12-041

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

RECEIVED
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HEALTH FACILITIES & SERVICES REVIEW BOARD

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: Hawthorn Surgery Center		
Street Address: Lakeview Parkway & Center Drive		
City and Zip Code: Vernon Hills, Illinois 60061		
County: Lake	Health Service Area 8	Health Planning Area:

Applicant /Co-Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: Hawthorn Place Outpatient Surgery Center, L.P.
Address: 3000 River Chase Galleria, Suite 500, Birmingham, Alabama 35244
Name of Registered Agent: CT Corporation System
Name of Chief Executive Officer: Andrew Hayek
CEO Address: 3000 River Chase Galleria, Suite 500, Birmingham, Alabama 35244
Telephone Number: 800-768-0094

Type of Ownership of Applicant/Co-Applicant

- ☐ Non-profit Corporation
- ☐ For-profit Corporation
- ☐ Limited Liability Company
- ☒ Partnership
- ☐ Governmental
- ☐ Sole Proprietorship
- ☐ Other

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

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

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

Name: Kara M. Friedman
Title: Attorney
Company Name: Polsinelli Shughart PC
Address: 161 North Clark Street, Suite 4200, Chicago, Illinois 60601
Telephone Number: 312-873-3639
E-mail Address: kfriedman@polsinelli.com
Fax Number:

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

Name: Julie Bell
Title: Administrator
Company Name: Surgical Care Affiliates, LLC
Address: 1900 Hollister Drive, Suite 1000, Libertyville, Illinois 60048
Telephone Number: 847-367-8100
E-mail Address: Julie.Bell@scasurgery.com
Fax Number:

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

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Fax Number:

Post Permit Contact

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

Name: Julie Bell
Title: Administrator
Company Name: Surgical Care Affiliates, LLC
Address: 1900 Hollister Drive, Suite 1000, Libertyville, Illinois 60048
Telephone Number: 847-367-8100
E-mail Address: Julie.Bell@scasurgery.com
Fax Number:

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: HSA Acquisitions, Inc.
Address of Site Owner: 230 South Wacker Drive #350, Chicago, Illinois 60606
Street Address or Legal Description of Site: LOT 3, 4 AND 5 IN VERNON SQUARE SUBDIVISION, BEING A SUBDIVISION OF A PART OF LOT 1 IN NEW CENTURY TOWN UNIT 1, BEING A SUBDIVISION OF PART OF SECTIONS 32 AND 33, TOWNSHIP 44 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN LAKE COUNTY, ILLINOIS. **Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.**
APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

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

Exact Legal Name: Hawthorn Place Outpatient Surgery Center, L.P.
Address: 3000 River Chase Galleria, Suite 500, Birmingham, Alabama 35244

- ☐ Non-profit Corporation
- ☐ For-profit Corporation
- ☐ Limited Liability Company
- ☒ Partnership
- ☐ Governmental
- ☐ Sole Proprietorship
- ☐ Other

- o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- o **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

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

APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements

[Refer to application instructions.]

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

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

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

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

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

DESCRIPTION OF PROJECT

1. Project Classification

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

Part 1110 Classification:	Part 1120 Applicability or Classification: [Check one only.]
☒ Substantive	☐ Part 1120 Not Applicable
☐ Non-substantive	☐ Category A Project
	☒ Category B Project
	☐ DHS or DVA Project

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2. Narrative Description

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

Hawthorn Place Outpatient Surgery Center, L.P., and Surgical Care Affiliates, LLC (the "Applicants") seek authority from the Illinois Health Facilities and Services Review Board to discontinue in its entirety its existing multi-specialty ambulatory surgical treatment center ("ASTC") located at 1900 Hollister Drive, Libertyville, Illinois (the "Existing ASTC") and establish a multi-specialty ASTC with three operating rooms and one procedure room in a newly constructed medical building to be located at Center Drive and Lakeview Parkway in Vernon Hills, Illinois (the "Replacement ASTC"). The Replacement ASTC will consist of 7,955 gross square feet of clinical space, 7,276 gross square feet of non-clinical space, for a total of 15,231 gross square feet of rentable space.

This project is classified as a substantive project because it proposes to establish a new health care facility.

Project Costs and Sources of Funds

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

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	$49,770	$20,230	$70,000
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts	$2,165,755	$880,314	$3,046,069
Modernization Contracts			
Contingencies	$215,509	$87,598	$303,107
Architectural/Engineering Fees	$145,755	$59,245	$205,000
Consulting and Other Fees	$298,125	$63,568	$361,693
Movable or Other Equipment (not in construction contracts)	$1,178,290	$478,939	$1,657,229
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)	$130,738	$53,141	$183,879
Fair Market Value of Leased Space or Equipment	$1,925,829	$1,761,448	$3,687,277
Other Costs To Be Capitalized	$566,646	$197,806	$764,452
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	**$6,676,417**	**$3,602,289**	**$10,278,706**
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities*	$1,236,573	$666,518	$1,903,091
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages	$3,156,416	$1,028,970	$4,185,386
Leases (fair market value)	$1,925,829	$1,761,448	$3,687,277
Governmental Appropriations			0
Grants			0
Other Funds and Sources (NBV of Existing Equipment)	$357,599	$145,353	$502,952
TOTAL SOURCES OF FUNDS	**$6,676,417**	**$3,602,289**	**$10,278,706**
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

* Cash and Securities includes tenant improvement allowance of $685,395 ($357,975 – Clinical and $327,420 – Non-Clinical)

Related Project Costs

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

Land acquisition is related to project ☐ Yes ☒ No
Purchase Price: $__________
Fair Market Value: $__________

The project involves the establishment of a new facility or a new category of service
☒ Yes ☐ No

If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is $ 0 .

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:

☐ None or not applicable ☐ Preliminary

☒ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): December 31, 2015

Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):

☐ Purchase orders, leases or contracts pertaining to the project have been executed.
☐ Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies
☒ Project obligation will occur after permit issuance.

APPEND DOCUMENTATION AS ATTACHMENT-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals

Are the following submittals up to date as applicable:
☐ Cancer Registry **NOT APPLICABLE**
☐ APORS **NOT APPLICABLE**
☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
☒ All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements

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

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

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

136705.2

Facility Bed Capacity and Utilization NOT APPLICABLE

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

FACILITY NAME:			**CITY:**		
REPORTING PERIOD DATES:		**From:**		**to:**	
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds**
Medical/Surgical					
Obstetrics					
Pediatrics					
Intensive Care					
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long Term Care					
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify)					
TOTALS:					

CERTIFICATION

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

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

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

[signature]	
SIGNATURE	SIGNATURE
Richard L. Sharff, Jr.	
PRINTED NAME	PRINTED NAME
Executive Vice President & General Counsel	
PRINTED TITLE	PRINTED TITLE
Notarization: Subscribed and sworn to before me this 12th day of April, 2012	Notarization: Subscribed and sworn to before me this _____ day of ______________
Bonnie Browning	
Signature of Notary	Signature of Notary
Seal	Seal

*Insert EXACT legal name of the applicant

146154.1

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Bonnie Browning	
Signature of Notary	Signature of Notary
Seal	Seal

*Insert EXACT legal name of the applicant

SECTION II. DISCONTINUATION

This Section is applicable to any project that involves discontinuation of a health care facility or a category of service. **NOTE:** If the project is solely for discontinuation and if there is no project cost, the remaining Sections of the application are not applicable.

Criterion 1110.130 - Discontinuation

READ THE REVIEW CRITERION and provide the following information:

GENERAL INFORMATION REQUIREMENTS

1. Identify the categories of service and the number of beds, if any that is to be discontinued.
2. Identify all of the other clinical services that are to be discontinued.
3. Provide the anticipated date of discontinuation for each identified service or for the entire facility.
4. Provide the anticipated use of the physical plant and equipment after the discontinuation occurs.
5. Provide the anticipated disposition and location of all medical records pertaining to the services being discontinued, and the length of time the records will be maintained.
6. For applications involving the discontinuation of an entire facility, certification by an authorized representative that all questionnaires and data required by HFSRB or DPH (e.g., annual questionnaires, capital expenditures surveys, etc.) will be provided through the date of discontinuation, and that the required information will be submitted no later than 60 days following the date of discontinuation.

REASONS FOR DISCONTINUATION

The applicant shall state the reasons for discontinuation and provide data that verifies the need for the proposed action. See criterion 1110.130(b) for examples.

IMPACT ON ACCESS

1. Document that the discontinuation of each service or of the entire facility will not have an adverse effect upon access to care for residents of the facility's market area.
2. Document that a written request for an impact statement was received by all existing or approved health care facilities (that provide the same services as those being discontinued) located within 45 minutes travel time of the applicant facility.
3. Provide copies of impact statements received from other resources or health care facilities located within 45 minutes travel time, that indicate the extent to which the applicant's workload will be absorbed without conditions, limitations or discrimination.

APPEND DOCUMENTATION AS ATTACHMENT-10, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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

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

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

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

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

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

PURPOSE OF PROJECT

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

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

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

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

ALTERNATIVES

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

Alternative options **must** include:

A) Proposing a project of greater or lesser scope and cost;

B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;

C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and

D) Provide the reasons why the chosen alternative was selected.

2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**

3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

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

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

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

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

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

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

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

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

PROJECT SERVICES UTILIZATION:

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

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

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

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

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

UNFINISHED OR SHELL SPACE:

Provide the following information:

1. Total gross square footage of the proposed shell space;

2. The anticipated use of the shell space, specifying the proposed GSF tot be allocated to each department, area or function;

3. Evidence that the shell space is being constructed due to
   a. Requirements of governmental or certification agencies; or
   b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.

4. Provide:
   a. Historical utilization for the area for the latest five-year period for which data are available; and
   b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

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

ASSURANCES:

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.

2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and

3. The anticipated date when the shell space will be completed and placed into operation.

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

SECTION VII - SERVICE SPECIFIC REVIEW CRITERIA

This Section is applicable to all projects proposing establishment, expansion or modernization of categories of service that are subject to CON review, as provided in the Illinois Health Facilities Planning Act [20 ILCS 3960]. It is comprised of information requirements for each category of service, as well as charts for each service, indicating the review criteria that must be addressed for each action (establishment, expansion and modernization). After identifying the applicable review criteria for each category of service involved , read the criteria and provide the required information, AS APPLICABLE TO THE CRITERIA THAT MUST BE ADDRESSED:

H. Non-Hospital Based Ambulatory Surgery

This section is applicable to all projects proposing to establish or modernize a non-hospital based ambulatory surgical treatment center or to the addition of surgical specialties.

1. **Criterion 1110.1540(a), Scope of Services Provided**

   Read the criterion and complete the following:

   a. Indicate which of the following types of surgery are being proposed:

____Cardiovascular	_X_ Obstetrics/Gynecology	_X_ Pain Management
____Dermatology	____Ophthalmology	_X_ Podiatry
____Gastroenterology	_X_ Oral/Maxillofacial	____Thoracic
_X_ General/Other	_X_ Orthopedic	_X_ Otolaryngology
____Neurology	____Plastic	____Urology

   b. Indicate if the project will result in a ____ limited or _X_ a multi-specialty ASTC.

2. **Criterion 1110.1540(b), Target Population**

   Read the criterion and provide the following:

   a. On a map (8 ½" x 11"), outline the intended geographic services area (GSA).

   b. Indicate the population within the GSA and how this number was obtained.

   c. Provide the travel time in all directions from the proposed location to the GSA borders and indicate how this travel time was determined.

3. **Criterion 1110.1540(c), Projected Patient Volume**

   Read the criterion and provide signed letters from physicians that contain the following:

   a. The number of referrals anticipated annually for each specialty.

   b. For the past 12 months, the name and address of health care facilities to which patients were referred, including the number of patients referred for each surgical specialty by facility.

   c. A statement that the projected patient volume will come from within the proposed GSA.

   d. A statement that the information in the referral letter is true and correct to the best of his or her belief.

4. **Criterion 1110.1540(d), Treatment Room Need Assessment**

Read the criterion and provide:

a. The number of procedure rooms proposed.

b. The estimated time per procedure including clean-up and set-up time and the methodology used in arriving at this figure.

5. **Criterion 1110.1540(e), Impact on Other Facilities**

Read the criterion and provide:

a. A copy of the letter sent to area surgical facilities regarding the proposed project's impact on their workload. NOTE: This letter must contain: a description of the project including its size, cost, and projected workload; the location of the proposed project; and a request that the facility administrator indicate what the impact of the proposed project will be on the existing facility.

b. A list of the facilities contacted. **NOTE**: Facilities must be contacted by a service that provides documentation of receipt such as the US. Postal Service, FedEx or UPS. The documentation must be included in the application for permit.

6. **Criterion 1110.1540(f), Establishment of New Facilities**

Read the criterion and provide:

a. A list of services that the proposed facility will provide that are not currently available in the GSA; or

b. Documentation that the existing facilities in the GSA have restrictive admission policies; or

c. For co-operative ventures,

   a. Patient origin data that documents the existing hospital is providing outpatient surgery services to the target population of the GSA, and

   b. The hospital's surgical utilization data for the latest 12 months, and

   c. Certification that the existing hospital will not increase its operating room capacity until such a time as the proposed project's operating rooms are operating at or above the target utilization rate for a period of twelve full months; and

   d. Certification that the proposed charges for comparable procedures at the ASTC will be lower than those of the existing hospital.

