Laws of the State of Illinois, with full power and authority to enter into and perform its obligations under this Agreement;

(b) this Agreement has been duly executed and delivered by a duly authorized officer and constitutes a valid and binding obligation, enforceable against it in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, moratorium and similar generally applicable Laws regarding creditors' rights or by general equity principles;

(c) neither its execution and delivery of this Agreement nor its performance under this Agreement will conflict with or result in a breach of any of the terms, conditions or provisions of its Governing Documents or any Law or Order to which it is party or by which it is bound;

(d) it is not a party to or bound by any Contract under the terms of which (i) the execution and delivery or performance by it of this Agreement will constitute a default or an event of acceleration, or (ii) performance by it according to the terms of this Agreement may be prohibited, prevented or delayed; and

(e) no consent, authorization, order or approval of, or filing or registration with, any governmental authority or other Person is required for its execution and delivery of this Agreement or its performance under this Agreement.

7. **Relationship of Parties.**

(a) **Independent Contractor Status.** Each Party is an independent contractor of the other Parties in the performance of all services hereunder. In all matters relating to this Agreement, each Party will be solely responsible for the acts of its employees and agents, and employees or agents of one Party will not be considered employees or agents of the other Party. Except as specifically provided herein, no Party may act or represent, or hold itself out as having authority to act, as an agent or partner of the other Party or in any way bind or commit the other Party to any obligation. Nothing contained in this Agreement will be construed as creating a partnership, joint venture, agency, trust or other association between the Parties, each Party being responsible only for its obligations as set forth in this Agreement.

(b) **Business Associate Provisions.** Each Party agrees that each of the other Parties may be a "covered entity" (as defined in the Administrative Simplification section of the Health Insurance Portability and Accountability Act of 1996, P.L. 104-191, and its implementing regulations (45 C.F.R. parts 160-164) (collectively "HIPAA"), and that such Party may be a "business associate" (as defined under HIPAA) of the other Parties when the services provided involve "protected health information" (as defined under HIPAA) pursuant to this Agreement. The Purchaser agrees to perform all Purchaser Transition Services involving protected health information in accordance with the Business Associate Provisions set forth on Exhibit C and each of OAD and DOSC agrees to perform all Seller Transition Services involving protected health information in accordance with the Business Associate Provisions set forth on Exhibit D.

8. **Defined Terms.** For purposes of this Agreement, the following terms have the following meanings:

"ASC" is defined in the Purchase Agreement.

"Business Day" means a day that is not a Saturday, Sunday or other day on which commercial banks located in Chicago, Illinois are authorized or required by Law to close.

"Contract" means all agreements or arrangements, oral or written, which constitute contracts under applicable Law.

"Encumbrance" means any lien, pledge, charge, option, encumbrance or other security interest.

"Federal Health Care Program" means any "federal health care program" as defined in 42 U.S.C. §1320a-7b(f) (including Medicare, state Medicaid programs, state CHIP programs, TRICARE and similar or successor programs with or for the benefit of any governmental authority).

"Governing Documents" means, with respect to a particular Person, (i) if a corporation, the articles or certificate of incorporation and bylaws, (ii) if a general partnership, the partnership agreement and any statement of partnership, (iii) if a limited partnership, the limited partnership agreement and certificate of limited partnership, (iv) if a limited liability company, the articles or certificate of organization or formation and any limited liability company or operating agreement, (v) if another type of Person, all other charter and similar documents adopted or filed in connection with the creation, governance, management or operation of the Person, (vi) all equityholders' agreements, voting agreements, voting trust agreements, joint venture agreements, registration rights agreements and other agreements and documents relating either to the creation, governance, management or operation of any Person or to the rights, duties and obligations of such Person's equityholders, and (vii) all amendments or supplements to any of the foregoing.

"Health Care Laws" means all Laws and Orders relating to health care providers and facilities, participation in Federal Health Care Programs, the practice of medicine, institutional and professional licensure, pharmacology and dispensing medicines or controlled substances, medical documentation, medical record retention, laboratory services, unprofessional conduct, fee-splitting, referrals, billing and submission of false or fraudulent claims, claims processing, quality, safety, medical necessity, medical privacy and security, patient confidentiality and informed consent, the hiring of employees or acquisition of services or supplies from Persons excluded from participation in Federal Health Care Programs, standards of care, quality assurance, risk management, utilization review, peer review, mandated reporting of incidents, occurrences, diseases and events, advertising or marketing of health care services, including Medicare, Medicaid, CHIP, the TRICARE Laws (10 U.S.C. § 1071, *et seq.*), the False Claims Act (31 U.S.C. §§3729, *et seq.*), the Civil Monetary Penalties Law (42 U.S.C. §1320a-7a), federal and state anti kickback statutes (including 42 U.S.C. § 1320a 7b), federal and state referral laws (including 42 U.S.C. §1395nn), criminal false claims statutes (e.g. 18 U.S.C. §§ 287 and 1001), the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. §3801, *et seq.*), the Beneficiary Inducement Statute (42 U.S.C. §1320a-7(a)(5)), the Confidentiality of Alcohol and Drug Abuse Patient Records Act (42 U.S.C. § 290ee-3, *et seq.*), the Clinical Laboratory Improvement Act (42 U.S.C. § 263a, *et seq.*) and HIPAA and the rules and regulations promulgated under the foregoing statutes.

"Law" means any federal, state or local, statute, law, rule, regulation, ordinance, code or principle of common law or treaty.

"Medicaid" means the medical assistance program established by Title XIX of the Social Security Act of 1965, 42 U.S.C. § 1396, *et seq.*

"Medicare" means the health insurance program for the elderly and disabled established by Title XVIII of the Social Security Act of 1965, 42, U.S.C. § 1395, *et seq.*

"Order" means any order, injunction, judgment, decree, ruling, assessment or arbitration award of any governmental authority or arbitrator.

"Person" means any natural individual, corporation, partnership, limited liability company, joint venture, association, bank, trust company, trust or other entity, whether or not legal entities, or any governmental entity, agency or political subdivision.

"Practice" is defined in the Purchase Agreement.

"Purchaser Service Costs" is defined in Section 3.

"Purchaser Transition Services" is defined in Section 1.

"Seller Service Costs" is defined in Section 3.

"Seller Transition Services" is defined in Section 1.

"TRICARE" means the health care insurance system for United States military service members and their dependents that covers care not available through the usual United States military medical service or public health service facilities, formerly known as CHAMPUS.

9. Miscellaneous.

(a) **Notices.** All notices and other communications required or permitted under this Agreement (i) must be in writing, (ii) will be deemed duly given (A) when delivered personally to the recipient, (B) one Business Day after being sent to the recipient by nationally recognized overnight private carrier (charges prepaid), (C) four Business Days after being mailed to the recipient by certified or registered mail (postage prepaid and return receipt requested), or (D) on the date of delivery if delivered by facsimile on a Business Day prior to 5:00 p.m. Central time, or otherwise on the next succeeding Business Day, and (iii) addressed as follows (as applicable):

If to the Purchaser:

CDH-Delnor Health System, Inc.
d/b/a Cadence Health
25 N. Winfield Road
Winfield, IL 60190
Attn: Michael Holzhueter
Fax: (630) 933-2729

With a copy (not constituting notice) to:

McDermott Will & Emery LLP
227 West Monroe Street
Chicago, Illinois 60606
Attn: John M. Callahan
Fax: (312) 984-7700

If to OAD or DOSC:

OAD Orthopaedics, Ltd.
27650 Ferry Road, Suite 100
Warrenville, IL 60555
Attn: President
Fax: (630) 225-2309

With a copy (not constituting notice) to:

Paul Hastings LLP
191 N. Wacker Drive, 30th Floor
Chicago, IL 60606
Attn: Brian F. Richards
Fax: (312) 499-6170

DuPage Orthopaedic Surgery Center, LLC
27650 Ferry Road, Suite 140
Warrenville, IL 60555
Attn: President
Fax: (630) 225-2309

or to such other respective address as each Party may designate by notice given in accordance with the provisions of this Section 9(a).

(b) **Entire Agreement.** This Agreement, including all Exhibits hereto, constitutes the complete agreement and understanding between the Parties regarding the subject matter hereof and supersedes any prior understandings, agreements or representations regarding the subject matter hereof.

(c) **Amendment.** The Parties may amend this Agreement only pursuant to a written agreement executed by the Parties.

(d) **Non-Waiver.** The Parties' respective rights and remedies under this Agreement are cumulative and not alternative. Neither the failure nor any delay by any Party in exercising any right, power or privilege under this Agreement will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. No waiver will be effective unless it is in writing and signed by an authorized representative of the waiving Party. No waiver given will be applicable except in the specific instance for which it was given. No notice to or demand on a Party will be deemed to be a waiver of any obligation of such Party or the right of the Party giving such notice or demand to take further action without notice or demand as provided in this Agreement.

(e) **Assignment.** Neither Party may assign this Agreement or any of its rights hereunder, or delegate any of its obligations hereunder, without the prior written consent of the other Party.

(f) **Binding Effect; Benefit.** This Agreement will inure to the benefit of and bind the Parties and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, may be construed to give any Person other than the Parties and their respective successors and permitted assigns any right, remedy or claim arising from or with respect to this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the Parties and their respective successors and permitted assigns.

(g) **Severability.** If any court of competent jurisdiction holds any provision of this Agreement invalid or unenforceable, then the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

(h) **References.** The headings of Sections are provided for convenience only and will not affect the construction or interpretation of this Agreement. Unless otherwise provided, references to "Section(s)" refer to the corresponding section(s) of this Agreement. Reference to a statute refers to the statute, any amendments or successor legislation, and all regulations promulgated under or implementing the statute, as in effect at the relevant time. Reference to a Contract, instrument or other document as of a given date means the Contract, instrument or other document as amended, supplemented and modified from time to time through such date. All references in this Agreement to \$ will mean U.S. dollars. When calculating the time period before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is referenced in calculating such period will

be excluding (for example, if an action is to be taken within two (2) days of a triggering event and such event occurs on a Tuesday, then the action must be taken by Thursday). If the last day of such period is not a Business Day, the period in question will end on the next succeeding Business Day.

(i) **Construction.** Each Party participated in the negotiation and drafting of this Agreement, assisted by such legal and tax counsel as it desired, and contributed to its revisions. Any ambiguities with respect to any provision of this Agreement will be construed fairly as to all Parties and not in favor of or against any Party. All pronouns and any variation thereof will be construed to refer to such gender and number as the identity of the subject may require. The terms "include" and "including" indicate examples of a predicate word or clause and not a limitation on that word or clause.

(j) **Governing Law.** THIS AGREEMENT IS GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES.

(k) **Consent to Jurisdiction.** Each Party hereby (a) agrees to the exclusive jurisdiction of any state court within DuPage County, Illinois or, if it can obtain jurisdiction, the United States District Court for the Northern District of Illinois (and the appropriate appellate courts) with respect to any action or proceeding seeking to enforce any provision of, or based on any right arising from, this Agreement, (ii) waives any objection based on *forum non conveniens* and waives any objection to venue of any such action or proceeding, (iii) waives personal service of any and all process upon it, and (iv) consents that all services of process be made by registered or certified mail, return receipt requested, directed to it at its address as stated in Section 9(a), and that service so made will be deemed complete when received. Nothing in this Section 9(k) will affect the right of the Parties to serve legal process in any other manner permitted by law.

(l) **Counterparts.** The Parties may execute this Agreement in multiple counterparts, each of which will constitute an original and all of which, when taken together, will constitute one and the same agreement. The Parties may deliver executed signature pages to this Agreement by facsimile or email transmission. No Party may raise as a defense to the formation or enforceability of this Agreement, and each Party forever waives any such defense, either (i) the use of a facsimile or email transmission to deliver a signature or (ii) the fact that any signature was signed and subsequently transmitted by facsimile or email transmission.

(m) **Confidentiality.** For a period commencing on the date of this Agreement and terminating five (5) years after the Termination Date, each of the Parties will, and will use commercially reasonable efforts to cause its Affiliates to, keep confidential (except as may be disclosed to the Parties' Affiliates, attorneys, auditors or other representatives in the course of the provision and receipt of the Transition Services in accordance with the terms hereof) and not knowingly use in a manner that would reasonably be expected to have a detrimental effect on the other Party, any and all confidential information relating to the Transition Services and the transactions contemplated hereby. The foregoing will not preclude either Party or its Affiliates from (a) disclosing such confidential information if compelled to disclose the same by judicial or administrative process or by other Legal Requirements (subject to the following provisions of this Section 9(m)), (b) discussing or using such confidential information if the same hereafter is in the public domain (other than as a result of a breach of this Section 9(m)) or (c) discussing or using such confidential information if the same is acquired from a Person that is not known to such party or its Affiliates to be under an obligation to keep such information confidential. If any party or its Affiliates is requested or required (by oral questions, interrogatories, requests for information or documents in legal, administrative, arbitration or other formal proceedings, subpoena, civil investigative demand or other similar process) to disclose any such confidential information, such Party will use reasonable efforts to promptly notify the Party whose confidential information is requested or required to be disclosed of such request or requirement so that the Party whose confidential information was requested or required to be disclosed may seek a protective order or other appropriate remedy and/or

waive compliance with the provisions of this Section 9(m). If, in the absence of a protective order or other remedy or the receipt of a waiver by the Party whose information was requested or required to be disclosed, the Party required to make such disclosure or its Affiliate may, without liability hereunder, disclose that portion of such information which it is advised by its counsel is legally required to be disclosed.