7. **Criterion 1110.1540(g), Charge Commitment**

Read the criterion and provide:

a. A complete list of the procedures to be performed at the proposed facility with the proposed charge shown for each procedure.

b. A letter from the owner and operator of the proposed facility committing to maintain the above charges for the first two years of operation.

8. **Criterion 1110.1540(h), Change in Scope of Service**

Read the criterion and, if applicable, document that existing programs do not currently provide the service proposed or are not accessible to the general population of the geographic area in which the facility is located.

APPEND DOCUMENTATION AS ATTACHMENT-27, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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

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

VIII. - 1120.120 - Availability of Funds

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

$1,903,091[1]	a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
______	b) Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
______	c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
$7,872,663	d) Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5) For any option to lease, a copy of the option, including all terms and conditions.
______	e) Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
______	f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
$502,952[2]	g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
$10,278,706	**TOTAL FUNDS AVAILABLE**

[1] Cash and Securities includes tenant improvement allowance of $685,395

[2] Net Book Value of existing equipment

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

IX. 1120.130 - Financial Viability

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

Financial Viability Waiver

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

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

See Section 1120.130 Financial Waiver for information to be provided

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

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

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

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

2. Variance

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

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

X. 1120.140 - Economic Feasibility

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

A. Reasonableness of Financing Arrangements

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

1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or

2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:

A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

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

1) That the selected form of debt financing for the project will be at the lowest net cost available;

2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;

3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. **Reasonableness of Project and Related Costs**

Read the criterion and provide the following:

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

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. $ (A x C)	Mod. $ (B x E)	
Contingency									
TOTALS									

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

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

E. Total Effect of the Project on Capital Costs

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

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

XI. Safety Net Impact Statement

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

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.

3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

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

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.

2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

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

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

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

XII. Charity Care Information

Charity Care information MUST be furnished for ALL projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three audited fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.

2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

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

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

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

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

Section I, Identification, General Information, and Certification
Applicant

The Illinois Certificate of Good Standing for Surgical Care Affiliates, LLC and the Illinois Certificate of Existence for Hawthorn Place Outpatient Surgery Center are attached Attachment – 1. Hawthorn Place Outpatient Surgery Center, L.P. is the operator of Hawthorn Surgery Center. Hawthorn Surgery Center is a trade name of Hawthorn Place Outpatient Surgery Center, L.P. and is not separately organized. As the person with final control over the operator, Surgical Care Affiliates, LLC is named as an applicant for this certificate of need ("CON") application.

Hawthorn Place Outpatient Surgery Center, L.P. was organized in the State of Georgia. The name and address of each partner of Hawthorn Place Outpatient Surgery Center, L.P. is listed below.

Name	Address	Ownership Interest
SHC Hawthorn, Inc.	3000 Riverchase Galleria, Suite 500 Birmingham, Alabama 35244	General Partner
Ortho-Pod, LLC	350 South Greenleaf Court, Suite 405 Gurnee, Illinois 60031	Limited Partner

File Number 0226541-9

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

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

SURGICAL CARE AFFILIATES, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON JULY 09, 2007, 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 FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 20TH *day of* APRIL *A.D.* 2012 .

SEAL OF THE STATE OF ILLINOIS
AUG. 26TH 1818

Authentication #: 1211101830

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

Jesse White

SECRETARY OF STATE

Attachment 1

File Number S007564

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

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

HAWTHORN PLACE OUTPATIENT SURGERY CENTER, L.P., A GEORGIA LP/LLLP HAVING OBTAINED AUTHORITY TO TRANSACT BUSINESS IN ILLINOIS ON AUGUST 18, 1993, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE UNIFORM LIMITED PARTNERSHIP ACT (2001) OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LP/LLLP AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS, HAVING FULFILLED ALL REQUIREMENTS OF SAID ACT WITH REGARD TO PAYMENT OF FEES, THE FILING OF ANNUAL REPORTS (IF APPLICABLE) AND NEITHER HAVING HAD ITS AUTHORITY REVOKED NOR HAVING FILED A NOTICE OF CANCELLATION.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 11TH *day of* APRIL *A.D.* 2012 .

SEAL OF THE STATE OF ILLINOIS AUG. 26TH 1818

Authentication #: 1210201696

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

Jesse White

SECRETARY OF STATE

Section I, Identification, General Information, and Certification
Site Ownership

The lease agreement between HSA Acquisitions, Inc. and Hawthorn Place Outpatient Surgery Center, L.P. is attached at Attachment – 2

The legal description for the site parcel covered by this project is as follows:

LOT 3, 4 AND 5 IN VERNON SQUARE SUBDIVISION, BEING A SUBDIVISION OF A PART OF LOT 1 IN NEW CENTURY TOWN UNIT 1, BEING A SUBDIVISION OF PART OF SECTIONS 32 AND 33, TOWNSHIP 44 NORTH, RANGE 11, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN LAKE COUNTY, ILLINOIS.

Letter of Intent
for
Hawthorn Surgery Center Lease Transaction
March 13, 2012

Tenant:	Hawthorn Place Outpatient Surgery Center, L.P.
Landlord:	HSA Acquisitions, Inc. or its assignee will own the real property described below.
Leased Premises:	Approximately 15,231 square foot (rentable and non-rentable) ambulatory surgery center on an approximately 2.976-acre site located at 240 Center Drive in Vernon Hills, IL.
Lease Term:	The initial term of the lease will be 15 years.
Renewal Options:	Tenant shall have 2 subsequent 5-year options to renew the lease with 9 months' prior written notice to Landlord at fair market value. Fair market value to be further defined in the lease agreement.
Tenant Improvements:	Tenant will be responsible for the interior build-out of the leased premises. Landlord will provide Tenant an allowance equal to $45.00 per rentable square foot (the "TI Allowance").
Building Operating Expenses:	Landlord and Developer will work with Tenant to establish building specifications for the operation of an ambulatory surgery center.
Brokerage Commission:	Landlord shall pay Colliers a standard market commission associated with the lease agreement, as set forth in a separate agreement between Landlord and Colliers.
Real Estate Taxes:	Real estate taxes shall be payable by Tenant.
Insurance:	Tenant shall be responsible for maintaining comprehensive general liability insurance, replacement value property insurance for the leased premises and replacement value property insurance for Tenant's personal property. Landlord shall be responsible for maintaining comprehensive general liability insurance.
Base Rent:	The net base rent should not exceed $29.00 per rentable square foot per year for the first year.
Operating Expenses:	Operating expenses shall be payable by Tenant
Non-Binding:	The contents of this letter do not constitute and will not give rise to any legally binding obligation on the part of any of the parties. Moreover, no past or future action, course of conduct, or failure to act relating to the possible transaction, or relating to the negotiation of the terms of the possible transaction or any definitive lease agreement, will give rise to or serve as a basis for any obligation or other liability on the part of the parties, unless and until a fully executed lease is executed and delivered by each party to the other.

Confidentiality: By signing below, each of Landlord and Tenant agree to be bound by strict confidentiality and shall not disclose or authorize or permit anyone under its direction to disclose to anyone any of terms of this potential transaction without the prior consent of the other party hereto; provided, however, Landlord and Tenant may disclose the confidential information to those of its representatives who are engaged to assist in the review of this potential transaction. Landlord and Tenant agree that they will not use any information gained in connection with this or subsequent dialogue other than in connection with the evaluation of the potential transaction. All public announcements utilizing Tenant's name must be approved in writing by Tenant prior to publication.

CON Contingency: Landlord and Tenant understand and agree that the establishment or relocation of any ambulatory surgery center in the State of Illinois is subject to the requirements of the Illinois Health Facilities Planning Act 20 ILCS 3960/1 et seq. and, thus, Tenant cannot establish an ambulatory surgery center on the leased premises or execute a fully binding real estate lease in connection therewith unless Tenant obtains a Certificate of Need (CON) permit from the Illinois Health Facilities and Services Review Board (the "CON Board"). Due to the length of the CON Board review process, the parties agree that they shall promptly proceed with due diligence to negotiate the terms of a definitive lease agreement and execute such lease agreement prior to approval of the CON permit. Notwithstanding the foregoing, the lease shall contain a contingency clause indicating that the lease agreement can be terminated by either party thereto if Tenant has not received the CON permit by a mutually acceptable outside date.

AGREED and ACCEPTED:

HSA ACQUISITIONS, INC.

By: ______________________

Dan Miranda

President

Date: 3/16, 2012

HAWTHORN PLACE OUTPATIENT SURGERY CENTER, L.P.

By: SHC Hawthorn, Inc.
Its: General Partner

By: ______________________

Name: R. L. Sharff, Jr.

Title: VP

Date: __________, 2012

cc: J.Shaffer
B.Smietana
J.Boley

Section I, Identification, General Information, and Certification
Operating Entity/Licensee

The Illinois Certificate of Good Standing for Hawthorn Place Outpatient Surgery Center, L.P. is attached at Attachment – 3.

Individuals with a 5% or greater ownership interest in Hawthorn Place Outpatient Surgery Center, L.P. are listed in the table below.

Name	Address	City	State	Ownership Interest
Robert C. Dugan, M.D.	350 South Greenleaf Court, Suite 405	Gurnee	Illinois	5.4%
Roger Chams, M.D.	720 Florsheim Drive	Libertyville	Illinois	5.4%
Edward Logue, M.D.	350 South Greenleaf Court, Suite 405	Gurnee	Illinois	5.4%
Anand Vora, M.D.	720 Florsheim Drive	Libertyville	Illinois	5.4%
Christ Pavlatos, M.D.	720 Florsheim Drive	Libertyville	Illinois	5.4%
Sanford Tack, M.D.	720 Florsheim Drive	Libertyville	Illinois	5.4%
Craig S. Williams, M.D.	9000 Waukegan Road	Morton Grove	Illinois	2.7%
Thomas Baier, M.D.	105 North Greenleaf Street	Gurnee	Illinois	5.4%
Thomas Nemickas, M.D.	350 South Greenleaf Court, Suite 405	Gurnee	Illinois	5.4%
Serafin DeLeon, M.D.	350 South Greenleaf Court, Suite 405	Gurnee	Illinois	5.4%
Edward Hamming, M.D.	350 South Greenleaf Court, Suite 405	Gurnee	Illinois	5.4%
Bruce Summerville, M.D.	350 South Greenleaf Court, Suite 405	Gurnee	Illinois	5.4%

File Number S007564

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

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

HAWTHORN PLACE OUTPATIENT SURGERY CENTER, L.P., A GEORGIA LP/LLLP HAVING OBTAINED AUTHORITY TO TRANSACT BUSINESS IN ILLINOIS ON AUGUST 18, 1993, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE UNIFORM LIMITED PARTNERSHIP ACT (2001) OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LP/LLLP AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS, HAVING FULFILLED ALL REQUIREMENTS OF SAID ACT WITH REGARD TO PAYMENT OF FEES, THE FILING OF ANNUAL REPORTS (IF APPLICABLE) AND NEITHER HAVING HAD ITS AUTHORITY REVOKED NOR HAVING FILED A NOTICE OF CANCELLATION.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 11TH *day of* APRIL *A.D.* 2012 .

Authentication #: 1210201696

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

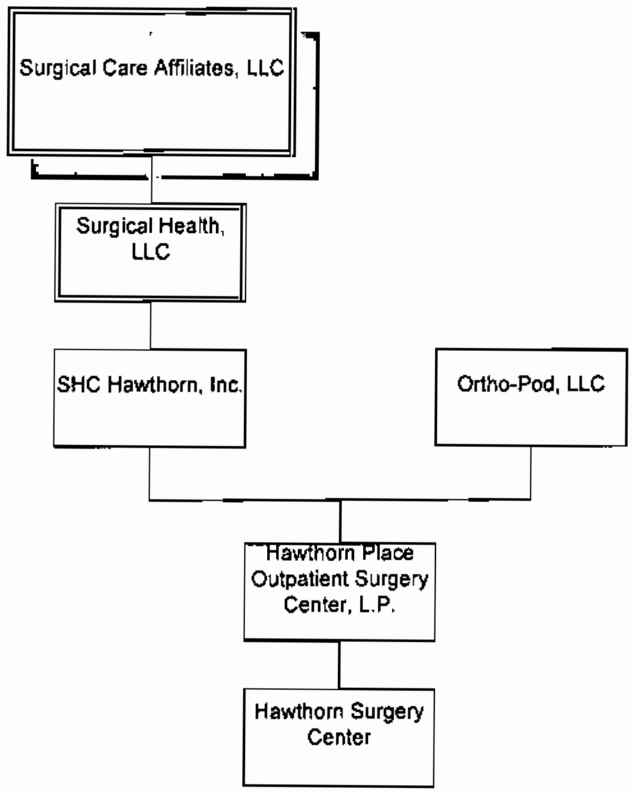
Jesse White

SECRETARY OF STATE

Section I, Identification, General Information, and Certification
Organizational Relationships

The organizational chart for Hawthorn Place Outpatient Surgery Center, L.P. is attached at Attachment – 4.

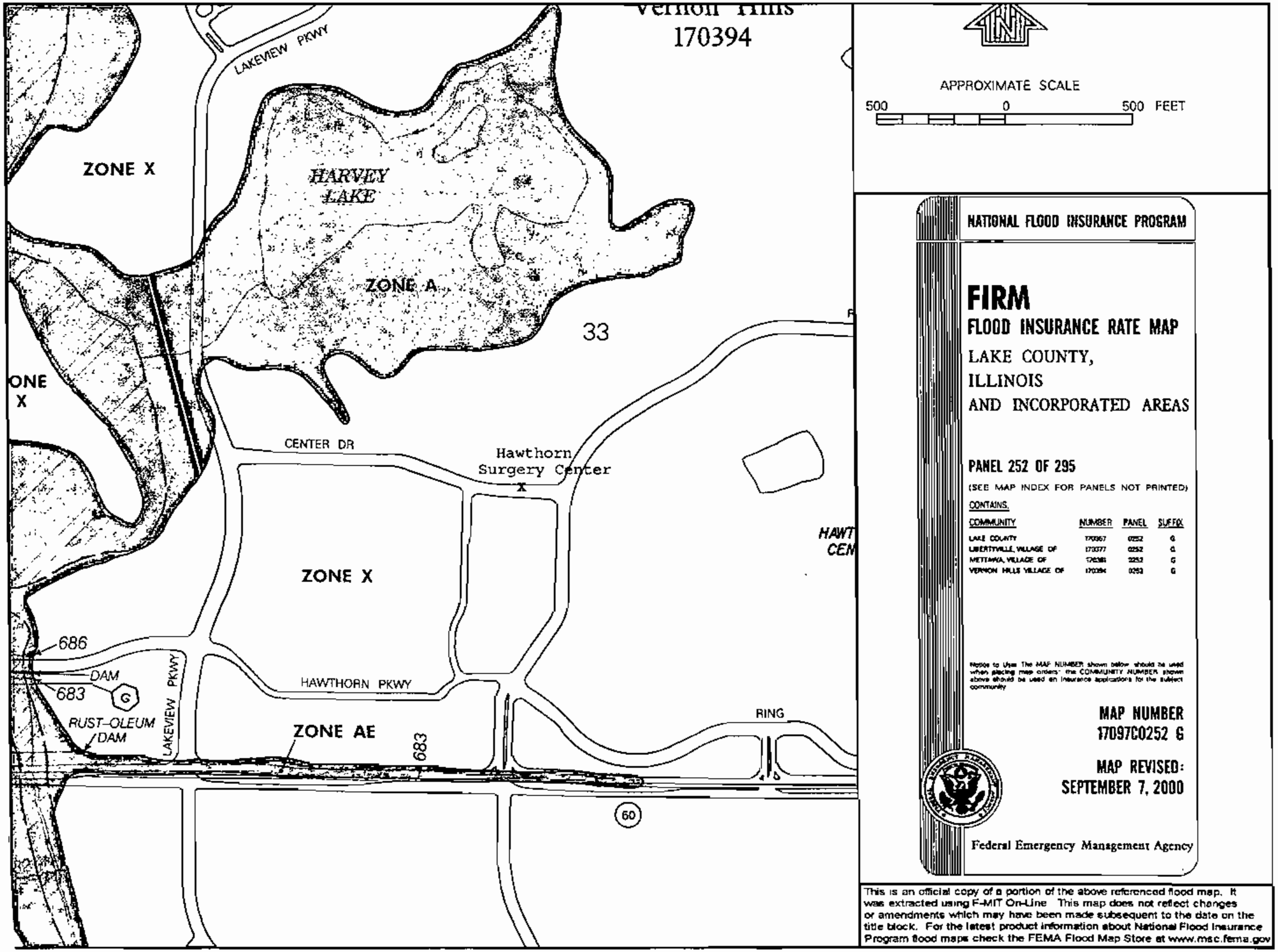
Hawthorn Place Surgery Center



Attachment 4

Section I, Identification, General Information, and Certification
Flood Plain Requirements

The site of the proposed dialysis facility complies with the requirements of Illinois Executive Order #2005-5. As shown on the FEMA flood plain map attached at Attachment – 5, the site of the proposed dialysis facility is located outside of a flood plain.



NATIONAL FLOOD INSURANCE PROGRAM

FIRM
FLOOD INSURANCE RATE MAP

LAKE COUNTY,
ILLINOIS
AND INCORPORATED AREAS

PANEL 252 OF 295

(SEE MAP INDEX FOR PANELS NOT PRINTED)

CONTAINS:

COMMUNITY	NUMBER	PANEL	SUFFIX
LAKE COUNTY	170357	0252	G
LIBERTYVILLE, VILLAGE OF	170377	0252	G
METTAWA, VILLAGE OF	170381	0252	G
VERNON HILLS VILLAGE OF	170394	0252	G

Notice to User: The MAP NUMBER shown below should be used when placing map orders; the COMMUNITY NUMBER shown above should be used on insurance applications for the subject community.

MAP NUMBER
17097C0252 G

MAP REVISED:
SEPTEMBER 7, 2000

Federal Emergency Management Agency

This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at www.msc.fema.gov

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Attachment 5

Section I, Identification, General Information, and Certification
<u>Historic Resources Preservation Act Requirements</u>

The Historic Resources Preservation Act determination from the Illinois Historic Preservation Agency is attached at Attachment – 6.

Illinois Historic Preservation Agency

1 Old State Capitol Plaza • Springfield, Illinois 62701-1512 • www.illinois-history.gov

Lake County
Vernon Hills
240 Center Drive
IHFSRB
New construction, Hawthorn Surgery Center

PLEASE REFER TO: IHPA LOG #010032612

March 28, 2012

Anne Cooper
Polsinelli Shughart
161 N. Clark St,. Suite 4200
Chicago, IL 60601

Dear Ms. Cooper:

The Illinois Historic Preservation Agency is required by the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420, as amended, 17 IAC 4180) to review all state funded, permitted or licensed undertakings for their effect on cultural resources. Pursuant to this, we have received information regarding the referenced project for our comment.

Our staff has reviewed the specifications under the state law and assessed the impact of the project as submitted by your office. We have determined, based on the available information, that no significant historic, architectural or archaeological resources are located within the proposed project area.

According to the information you have provided concerning your proposed project, apparently there is no federal involvement in your project. However, please note that the state law is less restrictive than the federal cultural resource laws concerning archaeology. If your project will use federal loans or grants, need federal agency permits, use federal property, or involve assistance from a federal agency, then your project must be reviewed under the National Historic Preservation Act of 1966, as amended. Please notify us immediately if such is the case.

This clearance remains in effect for two (2) years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the IL Human Skeletal Remains Protection Act (20 ILCS 3440).

Please retain this letter in your files as evidence of compliance with the Illinois State Agency Historic Resources Preservation Act.

Sincerely,

Anne E. Haaker

Anne E. Haaker
Deputy State Historic
Preservation Officer

Attachment 6

A teletypewriter for the speech/hearing impaired is available at 217-524-7128. It is not a voice or fax line.

Section I, Identification, General Information, and Certification
Project Costs and Sources of Funds

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	$49,770	$20,230	$70,000
New Construction Contracts	$2,165,755	$880,324	$3,031,069
Contingencies	$215,509	$87,598	$318,107
Architectural/Engineering Fees	$145,755	$59,245	$205,000
Consulting and Other Fees	$298,125	$63,568	$361,693
Movable or Other Equipment (not in construction contracts)	$1,178,290	$478,939	$1,657,229
Net Interest Expense During Construction (project related)	$130,738	$53,141	$183,879
Fair Market Value of Leased Space or Equipment	$1,925,829	$1,761,448	$3,687,277
Other Costs To Be Capitalized			
Net Book Value of Existing Equipment	$357,599	$145,353	$502,952
Technology Infrastructure	$113,760	$46,240	$160,000
Medical Gas	$80,000	$0	$80,000
Signage	$15,287	$6,213	$21,5000
Total Other Costs to be Capitalized	$566,646	$197,806	$764,452
TOTAL USES OF FUNDS	**$6,676,417**	**$3,602,289**	**$10,278,706**

HSA
COMMERCIAL REAL ESTATE

April 16, 2012

Mr. Dale Galassie
Chair
Illinois Health Facilities and Services Review
Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Hawthorn Surgery Center

Dear Mr. Galassie:

HSA Commercial Real Estate ("HSA") is developing the building that will house the relocated Hawthorn Surgery Center to be located at Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The building has not been constructed and will be located on an empty lot. Based on the site conditions and planned square footage, HSA anticipates the base building construction costs for the Hawthorn Surgery Center will be $3,687,277. These costs are based on past projects, anticipated building finishes and design requirements of the City of Vernon Hills, the Illinois Department of Public Health, and the Centers for Medicare and Medicaid Services.

Sincerely,

Daniel F. Miranda
President
HSA Commercial Real Estate

233 S. Wacker Drive, Suite 350 | Chicago, IL 60606 | office: 312.332.3555 | fax: 312.332.4122 | www.hsacommercial.com

Section I, Identification, General Information, and Certification
Cost Space Requirements

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
ASTC	$6,676,417		7,955	7,955			
Total Clinical	$6,676,417		7,955	7,955			
NON REVIEWABLE							
Administration, Waiting Room, Reception, Medical Records	$3,602,289		7,276	7,276			
Total Non-clinical	$3,602,289		7,276	7,276			
TOTAL	**$10,278,706**		**15,231**	**15,231**			

Section II, Discontinuation

Criterion 1110.130(a), General

1. The Applicants seek authority from the Health Facilities and Services Review Board (the "Board") to discontinue, in its entirety, the existing multi-specialty ASTC located at 1900 Hollister Drive, Libertyville, Illinois (the "Existing ASTC") and establish a new multi-specialty ASTC with three operating rooms and one procedure room to be located at Lakeview Parkway and Center Drive, Vernon Hills, Illinois (the "Replacement ASTC").

2. No other clinical services will be discontinued as a result of this project.

3. Anticipated Discontinuation Date: December 31, 2015.

4. The Applicants lease the Existing ASTC from L.J. Sheridan & Co. As a result, the Applicants will have no control over the use of the space after discontinuation of the Existing ASTC. Moveable equipment which remains viable for the operation of the surgery center will be transferred to the Replacement ASTC.

5. All medical records will be transferred to the Replacement ASTC.

6. This project is a relocation of the Existing ASTC and not a discontinuation in its entirety. Therefore, this criterion does not apply.

Section II, Discontinuation

Criterion 1110.130(b), Reasons for Discontinuation

The current term of the lease for the Existing ASTC expires on December 31, 2015 and the Applicants do not desire to renew it on a long term basis due to building deficiencies as it was constructed many years before the current life safety code requirements were promulgated. The Existing ASTC has been at its current location for thirty-two years. It is located within a building that includes several businesses. Given the age and design of the Existing ASTC, building issues put the facility at risk for licensure deficiencies. The Replacement ASTC will be a new stand alone building, which will allow the Applicants to fully comply with current life safety code and licensure requirements. Other issues at the Existing ASTC which will be remedied at the Replacement ASTC include: (1) the flow of male/female changing room into the lounge is not conducive to one way flow and prevention of cross contamination – the new facility will be configured under new methods to allow one way flow; (2) no designated anesthesia work room – the design of the Replacement ASTC will include an anesthesia work room; (3) the pre-operation area does not allow for admitting of patients in a timely manner – the new facility will be able to pre-op several patients, which is vital for efficiency, particularly with short procedures like pain management; (4) the operating rooms are not optimal for all of the equipment needs of the facility, particularly as new advances in equipment/medicine occur – the operating rooms at the Replacement ASTC will meet IDPH licensure requirements; (5) the sterile processing area, does not allow for a circular flow of dirty instruments into one room for decontamination then passed to another room for sterilization – the Replacement facility will include separate soiled and clean workrooms and a separate sterile storage room; (6) lack of space within the facility to hold significant amounts of soiled linen or biohazardous waste – the new facility will include a larger area for soiled linens and biohazardous waste. While the Applicants have been able to work around these issues to ensure compliance with licensure standards, the Existing ASTC is by no means optimal and cannot be reconfigured appropriately. In order to remedy these issues and to better accommodate patients' needs, the Applicants decided to relocate the Existing ASTC approximately 1 mile from its current site.

Section II, Discontinuation

Criterion 1110.130(c), Impact on Access

1. The discontinuation of the Existing ASTC will not negatively impact access to care. To the contrary, it will improve access to high quality surgical procedures in a modern ASTC to the residents of Lake County. As set forth in Section 1110.130(b), the Existing ASTC is located within a building that includes several businesses. Given the age and design of the Existing ASTC, there are several issues that will be remedied at the Replacement ASTC. The Replacement ASTC will be built to comply with current life safety code and licensure standards. Additional issues that will be addressed by the Replacement Facility include: configuration using new methods to allow one way through to prevent cross contamination, an anesthesia work room, a pre-operation area that allows for more efficient admitting of patients, operating rooms that meet IDPH licensure requirements, separate soiled and clean workrooms and a separate sterile storage room, and a larger area for soiled linens and biohazardous waste.

2. As set forth above, the proposed project is for the discontinuation of an existing multi-specialty ASTC and the establishment of a replacement multi-specialty ASTC with three operating rooms and one procedure room. Because no discontinuation will occur as a result of the proposed project, this criterion is not applicable. Nevertheless, the Applicants sent written requests for impact statements to all facilities located within 45 minutes of the Existing ASTC. The table attached at Appendix 1 lists the names and addresses of all existing and approved health care facilities located within 45 minutes normal travel time of the Existing ASTC to which written requests for an impact statement were sent. Copies of the written requests for impact statements and the return receipt certificates documenting that a request for an impact statement was received by all existing and approved dialysis facilities within 45 minutes normal travel time from the Existing ASTC are attached at Appendices 2 and 3.

3. Attached at Attachment – 10 are copies of the impact statements received by Hawthorn Surgery Center.

WILLIAM A. BROWN, FACHE
Chief Executive Officer

April 20, 2012

Julie Bell
Hawthorn Surgery Center
1900 Hollister Road, Suite 100
Libertyville, IL 60048

Dear Ms. Bell:

I am writing in response to an April 17, 2012 letter regarding Hawthorn Surgery Center's proposed relocation from 1900 Hollister Drive in Libertyville to Lakeview Parkway and Center Drive in Vernon Hills.