(n) **Set-Off.** The Purchaser shall have the right to set-off Sellers' fee payment obligations with respect to the Transition Services as well as any other amounts owed by the Seller Parties (as defined in the Purchase Agreement) to the Purchaser pursuant to the Purchase Agreement against present and future amounts collected by the Purchaser on behalf of Sellers pursuant hereto.

[SIGNATURE PAGE IMMEDIATELY FOLLOWS]

The Parties sign this Transition Services Agreement as of the date first written above.

THE PURCHASER:

CDH-DELNOR HEALTH SYSTEM, INC.,
d/b/a CADENCE HEALTH

By: _____
Name: _____
Title: _____

OAD:

OAD ORTHOPAEDICS, LTD.

By: _____
Name: _____
Title: _____

DOSC:

DUPAGE ORTHOPAEDIC SURGERY CENTER, LLC

By: _____
Name: _____
Title: _____

EXHIBIT A

PURCHASER TRANSITION SERVICES

The Purchaser will, on behalf of the Sellers, process billing for pre-Closing services and collect receivables for pre-Closing services using the same practices and policies that the Purchaser uses to bill and collect for services provided by it or its affiliates. The Purchaser will provide each Seller with written detail of all amounts billed and/or collected on a monthly basis and will remit to each Seller 95% of all amounts collected on such Seller's behalf at least monthly. The Purchaser shall retain 5% of such amounts collected as its fee for performing such services. If deposits of such collected amounts are made directly to Sellers' bank accounts, Sellers shall, on a monthly basis, provide the Purchaser with a written statement detailing all such collections and pay to the Purchaser within thirty (30) days after the end of each month 5% of such amounts collected in Sellers' bank accounts during the prior month.

The Purchaser will, during normal business hours and upon reasonable notice, provided that it does not unreasonably interfere with or disrupt the operation of Purchaser in the ordinary course of business, (a) give the Sellers reasonable access to, or copies of, all of the books and records of the Purchaser related to the services being provided by the Purchaser pursuant hereto, and (b) give the Sellers reasonable access to the personnel of the Purchaser who are involved in providing the services on behalf of the Purchaser hereunder.

The Purchaser will provide accounts payable, accounting and administrative services to Sellers upon request at an hourly rate of \$45 per hour. The Purchaser shall provide to Sellers an accounting of the hours expended on such matters by Purchaser employees with each invoice for any such services and Sellers shall promptly remit payment within no more than thirty (30) days after receipt of any invoice.

EXHIBIT B
SELLER TRANSITION SERVICES

[TO COME, IF ANY]

EXHIBIT C

BUSINESS ASSOCIATE PROVISIONS

The Purchaser will perform any Transition Services involving Protected Health Information received from, or created or received by the Purchaser on behalf of either OAD or DOSC ("PHI"), in accordance with the following Business Associate Provisions.

1. General Provisions.

(a) **Effect.** To the extent that the Purchaser receives PHI to perform Business Associate activities, the terms and provisions of this Exhibit C supersede all conflicting or inconsistent terms and provisions of this Agreement to the extent of such conflict or inconsistency.

(b) **Capitalized Terms.** Capitalized terms used in this Exhibit B without definition in this Agreement (including this Exhibit C) are defined in the administrative simplification section of the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations as amended by HITECH (defined below) (collectively, "HIPAA").

(c) **No Third Party Beneficiaries.** The Parties have not created and do not intend to create by this Agreement any third party rights, including, but not limited to, third party rights for patients.

(d) **Amendments.** The Parties acknowledge that the Health Information Technology for Economic and Clinical Health Act and its implementing regulations (collectively, "HITECH") impose new requirements with respect to privacy, security and breach notification and contemplates that such requirements will be implemented by regulations to be adopted by the Secretary. The HITECH provisions applicable to business associates (as defined under HIPAA) will be collectively referred to as the "HITECH BA Provisions." The provisions of HITECH and the HITECH BA Provisions are incorporated herein by reference. A HITECH BA Provisions is effective on the later of (i) the date of this Agreement and (ii) such subsequent date as may be specified in HITECH.

2. Obligations of the Purchaser.

(a) **Use and Disclosure of Protected Health Information.** The Purchaser may use and disclose PHI as permitted or required under this Agreement (including this Exhibit C) or as Required by Law, but may not otherwise use or disclose any PHI. The Purchaser will not, and will assure that its employees, other agents and contractors do not use or disclose PHI in any manner that would constitute a violation of HIPAA if so used or disclosed by OAD or DOSC. Without limiting the generality of the foregoing, the Purchaser is permitted to use or disclose PHI as set forth below:

(i) The Purchaser may use or disclose PHI for purposes of performing the Transition Services, to the extent that such use or disclosure would be permitted pursuant to HIPAA if made by OAD or DOSC.

(ii) The Purchaser may use PHI internally for the Purchaser's proper management and administration or to carry out its legal responsibilities.

(iii) The Purchaser may disclose PHI to a third party for the Purchaser's proper management and administration or to carry out its legal responsibilities, provided that the disclosure is

Required by Law or the Purchaser obtains reasonable assurances from the third party to whom such PHI is to be disclosed that the third party will (A) protect the confidentiality of the PHI, (B) only use or further disclose the PHI as Required by Law or for the purpose for which the PHI was disclosed to the third party, and (C) notify the Purchaser of any instances of which such third-party is aware in which the confidentiality of the PHI has been breached.

(iv) The Purchaser may use PHI to provide Data Aggregation services relating to the Health Care Operations of OAD or DOSC if required or permitted under this Agreement.

(v) The Purchaser may de-identify PHI consistent with applicable HIPAA requirements.

(vi) Under no circumstance may Purchaser use or disclose the PHI for Marketing (as defined by HIPAA) purposes, except at the direction of either OAD or DOSC and in compliance with HIPAA.

(b) **Safeguards.** The Purchaser will use appropriate safeguards to prevent the use or disclosure of PHI other than as permitted or required by this Exhibit C. The Purchaser will implement Administrative Safeguards, Physical Safeguards and Technical Safeguards that reasonably and appropriately protect the Confidentiality, Integrity and Availability of electronic PHI that it creates, receives, maintains or transmits on behalf of OAD or DOSC.

(c) **Minimum Necessary Standard.** To the extent required by the "minimum necessary" requirements of HIPAA, the Purchaser will only request, use and disclose the minimum amount of PHI necessary to accomplish the purpose of the request, use or disclosure.

(d) **Mitigation.** The Purchaser will take reasonable steps to mitigate, to the extent practicable, any harmful effect (that is known to the Purchaser) of a use or disclosure of PHI by the Purchaser in violation of this Exhibit C.

(e) **Trading Partner Agreement.** The Purchaser will not change the definition, Data Condition, or use of a Data Element or Segment in a Standard; add any Data Elements or Segments to the maximum defined Data Set; use any code or Data Elements that are either marked "not used" in the Standard's Implementation Specification or are not in the Standard's Implementation Specification(s); or change the meaning or intent of the Standard's Implementation Specification(s).

(f) **Agreements by Third Parties.** The Purchaser will obtain and maintain an agreement with each agent or subcontractor that has or will have access to PHI, pursuant to which such agent or subcontractor agrees to be bound by the same restrictions, terms and conditions that apply to the Purchaser pursuant to this Agreement with respect to such PHI.

(g) Reporting of Improper Disclosures of PHI.

(i) If the Purchaser becomes aware of a use or disclosure of PHI in violation of this Agreement by the Purchaser or a third party to which the Purchaser disclosed PHI, then the Purchaser will report the use or disclosure to OAD or DOSC, as applicable, without unreasonable delay and in any event within 10 days after the discovery of the impermissible use or disclosure.

(ii) Any actual, successful Security Incident involving PHI of which the Purchaser becomes aware must be reported to OAD or DOSC, as applicable in writing without unreasonable delay.

(iii) Purchaser hereby notifies OAD and DOSC of the ongoing existence and occurrence of attempted but unsuccessful Security Incidents, such as pings and scams, and OAD and

DOSC acknowledge and agree that no additional notification of such unsuccessful Security Incidents is required. However, to the extent that Purchaser becomes aware of any unsuccessful Security Incidents targeting PHI, or an unusually high number of unsuccessful Security Incidents due to the repeated acts of a single party, Purchaser shall notify OAD and DOSC of these attempts and provide the name, if available, of said party.

(iv) The Purchaser will, following the discovery of a Breach of Unsecured PHI, notify OAD or DOSC of the Breach in accordance with 45 C.F.R. § 164.410 without unreasonable delay (and in any event within 10 days after discovery of the Breach).

(h) **Access to Information.** Within 10 days after receipt of a request from either OAD or DOSC for access to PHI about an Individual contained in any of its Designated Record Sets maintained by the Purchaser, the Purchaser will make available to OAD or DOSC as applicable, such PHI for so long as the Purchaser maintains such information in the Designated Record Set. If the Purchaser receives a request for access to PHI directly from an Individual, then the Purchaser will forward such request to OAD or DOSC, as applicable, within 10 days.

(i) **Availability of PHI for Amendment.** Within 10 Days after receipt of a request from either OAD or DOSC for the amendment of an Individual's PHI contained in any Designated Record Set of such Party maintained by the Purchaser, the Purchaser will provide such information to OAD or DOSC, as applicable for amendment and incorporate any such amendments in the PHI (for so long as the Purchaser maintain such information in the Designated Record Set) as required by 45 C.F.R. §164.526. If the Purchaser receives a request for amendment to PHI directly from an Individual, then the Purchaser will forward such request to OAD or DOSC within 10 days.

(j) **Accounting of Disclosures.** Within 10 days after receipt of notice from OAD or DOSC, as applicable, stating OAD or DOSC, as applicable, has received a request for an accounting of disclosures of PHI (other than disclosures to which an exception to the accounting requirement applies), the Purchaser will make available to OAD or DOSC, as applicable, such information as is in the Purchaser's possession and required for OAD or DOSC, as applicable, to make the accounting required by 45 C.F.R. §164.528.

(k) **Availability of Books and Records.** The Purchaser will make its internal practices, books and records relating to the use and disclosure of PHI available to the Secretary for purposes of determining compliance with HIPAA.

3. Obligations of OAD and DOSC.

(a) **Permissible Requests.** Neither OAD nor DOSC will request that the Purchaser use or disclose PHI in any manner that would not be permissible under HIPAA if done directly by OAD or DOSC.

(b) **Minimum Necessary Information.** Each of OAD and DOSC represents that, to the extent that it provides PHI to the Purchaser, such information is the minimum necessary PHI for the accomplishment of the Purchaser's purpose.

(c) **Consents/Authorizations.** Each of OAD and DOSC represents that, to the extent that it provides PHI to the Purchaser, it has obtained the consents, authorizations and other forms of legal permission required under HIPAA and other applicable Law.

4. Termination of this Agreement.

(a) **Right to Report.** If termination of this Agreement is not feasible following the Purchaser's failure to cure a material breach of this Exhibit C, then OAD or DOSC, as applicable, may report such breach to the Secretary.

(b) **Return or Destruction of PHI.** Promptly after the expiration or termination of this Agreement, the Purchaser will either return to OAD or DOSC, as applicable, or destroy, delete or erase all PHI then in the Purchaser's possession; *provided, however, that* to the extent that the Parties mutually agree that the return or destruction of such PHI is not feasible, then the terms and provisions of this Exhibit C will survive the expiration or termination of this Agreement and such PHI may be used or disclosed only for the purposes that prevented the Purchaser's return or destruction of such PHI.

EXHIBIT D

BUSINESS ASSOCIATE PROVISIONS

The provisions to this Exhibit D apply only to the extent that [OAD][DOSC] performs any Seller Transition Services involving Protected Health Information received from, or created or received by [OAD][DOSC] on behalf of the Purchaser ("PHI"); to the extent performed, performance shall be in accordance with the following Business Associate Provisions.

1. General Provisions.

(a) **Effect.** To the extent that [OAD][DOSC] receives PHI to perform Business Associate activities, the terms and provisions of this Exhibit D supersede all conflicting or inconsistent terms and provisions of this Agreement to the extent of such conflict or inconsistency.

(b) **Capitalized Terms.** Capitalized terms used in this Exhibit D without definition in this Agreement (including this Exhibit D) are defined in the administrative simplification section of the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations as amended by HITECH (defined below) (collectively, "HIPAA").

(c) **No Third Party Beneficiaries.** The Parties have not created and do not intend to create by this Agreement any third party rights, including, but not limited to, third party rights for patients.

(d) **Amendments.** The Parties acknowledge that the Health Information Technology for Economic and Clinical Health Act and its implementing regulations (collectively, "HITECH") impose new requirements with respect to privacy, security and breach notification and contemplates that such requirements will be implemented by regulations to be adopted by the Secretary. The HITECH provisions applicable to business associates (as defined under HIPAA) will be collectively referred to as the "HITECH BA Provisions." The provisions of HITECH and the HITECH BA Provisions are incorporated herein by reference. A HITECH BA Provisions is effective on the later of (i) the date of this Agreement and (ii) such subsequent date as may be specified in HITECH.