Vanguard Westlake Hospital does not expect any adverse impact as a result of this proposed project.

Please contact me if you have any questions.

Sincerely,

William A. Brown

William A. Brown, FACHE
Chief Executive Officer

WAB/lll

Section III, Background, Purpose of the Project, and Alternatives – Information Requirements
Criterion 1110.230, Background, Purpose of the Project and Alternatives

Background of the Applicant

1. The Applicants are fit, willing and able and have the qualifications, background and character to adequately provide the proper standard of health care services for the community. Surgical Care Affiliates ("SCA") was founded in 1982 and currently operates over 145 surgical facilities in 32 states. SCA's mission is to care for its patients, serve its patients, and improve healthcare in America. To that end, SCA invests considerable resources in systems and processes that create a significant impact, including, clinical systems, e.g., clinical toolkits and checklists, clinical training, and detailed clinical variance analyses; operating systems, e.g., schedule efficiency, supply chain management, and benchmarking; and financial systems, e.g., precise case costing and analytics.

   SCA's clinical philosophy focuses first on clinical quality, locally based care and decision making, continuous improvement and valuation creation. This philosophy has lead to the creation and adoption of outcome metrics endorsed by the National Quality Forum[1]; investment in the development of clinical checklists and toolkits for facilities; development of a clinical training program for teammates; development of regional and national Quality Councils to promote the sharing of best practices across SCA facilities; and investment in hundreds of hours of training for SCA's clinical leaders. The SCA tool kit is a consolidated resource that includes best practices from SCA's 145 facilities, a best practice review checklist, and plan of care resources. Clinical leadership training consists of quarterly clinical leadership calls and bimonthly regional clinical calls. The quarterly clinical leadership calls focus on clinical updates, the latest regulatory and accreditation survey focus areas, key clinical focus areas with best practice sharing, and clinical excellence recognition. On the bimonthly regional clinical calls regional clinical leads and Group Directors present clinical content developed and customized for the region, key clinical indicators, variance reporting, and mitigating fall hazards. Finally, regional and national Quality Councils provide a forum to facilitate discussion of improvement opportunities.

   A list of health care facilities owned and operated by Surgical Care Affiliates in Illinois is provided in the table below. Copies of the Illinois Department of Public Health ("IDPH") license, Medicare certification, and AAAHC accreditation are attached at Attachment – 11A.

Facility	Address	City	License #
Northwest Surgicare	1100 West Central Road, Suite L-4	Arlington Heights	7000920
Amsurg Surgery Center	998 129th Infantry Drive	Joliet	7003160
Hawthorn Surgery Center	1900 Hollister Drive, Suite 1900	Libertyville	7001795
Loyola Ambulatory Surgery Center at Oakbrook, L.P.	1 South 224 Summit	Oakbrook Terrace	7002181
Belleville Surgical Center, Ltd.	28 North 64th Street	Belleville	7001175

   An authorization permitting HFSRB and IDPH access to any documents necessary to verify information submitted, including, but not limited to: official records of IDPH or other State agencies; and the records of nationally recognized accreditation organizations is attached at Attachment – 11B.

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[1] National Quality Forum is a nonprofit organization that works to improve the quality of American health care by building consensus on national priorities and goals for performance improvement and working in partnership to achieve them; endorsing national consensus standards for measuring and publicly reporting performance; and promoting the attainment of national goals through education and outreach programs.

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State of Illinois 1406942

Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

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

DAMON T. ARNOLD, M.D.
DIRECTOR

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

EXPIRATION DATE	CATEGORY	I.D. NUMBER
05/03/12	BGBD	7003160

FULL LICENSE
AMBULATORY SURGICAL TRMT CTR

EFFECTIVE: 05/04/11

BUSINESS ADDRESS

AmSurg Surgery Center
998 129th Infantry Drive
Joliet, IL 60435

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

Amsurg Surgery Center
Joliet, IL

has been Accredited by

The Joint Commission

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

Ambulatory Health Care Accreditation Program

May 14, 2011

Accreditation is customarily valid for up to 36 months.

Isabel V. Hoverman, MD, MACP
Chair, Board of Commissioners

Organization ID #: 452473
Print/Reprint Date: 05/18/11

Mark R. Chassin, MD, FACP, MPP, MPH
President

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

This reproduction of the original accreditation certificate has been issued for use in regulatory/payer agency verification of accreditation by The Joint Commission. Please consult Quality Check on The Joint Commission's website to confirm the organization's current accreditation status and for a listing of the organization's locations of care.

CMS
CENTERS for MEDICARE & MEDICAID SERVICES

Medicare

Control Number: 1110319031070

November 29, 2010

Attention: Donna Hankins
Richard L Sharff Jr
Joliet Surgery Center Limited Partnership
3000 Riverchase Galleria Ste 500
Birmingham, AL 35244-2365

Subject: Medicare Provider Enrollment – Confirmation of Change
Joliet Surgery Center Limited Partnership

Dear Mr. Sharff:

We have approved your CMS 855 Medicare enrollment application to change your Medicare enrollment information.

PTAN: 141005

NPI: 1255397808

Specialty: ASC

Medicare Participation Status: Participating

Effective Date of Change: 09/27/2010

Previous Information	Updated Information
	Added Gregory R Cunniff as director/officer

You must use your NPI on all Medicare claims submissions. Your PTAN will be the required authentication element for all inquiries to customer service representatives (CSRs), written inquiry units and the Interactive Voice Response (IVR) system for inquiries concerning claims status, beneficiary eligibility and to check status or other supplier related transactions. Your PTAN therefore should be kept secure. Because the PTAN is not considered a Medicare legacy identifier, do not report this identifier to the National Plan and Provider Enumeration System (NPPES) as an "other" provider identification number.

The IVR telephone number for Illinois is 1-877-908-9499. Instructions on how to use the IVR can be obtained from our web site at: *http://www.wpsmedicare.com.* q

To maintain an active enrollment status in the Medicare program, regulations found at 42 CFR §424.516 require that you submit updates and changes to your enrollment information to our office on the appropriate CMS 855 form within specified timeframes.

Reportable changes include, but are not limited to changes in: (1) legal business name, (LBN)/tax identification number (TIN), (2) practice location, (3) ownership, (4) authorized/delegated officials, (5) changes in payment information such as changes in electronic funds transfer information, and (6) final adverse legal actions, including felony convictions, license suspensions or revocations of a health care license, an exclusion or debarment from participation in a Federal or State health care program, or a Medicare revocation by a different Medicare contractor.

Information about Medicare provider enrollment changes can be obtained from our web site at *http://www.wpsmedicare.com.*

Providers and suppliers may enroll or make changes to their existing enrollment in the Medicare program using the Internet-based PECOS or to download the CMS-855 enrollment application, go to: *http://www.cms.hhs.gov/MedicareProviderSupEnroll.*

Please send your paper application, or your signed Certification Statement along with required documents for Internet-based PECOS to the following address:

Wisconsin Physicians Service
Medicare Provider Enrollment
P O Box 8248
Madison, WI 53708-8248

Priority Mailing Address
Wisconsin Physicians Service
Medicare Provider Enrollment
1707 W. Broadway
Madison, WI 53713-1834

You must also update your National Provider Identifier (NPI) information maintained with the National Plan and Provider Enumeration System (NPPES) within 30 days when information reported to NPPES changes. To make changes to an NPI record, please contact the NPI Enumerator at *https://NPPES.cms.hhs.gov* or call the Enumerator at 1-800-465-3203 or TTY 1-800-692-2326. For more information about NPI enumeration, visit *http://www.cms.hhs.gov/NationalProvIdentStand/.*

Additional information about the Medicare program, including billing, fee schedules, and Medicare policies and regulations can be found on our Web site at *http://www.wpsmedicare.com* or at the Centers for Medicare & Medicaid Services' (CMS) Web site at *www.cms.hhs.gov/home/medicare.asp.*

If you would like to receive e-News messages regarding the most current Medicare Part B news, you can subscribe to the WPS Medicare Listserv at www.wpsmedicare.com/listserv.

If you are not currently filing claims electronically, please contact our Electronic Data Interchange (EDI) department for Illinois at 1-877-567-7261. If you have questions regarding Medicare claims, please call the IVR telephone number shown above or our Customer Service Department for Illinois at 1-866-234-7340.

Please verify the accuracy of your enrollment information. If you disagree with any portion of this initial determination or have any questions, you can call our toll-free line at:1-877-908-8476 Monday through Friday between the hours of 8:00 a.m. and 4:00 p.m. (CT). Per regulation 42 CFR 405.874, a provider or supplier may only appeal a denial or revocation decision.

Sincerely,

Betty Geisler
Medicare Provider Enrollment

State of Illinois 2061957

Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

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

CRAIG CONOVER, M.D.
ACTING DIRECTOR

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

EXPIRATION DATE	CATEGORY	I.D. NUMBER
11/25/12	BGBD	7001175

FULL LICENSE
AMBUL SURGICAL TREAT CNTR
EFFECTIVE: 11/26/11

BUSINESS ADDRESS

BELLEVILLE SURGICAL CENTER, LTD
28 NORTH 64TH STREET
BELLEVILLE IL 62223

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

ACCREDITATION ASSOCIATION
for AMBULATORY HEALTH CARE, INC.

January 12, 2010

Organization #:	74	**Accreditation Expires:**	**October 21, 2012**

Organization: **Belleville Surgical Center, LTD dba Belleville Surgical Center**
Address: **28 North 64th Street**
City, State, Zip: **Belleville, IL 62223**

Decision Recipient:	**Diana Geoghegan**	Survey Chair:	**Roger Schulz, MBA**
Survey Contact:	**Diana Geoghegan**	Survey Team Member:	**Melinda Mingus, MD, MBA**

Survey Dates: **October 5-6, 2009**

It is a pleasure to inform you that the Accreditation Association for Ambulatory Health Care, Inc. (AAAHC) Accreditation Committee has awarded **Belleville Surgical Center, LTD dba Belleville Surgical Center, a three-year term of accreditation.**

Granting accreditation reflects confidence, based on evidence from this recent survey that you meet, and will continue to demonstrate throughout the accreditation term, the attributes of an accreditable organization as reflected in the standards found in the *Accreditation Handbook for Ambulatory Health Care.* The dedication and effort necessary for an organization to be accredited is substantial and the compliance with those standards implies a commitment to continual self-evaluation and continuous improvement.

Members of your organization should take time to review the enclosed Survey Report:

- Any standard marked "PC" (Partially Compliant) or "NC" (Non-Compliant) must be corrected promptly. Subsequent surveys by the AAAHC will seek evidence that deficiencies from this survey were addressed without delay.
- The Summary Table provides an overview of compliance for each chapter applicable to the organization. Emphasis for attention should be given to chapters marked "PC" (Partially Compliant) or "NC" (Non-Compliant).
- As a guide to the ongoing process of self-evaluation, periodically review the Survey Report to ensure the organization's ongoing compliance with the standards throughout the term of accreditation.
- Statements in the "Consultative Comments" sections of the report represent the educational component of the survey. Such comments may provide suggested approaches for correcting identified deficiencies.

AAAHC policies and procedures and standards are revised on an annual basis, such revisions become effective March 1 each year. Accredited organizations are required to maintain their operations in compliance with the current AAAHC standards and policies. Therefore, the organization is encouraged to visit the AAAHC website, www.aaahc.org, for information pertaining to any revisions to AAAHC policies and procedures and standards.

We hope the survey has been beneficial to your organization in identifying its strengths and opportunities to improve. AAAHC trusts that you will continue to find the accreditation experience meaningful, not only from the benefit of having carefully reviewed your own operation, but also from the recognition brought forth by your participation in this survey process.

If you have any questions or comments about any portion of the accreditation process, please contact the AAAHC Accreditation Services department at (847) 853-6060.

Reportable changes include, but are not limited to changes in: (1) legal business name, (LBN)/tax identification number (TIN), (2) practice location, (3) ownership, (4) authorized/delegated officials, (5) changes in payment information such as changes in electronic funds transfer information, and (6) final adverse legal actions, including felony convictions, license suspensions or revocations of a health care license, an exclusion or debarment from participation in a Federal or State health care program, or a Medicare revocation by a different Medicare contractor.

Information about Medicare provider enrollment changes can be obtained from our web site at *http://www.wpsmedicare.com.*

Providers and suppliers may enroll or make changes to their existing enrollment in the Medicare program using the Internet-based PECOS or to download the CMS-855 enrollment application, go to: *http://www.cms.hhs.gov/MedicareProviderSupEnroll.*

Please send your paper application, or your signed Certification Statement along with required documents for Internet-based PECOS to the following address:

Wisconsin Physicians Service
Medicare Provider Enrollment
P O Box 8248
Madison, WI 53708-8248

Priority Mailing Address
Wisconsin Physicians Service
Medicare Provider Enrollment
1707 W. Broadway
Madison, WI 53713-1834

You must also update your National Provider Identifier (NPI) information maintained with the National Plan and Provider Enumeration System (NPPES) within 30 days when information reported to NPPES changes. To make changes to an NPI record, please contact the NPI Enumerator at *https://NPPES.cms.hhs.gov* or call the Enumerator at 1-800-465-3203 or TTY 1-800-692-2326. For more information about NPI enumeration, visit *http://www.cms.hhs.gov/NationalProvIdentStand/.*

Additional information about the Medicare program, including billing, fee schedules, and Medicare policies and regulations can be found on our Web site at *http://www.wpsmedicare.com* or at the Centers for Medicare & Medicaid Services' (CMS) Web site at *www.cms.hhs.gov/home/medicare.asp.*

If you would like to receive e-News messages regarding the most current Medicare Part B news, you can subscribe to the WPS Medicare Listserv at www.wpsmedicare.com/listserv.

If you are not currently filing claims electronically, please contact our Electronic Data Interchange (EDI) department for Illinois at 1-877-567-7261. If you have questions regarding Medicare claims, please call the IVR telephone number shown above or our Customer Service Department for Illinois at 1-866-234-7340.

Please verify the accuracy of your enrollment information. If you disagree with any portion of this initial determination or have any questions, you can call our toll-free line at:1-877-908-8476 Monday through Friday between the hours of 8:00 a.m. and 4:00 p.m. (CT). Per regulation 42 CFR 405.874, a provider or supplier may only appeal a denial or revocation decision.

Sincerely,

Betty Geisler
Medicare Provider Enrollment

STATE OF ILLINOIS

LICENSE

Be it known that this facility is licensed to engage in the activities specified in the annual license certificate displayed below for the period designated in that certificate.

This Document is valid only so long as a current license certificate is displayed at right.

ILLINOIS DEPARTMENT OF PUBLIC HEALTH
DIVISION OF HEALTH FACILITIES

State of Illinois 2047868

Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

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

DAMON T. ARNOLD, M.D.
DIRECTOR

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

EXPIRATION DATE	CATEGORY	I.D. NUMBER
08/06/12	BGBD	7000920

FULL LICENSE
AMBUL SURGICAL TREAT CNTR
EFFECTIVE: 08/07/11

BUSINESS ADDRESS

NORTHWEST SURGICARE
1100 WEST CENTRAL ROAD
ARLINGTON HGHTS IL 60005

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

58

ACCREDITATION ASSOCIATION
for AMBULATORY HEALTH CARE, INC.

grants this

CERTIFICATE OF ACCREDITATION

to

NORTHWEST SURGICARE, LTD

1100 W. CENTRAL ROAD, SUITE L-4
ARLINGTON HEIGHTS, IL 60005-2402

In recognition of its commitment to high quality of care and substantial compliance with the Accreditation Association standards for ambulatory health care organizations.

1508
Organization Identification Number

SEPTEMBER 25, 2014
This Award of Accreditation expires on the above date.

JACK EGNATINSKY, MD
President, Accreditation Association

JOHN E. BURKE, PH.D.
Executive Vice President, Accreditation Association

59

CMS
CENTERS for MEDICARE & MEDICAID SERVICES

Medicare

Control Number: 1110319062120

December 10, 2010

05 0242

Attention: Donna Hankins
Steven J Hutkai
Northwest Surgicare Ltd
3000 Riverchase Galleria Ste 500
Birmingham, AL 35244-2365

Subject: Medicare Provider Enrollment – Confirmation of Change
Northwest Surgicare Ltd

Dear Mr. Hutkai:

We have approved your CMS 855 Medicare enrollment application to change your Medicare enrollment information.

PTAN: 210558

NPI: 1164488714

Specialty: ASC

Medicare Participation Status: Participating

Effective Date of Change: 09/27/2010 - 05/08/2009

Previous Information	Updated Information
	Added Gregory Cuniff - effective 09/27/2010 Added Steven Hutkai - effective 05/08/2009 Added Steven Hutkai as authorized official

You must use your NPI on all Medicare claims submissions. Your PTAN will be the required authentication element for all inquiries to customer service representatives (CSRs), written inquiry units and the Interactive Voice Response (IVR) system for inquiries concerning claims status, beneficiary eligibility and to check status or other supplier related transactions. Your PTAN therefore should be kept secure. Because the PTAN is not considered a Medicare legacy identifier, do not report this identifier to the National Plan and Provider Enumeration System (NPPES) as an "other" provider identification number.

The IVR telephone number for Illinois is 1-877-908-9499. Instructions on how to use the IVR can be obtained from our web site at: *http://www.wpsmedicare.com.*

To maintain an active enrollment status in the Medicare program, regulations found at 42 CFR §424.516 require that you submit updates and changes to your enrollment information to our office on the appropriate CMS 855 form within specified timeframes.

Reportable changes include, but are not limited to changes in: (1) legal business name, (LBN)/tax identification number (TIN), (2) practice location, (3) ownership, (4) authorized/delegated officials, (5) changes in payment information such as changes in electronic funds transfer information, and (6) final adverse legal actions, including felony convictions, license suspensions or revocations of a health care license, an exclusion or debarment from participation in a Federal or State health care program, or a Medicare revocation by a different Medicare contractor.

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Providers and suppliers may enroll or make changes to their existing enrollment in the Medicare program using the Internet-based PECOS or to download the CMS-855 enrollment application, go to: *http://www.cms.hhs.gov/MedicareProviderSupEnroll.*

Please send your paper application, or your signed Certification Statement along with required documents for Internet-based PECOS to the following address:

	Priority Mailing Address
Wisconsin Physicians Service	Wisconsin Physicians Service
Medicare Provider Enrollment	Medicare Provider Enrollment
P O Box 8248	1707 W. Broadway
Madison, WI 53708-8248	Madison, WI 53713-1834

You must also update your National Provider Identifier (NPI) information maintained with the National Plan and Provider Enumeration System (NPPES) within 30 days when information reported to NPPES changes. To make changes to an NPI record, please contact the NPI Enumerator at *https://NPPES.cms.hhs.gov* or call the Enumerator at 1-800-465-3203 or TTY 1-800-692-2326. For more information about NPI enumeration, visit *http://www.cms.hhs.gov/NationalProvIdentStand/.*

Additional information about the Medicare program, including billing, fee schedules, and Medicare policies and regulations can be found on our Web site at *http://www.wpsmedicare.com* or at the Centers for Medicare & Medicaid Services' (CMS) Web site at *www.cms.hhs.gov/home/medicare.asp.*

If you would like to receive e-News messages regarding the most current Medicare Part B news, you can subscribe to the WPS Medicare Listserv at www.wpsmedicare.com/listserv.

If you are not currently filing claims electronically, please contact our Electronic Data Interchange (EDI) department for Illinois at 1-877-567-7261. If you have questions regarding

Medicare claims, please call the IVR telephone number shown above or our Customer Service Department for Illinois at 1-866-234-7340.

Please verify the accuracy of your enrollment information. If you disagree with any portion of this initial determination or have any questions, you can call our toll-free line at:1-877-908-8476 Monday through Friday between the hours of 8:00 a.m. and 4:00 p.m. (CT). Per regulation 42 CFR 405.874, a provider or supplier may only appeal a denial or revocation decision.

Sincerely,

Betty Geisler
Medicare Provider Enrollment

63

State of Illinois 2045149
Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

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

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

[illegible]

EXPIRATION DATE	CATEGORY	ID NUMBER
[illegible]	[illegible]	7002181

FULL LICENSE

AMBUL SURGICAL TREAT CNTR

EFFECTIVE: [illegible]

BUSINESS ADDRESS

LOYOLA AMBULATORY SURGERY CENTER
AT OAKBROOK [illegible]
1 SOUTH 224 SUMMIT, SUITE 201
OAKBROOK TERRACE IL 60181

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

DISPLAY THIS PART IN A CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN IDENTIFICATION

State of Illinois 2045149
Department of Public Health
LICENSE, PERMIT, CERTIFICATION, REGISTRATION

LOYOLA AMBULATORY SURGERY CENTER

EXPIRATION DATE	CATEGORY	ID NUMBER
[illegible]	[illegible]	7002181

FULL LICENSE

AMBUL SURGICAL TREAT CNTR

EFFECTIVE: [illegible]

07/09/11

LOYOLA AMBULATORY SURGERY CENTER
1 SOUTH 224 SUMMIT
SUITE 201
OAKBROOK TERRACE IL 60181

FEE RECEIPT NO. 75080

Loyola Ambulatory Surgery Center at Oakbrook, L.P.

Oakbrook Terrace, IL

has been Accredited by

The Joint Commission

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

Ambulatory Health Care Accreditation Program

May 18, 2011

Accreditation is customarily valid for up to 36 months.

Isabel V. Hoverman, MD, MACP
Chair, Board of Commissioners

Organization ID #452472
Print/Reprint Date: 5/25/11

Mark R. Chassin, MD, FACP, MPP, MPH
President

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

CMS
CENTERS for MEDICARE & MEDICAID SERVICES

Medicare

05
0173

Control Number: 1110319031072

November 29, 2010

Attention: Donna Hankins
Steven J Hutkai
Loyola Ambulatory Surgery of Oakbrook LP
3000 Riverchase Galleria Ste 500
Birmingham, AL 35244-2365

Subject: Medicare Provider Enrollment – Confirmation of Change
Loyola Ambulatory Surgery of Oakbrook LP

Dear Mr. Hutkai:

We have approved your CMS 855 Medicare enrollment application to change your Medicare enrollment information.

PTAN: 141049

NPI: 1407812498

Specialty: ASC

Medicare Participation Status: Participating

Effective Date of Change: 09/27/2010

Previous Information	Updated Information
	Added Gregory R Cunniff as director/officer

You must use your NPI on all Medicare claims submissions. Your PTAN will be the required authentication element for all inquiries to customer service representatives (CSRs), written inquiry units and the Interactive Voice Response (IVR) system for inquiries concerning claims status, beneficiary eligibility and to check status or other supplier related transactions. Your PTAN therefore should be kept secure. Because the PTAN is not considered a Medicare legacy identifier, do not report this identifier to the National Plan and Provider Enumeration System (NPPES) as an "other" provider identification number.

The IVR telephone number for Illinois is 1-877-908-9499. Instructions on how to use the IVR can be obtained from our web site at: *http://www.wpsmedicare.com.* q

To maintain an active enrollment status in the Medicare program, regulations found at 42 CFR §424.516 require that you submit updates and changes to your enrollment information to our office on the appropriate CMS 855 form within specified timeframes.

Reportable changes include, but are not limited to changes in: (1) legal business name, (LBN)/tax identification number (TIN), (2) practice location, (3) ownership, (4) authorized/delegated officials, (5) changes in payment information such as changes in electronic funds transfer information, and (6) final adverse legal actions, including felony convictions, license suspensions or revocations of a health care license, an exclusion or debarment from participation in a Federal or State health care program, or a Medicare revocation by a different Medicare contractor.

Information about Medicare provider enrollment changes can be obtained from our web site at *http://www.wpsmedicare.com.*

Providers and suppliers may enroll or make changes to their existing enrollment in the Medicare program using the Internet-based PECOS or to download the CMS-855 enrollment application, go to: *http://www.cms.hhs.gov/MedicareProviderSupEnroll.*

Please send your paper application, or your signed Certification Statement along with required documents for Internet-based PECOS to the following address:

Wisconsin Physicians Service
Medicare Provider Enrollment
P O Box 8248
Madison, WI 53708-8248

Priority Mailing Address
Wisconsin Physicians Service
Medicare Provider Enrollment
1707 W. Broadway
Madison, WI 53713-1834

You must also update your National Provider Identifier (NPI) information maintained with the National Plan and Provider Enumeration System (NPPES) within 30 days when information reported to NPPES changes. To make changes to an NPI record, please contact the NPI Enumerator at *https://NPPES.cms.hhs.gov* or call the Enumerator at 1-800-465-3203 or TTY 1-800-692-2326. For more information about NPI enumeration, visit *http://www.cms.hhs.gov/NationalProvIdentStand/.*

Additional information about the Medicare program, including billing, fee schedules, and Medicare policies and regulations can be found on our Web site at *http://www.wpsmedicare.com* or at the Centers for Medicare & Medicaid Services' (CMS) Web site at *www.cms.hhs.gov/home/medicare.asp.*

If you would like to receive e-News messages regarding the most current Medicare Part B news, you can subscribe to the WPS Medicare Listserv at www.wpsmedicare.com/listserv.

If you are not currently filing claims electronically, please contact our Electronic Data Interchange (EDI) department for Illinois at 1-877-567-7261. If you have questions regarding Medicare claims, please call the IVR telephone number shown above or our Customer Service Department for Illinois at 1-866-234-7340.

Please verify the accuracy of your enrollment information. If you disagree with any portion of this initial determination or have any questions, you can call our toll-free line at:1-877-908-8476 Monday through Friday between the hours of 8:00 a.m. and 4:00 p.m. (CT). Per regulation 42 CFR 405.874, a provider or supplier may only appeal a denial or revocation decision.

Sincerely,

Betty Geisler
Medicare Provider Enrollment

SCA

Surgical Care Affiliates

April 12, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Chairman Galassie:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that no adverse action has been taken against any facility owned or operated by Surgical Care Affiliates, LLC in Illinois during the three years prior to filing this application.

Additionally, pursuant to 77 Ill. Admin. Code § 1110.230(a)(3)(C), I hereby authorize the Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted as part of this application for permit. I further authorize HFSRB and IDPH to obtain any additional information or documents from other government agencies which HFSRB or IDPH deem pertinent to process this application for permit.