2. Obligations of the Purchaser.

(a) **Use and Disclosure of Protected Health Information.** [OAD][DOSC] may use and disclose PHI as permitted or required under this Agreement (including this Exhibit D) or as Required by Law, but may not otherwise use or disclose any PHI. [OAD][DOSC] will not, and will assure that its employees, other agents and contractors do not use or disclose PHI in any manner that would constitute a violation of HIPAA if so used or disclosed by the Purchaser. Without limiting the generality of the foregoing, [OAD][DOSC] is permitted to use or disclose PHI as set forth below:

(i) [OAD][DOSC] may use or disclose PHI for purposes of performing the Seller Transition Services, to the extent that such use or disclosure would be permitted pursuant to HIPAA if made by the Purchaser.

(ii) [OAD][DOSC] may use PHI internally for its proper management and administration or to carry out its legal responsibilities.

(iii) [OAD][DOSC] may disclose PHI to a third party for its proper management and administration and to carry out its legal responsibilities, provided that the disclosure is Required by Law or [OAD][DOSC] obtains reasonable assurances from the third party to whom such PHI is to be disclosed that the third party will (A) protect the confidentiality of the PHI, (B) only use or further disclose the PHI as required by Law or for the purpose for which the PHI was disclosed to the third party, and (C) notify [OAD][DOSC] of any instances of which such third-party is aware in which the confidentiality of the PHI has been breached.

(iv) [OAD][DOSC] may use PHI to provide Data Aggregation services relating to the Health Care Operations of the Purchaser if required or permitted under this Agreement.

(v) [OAD][DOSC] may de-identify PHI consistent with applicable HIPAA requirements.

(vi) Under no circumstance may [OAD][DOSC] use or disclose the PHI for Marketing (as defined by HIPAA) purposes, except at the discretion of the Purchaser and in compliance with HIPAA.

(b) **Safeguards.** [OAD][DOSC] will use appropriate safeguards to prevent the use or disclosure of PHI other than as permitted or required by this Exhibit D. [OAD][DOSC] will implement Administrative Safeguards, Physical Safeguards and Technical Safeguards that reasonably and appropriately protect the Confidentiality, Integrity and Availability of electronic PHI that it creates, receives, maintains or transmits on behalf of the Purchaser.

(c) **Minimum Necessary Standard.** To the extent required by the "minimum necessary" requirements of HIPAA, [OAD][DOSC] will only request, use and disclose the minimum amount of PHI necessary to accomplish the purpose of the request, use or disclosure.

(d) **Mitigation.** [OAD][DOSC] will take reasonable steps to mitigate, to the extent practicable, any harmful effect (that is known to [OAD][DOSC]) of a use or disclosure of PHI by [OAD][DOSC] in violation of this Exhibit D.

(e) **Trading Partner Agreement.** [OAD][DOSC] will not change the definition, Data Condition, or use of a Data Element or Segment in a Standard; add any Data Elements or Segments to the maximum defined Data Set; use any code or Data Elements that are either marked "not used" in the Standard's Implementation Specification or are not in the Standard's Implementation Specification(s); or change the meaning or intent of the Standard's Implementation Specification(s).

(f) **Agreements by Third Parties.** [OAD][DOSC] will obtain and maintain an agreement with each agent or subcontractor that has or will have access to PHI, pursuant to which such agent or subcontractor agrees to be bound by the same restrictions, terms and conditions that apply to [OAD][DOSC] pursuant to this Agreement with respect to such PHI.

(g) **Reporting of Improper Disclosures of PHI.**

(i) If [OAD][DOSC] becomes aware of a use or disclosure of PHI in violation of this Agreement by the Purchaser or a third party to which [OAD][DOSC] disclosed PHI, then [OAD][DOSC] will report the use or disclosure to the Purchaser without unreasonable delay and in any event within 10 days after the discovery of the impermissible use or disclosure.

(ii) Any actual, successful Security Incident involving PHI of which [OAD][DOSC] becomes aware must be reported to the Purchaser in writing without unreasonable delay.

(iii) [OAD][DOSC] hereby notifies the Purchaser of the ongoing existence and occurrence of attempted but unsuccessful Security Incidents, such as pings and scams, and the Purchaser acknowledges and agrees that no additional notification of such unsuccessful Security Incidents is required. However, to the extent that [OAD][DOSC] becomes aware of any unsuccessful Security Incidents targeting PHI, or an unusually high number of unsuccessful Security Incidents due to the repeated acts of a single party, [OAD][DOSC] shall notify the Purchaser of these attempts and provide the name, if available, of said party.

(iv) [OAD][DOSC] will, following the discovery of a Breach of Unsecured PHI, notify the Purchaser of the Breach in accordance with 45 C.F.R. § 164.410 without unreasonable delay (and in any event within 10 days after discovery of the Breach).

(h) **Access to Information.** Within 10 days after receipt of a request from the Purchaser for access to PHI about an Individual contained in any of its Designated Record Sets maintained by [OAD][DOSC], [OAD][DOSC] will make available to the Purchaser such PHI for so long as [OAD][DOSC] maintains such information in the Designated Record Set. If [OAD][DOSC] receives a request for access to PHI directly from an Individual, then [OAD][DOSC] will forward such request to the Purchaser within 10 days.

(i) **Availability of PHI for Amendment.** Within 10 Days after receipt of a request from the Purchaser for the amendment of an Individual's PHI contained in any Designated Record Set of such Party maintained by [OAD][DOSC], [OAD][DOSC] will provide such information to the Purchaser for amendment and incorporate any such amendments in the PHI (for so long as [OAD][DOSC] maintains such information in the Designated Record Set) as required by 45 C.F.R. §164.526. If [OAD][DOSC] receives a request for amendment to PHI directly from an Individual, then [OAD][DOSC] will forward such request to the Purchaser within 10 days.

(j) **Accounting of Disclosures.** Within 10 days after receipt of notice from the Purchaser stating the Purchaser has received a request for an accounting of disclosures of PHI (other than disclosures to which an exception to the accounting requirement applies), [OAD][DOSC] will make available to the Purchaser such information as is in its possession and required for the Purchaser to make the accounting required by 45 C.F.R. §164.528.

(k) **Availability of Books and Records.** [OAD][DOSC] will make its internal practices, books and records relating to the use and disclosure of PHI available to the Secretary for purposes of determining compliance with HIPAA.

3. Obligations of the Purchaser.

(a) **Permissible Requests.** The Purchaser will not request that [OAD][DOSC] use or disclose PHI in any manner that would not be permissible under HIPAA if done directly by the Purchaser.

(b) **Minimum Necessary Information.** The Purchaser represents that, to the extent that it provides PHI to [OAD][DOSC], such information is the minimum necessary PHI for the accomplishment of [OAD's][DOSC's] purpose.

(c) **Consents/Authorizations.** The Purchaser represents that, to the extent that it provides PHI to [OAD][DOSC], it has obtained the consents, authorizations and other forms of legal permission required under HIPAA and other applicable Law, including any necessary authorizations for the use of PHI for marketing purposes, if applicable.

4. Termination of this Agreement.

(a) **Right to Report.** If termination of this Agreement is not feasible following [OAD's][DOSC's] failure to cure a material breach of this Exhibit D, then the Purchaser may report such breach to the Secretary.

(b) **Return or Destruction of PHI.** Promptly after the expiration or termination of this Agreement, [OAD][DOSC] will either return to the Purchaser or destroy, delete or erase all PHI then in its possession; *provided, however, that* to the extent that the Parties mutually agree that the return or destruction of such PHI is not feasible, then the terms and provisions of this Exhibit D will survive the expiration or termination of this Agreement and such PHI may be used or disclosed only for the purposes that prevented [OAD's][DOSC's] return or destruction of such PHI.

EXHIBIT F

ALLOCATION OF PURCHASE PRICE

For purposes of Section 3.1 of the Agreement, the Purchase Price shall be allocated 13.65% (\$7,100,000) to Purchased Assets of OAD (the "OAD Purchased Assets") and 86.35% (\$44,900,000) to Purchased Assets of DOSC (the "DOSC Purchased Assets").

For purposes of Section 3.3 of the Agreement, the "consideration," as that term is used in Section 1060 of the Code and the Treasury Regulations promulgated thereunder (the "Treasury Regulations") promulgated under Section 1060 of the Code (the "Consideration"), for the OAD Purchased Assets (the "OAD Consideration") shall consist of the sum of (i) the portion of the Purchase Price allocated to the OAD Purchased Assets pursuant to the first paragraph of this Exhibit F, (ii) any other item of Consideration that can be specifically allocated to the OAD Purchased Assets (e.g., the Assumed Liabilities, if any, of OAD), and (iii) the portion of any other item of Consideration for the Purchased Assets that cannot be specifically allocated to OAD Purchased Assets equal to a fraction the numerator of which is the OAD Consideration (other than any amounts that cannot be specifically allocated pursuant to this clause (iii)) and the denominator of which is the sum of OAD Consideration (other than any amounts that cannot be specifically allocated pursuant to this clause (iii)) and the DOSC Consideration (other than any amounts that cannot be specifically allocated pursuant to clause (iii) of the definition thereof).

For purposes of Section 3.3 of the Agreement, the Consideration for the DOSC Purchased Assets (the "DOSC Consideration") shall consist of the sum of (i) the portion of the Purchase Price allocated to the DOSC Purchased Assets pursuant to the first paragraph of this Exhibit F, (ii) any other item of Consideration that can be specifically allocated to the DOSC Purchased Assets (e.g., the Assumed Liabilities, if any, of DOSC), and (iii) the portion of any other item of Consideration for the Purchased Assets that cannot be specifically allocated to DOSC Purchased Assets equal to a fraction the numerator of which is the DOSC Consideration (other than any amounts that cannot be specifically allocated pursuant to this clause (iii)) and the denominator of which is the sum of DOSC Consideration (other than any amounts that cannot be specifically allocated pursuant to this clause (iii)) and the OAD Consideration (other than any amounts that cannot be specifically allocated pursuant to clause (iii) of the definition thereof).

For purposes of Section 3.3 of the Agreement, each of the OAD Consideration and the DOSC Consideration shall be further allocated to, respectively, the OAD Purchased Assets and the DOSC Purchased Assets included in the following categories of assets described in Section 1.338-6 of the Treasury Regulations (each, an "Asset Class") using the residual method referenced in Section 1.1060-1(c) of the Treasury Regulations and described in Sections 1.338-6 and 1.338-7 of the Treasury Regulations using the

following methodology for determining the fair market value of the assets included in each of the Asset Classes.

Asset Class	Allocation
Class I (e.g., cash, etc.)	\$0
Class II (e.g., U.S. government securities, etc.)	\$0
Class III (e.g., accounts receivable, etc.)	\$0
Class IV (e.g., inventory, etc.)	An amount equal to adjusted U.S. federal income tax basis of the Class IV OAD Purchased Assets or Class IV DOSC Purchased Assets, as the case may be, as of the Closing Date, as reflected on the books and records of OAD and DOSC.
Class V (e.g., fixed assets, etc.)	An amount equal to adjusted U.S. federal income tax basis of the Class V OAD Purchased Assets or Class V DOSC Purchased Assets, as the case may be, as of the Closing Date, as reflected on the books and records of OAD and DOSC.
Class VI and VII (e.g., goodwill, going concern value and other intangibles, etc.)	Remainder provided that (i) no specific allocation shall be made to any of the covenants set forth in Section 8.10 of the Agreement and (ii) in the case of any Class VI and VII Purchased Assets with respect to which OAD or DOSC, as the case may be, claimed income tax amortization or depreciation deductions, the amount allocated to such Class VI and Class VI Purchased Assets shall not exceed the adjusted U.S. federal income tax basis of such assets, as of the Closing Date, as reflected on the books and records of OAD and DOSC.