Sincerely,

Richard L. Sharff, Jr.
Executive Vice President & General Counsel
Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P

Subscribed and sworn to me
This 12th day of April, 2012

Bonnie Browning
Notary Public

Attachment 11B

3000 Riverchase Galleria, Suite 500 | Birmingham, AL 35244 | 800.768.0094 | www.scasurgery.com

Section III, Background, Purpose of the Project, and Alternatives – Information Requirements
Criterion 1110.230, Background, Purpose of the Project and Alternatives

Purpose of the Project

1. The Applicants seek to relocate their existing multi-specialty ambulatory surgical treatment center ("ASTC") approximately 1 mile (or 4 minutes) from its current location at 1900 Hollister Drive, Libertyville, Illinois. The current term of the lease for the existing ASTC will expire on December 31, 2015. The Existing ASTC has been at its current location for thirty-two years. It is located within a building that includes several businesses. Given the age and design of the Existing ASTC, building issues put the facility at risk for licensure deficiencies. The Replacement ASTC will be in a stand alone building, which will allow the Applicants to fully comply with all current life safety code and licensure standards in new construction.

   Other issues at the Existing ASTC will be remedied by the Replacement ASTC. For example, the flow of male/female changing room into the lounge is not conducive to one way flow and prevention of cross contamination. The new facility will be configured under new methods, allowing one way flow. The Existing ASTC has no designated "anesthesia work room." The design of the Replacement ASTC will include an anesthesia work room as required by American Institute of Architects standards for ASTCs performing general surgery. The pre-operation area does not allow for admitting patients in a timely manner. The new facility will be able to pre-op several patients, at a time, which is vital for efficiency, particularly with short procedures like pain management. The operating rooms are not optimal for all of the equipment needs of the facility, particularly as new advances in equipment/medicine occur. The operating rooms will meet IDPH licensure requirements. The sterile processing area does not allow for a circular flow of dirty instruments into one room for decontamination then passed to another room for sterilization. The Replacement facility will include separate soiled and clean workrooms and a separate sterile storage room. The Existing ASTC lacks space to hold significant amounts of soiled linen or biohazardous waste. The new facility will include a larger area for soiled linens and biohazardous waste.

   Moreover, The Replacement ASTC will offer residents of Lake County and surrounding areas surgical services not otherwise provided in an ASTC setting in Lake County. Excluding the Existing ASTC, there are thirteen surgical facilities (six hospitals and seven ASTCs) within the Replacement ASTC's GSA. Importantly, based upon the Board's 2010 Annual Hospital Questionnaire, average utilization of the existing hospitals within the GSA is 80%. As set forth in the physician referral letters attached at Appendix 1, approximately 3,358 procedures will be performed at the Replacement ASTC during the first year after project completion. Given the high utilization at the existing hospitals, patients may find it difficult to schedule surgical procedures at an existing hospital at an optimal time, and a scheduled procedure may often be postponed to accommodate a patient with an urgent or emergent condition. Establishment of a modern, state-of-the art ASTC will allow procedures appropriate for an ASTC setting to move from hospital outpatient departments ("HOPD") to the Replacement ASTC thereby allowing hospitals to focus on more urgent and complex cases.

   Additionally, HOPDs are more costly, less efficient and less convenient than ASTCs. As set forth in the letter from the ASC Advocacy Committee to Secretary Sebelius regarding implementation of a value-based purchasing system for ASTCs, ASTCs are efficient providers of surgical services. <ins>See</ins> Attachment – 12A. ASTCs provide high quality surgical care, excellent outcomes, and high level of patient satisfaction at a lower cost than HOPDs. Surgical procedures performed in an ASTC are reimbursed at lower rates than HOPDs and result in lower out-of-pocket expenses for patients. Furthermore, patients often report an enhanced experience at ASTCs compared to HOPDs due, in part, to easier access to parking, shorter waiting times, and ease of access into and out of the operating rooms. Finally, surgeons are more efficient due to faster turnover of operating rooms, designated surgical times without risk of delay due to more urgent procedures, and specialized nursing staff. As a result of these efficiencies, more time can be spent with patients thereby improving the quality of care. Given the benefits of ASTCs, this relocation will benefit area residents.

According to the 2010 U.S. Census, there are over 1.4 million residents in the GSA and only 8 ASTCs, this ASTC will serve a large number of patients.[2]

Further, no ASTC within the GSA currently provides the full spectrum of surgical procedures to be performed at the Replacement ASTC. Specifically, five of the seven facilities are limited specialty facilities and cannot perform orthopedic, neurology, otolaryngology, podiatry, dermatology, and oral/maxillofacial surgical procedures. Additionally, one multi-specialty ASTC, Ritacca Laser Center ("Ritacca"), is only authorized to provide ophthalmology, plastic surgery and pain management. Importantly, there will be little overlap between the services provided at Ritacca and the Replacement ASTC.[3] Finally, the only other true multi-specialty ASTC in the GSA, Golf Surgical Center, is located near the far southern boundary of the GSA. Therefore, patients residing in Northern Lake County, who would be served by the Replacement ASTC, would have to travel 45 minutes to over an hour to have procedures performed at Golf Surgical Center.

The Replacement ASTC is needed to provide area residents with a high-quality, low cost alternative to HOPDs like the current location offers. Relocating the Existing ASTC to a modern, state of the art facility, will allow physicians to perform more complex cases in an ASTC setting.

2. Hawthorn Surgery Center is an existing multi-specialty ASTC primarily serving residents in Lake County. A map of the market area for Hawthorn Surgery Center is attached at Attachment – 12B. The market area consists of those Illinois areas within 30 minutes normal travel time of Hawthorn Surgery Center. Travel times to and from Hawthorn Surgery Center to the market area borders are as follows:

    - East: Approximately 16 minutes normal travel time to Lake Michigan
    - Southeast: Approximately 30 minutes normal travel time to Glenview
    - South: Approximately 30 minutes normal travel time to Mount Prospect
    - Southwest: Approximately 30 minutes normal travel time to Barrington
    - West: Approximately 30 minutes normal travel time to Cary
    - Northwest: Approximately 30 minutes normal travel time to Fox Lake
    - North: Approximately 30 minutes normal travel time to Antioch
    - Northeast: Approximately 30 minutes to Waukegan

3. This project is needed to improve access to ambulatory surgical services to patients residing in Lake County and the surrounding area. As set forth above, no ASTC in the GSA currently offers the full range of surgical procedures to be provided at the Replacement ASTC. While there are six hospitals within 30 minutes of the Replacement ASTC, procedures performed in HOPDs are more expensive to patients and payors. Accordingly, the proposed project is needed to provide patients residing in Lake County and the surrounding area access to surgical services in a cost effective, high quality ASTC setting.

4. As set forth above, no ASTC in the GSA offers the full range of surgical procedures to be provided at the Replacement ASTC. The proposed project will provide a lower cost alternative to HOPDs for the residents of Lake County and surrounding areas.

5. The goal of this project is to increase access to surgical services in a cost effective, high quality ASTC setting to patients residing in Lake County and surrounding areas.

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[2] The City of Chicago has 2.7 million residents and 22 ASTCs, or one ASTC per 122,527 residents; compared to Hawthorn's GSA, 1.4 millions residents and 8 ASTCs, or one ASTC per 176,324 residents.

[3] The Replacement ASTC will not provide ophthalmology or plastic surgery.

STATE ATTORNEYS GENERAL
A Communication From the Chief Legal Officers
Of the Following States and Territories:

Alabama * Alaska * California * Colorado * Connecticut * Florida * Georgia
Guam * Kansas * Kentucky * Louisiana * Maine * Massachusetts
Mississippi * Missouri * Montana * Nebraska * New Jersey
New Mexico * North Dakota * Oklahoma * Pennsylvania * Rhode Island
South Carolina * South Dakota * Tennessee * Utah * Virginia
Washington * West Virginia * Wyoming

August 20, 2009

Via Facsimile

The Honorable Kathleen Sebelius
Secretary
Department of Health and Human Services

Dear Secretary Sebelius,

As Attorneys General we take seriously our statutory duty to protect consumers. Of particular concern is care for the elderly and disabled, particularly those who find themselves in nursing homes.

Regrettably not all nursing homes in our country provide the same high quality of care that we would want for the elderly. As a result it is vitally important that family members have at their disposal accurate factual information to assist them in making the difficult and often painful decision regarding placement of their loved one.

We have no objection to the present criteria used by CMS for evaluating nursing homes. Nor would we advocate changes that would compromise a strong assessment of nursing home proficiency and quality. However, we strongly support a nationwide criterion-referenced evaluation methodology for establishing proficiency at all levels for nursing homes as opposed to the normative state-by-state methodology presently utilized by CMS. The correct and appropriate criterion-referenced evaluation methodology would gauge the success or failure of a given nursing home by an absolute national standard.

While the current Five Star System for rating nursing homes unveiled by CMS on December 18, 2008 establishes nationwide criteria for nursing homes, it uses a normative methodology with fixed quotas to determine individual nursing home ratings on a state-by-state basis making it impossible to evaluate nursing homes across state lines. As a result of the current Five Star methodology, comparison of individual nursing home ratings can be misleading and create significant confusion for consumers.

In the interest of consumers as well as providers, we believe it imperative that the current Five Star System be suspended temporarily and revised using a more appropriate criterion-referenced

Attachment 12A

evaluation methodology. Fortunately, CMS' Nursing Home Compare System that was in place before Five Star remains available to consumers as a tool for nursing home selection during what should be a short revision process. When the revised system is ready to be announced we are prepared as consumer advocates in our respective states to help educate consumers about the existence of the revised system and the importance of using it as a part of their decision making process in choosing a nursing home.

Thank you for your consideration of this request.

Sincerely,

Martha Coakley
Attorney General of Massachusetts

William C. Mims
Attorney General of Virginia

Troy King
Attorney General of Alabama

Daniel S. Sullivan
Attorney General of Alaska

Edmund G. Brown, Jr.
Attorney General of California

John W. Suthers
Attorney General of Colorado

Richard Blumenthal
Attorney General of Connecticut

Bill McCollum
Attorney General of Florida

Thurbert E. Baker
Attorney General of Georgia

Alicia G. Limtiaco
Attorney General of Guam

Steve Six
Attorney General of Kansas

Jack Conway
Attorney General of Kentucky

James D. Caldwell
Attorney General of Louisiana

Janet T. Mills
Attorney General of Maine

Jim Hood
Attorney General of Mississippi

Chris Koster
Attorney General of Missouri

Steve Bullock
Attorney General of Montana

Jon Bruning
Attorney General of Nebraska

Anne Milgram
Attorney General of New Jersey

Gary King
Attorney General of New Mexico

Wayne Stenehjem
Attorney General of North Dakota

W.A. Drew Edmondson
Attorney General of Oklahoma

Tom Corbett
Attorney General of Pennsylvania

Patrick C. Lynch
Attorney General of Rhode Island

Henry McMaster
Attorney General of South Carolina

Lawrence Long
Attorney General of South Dakota

Robert E. Cooper, Jr.
Attorney General of Tennessee

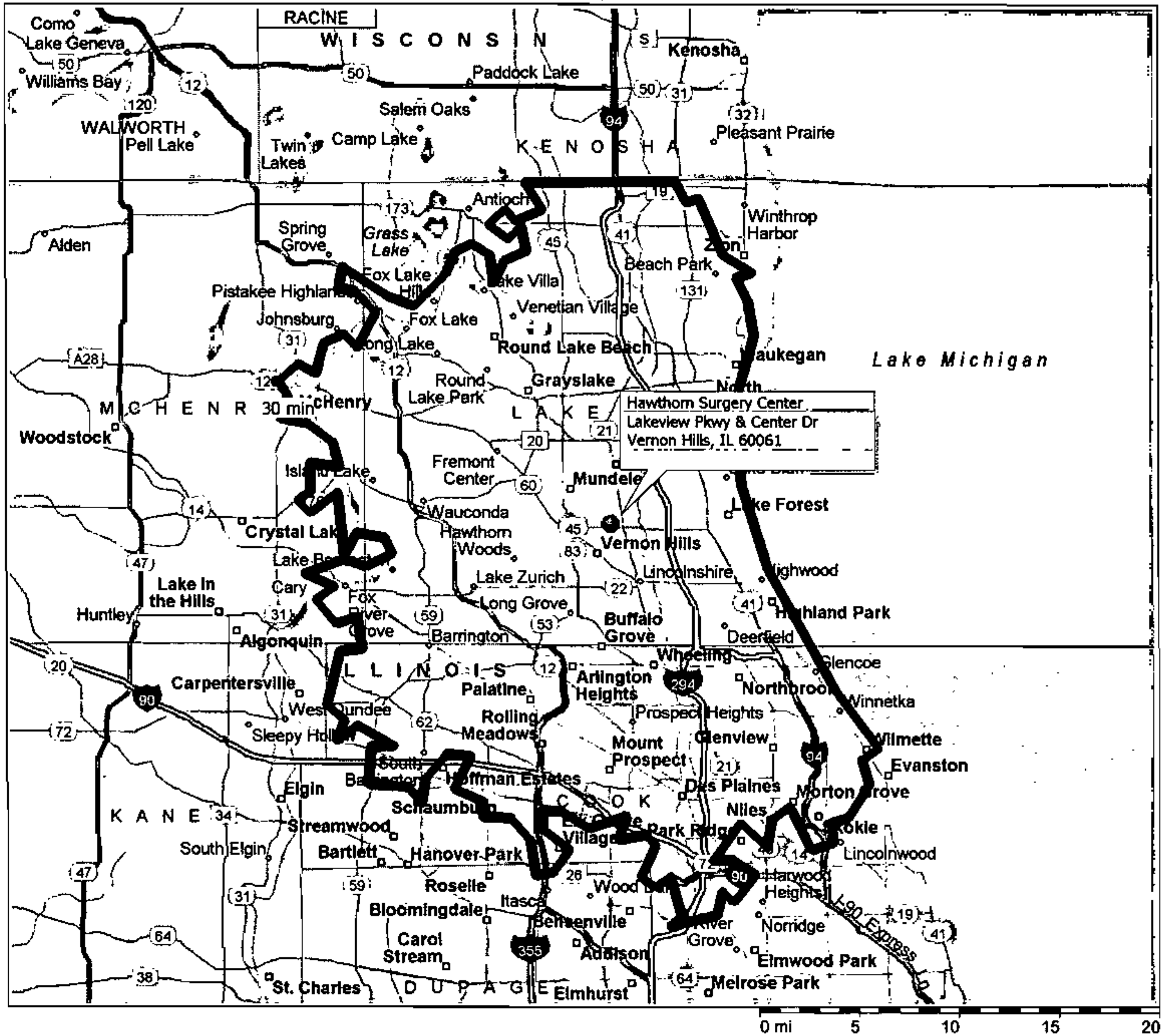
Mark L. Shurtleff
Attorney General of Utah

Rob McKenna
Attorney General of Washington

Darrell V. McGraw, Jr.
Attorney General of West Virginia

Bruce A. Salzburg
Attorney General of Wyoming

Hawthorn Surgery Center GSA



Attachment 128

Section III, Background, Purpose of the Project, and Alternatives – Information Requirements
Criterion 1110.230, Background, Purpose of the Project and Alternatives

Alternatives

The Applicants explored three options prior to determining to relocate Hawthorn Surgery Center. The options considered are as follows:

- Continue the status quo;
- Replace the Existing ASTC at the current location; and
- Relocate the Existing ASTC.

After exploring these options, which are discussed in more detail below, the Applicants decided to relocate the Existing ASTC. A review of each of the options considered and the reasons they were rejected follows.

Continue the Status Quo

The first alternative considered was to maintain the status quo, whereby the Existing ASTC would continue to operate at it current location.

As set forth in Section II, the lease for the Existing ASTC will expire on December 31, 2013. The Existing ASTC has been at its current location for thirty-two years. It is located within a building that includes several businesses. Given the age and design of the Existing ASTC, building issues put the facility at risk for licensure deficiencies. The Replacement ASTC will be a stand alone building, which will allow the Applicants to more easily comply with licensure standards and allow for quicker resolution of building issues as property management approval will not be required. Other issues at the Existing ASTC include: (1) the flow of male/female changing room into the lounge is not conducive to one way flow and prevention of cross contamination; (2) no designated anesthesia work room; (3) the pre-operation area does not allow for admitting patients in a timely manner; (4) the operating rooms are not optimal for all of the equipment needs of the facility, particularly as new advances in equipment/medicine occur; (5) the sterile processing area, does not allow for a circular flow of dirty instruments into one room for decontamination then passed to another room for sterilization; (6) lack of space within the facility to hold significant amounts of soiled linen or biohazardous waste.

While the Applicants have been able to work around these issues to ensure to ensure compliance with licensure standards, the Existing ASTC is by no means optimal. As the facility continues to grow, it will become more difficult to comply with IDPH licensure standards. In order to remedy these issues and to better accommodate patients' needs, the Applicants decided to relocate the Existing ASTC approximately 1 mile from its current site.

Replace the Existing ASTC at the Current Location

The Applicants considered replacing the Existing ASTC at the current location. As set forth throughout this application, the Existing ASTC is located within a building that includes sixteen other tenants. Demolition and replacement of the current building that houses the Existing ASTC would displace not only the Applicants but other tenants of the landlord as well. This would be inconvenient and costly to the Applicants, existing tenants, and their patients as all current tenants would need to relocate to temporary space during demolition and construction. Moreover, the Applicants do not own the building and cannot compel the landlord to replace the existing building.

Relocate the Existing ASTC

As set forth above, the Existing ASTC has been at its current location for over 32 years. It is located within a building that includes several businesses. Given the age and design of the Existing ASTC, there are several issues that will be remedied by the Replacement ASTC. The Replacement ASTC will be a stand alone building, which will allow the Applicants to more easily comply with licensure standards and allow for quicker resolution of building issues as property management approval will not be required. Additional issues that will be addressed by the Replacement Facility include: configuration using new methods to allow one way flow to prevent cross contamination, an anesthesia work room, a pre-operation area that allows for more efficient admitting of patients, operating rooms that meet IDPH licensure requirements, separate soiled and clean workrooms and a separate sterile storage room, and a larger area for soiled linens and biohazardous waste.

Further, no ASTC within the GSA currently provides the full spectrum of surgical procedures to be performed at the Replacement ASTC. Specifically, five of the seven facilities are limited specialty facilities and cannot perform orthopedic, neurology, otolaryngology, podiatry, dermatology, and oral/maxillofacial surgical procedures. Additionally, Ritacca, a multi-specialty ASTC, is only authorized to provide ophthalmology, plastic surgery and pain management. Importantly, there will be little overlap between the services provided at Ritacca and the Replacement ASTC.[4] Finally, the only other true multi-specialty ASTC in the GSA, Golf Surgical Center, is located near the far southern boundary of the GSA. Therefore, patients residing in Northern Lake County, who would be served by the Replacement ASTC, would have to travel 45 minutes to over an hour to have procedures performed at Golf Surgical Center. Accordingly, a modern state-of-the-art multi-specialty ASTC is needed to serve the residents of Lake County.

Therefore, to better serve the needs of the residents of Lake County and the surrounding area, the Applicants decided to relocate the Existing ASTC.

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[4] The Replacement ASTC will not provide ophthalmology or plastic surgery.

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.234, Project Scope, Utilization, and Unfinished/Shell Space

Size of the Project

The Project proposes to discontinue the Existing ASTC and establish the Replacement ASTC with 3 operating rooms, one procedure room and 14 recovery stations. Pursuant to Section 1110, Appendix B of the HFSRB's rules, the State standard is 1,660 to 2,200 gross square feet per operating room and 180 gross square feet per recovery station for a total of 9,160 to 11,320 gross square feet for three operating rooms, one procedure room and 14 recovery stations. The gross square footage of clinical space will be 7,955 gross square feet. Accordingly, the size of the ASTC is below the State standard.

Table 1110.234(a)
SIZE OF PROJECT

DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
ASTC	7,955	9,160 – 11,320	1,205	Yes

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.234, Project Scope, Utilization, and Unfinished/Shell Space

Project Services Utilization

By the second year after project completion, the ASTC's annual utilization shall meet or exceed HFSRB's utilization standards. Pursuant to Section 1110, Appendix B of the HFSRB's rules, utilization for ambulatory surgical treatment centers is based upon 1,500 hours per operating/procedure room. Based upon historical utilization and projected procedures documented in the physician referral letters attached at Appendix 1 approximately, 3,358 procedures will be performed at the ASTC within the first year after project completion. Based upon current experience, the estimated procedure time, including prep and cleanup, is approximately 90 minutes. As a result, 5,037 surgical hours are projected for the first year after project completion, which is sufficient to support the need for three operating rooms and one procedure room.

Table 1110.234(b) UTILIZATION					
	DEPT./ SERVICE	**HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.**	**PROJECTED UTILIZATION**	**STATE STANDARD**	**MET STANDARD?**
YEAR 1	ASTC	3,056 procedures	5,037 hours	4,500 hours	Yes
YEAR 2	ASTC	3,056 procedures	5,037 hours	4,500 hours	Yes

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.234(c), Unfinished or Shell Space

This project will not include unfinished space designed to meet an anticipated future demand for service. Accordingly, this criterion is not applicable.

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.234(d), Assurances

This project will not include unfinished space designed to meet an anticipated future demand for service. Accordingly, this criterion is not applicable.

Section VII, Service Specific Review Criteria
Non-Hospital Based Ambulatory Surgery
Criterion 1110.1540(b), Target Population

a. Attached as Attachment – 27A is a map outlining Hawthorn Surgery Center's intended geographic service area ("GSA"). The GSA consists of those Illinois areas within 30 minutes normal travel time of Hawthorn Surgery Center, or approximately 17.5 miles.

b. As set forth in Criterion 1110.230, Hawthorn Surgery Center currently serves the area within 30 minutes travel time of the facility. The estimated population is provided in Table 1110.1540(b) below.

Table 1110.1540(b)		
Zip Code	**City**	**Population**
60004	Arlington Heights	50,582
60005	Arlington Heights	29,308
60008	Rolling Meadows	22,717
60010	Barrington	44,095
60013	Cary	26,872
60015	Deerfield	26,800
60016	Des Plaines	59,690
60018	Des Plaines	30,099
60020	Fox Lake	9,825
60021	Fox River Grove	5,545
60022	Glencoe	8,153
60025	Glenview	39,105
60026	Glenview	13,335
60029	Golf	482
60030	Grayslake	36,056
60031	Gurnee	37,947
60035	Highland Park	29,763
60040	Highwood	5,431
60041	Ingleside	9,250
60042	Island Lake	8,547
60044	Lake Bluff	9,792
60045	Lake Forest	20,925
60046	Lake Villa	35,111
60047	Lake Zurich	41,669
60048	Libertyville	29,095
60053	Morton Grove	23,260
60056	Mount Prospect	55,219
60061	Vernon Hills	25,748
60062	Northbrook	39,936
60064	North Chicago	15,407
60067	Palatine	38,585
60068	Park Ridge	37,475
60069	Lincolnshire	8,384
60070	Prospect Heights	16,001
60073	Round Lake	60,002
60074	Palatine	38,985

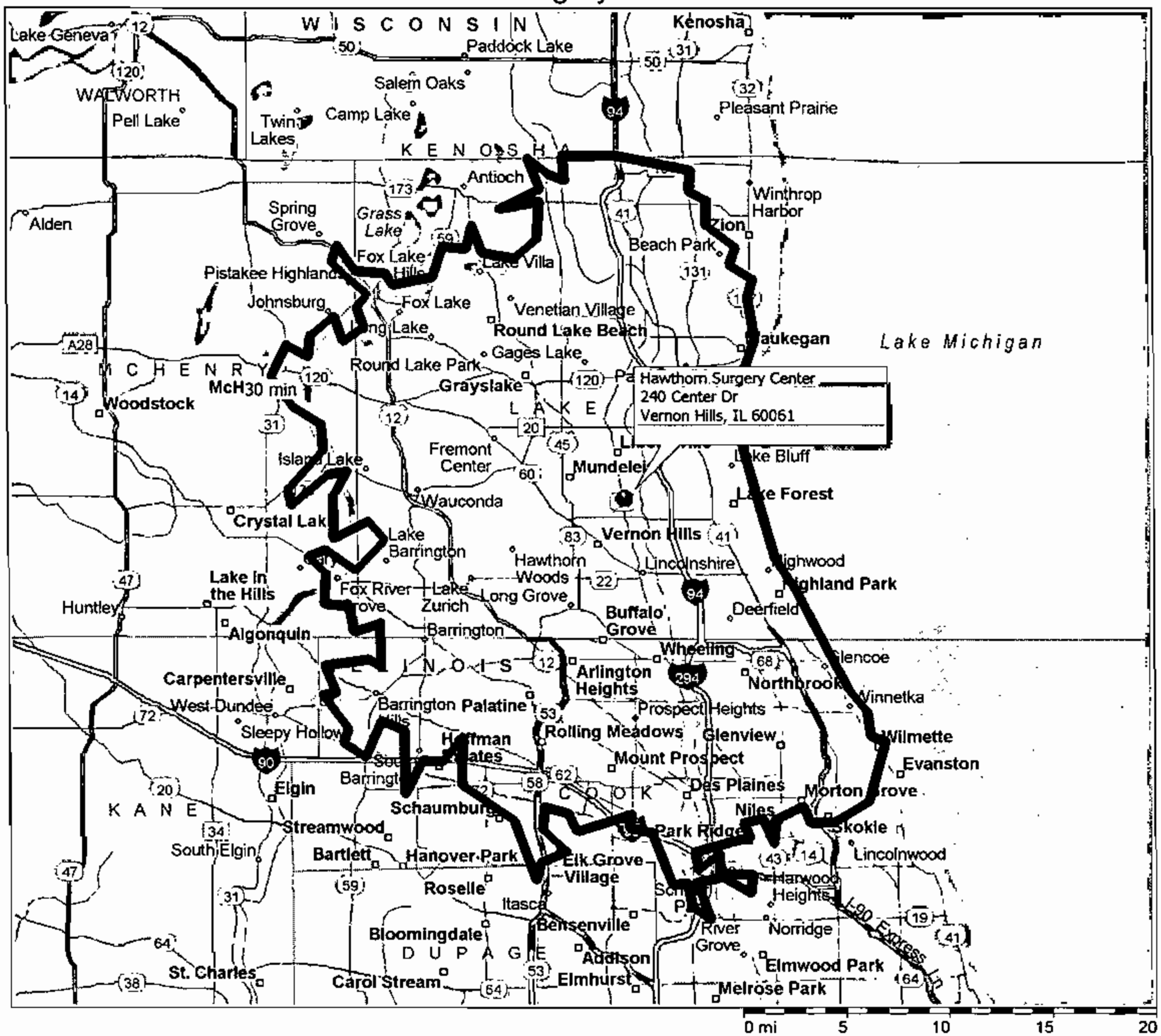
Table 1110.1540(b)		
Zip Code	City	Population
60076	Skokie	33,415
60077	Skokie	26,825
60083	Wadsworth	9,838
60084	Wauconda	16,771
60085	Waukegan	71,714
60087	Waukegan	26,978
60088	Great Lakes	15,761
60089	Buffalo Grove	41,533
60090	Wheeling	37,633
60091	Wilmette	27,020
60093	Winnetka	19,570
60099	Zion	31,104
60173	Schaumburg	12,217
60176	Schiller Park	11,795
60195	Schaumburg	4,769
60203	Evanston	4,523
60714	Niles	29,931
Total		**1,410,593**

Source: U.S. Census Bureau, Census 2010, American Factfinder *available at* http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk (last visited Feb. 7, 2012).

c. Pursuant to Section 1110.1540(b) of the HFSRB's rules, the intended GSA can be no less than 30 minutes and no greater than 60 minutes normal travel time from the proposed ASTC. As set forth throughout this application, the intended GSA consists of those areas within 30 minutes normal travel time of Hawthorn Surgery Center. Travel times from Hawthorn Surgery Center to the GSA borders are as follows:

- East: Approximately 16 minutes normal travel time to Lake Michigan
- Southeast: Approximately 30 minutes normal travel time to Glenview
- South: Approximately 30 minutes normal travel time to Mount Prospect
- Southwest: Approximately 30 minutes normal travel time to Barrington
- West: Approximately 30 minutes normal travel time to Cary
- Northwest: Approximately 30 minutes normal travel time to Fox Lake
- North: Approximately 30 minutes normal travel time to Antioch
- Northeast: Approximately 30 minutes normal travel time to Waukegan

Hawthorn Surgery Center GSA



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Attachment 27

Section VII, Service Specific Review Criteria
Non-Hospital Based Ambulatory Surgery
Criterion 1110.1540(c), Projected Patient Volume

Physician referral letters providing the number of patients referred to health care facilities within the past 12 months and the projected referrals to the Replacement ASTC are attached at Appendix 1. A summary of the physician referral letters is provided in Table 1110.1540(c).