SCHEDULES
TO
ASSET PURCHASE AGREEMENT
BY AND AMONG
CDH-DELNOR HEALTH SYSTEM, INC., d/b/a CADENCE HEALTH,
OAD ORTHOPAEDICS, LTD.,
DUPAGE ORTHOPAEDIC SURGERY CENTER, LLC,
AND
THE INDIVIDUAL OWNERS OF OAD ORTHOPAEDICS, LTD.
AND
DUPAGE ORTHOPAEDIC SURGERY CENTER, LLC

**Schedules
to
Asset Purchase Agreement
dated as of July 31, 2012**

These Schedules (these "Schedules") are referred to in, and are a part of, that certain Asset Purchase Agreement (the "Agreement") dated as of July 31, 2012, by and among CDH-Delnor Health System, Inc., d/b/a Cadence Health, an Illinois not-for-profit corporation, OAD Orthopaedics, Ltd., an Illinois corporation ("OAD"), DuPage Orthopaedic Surgery Center, LLC, an Illinois limited liability company ("DOSC"), and each of the individual owners of OAD and DOSC set forth on the signature page to the Agreement. Capitalized terms used in these Schedules and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

Listing of Schedules

Schedule 1.27	Physicians – Owners, Employees and Independent Contractors
Schedule 1.61	OAD Locations
Schedule 1.75	Pro Rata Share
Schedule 2.2	Excluded Assets
Schedule 4.2(b)(viii)	Required Consents and Notices
Schedule 5.3(a)(iv)	No Conflicts
Schedule 5.3(b)	Sellers' Required Approvals
Schedule 5.5(a)	Financial Statements
Schedule 5.5(b)	Events Since December 31, 2011
Schedule 5.5(c)	Specified Events Since June 30, 2012
Schedule 5.6	Liens
Schedule 5.7(b)	Real Property Leases
Schedule 5.7(d)	Matters Regarding Real Property Leases
Schedule 5.7(f)	Real Property Utilities
Schedule 5.8	Contracts and Assumed Contracts
Schedule 5.9	Intellectual Property
Schedule 5.11	Litigation/Governmental Actions
Schedule 5.12(g)	Billing Disputes
Schedule 5.13	Environmental Matters
Schedule 5.14	Licenses and Permits; Deficiencies
Schedule 5.15	Insurance
Schedule 5.16(a)	Employees
Schedule 5.17(a)	Employee Plans
Schedule 5.17(e)	Post-Employment Employee Benefits
Schedule 5.18	Payment Programs
Schedule 5.18(a)	Payment Programs – Terminations
Schedule 5.18(e)	Payment Programs – Penalties and Sanctions
Schedule 5.19	Joint Ventures and Investments; Affiliates and Subsidiaries
Schedule 5.21	Sellers' Broker Fees
Schedule 7.3(b)	The Purchaser's Required Approvals
Schedule 7.6	The Purchaser's Broker Fees
Schedule 8.8(b)	Employee Compensation

SCHEDULE 1.27**Physicians -- Owners, Employees and Independent Contractors**

<u>Name</u>	<u>Owner/Employee/Independent Contractor</u>	<u>OAD Ownership Percentage (if applicable)</u>	<u>DOSC Ownership Percentage (if applicable)</u>
John L. Andreshak, M.D.	Owner/Employee	6.6667%	6.3492%
Aaron A. Bare, M.D.	Owner/Employee	6.6667%	4.7619%
Anup A. Bendre, M.D.	Owner/Employee	6.6667%	6.3492%
David K. Chang, M.D.	Owner/Employee	6.6667%	6.3492%
Stephen E. Heim, M.D.	Owner/Employee	6.6667%	6.3492%
Thomas W. Kiesler, M.D.	Owner/Employee	6.6667%	6.3492%
Jerome L. Kolavo, M.D.	Owner/Employee	6.6667%	6.3492%
Lenard W. LaBelle, M.D.	Owner/Employee	6.6667%	6.3492%
Mary Ling, M.D.	Owner/Employee	6.6667%	6.3492%
Richard L. Makowiec, M.D.	Owner/Employee	4.00%	6.3492%
David M. Mochel, M.D.	Owner/Employee	6.6667%	6.3492%
Jeffrey A. Senall, M.D.	Owner/Employee	6.6667%	6.3492%
William R. Sterba, M.D.	Owner/Employee	6.6667%	6.3492%
Richard K. Thomas, M.D.	Owner/Employee	6.6667%	6.3492%
David H. Watt, M.D.	Owner/Employee	6.6667%	6.3492%
Gregory P. Witkowski, M.D.	Owner/Employee	2.6667%	6.3492%
Beth B. Froese, M.D.	Employee	-	-
Mary T. Norek, M.D.	Employee	-	-
Steven E. Mayer, M.D.	Employee	-	-
Vinita Mathew, M.D.	Employee	-	-
Matthew D. Gimre, M.D.	Employee	-	-
Mir H. Ali, M.D.	Employee	-	-
Rachel Cisko, DPM	Employee	-	-

SCHEDULE 1.61

OAD Locations

1. 27650 Ferry Road, Suites 100, 110 & 140, Warrenville, IL 60555-3845.
2. 101 East 75th Street, Naperville, IL 60565.
3. 885 Roosevelt Road, Glen Ellyn, IL 60137.
4. 7 Blanchard Circle, Suite 101, Wheaton, IL 60189.
5. 515A & 515B Thornhill Drive, Carol Stream, IL 60188.
6. 820 Stearns Road, Suite 320, Bartlett, IL 60103-4508.
7. 1 East County Line Road, Sandwich, IL 60548.

SCHEDULE 1.75

Pro Rata Share

<u>Owner</u>	<u>Pro Rata Share</u>
John L. Andreshak	6.4%
Aaron A. Bare	5.0%
Anup A. Bendre	6.4%
David K. Chang	6.4%
Stephen E. Heim	6.4%
Thomas W. Kiesler	6.4%
Jerome L. Kolavo	6.4%
Lenard W. LaBelle	6.4%
Mary Ling	6.4%
Richard L. Makowiec	6.0%
David M. Mochel	6.4%
Jeffrey A. Senall	6.4%
William R. Sterba	6.4%
Richard K. Thomas	6.4%
David H. Watt	6.4%
Gregory P. Witkowski	5.8%
Total	100.0%

SCHEDULE 2.2

Excluded Assets

1. Office knickknacks (pictures, diploma frames, skeletons, certificates, etc.) in Dr. Ali's office.
2. Skeleton model in Dr. Andreshak's office.
3. Wire sculpture and family photos in Dr. Froese's office.
4. Personal pictures on Dr. Gimre's desk.
5. Printer on desk in Dr. Heim's office and "Team Performance" framed poster in Dr. Heim's office.
6. Large free standing book case in Dr. Kiesler's office and Strickland Hand table in DOSC offices.
7. Bookcase with glass doors, metal file cabinet, refrigerator and human skeleton in Dr. Kolavo's office; framed flag in clinical area.
8. Pictures, plaques, books, and a clock in Dr. LaBelle's office. Plaques and diplomas of Dr. LaBelle located in Warrenville, Carol Stream, and Wheaton offices.
9. Watercolor painting and pictures in Dr. Ling's office.
10. Knickknacks and pictures in Dr. Makowiec's office.
11. Framed certificates of Dr. Mathew hanging in Room 2, Pod A at the Naperville clinic.
12. Pictures and plaques in Dr. Mayer's office.
13. Dr. Norek's books located in her Danada office; Dr. Norek's books and spine model located at the Bartlett office - clinic side "B".
14. Textbooks, journals, artwork, personal photos, knickknacks on desk, blotter and card/memo holders, printer, and diplomas/certificates in Dr. Senall's office and any diplomas/certificates of Dr. Senall hanging in OAD's offices.
15. Various plaques and certificates of Dr. Sterba, stained glass ortho tree hanging in Office One at Naperville office and pictures/bookcase in Dr. Sterba's office in Warrenville.
16. "Office Hours" lithograph and family photos in Dr. Thomas's office. Power-washer that belongs to Dr. Thomas.
17. Family photos and plaques in Dr. Watt's office.
18. Bottle of bourbon, books and foot x-ray framed print in Dr. Witkowski's office.
19. Two hanging pictures and desk chair in Barbara Kiel's office.

References in this Schedule 2.2 to offices refer to OAD's Warrenville office, unless otherwise specified.

SCHEDULE 4.2(b)(viii)

Required Consents and Notices

To be included in Closing Documents

SCHEDULE 5.3(a)(iv)

No Conflicts

To be included in Closing Documents

SCHEDULE 5.3(b)

Sellers' Required Approvals

The items set forth on Schedule 5.3(a)(iv) are hereby incorporated by reference.

SCHEDULE 5.5(a)
Financial Statements

To be included in Closing Documents

SCHEDULE 5.5(b)
Events Since December 31, 2011

No exceptions.

SCHEDULE 5.5(c)

Specified Events Since June 30, 2012; Material Liabilities After June 30, 2012

Specified Events Since June 30, 2012:

(i):

1. Service Agreement, effective as of July 15, 2012, by and between DOSC and MedPro Waste Disposal, LLC.
2. Anesthesia Equipment Maintenance Agreement, dated as of August 1, 2012, by and between DOSC and Doctors Oxygen Service, Inc.
3. eORTHOPOD Content Use Agreement, effective as of July 1, 2012, by and between OAD and Medical Multimedia Group, LLC.
4. Agreement, dated as of July 1, 2012, by and between OAD and Benet Academy.
5. Special Pricing Customer Agreement, dated as of July 19, 2012, and Assignment Agreement, dated as of July 17, 2012, by and between OAD and Transworld Systems Inc.

(ii): No exceptions.

(iii):

1. Karen Duenas filed an Incident-Complaint Form with OAD on July 3, 2012 related to an ankle injury she suffered in connection with a fall on the job while at OAD. OAD's insurance carrier, Employers Preferred Insurance Company, denied this claim on July 26, 2012.

1. The items set forth in clause (i) of this Schedule 5.5(c) are hereby incorporated by reference.

(iv): No exceptions.

(v): No exceptions.

(vi): No exceptions.

(vii): No exceptions.

Material Liabilities After June 30, 2012:

Liabilities arising out of the following:

2. Karen Duenas filed an Incident-Complaint Form with OAD on July 3, 2012 related to an ankle injury she suffered in connection with a fall on the job while at OAD. OAD's insurance carrier, Employers Preferred Insurance Company, denied this claim on July 26, 2012.
3. Service Agreement, effective as of July 15, 2012, by and between DOSC and MedPro Waste Disposal, LLC.
4. Anesthesia Equipment Maintenance Agreement, dated as of August 1, 2012, by and between DOSC and Doctors Oxygen Service, Inc.
5. eORTHOPOD Content Use Agreement, effective as of July 1, 2012, by and between OAD and Medical Multimedia Group, LLC.

6. Agreement, dated as of July 1, 2012, by and between OAD and Benet Academy.
7. Special Pricing Customer Agreement, dated as of July 19, 2012, and Assignment Agreement, dated as of July 17, 2012, by and between OAD and Transworld Systems Inc.

SCHEDULE 5.6

Liens

1. Wheaton Bank & Trust Company
2. Hinsdale Bank & Trust Company

SCHEDULE 5.7(b)

Real Property Leases

Leases:

1. Physical Therapy Lease, dated as of August 25, 1999, by and between Cornerstone Medical Development Company, L.L.C., as landlord, and OAD, as tenant, as amended by 1st Amendment dated as of October 15, 2000 and 2nd Amendment dated as of January 1, 2005, for approximately 5,175 square feet of space in the premises located at 27650 Ferry Road, Warrenville, IL 60555-3845.
2. Medical Office Lease, dated as of August 25, 1999, by and between Cornerstone Medical Development Company, L.L.C., as landlord, and OAD, as tenant, as amended by 1st Amendment dated as of October 15, 2000 and 2nd Amendment dated as of January 1, 2005, for approximately 27,712 square feet of space in the premises located at 27650 Ferry Road, Warrenville, IL 60555-3845.
3. Medical Office Lease, dated as of January 1, 2005, by and between Cornerstone Medical Development Company, L.L.C., as landlord, and OAD, as tenant, for approximately 2,082 square feet of space in the premises located at 27650 Ferry Road, Warrenville, IL 60555-3845.
4. Medical Office Lease, dated as of January 1, 2005, by and between Cornerstone Medical Development Company, L.L.C., as landlord, and OAD, as tenant, for approximately 7,450 square feet of space in the premises located at 27650 Ferry Road, Warrenville, IL 60555-3845.
5. Medical Office Lease, dated as of January 1, 2005, by and between Cornerstone Medical Development Company, L.L.C., as landlord, and OAD, as tenant, for approximately 2,168 square feet of space in the premises located at 27650 Ferry Road, Warrenville, IL 60555-3845.
6. Medical Office Lease, dated as of November 1, 2007, by and between South Naperville Associated Partners Illinois Limited Liability Company, as landlord, and OAD, as tenant, as amended by 1st Amendment to Lease dated as of December 8, 2008, for approximately 10,483 square feet of space in the premises located at 101 East 75th Street, Naperville, IL 60565.
7. Lease, dated as of September 3, 2010, by and between Central DuPage Health, as landlord, and OAD, as tenant, for approximately 6,976 square feet of space in the premises located at 885 Roosevelt Road, Glen Ellyn, IL 60137.
8. Medical Office Lease, dated as of January 1, 2011, by and between Danada Orthopaedic Partnership, as landlord, and OAD, as tenant, for approximately 4,121 square feet of space in the premises located at 7 Blanchard Circle, Suite 101, Wheaton, IL 60189.
9. Lease, dated as of January 1, 1999, by and between Thornhill Investments, LLC (as assignee of Central DuPage Health System), as landlord, and OAD, as tenant, as amended by 1st Lease Amendment dated as of January 1, 2001, 2nd Lease Amendment dated as of May 1, 2005, 3rd Lease Amendment dated as of January 1, 2007, 4th Lease Amendment dated as of January 1, 2008 and 5th Lease Amendment dated as of January 1, 2009, for approximately 4,377 square feet of space in the premises located at 515A & 515B Thornhill Drive, Carol Stream, IL 60188.

10. Medical Office Lease, dated as of June 1, 2007, by and between South Naperville Associated Partners, as landlord, and James E. Wilson, M.D., as tenant, as amended by 1st Amendment, dated as of December 8, 2008, for approximately 3,737 square feet of space in the premises located at 101 East 75th Street, Naperville, IL 60540.
11. Space-Sharing Lease Agreement, dated as of May 1, 2006, by and between OAD, as landlord, and Children's Surgical Foundation, Inc., as tenant, for approximately 1,177 square feet of space in the premises located at 27650 Ferry Road, Warrenville, IL 60555-3845.

Subleases:

12. Sublease and Addendum, dated as of September 28, 2005, by and between OAD, as landlord, and Dr. James E. Wilson, S.C., as tenant, amended as of _____, 2005, for approximately 1,700 square feet of space in the premises located at 27650 Ferry Road, Warrenville, IL 60555-3845.
13. Sublease of Ambulatory Surgical Center, dated as of January 1, 2005, by and among OAD, as sublandlord, DOSC, as tenant, and Cornerstone Medical Development Company, L.L.C., as landlord, for approximately 7,450 square feet of space in the premises located at 27650 Ferry Road, Warrenville, IL 60555-3845.
14. Sublease of 2,168 sq. ft ASC, dated as of January 1, 2005, by and among OAD, as sublandlord, DOSC, as tenant, and Cornerstone Medical Development Company, L.L.C., as landlord, for approximately 2,168 square feet of space in the premises located at 27650 Ferry Road, Warrenville, IL 60555-3845.
15. Sublease of "MRI" Facility, dated as of March 1, 2006, by and among Central DuPage Health, as sublandlord, OAD, as subtenant, and Cornerstone Medical Development Company, L.L.C., as landlord, for approximately 5,628 square feet of space in the premises located at 27650 Ferry Road, Warrenville, IL 60555-3845.
16. Sublease, dated as of November 17, 2005, by and between Central DuPage Health, as sublessor, and OAD, as sublessee, as amended by First Sublease Amendment dated as of April 1, 2011, for approximately 5,115 square feet of space in the premises located at 820 Stearns Road, Suite 320, Bartlett, IL 60103-4508.
17. Time Share Sublease Agreement, dated as of April 17, 2012, by and between Edward Health Ventures, NFP, as sublessor, and OAD, as sublessee, for approximately 609 square feet of space in the premises located at 1 East County Line Road, Sandwich, IL 60548.

SCHEDULE 5.7(d)

Matters Regarding Real Property Leases

No exceptions.

SCHEDULE 5.7(f)

Real Property Utilities

The Location at 27650 Ferry Road, Suites 100, 110 & 140, Warrenville, IL 60555-3845 is not served by gas.

SCHEDULE 5.8
Assumed Contracts

To be included in Closing Documents

SCHEDULE 5.9
Intellectual Property

None.

SCHEDULE 5.11

Litigation/Governmental Actions

To be included in Closing Documents

SCHEDULE 5.12(g)

Billing Disputes

To be included in Closing Documents

SCHEDULE 5.13

Environmental Matters

Certain Contracts that are Not an Assumed Contract may require OAD and/or DOSC to incur Losses arising from the Release or threatened Release of a Hazardous Substance.

The following Assumed Contracts may require OAD and/or DOSC to incur Losses arising from the Release or threatened Release of a Hazardous Substance:

1. Service Agreement, effective as of July 15, 2012, by and between DOSC and MedPro Waste Disposal, LLC.
2. Annual Preventative Maintenance Program Agreement, dated as of May 1, 2012, by and between DOSC and Steiner Power Systems.
3. Anesthesia Equipment Maintenance Agreement, dated as of August 1, 2012, by and between DOSC and Doctors Oxygen Service, Inc.
4. Rental Agreement #160932-001, dated as of July 18, 2011, by and between Balboa Capital and OAD.
5. Rental Agreement #160932-000, dated as of December 6, 2010, by and between Balboa Capital and OAD.
6. Service Agreement, effective as of August 29, 2011, by and between OAD and MedPro Waste Disposal, LLC.
7. SteriSafe Service Agreement, dated as of November 12, 2008, by and between Stericycle and OAD. (Carol Stream, IL).
8. SteriSafe Service Agreement, dated as of November 12, 2008, by and between Stericycle and OAD. (Warrenville, IL).
9. SteriSafe Service Agreement, dated as of November 12, 2008, by and between Stericycle and OAD. (Naperville, IL).
10. SteriSafe Service Agreement, dated as of November 12, 2008, by and between Stericycle and OAD. (Bartlett, IL).
11. SteriSafe Service Agreement, dated as of November 12, 2008, by and between Stericycle and OAD. (Wheaton, IL).
12. SteriSafe Service Agreement, dated as of November 12, 2008, by and between Stericycle and DOSC.
13. Physical Therapy Lease, dated as of August 25, 1999, by and between Cornerstone Medical Development Company, L.L.C., as landlord, and OAD, as tenant, as amended by 1st Amendment dated as of October 15, 2000 and 2nd Amendment dated as of January 1, 2005, for approximately 5,175 square feet of space in the premises located at 27650 Ferry Road, Warrenville, IL 60555-3845.
14. Medical Office Lease, dated as of August 25, 1999, by and between Cornerstone Medical Development Company, L.L.C., as landlord, and OAD, as tenant, as amended by 1st Amendment

dated as of October 15, 2000 and 2nd Amendment dated as of January 1, 2005, for approximately 27,712 square feet of space in the premises located at 27650 Ferry Road, Warrenville, IL 60555-3845.

15. Medical Office Lease, dated as of January 1, 2005, by and between Cornerstone Medical Development Company, L.L.C., as landlord, and OAD, as tenant, for approximately 2,082 square feet of space in the premises located at 27650 Ferry Road, Warrenville, IL 60555-3845.
16. Medical Office Lease, dated as of January 1, 2005, by and between Cornerstone Medical Development Company, L.L.C., as landlord, and OAD, as tenant, for approximately 7,450 square feet of space in the premises located at 27650 Ferry Road, Warrenville, IL 60555-3845.
17. Medical Office Lease, dated as of January 1, 2005, by and between Cornerstone Medical Development Company, L.L.C., as landlord, and OAD, as tenant, for approximately 2,168 square feet of space in the premises located at 27650 Ferry Road, Warrenville, IL 60555-3845.
18. Medical Office Lease, dated as of November 1, 2007, by and between South Naperville Associated Partners Illinois Limited Liability Company, as landlord, and OAD, as tenant, as amended by 1st Amendment to Lease dated as of December 8, 2008, for approximately 10,483 square feet of space in the premises located at 101 East 75th Street, Naperville, IL 60565.
19. Lease, dated as of September 3, 2010, by and between Central DuPage Health, as landlord, and OAD, as tenant, for approximately 6,976 square feet of space in the premises located at 885 Roosevelt Road, Glen Ellyn, IL 60137.
20. Medical Office Lease, dated as of January 1, 2011, by and between Danada Orthopaedic Partnership, as landlord, and OAD, as tenant, for approximately 4,121 square feet of space in the premises located at 7 Blanchard Circle, Suite 101, Wheaton, IL 60189.
21. Lease, dated as of January 1, 1999, by and between Thornhill Investments, LLC (as assignee of Central DuPage Health System), as landlord, and OAD, as tenant, as amended by 1st Lease Amendment dated as of January 1, 2001, 2nd Lease Amendment dated as of May 1, 2005, 3rd Lease Amendment dated as of January 1, 2007, 4th Lease Amendment dated as of January 1, 2008 and 5th Lease Amendment dated as of January 1, 2009, for approximately 4,377 square feet of space in the premises located at 515A & 515B Thornhill Drive, Carol Stream, IL 60188.
22. Medical Office Lease, dated as of June 1, 2007, by and between South Naperville Associated Partners, as landlord, and James E. Wilson, M.D., as tenant, as amended by 1st Amendment, dated as of December 8, 2008, for approximately 3,737 square feet of space in the premises located at 101 East 75th Street, Naperville, IL 60540.
23. Space-Sharing Lease Agreement, dated as of May 1, 2006, by and between OAD, as landlord, and Children's Surgical Foundation, Inc., as tenant, for approximately 1,177 square feet of space in the premises located at 27650 Ferry Road, Warrenville, IL 60555-3845.
24. Sublease and Addendum, dated as of September 28, 2005, by and between OAD, as landlord, and Dr. James E. Wilson, S.C., as tenant, amended as of _____, 2005, for approximately 1,700 square feet of space in the premises located at 27650 Ferry Road, Warrenville, IL 60555-3845.
25. Sublease of Ambulatory Surgical Center, dated as of January 1, 2005, by and among OAD, as sublandlord, DOSC, as tenant, and Cornerstone Medical Development Company, L.L.C., as landlord,

for approximately 7,450 square feet of space in the premises located at 27650 Ferry Road, Warrenville, IL 60555-3845.

26. Sublease of 2,168 sq. ft ASC, dated as of January 1, 2005, by and among OAD, as sublandlord, DOSC, as tenant, and Cornerstone Medical Development Company, L.L.C., as landlord, for approximately 2,168 square feet of space in the premises located at 27650 Ferry Road, Warrenville, IL 60555-3845.
27. Sublease of "MRI" Facility, dated as of March 1, 2006, by and among Central DuPage Health, as sublandlord, OAD, as subtenant, and Cornerstone Medical Development Company, L.L.C., as landlord, for approximately 5,628 square feet of space in the premises located at 27650 Ferry Road, Warrenville, IL 60555-3845.
28. Sublease, dated as of November 17, 2005, by and between Central DuPage Health, as sublessor, and OAD, as sublessee, as amended by First Sublease Amendment dated as of April 1, 2011, for approximately 5,115 square feet of space in the premises located at 820 Stearns Road, Suite 320, Bartlett, IL 60103-4508.
29. Time Share Sublease Agreement, dated as of April 17, 2012, by and between Edward Health Ventures, NFP, as sublessor, and OAD, as sublessee, for approximately 609 square feet of space in the premises located at 1 East County Line Road, Sandwich, IL 60548.

SCHEDULE 5.14

Licenses and Permits; Deficiencies

1. Accreditation awarded to DOSC by the Accreditation Association for Ambulatory Health Care, Inc. (Organization #70088), effective from February 26, 2010 through April 14, 2013.
2. Certificate of Waiver, CLIA ID #: I4D1044624, awarded to DOSC by the Center for Medicare & Medicaid Services, effective from August 24, 2011 through August 23, 2013.
3. License No. 042.618824 for Registered Medical Corporation issued to OAD for Bartlett, IL location by State of Illinois – Department of Financial and Professional Regulation – Division of Professional Regulation, expiring January 1, 2013.
4. License No. 042.617849 for Registered Medical Corporation issued to OAD for Carol Stream, IL location by State of Illinois – Department of Financial and Professional Regulation – Division of Professional Regulation, expiring January 1, 2013.
5. License No. 042.619895 for Registered Medical Corporation issued to OAD for Glen Ellyn, IL location by State of Illinois – Department of Financial and Professional Regulation – Division of Professional Regulation, expiring January 1, 2013.
6. License No. 042.617846 for Registered Medical Corporation issued to OAD for Naperville, IL location by State of Illinois – Department of Financial and Professional Regulation – Division of Professional Regulation, expiring January 1, 2013.
7. License No. 042.617848 for Registered Medical Corporation issued to OAD for Warrenville, IL location by State of Illinois – Department of Financial and Professional Regulation – Division of Professional Regulation, expiring January 1, 2013.
8. License No. 042.617847 for Registered Medical Corporation issued to OAD for Wheaton, IL location by State of Illinois – Department of Financial and Professional Regulation – Division of Professional Regulation, expiring January 1, 2013.
9. License No. 7003064 for Ambulatory Treatment Center issued to DOSC by State of Illinois Department of Public Health, effective from March 20, 2012 through March 19, 2013.

SCHEDULE 5.15

Insurance

Policy Type	Agent Information	Insurer	Policy No.	Policyholder	Covered Insured	Period of Coverage
Executive Liability, Entity Liability and Employment Practices Liability	Arthur J. Gallagher Risk Management Services, Inc. 300 S. Riverside #1900 Chicago, IL 60606-0000	Federal Insurance Company	[Redacted]	DuPage Orthopedic Surgery Center	DuPage Orthopedic Surgery Center	October 10, 2011 to October 10, 2012
Executive Liability, Entity Liability and Employment Practices Liability	Arthur J. Gallagher Risk Management Services, Inc. 300 S. Riverside #1900 Chicago, IL 60606-0000	Federal Insurance Company	[Redacted]	OAD Orthopaedics Ltd.	OAD Orthopaedics Ltd.	May 15, 2012 to May 15, 2013
Medical Professional Liability	Gallagher Healthcare The Gallagher Centre Two Pierce Place Suite 1820 Itasca, IL 60143	The Medical Protective Company	{Redacted}	DuPage Orthopaedic Surgery Center, LLC	DuPage Orthopaedic Surgery Center, LLC	January 1, 2012 to January 1, 2013
Medical Professional Liability	Gallagher Healthcare The Gallagher Centre Two Pierce Place Suite 1820 Itasca, IL 60143	The Medical Protective Company	[Redacted]	OAD Orthopaedics Ltd.	OAD Orthopaedics Ltd.	January 1, 2012 to January 1, 2013
Property	Mavco Insurance Agency Inc./PHS Mavco Insurance Agency, Inc. 10 W. Chicago Ave. Hinsdale, IL 60521 Attn.: Bob Smith	Hartford Casualty Insurance Company	[Redacted]	DuPage Orthopaedic Surgery Center, LLC	DuPage Orthopaedic Surgery Center, LLC	October 17, 2011 to October 17, 2012
Business Owners	Valley Insurance Agency, Inc. 422 E. State St. Geneva, IL 60134-2362	Auto-Owners Insurance	[Redacted]	OAD Orthopaedics Ltd.	OAD Orthopaedics Ltd.	July 1, 2012 to July 1, 2013

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	Attn: Gordon Hand Phone: (630) 232-1640					
Automobile	Valley Insurance Agency, Inc. 422 E. State St. Geneva, IL 60134-2362 Attn: Gordon Hand Phone: (630) 232-1640	Auto- Owners Insurance	[Redacted]	OAD Orthopaedics Ltd.	OAD Orthopaedics Ltd.	July 1, 2012 to July 1, 2013
Umbrella Liability	Valley Insurance Agency, Inc. 422 E. State St. Geneva, IL 60134-2362 Attn: Gordon Hand Phone: (630) 232-1640	Auto- Owners Insurance	[Redacted]	OAD Orthopaedics Ltd.	OAD Orthopaedics Ltd.	July 1, 2012 to July 1, 2013
Workers' Compensation and Employers Liability	Coyle-Varland Ins. Agency Inc. P.O. Box 19 Rockford, IL 61105	Employers Preferred Ins. Co.	[Redacted]	OAD Orthopaedics Ltd	OAD Orthopaedics Ltd	April 1, 2012 to April 1, 2013

SCHEDULE 5.16(a)

Employees

See attached list of employees and physicians employed by OAD and list of employees employed by DOSC.

OAD Orthopedics, Ltd. Employee Listing as of July 2014	
Nursing Department	Physician Assistant/Advanced Practice Nurse
REGISTERED NURSES	DELANEY, MAJORIE
ADAMS, CAROL A	CORDES, BRITTANY
BOYLE, MAUREEN	KWONG, CHRISTOPHER
BUCK, MICHELLE	MORGAN, LAURIE
BUCKALEW, PATRICIA	O'DONNELL, DAN
DIPIRRO, JEANNE	OMSBERG, KELLY
EILERS, ALANE	REED, SUSAN (PA MGR)
GRESK, KATHLEEN	RODRIGUEZ, CHRISTINE
JONES, SHARON L	
TISDALE, NANCY	
	Radiology Department
Medical Assistants	
COUNTS, MICHELE	ASTRAUSKAS, TERESA (File Rm)
D'ANGELO, BRITTANI	BOBZIEN, RITA
DUEÑAS, KAREN	CAMPBELL, INGA
FRAUENFELDER, DIANE	CONNELL, MARY
GONZALES, FIROUZEL	DIETER, KATHLEEN
GRIFFIN, DENISE	GOFF, HALEY
HANSEN, ADAM D	LALOWSKI, URANIA
HERDA, PATRICIA	LENOS, CASSANDRA
LICHTFUSS, AMY K (Billing)	MANN, JOHN
MCGUINNESS, MARTA	PORTANOVA, ERIKA
MUIR, MARY	SANDRIK, KAREN
O'NEIL, BRENDA S	SELVEY, CANDICE
STOFFREGEN, JULIE A	STRONG, MICHELLE
VOINEA, DANIELA	THEZAN, DAWN
WALLACE, KIRSTEN	VATH, CHERYL
MCWHIRT, MELISSA	
MILLER, BETH	
JESSICA PEREZ	
Clinical Assistants	
ESPINOZA, KENIA	MRI, TERRY (S. & S. Room)
MARKS, GENEVIEVE	Anon, Laura (Reception)
MARSTEN, JENNIFER	GARZA, LISA
MILLER, CHRISTLE	HAMILTON, HOLLAS
OLA, JUMEL	KRAJEC, KELLY (Scheduler)
	LENOS, MELISSA
	NEPERENY, THOMAS
	ROLEWICZ, JOSEPH
Billing Department	Medical Records
ABRAHAM, ARLENE	BLOCK, EMILY (FRAUENFELDER)
BARDELOSA, MARICAR	HOGAN, BILL
BIDDINGER, LINDA	LUEBKE, AMY
BORDEN, ANN	VANN, BARBARA
CABALLERO, GLORIA-MANAGER	ZYDEK, LISA
COZZIE, DIANE	
DOSS, JUDITH	
FANTL, KATHLEEN	
FLANNAGAN, SUSAN	
GARNER, NANCY	Telephone Schedulers
GEINOSKY, JOAN	BONTEMPO, CARRIE
HANSON, IRENE	CASSELLO, CYNTHIA
HOBBS, MARJORY	GRZELAK, DOLORES
KRAUKUS, DENISE	LAKE, MARY
KREH, KELLY	LEWANDOWSKA, TRICIA
LEAVENWORTH, PAM	MARSH, KIMBERLY
LEVERENCE, MARI ELLEN	
MENDEZ, LOURDES	
MOYER, CHERYL (Kaysen)	
OGLESBY, JOANNE	
PETRELLI, SUSAN	
PLOKE, PATRICIA	Receptionists
PROBST, LINDA	ANTIS, LYNN
RAUSCH, JENNIFER	COLETTA, LYDIA
RUBIO, MARLEN	GRAHAM, MARY JO
HEIMER, TOM (SIMULIS)	HARVEY, NANCY
TAYLOR, JOCELYN	HEER, LEANNE
TIMMERS, KATHY	KROGER, GAIL
VANDIVIER, KAY	MARITOTE, JUDITH
VILLARE, DAWN	NEUWOLD, CARRIE
	PEREZ, ROSALINA
	RILEY, LINDA
Transcription	SRIVASTAVA, JOAN
PROKOP, SYLVIA	TRONCIN, MICHELLE
SOURILE, RENEE (WILKE)	VANDIVIER, JESSICA
STAUBER, JUDI	MCCARTNEY, KATHLEEN
Administration	Patient Advocates
BARBARA KIEL-CEO	AYALA, LETICIA
CHLASTA, NANCY	DVORAK, CRYSTAL
DINSE, STEVEN-MGR	SCHERER, PAMELA
ECK, STEVE	
GORNEY, KIMBERLY	
JOHNSON, KELLY	
LANDRUM, NORMAN	
MOHR, LAURIE	
MORENO, IVAN	
NATHAN, MICHAEL	
OURADA, GARY	

DuPage Orthopaedic Surgery Center Employee Listing as of July 2012	
Name	Title
Barbara Kiel	CEO
Dorina Carmignani	Manager
Ballines, Vanessa	Scanner
Bauer, Andrea	Medical Assistant
Beltzhoover, Marianne	RN
Benson, Michael	ST
Cappleman, Susan	RN
Cryder, Dawn	RN
Davis, Graziela	RN
Dotter, Ronda	CST
Embersen, Ann	RN
Jordan, Heather	ST
Lagman, Gail	RN
Licko, Deandra	CST
Mach, Susan	Charge RN
Mellen, Diane	RN
Popelka, William	Circ. RN
Prebyl, Margeaux	ST
Skudlarek, Diana	Reception
Swan, Gina	Surg. Tech.
Swichtenberg, Jamie (Gronowski)	ST
West, Jodi	Reception
Barger, Kelly	RN
Brennan, Alison	RN
Galluci, Nicole	RN
Lehane, Christine	Pre/Post Op RN
Wojtowycz (Lawrence), Nicole	RN
Manikatova, Julia	RN
Spiczio, Cindy	RN
Wisniewski, Cynthia	RN

OAD & DOSC Physicians
Mir Ali
John Andreshak
Aaron Bare
Anup Bendre
David Chang
<i>Rachel Cisko (Fellino)</i>
Beth Froese
Matthew Gimre
Stephen Heim
Thomas Kiesler
Jerome Kolavo
Lenard LaBelle
Mary Ling
Richard Makowiec
Vinita Mathew
Steven Mayer
David Mochel
Mary Norek
Jeffrey Senall
William Sterba
Richard Thomas
David Watt
Gregory Witkowski

SCHEDULE 5.17(a)

Employee Plans

1. OAD Orthopaedics, Ltd. Employees' Profit Sharing and Savings Plan
2. BlueCross BlueShield of Illinois BluePrint PPO 80/60 Medical Insurance Plan
3. BlueCross BlueShield of Illinois BlueAdvantage HMO Medical Insurance Plan
4. Lincoln Financial Group Long-Term Disability Insurance Plan
5. Lincoln Financial Group Short-Term Disability Insurance Plan
6. Lincoln Financial Group Life Insurance Plan
7. Lincoln Financial Group Employee Assistance Program
8. Section 125 Cafeteria Plan
9. Paid Time-Off Policy for employees with pre-July 1, 2009 hire dates
10. Paid Time-Off Policy for employees with post-July 1, 2009 hire dates
11. Various Leave Policies
12. Continuing Education Assistance
13. Employee Fitness/Equipment Use
14. Employee Discount Policy
15. OAD Mileage Reimbursement Policy
16. OAD Cellular Phone Reimbursement Policy
17. Physician Assistant and Advanced Practice Nurse Benefits
18. OAD Employee Handbook
19. DOSC Employee Handbook
20. The employment agreements listed as items 79 through 103 on Schedule 5.8 are hereby incorporated by reference.
21. Health Insurance Agreement, dated as of September 27, 2011, by and between OAD and Barbara J. Kiel.
22. Health Insurance Agreement, dated as of 2011, by and among OAD, David Chang, Stephen E. Heim, David H. Watt, Jerome L. Kolavo, Lenard W. LaBelle, David M. Mochel, Richard K. Thomas, Mary Ling, Jeffrey A. Senall, Thomas W. Kiesler, John L. Andreshak, Anup Bendre, Aaron A. Bare, William R. Sterba, Richard L. Makowiec and Gregory P. Witkowski.
23. Health Insurance Agreement, dated as of 2007, by and among OAD, David Chang, Stephen E. Heim, David H. Watt, Jerome L. Kolavo, Lenard W. LaBelle, David M. Mochel, Richard K. Thomas, Mary Ling, Jeffrey A. Senall, Thomas W. Kiesler, John L. Andreshak, Anup Bendre, and John F. Showalter.

SCHEDULE 5.17(e)

Post-Employment Employee Benefits

1. Health Insurance Agreement, dated as of September 27, 2011, by and between OAD and Barbara J. Kiel.
2. Health Insurance Agreement, dated as of 2011, by and among OAD, David Chang, Stephen E. Heim, David H. Watt, Jerome L. Kolavo, Lenard W. LaBelle, David M. Mochel, Richard K. Thomas, Mary Ling, Jeffrey A. Senall, Thomas W. Kiesler, John L. Andreshak, Anup Bendre, Aaron A. Bare, William R. Sterba, Richard L. Makowiec and Gregory P. Witkowski.
3. Health Insurance Agreement, dated as of 2007, by and among OAD, David Chang, Stephen E. Heim, David H. Watt, Jerome L. Kolavo, Lenard W. LaBelle, David M. Mochel, Richard K. Thomas, Mary Ling, Jeffrey A. Senall, Thomas W. Kiesler, John L. Andreshak, Anup Bendre, and John F. Showalter.

SCHEDULE 5.18

Payment Programs

1. Medicare
2. Medicaid
3. Items 1 through 16 on Schedule 5.8 are hereby incorporated herein by reference.

SCHEDULE 5.18(a)

Payment Programs – Terminations

To be included in Closing Documents

SCHEDULE 5.18(e)

Pavment Programs – Penalties and Sanctions

To be included in Closing Documents

SCHEDULE 5.19

Joint Ventures and Investments; Affiliates and Subsidiaries

No exceptions.

SCHEDULE 5.21

Sellers' Broker Fees

Fees and expenses of Livingstone Partners LLC pursuant to the Engagement Agreement dated as of March 7, 2012 by and among Livingstone Partners LLC, OAD, DOSC, Cornerstone Medical Development Company, L.L.C., South Naperville Associated Partners, LLC, South Naperville Associated Partners II, LLC and Danada Orthopedic Partnership.

SCHEDULE 7.3(b)

The Purchaser's Required Approvals

1. In order to transfer the ASC's AAAHC accreditation to Cadence Ambulatory Surgery Center, LLC ("CASC"), the parties must submit a notice letter to AAAHC at least fifteen (15) days prior to the Closing Date detailing the change of ownership and its impact on the ASC—i.e., any change in management, governing body, policies and procedures, procedures performed, etc. Then, AAAHC will require completion of an ownership update packet further describing the changes in ownership and the ASC as a result of the change. Once the completed packet has been received and reviewed by AAAHC, AAAHC will determine whether a site visit is needed to continue accreditation and, if so, whether the survey takes the form of a full or limited survey.
2. In order to transfer the ASC's Certificate of Waiver for CLIA to CASC, CASC must notify the Illinois Department of Public Health ("IDPH"), Division of Health Care Facilities & Programs, of the change of ownership within thirty (30) days following the Closing Date.
3. In order to transfer the ASC's ASTC License to CASC, CASC must first apply to the Health Facilities Review Board for a Certificate of Exemption, a process that can take up to three (3) months. Then, the parties must submit an application for new license to the IDPH at least thirty (30) days in advance of the anticipated Closing Date. Once CASC has received a Certificate of Exemption, it must send evidence of the certificate to the IDPH. Finally, on the Closing Date, CASC must submit to the IDPH a copy of the Agreement.
4. In order to enroll the ASC in Medicare following the Closing Date, CASC can (i) accept assignment of the ASC's existing Medicare assets and liabilities by submitting a CMS-855B change of ownership ("CHOW") application and a copy of the Agreement to the Medicare Administrative Contractor ("MAC") up to ninety (90) calendar days prior to the anticipated date of the CHOW for approval or (ii) submit a CMS-855B new enrollment application to the MAC for approval. If CASC accepts assignment and the MAC approves the CHOW application, there should be no disruption to Medicare billings; however, if CASC submits a CMS-855B new enrollment application to the MAC, CASC will not be able to bill Medicare for services until the certification or accreditation survey is complete and the CMS Regional Office approves the application.

SCHEDULE 7.6

The Purchaser's Broker Fees

The Purchaser has retained McDermott Will & Emery, LLP, Sidley Austin, LLP, Axel and Associates and the Chartis Group to assist it in evaluating, negotiating and consummating the transaction. It also has retained Cain Brothers to issue a fairness opinion in connection with the transaction. The Purchaser has not engaged any advisors to provide services in exchange for a fee that is contingent upon the Closing.

SCHEDULE 8.3(b)

Employee Compensation

To be included in Closing Documents

November 23, 2011

Illinois Finance Authority Central DuPage Health; Hospital

Primary Credit Analyst:

Suzie Desai, Chicago (1) 312-233-7046; suzie_desai@standardandpoors.com

Secondary Contact:

Brian T Williamson, Chicago (1) 312-233-7009; brian_williamson@standardandpoors.com

Table Of Contents

Rationale

Outlook

Enterprise Profile

Financial Profile

Debt Derivative Profile

Related Criteria And Research

Illinois Finance Authority Central DuPage Health; Hospital

Credit Profile

Illinois Fin Auth, Illinois

Central DuPage Health, Illinois

Illinois Finance Authority (Central DuPage Health) (MBIA)

Unenhanced Rating

AA(SPUR)/Stable

Affirmed

Rationale

Standard & Poor's Ratings Services affirmed its 'AA' long-term rating on the Illinois Finance Authority's \$240 million series 2009B and \$90 million series 2009 fixed-rate revenue bonds, issued for Central DuPage Health. Standard & Poor's also affirmed its 'AA' long-term rating and underlying rating (SPUR) on the authority's \$6 million series 2000A periodic auction-rate securities (PARS), insured by National Public Finance Guarantee Corp. (formerly known as MBIA Insurance Corp. of Illinois) and issued for Central DuPage Health. The outlook on all ratings is stable.

Effective April 1, 2011, Central DuPage Health and Delnor-Community Hospital (Delnor; A/Positive) merged to create CDH-Delnor Health System (CDH-Delnor). Central DuPage Health and its affiliates are located in Winfield, a western suburb of Chicago, and Delnor is located approximately 11 miles west of Central DuPage Health. The two entities, while integrated operationally, maintain two distinct obligated groups. We revised the Delnor rating outlook to positive from stable and affirmed the rating in January 2011, and will review the rating in the next few months. The financials presented in this article are those of the consolidated system of CDH-Delnor (for the quarter ended June 30, 2011), but we also provide financials for Central DuPage Health and Central DuPage Health-specific affiliates (collectively referred to as CDH) for year-over-year comparisons. This analysis, however, incorporates the newly consolidated system.

The 'AA' rating reflects our view of CDH-Delnor's strong financial profile, good market strength in a favorable demographic service area, and position as a regionally based system with a focus on several key high-acuity service lines. The consolidated system's financial profile is dominated by CDH, given the smaller scale of operations at Delnor. We anticipate that CDH-Delnor will maintain its strong financial profile as services on both campuses are enhanced and as management continues to focus on expenses, and we anticipate that the operations of Delnor, which in recent years has had light (though positive) operating performance levels and volume declines, will improve. The market remains fairly competitive and there have been several mergers and consolidations in the larger geographic region, possibly making market dynamics a little more fluid.

More specifically, the 'AA' rating reflects our view of CDH-Delnor's:

- Healthy levels of unrestricted liquidity, with approximately 471 days' cash on hand at June 30, 2011 for CDH-Delnor and approximately 544 days' at June 30, 2011 for CDH, and with a fairly conservative investment allocation helping to maintain the stability of unrestricted liquidity levels;
- Continued robust profitability, with an operating margin of 3.6% for the quarter ended June 30, 2011 for

CDH-Delnor and with CDH generating a third consecutive year of strengthened operating margins of 10.7% for the full fiscal year ended June 30, 2011;

- Strong 4.1x pro forma maximum annual debt service coverage (MADS) in fiscal 2011 for CDH (including all debt for CDH-Delnor except for CDH's series 2000 PARS, which will be fully redeemed on Dec. 20, 2011);
- Management team, which has implemented a strategic plan to enhance its facilities and operations and which will broaden some of its key strategic initiatives at Delnor over the next few years;
- Location in an economically and demographically favorable service area, with a dominant 65% market share in its primary service area (despite competition in the suburban Chicago market); and
- Slightly more moderate debt levels as indicated by roughly 30% debt to capitalization and a debt burden of almost 4% (for both CDH and CDH-Delnor).

Management refinanced the CDH obligated group's \$127.2 million series 2004 variable-rate demand bonds (VRDB) and Delnor's \$58.4 million series 2008A VRDBs with three series of direct placement debt with JPMorgan Chase and has maintained overall levels of contingent liability. Unrestricted cash to contingent liabilities is a strong 615% and CDH-Delnor no longer has any puttable debt. CDH maintains a contingent liability for approximately \$31.8 million of debt related to its senior living business, which was sold in 2009. The put option on that debt could be exercised should the new owner of the business be unable to meet certain covenants. To date, CDH has not had to support any of the divested entity's debt obligations.

The sole member of both Central DuPage Hospital (313 licensed beds) and Delnor-Community Hospital (159 licensed beds) is CDH-Delnor Health System. CDH-Delnor Health System (formerly known as Central DuPage Health) and Central DuPage Hospital are members of the CDH obligated group, while Delnor remains a separate obligated group. Management reports that it intends to collapse the Delnor obligated group into the CDH obligated group should Delnor bondholders agree to accept the CDH obligated group security package. Management reports that until such time, each obligated group will remain solely responsible for its obligated debt (prior to the merger and including the recently issued direct placement debt). Other entities that are part of the CDH-Delnor system but are not part of the obligated groups are Community Nursing Service of DuPage County Inc.; Central DuPage Physician Group, which employs approximately 111 physicians; foundations for both Delnor and CDH; and a residential living facility. While the unrestricted receivables of the CDH obligated group secure the CDH obligated group debt, such pledge will be eliminated on Dec. 20, 2011, when CDH redeems its series 2000 bonds. After the redemption, remaining CDH obligated group debt will be general obligations of the CDH obligated group. Delnor obligated debt is secured by the gross receivables of and a springing mortgage on Delnor. Delnor has approximately \$129 million of debt that we have incorporated into the consolidated system analysis. Total debt at CDH is approximately \$470 million, and total debt of CDH-Delnor is approximately \$600 million.

Outlook

The stable outlook reflects our view of significant flexibility derived from CDH's strong cash balances and good trend of strong operating performance along with its business position. While CDH-Delnor's financial profile remains quite strong and its geographic footprint has expanded with the merger of the two organizations, the broader metropolitan Chicago market remains competitive and continues to see consolidation and a potentially evolving landscape. CDH-Delnor's concentration in a relatively limited but demographically favorable geographic area requires strong liquidity with consistently strong performance as a consolidated entity. We could consider raising the rating as the merger is fully digested and if Delnor's operations improve. In addition, we could raise the

rating if CDH's and CDH-Delnor's operating margins and cash on hand remain at current levels with a continued trend of declines in debt levels.

Although we do not expect to do so over the next one to two years given CDH-Delnor's strong market position, financial cushion at the current rating level, and management and the board's ability to exceed its budget for the past few years, we could lower the rating if operating margins decrease and are sustained at less than 3% or if cash on hand declines to 200 days. However, we do not anticipate that such a situation is likely to occur, based on historical trends and the ability of management and the board to manage CDH-Delnor's overall operating performance and balance sheet.

Enterprise Profile

Market

The combined organization of CDH and Delnor has close to \$1 billion of operating revenues, with CDH's revenue base accounting for about three-fourths of that total. The merger with Delnor creates an expanded footprint for the system in the western suburbs of Chicago, from Sycamore in the west to Lombard in the east, with the combined organization maintaining a dominant market position of 65% in a fairly competitive service area. Several hospitals have service areas that overlap in CDH's larger service area, including Alexian Brothers Medical Center to the northeast, Sherman Hospital (BBB/Stable) to the northwest, Edward Hospital (A+/Stable) to the south, Advocate Good Samaritan (part of Advocate Health Care; AA/Stable) to the southeast, and Elmhurst Hospital to the east. In addition, recent consolidations in the broader market could affect broader market dynamics. CDH-Delnor's geographic area has maintained fairly favorable demographics, including a favorable payer mix with about 50% of gross revenues coming from commercial payers, and population growth in certain parts of the greater service area, specifically in Delnor's immediate service area.

In recent years, CDH has focused on key service lines that support its solid business position: cardiac care, pediatrics, cancer, stroke, and orthopedics. Management aims to enhance some of the same services at Delnor to enhance its competitive position. The consolidated system now employs 111 physicians (compared with 48 in 2008) and continues to focus on physician alignment strategies.

Utilization

CDH, which is in a competitive service area with a relatively stable population, continues to increase volumes (albeit at a much slower rate than that of a few years ago) and market share as management has focused on key service lines. We anticipate that although there may be some moderate growth on the inpatient side, particularly in some of the areas of focus, CDH will likely experience more outpatient growth. Acute-care admissions at CDH grew by a slight 0.8% to 22,336 in 2011, following a similar trend for fiscal 2010. Both inpatient surgeries and outpatient surgeries declined in 2011, by 2% to 8,717 and 5.9% to 16,641, respectively, due partially to the ongoing economic challenges.

Delnor has exhibited more steady volume declines over the past few years as competition has increased, particularly to the north with the opening of Sherman's replacement hospital on Randall Road. In 2011, inpatient admissions declined 3.7% to 8,557, but since fiscal 2008, admissions have declined 16%. Surgeries followed a similar trend, with declines of 9.2% to 3,128 for inpatient surgeries and 7.1% to 5,579 for outpatient surgeries in 2011. We anticipate that CDH's experience in employing physicians and expanding services should help Delnor stabilize volumes within its market over the next few years.

Management

With the merger of the two systems, the CEO of CDH, Luke McGuinness, has become CEO of the CDH-Delnor Health System. The 20-member board of CDH-Delnor has equal representation from the two hospitals. Management has historically been effective at implementing its strategic plan and generating volumes for its key service lines, and this, along with strong cost controls, has allowed CDH to either meet or exceed its budget for the past five years. We believe that this experience, along with continued focus on process improvement and the use of data to manage the cost and quality of care (partially from the use of Epic as its electronic health record system), should allow CDH-Delnor to continue to generate strong operating performance.

Financial Profile

Income statement

For fiscal 2011, CDH posted a strong operating income of \$78.2 million (or a 10.7% margin), compared with \$69.8 million (or a 10.3% margin) posted in fiscal 2010. The operating income for the combined CDH-Delnor system for the quarter ended June 30, 2011 was \$8.8 million (3.6% margin) and on a full-year pro forma basis (unaudited) would have been \$82 million had the two entities been combined on July 1, 2010. Through the first quarter of fiscal 2012, CDH-Delnor generated an unaudited \$24.3 million (9.8% margin) of operating income. Management attributed its strong operations to a good payer mix and continued focus on increasing top-line revenues, particularly in the outpatient area and along key service lines, in conjunction with minimal expense growth. The last quarter of fiscal 2011 did have some merger-related expenses that contributed to the softer operating income levels. CDH continues to focus on key higher-acuity and higher-intensity service lines. Excess income, excluding unrealized losses on investments and changes in swap valuation, amounted to \$90.1 million (12.1% margin) for fiscal 2011, on par with the prior year's \$87.8 million (12.7% margin). This, along with strong operations, contributed to good pro forma MADS coverage of 4.1x. For the quarter ended June 30, 2011, CDH-Delnor generated excess income of \$16 million (6.4% margin), contributing to still good MADS coverage of 3.9x. Debt service coverage excludes partial guarantees of approximately \$4.4 million on joint-venture debt that totals \$11.3 million.

Management expects to continue its focus on expense management while increasing outpatient revenues and reducing costs of delivery of care. We believe that this focus, coupled with efficiencies and service line enhancements at Delnor, make CDH-Delnor's \$95 million operating income budget for fiscal 2012 an attainable goal.

Balance sheet

CDH's unrestricted liquidity levels, which totaled \$915 million at June 30, 2011 (equal to 544 days' cash on hand), grew 10.1% over the prior year. (All unrestricted cash levels have been adjusted to exclude cash that is equal to the full long-term self-insurance liability.) Unrestricted cash to long-term debt for CDH continued to improve to 196% at June 30, 2011, with leverage at a reasonable 29%. At June 30, 2011, the combined CDH-Delnor system looked similar to CDH, with unrestricted cash at \$1.1 billion, equal to 471 days' cash on hand, 192% cash to long-term debt, and 30% leverage. As part of its strategic efforts around care delivery and provision of higher-acuity services, capital plans for construction, and improvements to the hospital campus, CDH has spent on average 252% of annual depreciation expense over the past three years and recently completed a five-story, 280,000-square-foot bed pavilion (with 202 medical-surgical private rooms) and its Epic information technology (IT) investment. Average age of plant for both CDH and CDH-Delnor is low, at 6.6 years for CDH and 6.8 years for CDH-Delnor. Capital expenditures for CDH-Delnor are budgeted at approximately \$179 million for 2012, with amounts set aside for

implementation of Epic at both campuses, a new cancer center at Delnor, and other building and IT-related projects. We expect that if operating cash flow (budgeted at \$204 million for fiscal 2012) remains robust, unrestricted liquidity levels should continue to improve and maintain pace with the expense growth. A conservative investment allocation has aided CDH's maintenance of liquidity levels with approximately 22% of investments in equities and alternative investments, but management expects the percentage allocated to equities and alternatives to increase to 30% over the next six months.

Debt Derivative Profile

CDH is party to two variable- to fixed-rate swaps with Morgan Stanley Capital Services Inc. (guaranteed by 'A' rated Morgan Stanley) for a total notional amount of \$130 million. Standard & Poor's assigned CDH a Debt Derivative Profile (DDP) overall score of '2' on a four-point scale, with '1' representing the lowest risk. The score of '2' represents a low credit risk.

The overall DDP score of '2' denotes a low credit risk due to:

- The minimal counterparty and termination risk because of the strongly rated counterparty and obligor, with no collateral posting required by either party;
- The swap's average economic viability over stressful economic cycles due, in large part, to the swaps' long maturities (2038); and
- Adequate management oversight and disclosure practices.

CDH's net variable-rate exposure, including the swaps, is approximately 3%. There is also one swap with shorter maturities at one of CDH's joint ventures, for a total notional amount of about \$3.9 million, half of which is subject to CDH's guarantees. We have not fully incorporated this swap into the DDP score, but this swap has a negative mark-to-market value of approximately \$575,000 with no collateral posting required, approximately \$288,000 of which is subject to CDH's guarantee with the bank.

Delnor also has two variable- to fixed-rate swaps, with UBS AG as the counterparty, for a total notional amount of \$68.2 million. Standard & Poor's also assigned Delnor a DDP score of '2'.

The overall DDP score of '2' denotes a low credit risk due to:

- Moderate-to-low risk of termination due to a highly rated counterparty and obligor, with no collateral posting required by Delnor given that Assured Guaranty insures the swap;
- The swap's low economic viability over stressful economic cycles due, in large part, to the swaps' long maturities (2032 and 2033); and
- Adequate management oversight and disclosure practices.

Delnor has 0% net variable-rate exposure after taking into account the effect of the swaps.

The four swaps for CDH-Delnor at Aug. 31, 2011 had a negative mark-to-market value of \$30.1 million, with no collateral posted at that time.

Central DuPage Health And Affiliates Financial Statistics

	--Quarter ended Sept. 30*--	--Quarter ended June 30*--	--Fiscal year ended June 30--		
	2012	2011	2011	2010	2009
Income statement and cash flow					
Operating revenue (\$000s)	249,431	242,525	730,720	676,107	646,677
Total expenses (\$000s)	225,099	233,765	652,551	606,301	584,901
Operating income (\$000s)	24,332	8,760	78,169	69,806	61,776
Operating margin (%)	9.8	3.6	10.7	10.3	9.6
Net nonoperating revenue	8,560	6,774	11,919	18,009	21,222
Excess income (\$000s)	32,892	15,534	90,088	87,815	82,998
Excess margin (%)	12.7	6.2	12.1	12.7	12.4
EBIDA/total revenue (%)	23.5	14.8	21.1	21.3	21.2
Capital expenditures (\$000s)	N.A.	38,703	138,161	146,398	94,838
Debt					
Net available for debt service (\$000s)	60,617	36,914	156,428	147,971	141,471
Maximum debt service (\$000s)	38,038	38,038	38,038	32,501	32,501
Maximum debt service coverage (x)	6.4	3.9	4.1	4.6	4.4
Maximum debt service-to-total revenue (%)	3.7	3.8	5.1	4.7	4.9
Balance sheet					
Unrestricted cash and investments (\$000s)	1,139,979	1,141,108	915,019	830,888	854,545
Unrestricted days' cash on hand	493	471	544	530	568
Unrestricted cash/debt (%)	191.4	191.7	196.0	177.0	172.0
Cushion ratio (x)	30.0	30.0	24.1	25.6	26.3
Net fixed assets (\$000s)	826,847	818,279	646,683	562,305	497,879
Long-term debt (\$000s)	595,451	595,402	466,854	469,391	496,949
Unrestricted fund balance (\$000s)	1,368,558	1,410,428	1,161,549	1,022,716	870,285
Debt/capitalization (%)	30.3	29.7	28.7	31.5	36.3
Average age of plant (years)	6.8	7.0	6.6	6.6	8.4

*Unaudited. \$Data reflects the consolidated system of CDH/Delnor; prior fiscal years consist of the audited Central DuPage Health financials.

Related Criteria And Research

- USPF Criteria: Not-For-Profit Health Care, June 14, 2007
- USPF Criteria: Debt Derivative Profile Scores, March 27, 2006

Ratings Detail (As Of November 23, 2011)

Illinois Fin Auth, Illinois

Central DuPage Health, Illinois

Illinois Finance Authority (Central DuPage Health)

Long Term Rating

AA/Stable

Affirmed

Many issues are enhanced by bond insurance.

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Fitch Ratings

FITCH AFFIRMS CDH HEALTH SYSTEM (IL) REVS AT 'AA'; OUTLOOK STABLE

Fitch Ratings-Chicago-25 October 2011: As part of its ongoing surveillance efforts, Fitch Ratings has affirmed the 'AA' rating on the following revenue bonds issued on behalf of Central DuPage Health (CDH):

- \$90,000,000 Illinois Finance Authority, series 2009;
- \$240,000,000 Illinois Finance Authority, series 2009B;
- \$12,175,000 Illinois Health Facilities Authority, series 2000A.

The Rating Outlook is Stable

SECURITY

The bonds are unsecured obligations of the obligated group. They are not secured by a pledge of, mortgage on or security interest in any obligated group assets.

KEY RATING DRIVERS

Substantial Balance Sheet Strength: CDH's strong cash flow generation has led to a very robust liquidity position with indicators that exceed Fitch's 'AA' category medians.

Strong Operating Profitability: CDH has sustained robust operating profitability with average operating and operating EBITDA margin of 9.6% and 18.9%, respectively, over the last four fiscal years (2008-2011).

Dominant Market Position: With the recent merger with Delnor-Community Hospital, CDH and Delnor combined have a 65.1% market share in their collective primary service area.

High but Manageable Debt Burden: CDH's debt burden is somewhat high with maximum annual debt service (MADS) representing 4.3% of fiscal 2011 revenues as compared to the 'AA' median of 2.8%, but because of the robust profitability, debt service coverage remains solid.

CREDIT PROFILE

The 'AA' rating reflects CDH's ample liquidity, consistently robust profitability and leading market share position as a tertiary provider in the west suburban area of Chicago.

For fiscal 2011 (year ending June 30), CDH's financial performance remained very strong as evidenced by operating and operating EBITDA margins of 10.7% and 19.8%, respectively, both well exceeding the 'AA' category medians of 4.3% and 10.6%. Moreover, fiscal 2011 marked the third consecutive year of year-over-year improvement in operating, operating EBITDA and net EBITDA margins. As a result of CDH's strong operating performance, liquidity metrics are excellent. At June 30, 2011, CDH's unrestricted cash and investments totaled \$923.7 million which equates to a very strong 612.2 days cash on hand, 29.1 times (x) cushion ratio and 197.9% cash to debt, all well exceeding the respective 'AA' category medians of 240 days, 22.4x cushion and 159% cash to debt. CDH's debt burden is somewhat elevated as indicated by MADS (\$31.7 million) equating to 4.3% of fiscal 2011 total revenues when compared to the 'AA' category median of 2.6%. However, CDH's robust profitability has generated MADS coverage by EBITDA of 4.6x and 5x in fiscal 2010 and 2011, respectively.

On April 1, 2011, CDH merged with Delnor-Community Health System located in Geneva, IL. At June 30, 2011, Delnor had approximately \$126.7 million of revenue bonds outstanding, which are not rated by Fitch. Currently the obligated groups securing the debt of CDH and Delnor, respectively, will remain separate. Given the strength of CDH's history of robust operating performance and exceptionally strong balance sheet, Fitch expects ongoing financial results of the combined system to exceed 'AA' category medians despite the immediate effects of the merger,

which are somewhat additive to CDH's historical financial position. Strategic benefits of the acquisition, including an expanded regional presence and further physician alignment, are viewed positively by Fitch and outweigh any short-term dip in financial performance.

Based on three months of consolidated audited results of CDH-Delnor Health System for the period ended June 30, 2011, CDH-Delnor's balance sheet metrics are robust with 524.7 days cash on hand, 28.7x cushion ratio and 193.6% cash to long-term debt. Profitability indicators are somewhat diluted with operating margin and operating EBITDA margins of 3.6% and 12.4%, respectively. However, Fitch expects profitability to improve as CDH-Delnor achieves the benefits of a system approach to care. Additionally, management continues to focus on investing in its key service lines, including pediatrics, neurosciences, orthopedics, oncology and cardiology, attracting specialists and sub-specialists that historically have strategically differentiated CDH from its competitors and transformed the hospital into a tertiary medical center. CDH has benefited from its integrated delivery strategy, which has resulted in a strong referral network through its growing employed physician base, which totaled 111 physicians as of October 2011.

The primary credit concerns include CDH-Delnor's relatively high debt burden and the highly fragmented Chicagoland service area. MADS for CDH-Delnor equated to a high 4.1% of fiscal 2011 revenues at June 30, 2011 (three months of consolidated results), compared to the 'AA' category median of 2.6%. MADS coverage by EBITDA of 2.8x during the same time period is somewhat below the 'AA' category median of 5x, but expected to improve closer to CDH's historical three-year average of 4.3x (2008-2011) going forward as CDH and Delnor achieve some economies of scale over the next year. Also, CDH completed its bed tower project and emergency department expansion in 2011 and does not have plans to issue additional debt in the near-to-medium term.

The Stable Outlook reflects Fitch's expectation that the CDH-Delnor merger will result in an expanded regional presence leading to financial performance that continues to meet or exceed Fitch's 'AA' category medians.

Total combined outstanding debt for CDH-Delnor as of June 30, 2011 was approximately \$595.4 million, of which, about 66% is fixed rate, 2% is auction rate and about 31% is variable rate that has been placed with a bank through a direct purchase and is not rated by Fitch. CDH has a total of \$212.1 million notional of fixed payer swaps with Morgan Stanley and UBS AG, as counterparties. As of Aug. 31, 2011, the total mark-to-market valuation on the swap portfolio was negative \$48.7 million; however, there is no collateral posting requirement.

CDH-Delnor Health System includes Central DuPage Health, which is a 313 licensed bed hospital located in Winfield, IL, approximately 30 miles west of Chicago, and Delnor Hospital, which is a 159 bed hospital located in Geneva, IL, approximately 40 miles west of Chicago. CDH-Delnor had combined total revenues of \$242.5 million in fiscal 2011 (three months of consolidated results). Total revenues for the year ended June 30, 2011 as if the merger had occurred July 1, 2010 would be \$951.5 million. CDH covenants to disclose annual financial information within 150 days of each fiscal year-end and quarterly information within 60 days of the first three fiscal quarter-ends to EMMA.

Contact:
Primary Analyst
Dana N. Sodikoff
Associate Director
+1-312-368-3215
Fitch, Inc.
70 West Madison Street
Chicago, IL 60602

Secondary Analyst
Jim LeBuhn
Senior Director
+1-312-368-2059

Committee Chairperson
Eva Thein
Senior Director
+1-212-908-0674

Media Relations: Sandro Scenga, New York, Tel: +1 212-908-0278, Email: sandro.scenga@fitchratings.com.

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Applicable Criteria and Related Research:

- Revenue-Supported Rating Criteria (June 20, 2011);
- Nonprofit Hospitals and Health Systems Rating Criteria' (Aug. 12, 2011).

For information on Build America Bonds, visit www.fitchratings.com/BABs.

Applicable Criteria and Related Research:

Revenue-Supported Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=637130

Nonprofit Hospitals and Health Systems Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=648836

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APPENDIX A
FACILITY BED AND DIALYSIS STATION CAPACITY AND CATEGORIES OF SERVICE

Complete the following for the facility for which the change of ownership is requested. The facility's bed and dialysis station capacity must be consistent with the State Board's Inventory of Health Care Facilities.

FACILITY NAME DuPage Orthopaedic Surgery Center CITY: Warrenville

1. Indicate (by placing an "X") the type of facility for which the change of ownership is requested:

☐ Hospital; ☐ Long-term Care Facility; ☐ Dialysis Facility; ☒ Ambulatory Surgical Treatment Center.

2. Provide the bed capacity by category of service:

SERVICE	# of Beds	SERVICE	# of Beds
Medical/Surgical	_____	Nursing Care	_____
Obstetrics	_____	Shelter Care	_____
Pediatrics	_____	DD Adults*	_____
Intensive Care	_____	DD Children**	_____
Acute Mental Illness	_____	Chronic Mental Illness	_____
Rehabilitation	_____	Children's Medical Care	_____
Neonatal Intensive Care	_____	Children's Respite Care	_____

*Includes ICF/DD 16 and fewer bed facilities; **Includes skilled pediatric 22 years and under

3. Chronic Renal Dialysis: Enter the number of ESRD stations: _____

4. Indicate (by placing an "X") those categories of service for which the facility is approved.

☐ Cardiac Catheterization	☐ Open Heart Surgery
☐ Subacute Care Hospital Model	☐ Kidney Transplantation
☐ Selected Organ Transplantation	☐ Postsurgical Recovery Care Center Model

5. Non-Hospital Based Ambulatory Surgery and Ambulatory Surgical Treatment Centers

Indicate (by placing an "X") if the facility is a ☒ limited or ☐ multi-specialty facility and indicate the surgical specialties provided.

☐ Cardiovascular	☐ Ophthalmology
☐ Dermatology	☐ Oral/Maxillofacial
☐ Gastroenterology	☒ Orthopedic
☐ General/Other (includes any procedure that is not included in the other specialties)	☐ Otolaryngology
☐ Neurological	☐ Plastic Surgery
☐ Obstetrics/Gynecology	☐ Podiatry
	☐ Thoracic
	☐ Urology
	☒ Pain Management