Table 1110.1540(c)			
Specialty	**Hospital/Licensed ASTC**	**Cases Performed in the Last 12 Months**	**Anticipated Referrals to Hawthorn Surgery Center**
Orthopedics	Hawthorn Surgery Center	2,559	2,559
Orthopedics	Victory Memorial Hospital	639	0
Orthopedics	Lake Forest Hospital	1,424	0
Orthopedics	Advocate Condell Hospital	417	0
Orthopedics	St. Joseph Hospital	17	0
Orthopedics	Resurrection Hospital	1	0
Orthopedics	Illinois Masonic Hospital	2	0
Orthopedics	Northwestern Grayslake Surgical Center	46	0
Orthopedics	Glenbrook Hospital	1	0
Orthopedics	Golf Surgical Center	4	0
Orthopedics	Illinois Sports Med & Ortho Surgery Center	190	0
Orthopedics	Lutheran General Hospital	35	0
Orthopedics	Highland Park Hospital	15	0
Total Orthopedics		**5,350**	**2,559**
Podiatry	Hawthorn Surgery Center	54	116
Podiatry	Chicago Same Day Surgery Center	5	0
Podiatry	Lake Forest Hospital	2	0
Podiatry	St. Elizabeth Medical Center	35	0
Podiatry	Illinois Masonic Hospital	8	0
Podiatry	K&G Surgery Center	14	0
Podiatry	Alexian Brothers	3	0
Podiatry	Belmont Harlem Surgery Center	25	0
Total Podiatry		**146**	**116**
Pediatric Dentistry	Hawthorn Surgery Center	18	18
Total Pediatric Dentistry		**18**	**18**
Pain Management	Hawthorn Surgery Center	412	412
Pain Management	Advocate Condell Hospital	11	0
Pain Management	Lutheran General Hospital	459	0
Total Pain Management		**882**	**412**
Otolaryngology	Lutheran General Hospital	934	92
Otolaryngology	Golf Surgical Center	316	34
Otolaryngology	Highland Park Hospital	64	64
Otolaryngology	Advocate Condell Hospital	60	60
Otolaryngology	Glenbrook Hospital	21	0
Otolaryngology	Skokie Hospital	5	0

Table 1110.1540(c)			
Specialty	**Hospital/Licensed ASTC**	**Cases Performed in the Last 12 Months**	**Anticipated Referrals to Hawthorn Surgery Center**
Otolaryngology	Rush University Medical Center	79	0
Otolaryngology	Children's Memorial Hospital	14	0
Total Otolaryngology		**1,493**	**250**
Gynecology	Hawthorn Surgery Center	3	3
Gynecology	Advocate Condell Hospital	77	0
Total Gynecology		80	3
Total		**7,969**	**3,358**

Section VII, Service Specific Review Criteria
Non-Hospital Based Ambulatory Surgery
Criterion 1110.1540(d), Treatment Room Need Assessment

a. As stated throughout this application, the Applicants propose to discontinue their existing ASTC and establish a replacement ASTC with three operating rooms and one procedure room.

b. The Applicants estimate average length of time per procedure will be 90 minutes. This estimate includes 30 minutes for prep and clean up.

Section VII, Service Specific Review Criteria
Non-Hospital Based Ambulatory Surgery
Criterion 1110.1540(e), Impact on Other Facilities

a. A copy of the letter sent to area surgical facilities regarding the Project's impact on their workload is attached at Appendix 1.

b. The list of the facilities contacted is attached at Appendix 2.

c. MapQuest printouts with the time and distance to each facility within 30 minutes normal travel time of Hawthorn Surgery Center are attached at Appendix 3.

d. Copies of the registered mail receipts are attached at Appendix 4.

Section VII, Service Specific Review Criteria
Non-Hospital Based Ambulatory Surgery
Criterion 1110.1540(f), Establishment of New Facilities

As previously discussed in Criterion 1110.230, the Applicants propose to discontinue their existing multi-specialty ASTC and establish a new multi-specialty ASTC with three operating rooms and one procedure room. The Existing ASTC has been at its current location for thirty-two years and was constructed prior to many changes in the life safety code physical plant requirements. Given the age and design of the Existing ASTC, building issues put the facility at risk for licensure deficiencies. The Replacement ASTC will be in a newly constructed building, and it will be built to comply with current health care facility life safety and design codes.

The new building will offer residents of Lake County and surrounding areas surgical services not otherwise provided in an ASTC setting in Lake County. Excluding the Existing ASTC, there are thirteen surgical facilities (six hospitals and seven ASTCs) within the ASTC's GSA. Based upon the Board's 2010 Annual Hospital Questionnaire, average surgical utilization of the existing hospitals within the GSA is over 1500 surgical hours per operating room. As set forth in the physician referral letters attached at Appendix 1, approximately 3,358 procedures will be performed at the ASTC during the first year after project completion.

HOPDs are more costly, less efficient and less convenient than ASTCs. As it is local physicians who are employed by the health systems in the area that have difficulty procuring block time in the area hospital surgical suites, the ASTC will allow physicians to schedule their surgeries to maximize efficiency. ASTCs provide high quality surgical care, excellent outcomes, and high level of patient satisfaction at a lower cost than HOPDs. Surgical procedures performed in an ASTC are reimbursed at lower rates than HOPDs and result in lower out-of-pocket expenses for patients. Furthermore, patients often report an enhanced experience at ASTCs compared to HOPDs due, in part, to easier access to parking, shorter waiting times, and ease of access into and out of the operating rooms. Finally, surgeons are more efficient due to faster turnover of operating rooms, designated surgical times without risk of delay due to more urgent procedures, and specialized nursing staff. As a result of these efficiencies, more time can be spent with patients thereby improving the quality of care. While the Applicants' patients currently realize many ASTC benefits, the Applicants' facility needs to be redesigned and rebuilt.

Section VII, Service Specific Review Criteria
Non-Hospital Based Ambulatory Surgery
Criterion 1110.1540(g), Charge Commitment

a. A list of the procedures to be performed at Hawthorn Surgery Center with the proposed charges is provided in Table 1110.1540(g) below.

Table 1110.1540(g) Hawthorn Surgery Center Fee Schedule		
Code	**Description**	**Charge**
20605	ARTHROCENTESIS ASPIR&/INJECTION INTERM JT/BURSA	3,650.00
20610	ARTHROCENTESIS ASPIR&/INJECTION MAJOR JT/BURSA	4,055.00
20680	REMOVAL IMPLANT DEEP	7,660.00
23700	MNPJ W/ANES SHOULDER JOINT W/FIXATION APPARATUS	5,575.00
25000	INCISION EXTENSOR TENDON SHEATH WRIST	7,970.00
25111	EXCISION GANGLION WRIST DORSAL/VOLAR PRIMARY	6,170.00
25447	ARTHRP INTERPOS INTERCARPAL/METACARPAL JOINTS	12,765.00
25609	OPTX DSTL RADL I-ARTIC FX/EPIPHYSL SEP 3 FRAG	21,830.00
26055	TENDON SHEATH INCISION	6,170.00
26160	EXC LES TDN SHTH/JT CAPSL HAND/FNGR	6,170.00
26418	REPAIR EXTENSOR TENDON FINGER W/O GRAFT EACH	5,850.00
26480	TR/TRNSPL TDN CARP/MTCRPL HAND W/O FR GRF EA	9,870.00
26615	OPEN TX METACARPAL FRACTURE SINGLE EA BONE	14,325.00
26735	OPEN TX PHALANGEAL SHAFT FRACTURE PROX/MIDDLE EA	14,325.00
27096	INJECTION SI JOINT ARTHROGRAPHY&/ANES/STEROID	4,055.00
28285	CORRECTION HAMMERTOE	7,795.00
28296	CORRJ HALLUX VALGUS +-SESMDC W/METAR OSTEOT	10,775.00
29806	ARTHROSCOPY SHOULDER SURGICAL CAPSULORRHAPHY	17,360.00
29807	ARTHROSCOPY SHOULDER SURGICAL REPAIR SLAP LESION	17,360.00
29822	ARTHROSCOPY SHOULDER SURG DEBRIDEMENT LIMITED	10,920.00
29823	ARTHROSCOPY SHOULDER SURG DEBRIDEMENT EXTENSIVE	10,920.00

Table 1110.1540(g) Hawthorn Surgery Center Fee Schedule		
Code	Description	Charge
29824	ARTHROSCOPY SHOULDER DISTAL CLAVICULECTOMY	11,405.00
29826	SHOULDER SCOPE BONE SHAVING	17,360.00
29827	ARTHROSCOPY SHOULDER ROTATOR CUFF REPAIR	17,360.00
29828	ARTHROSCOPY SHOULDER BICEPS TENODESIS	11,405.00
29846	ARTHRS WRST EXC&/RPR TRIANG FIBROCART&/JT DBRDMT	10,920.00
29848	NDSC WRST SURG W/RLS TRANSVRS CARPL LIGM	10,920.00
29873	ARTHROSCOPY KNEE LATERAL RELEASE	10,920.00
29874	ARTHROSCOPY KNEE REMOVAL LOOSE/FOREIGN BODY	10,920.00
29875	ARTHROSCOPY KNEE SYNOVECTOMY LIMITED SPX	10,920.00
29877	ARTHRS KNEE DEBRIDEMENT/SHAVING ARTCLR CRTLG	10,920.00
29879	ARTHRS KNEE ABRASION ARTHRP/MLT DRLG/MICROFX	10,920.00
29880	ARTHRS KNEE W/MENISCECTOMY MED&LAT W/SHAVING	10,920.00
29881	ARTHRS KNE SURG W/MENISCECTOMY MED/LAT W/SHVG	10,920.00
29882	ARTHROSCOPY KNEE W/MENISCUS RPR MEDIAL/LATERAL	10,920.00
29888	ARTHRS AIDED ANT CRUCIATE LIGM RPR/AGMNTJ/RCNSTJ	17,360.00
29898	ARTHROSCOPY ANKLE SURGICAL DEBRIDEMENT EXTENSIVE	10,920.00
62310	NJX C+-DX/THER SBST EDRL/SARACH CRV/THRC	4,055.00
62311	NJX C+-DX/THER SBST EDRL/SARACH LMBR SAC	4,055.00
64415	SINGLE NERVE BLOCK INJECTION ARM NERVE	3,650.00
64450	NJX ANES OTH PRPH NRV/BRANCH	3,650.00
64483	NJX ANES&/STRD W/IMG TFRML EDRL LMBR/SAC 1 LVL	3,855.00
64484	NJX ANES&/STRD W/IMG TFRML EDRL LMBR/SAC EA LVL	3,650.00
64490	NJX DX/THER AGT PVRT FACET JT CRV/THRC 1	4,055.00
64491	NJX DX/THER AGT PVRT FACET JT CRV/THRC 2ND	4,055.00
64492	NJX DX/THER AGT PVRT FACET JT CRV/THRC 3+	4,055.00

Table 1110.1540(g) Hawthorn Surgery Center Fee Schedule[1]		
Code	Description	Charge
64493	NJX DX/THER AGT PVRT FACET JT LMBR/SAC 1	4,055.00
64494	NJX DX/THER AGT PVRT FACET JT LMBR/SAC 2ND	4,055.00
64495	NJX DX/THER AGT PVRT FACET JT LMBR/SAC 3+	4,055.00
64721	NEURP&/TRPOS MEDIAN NRV CARPL TUNNEL	6,815.00

[1] As a multi-specialty ASTC, Hawthorn Surgery Center anticipates adding additional procedure codes in the future that will cover various specialties.

b. A letter from Richard L. Sharff, Jr., Executive Vice President & General Counsel for Surgical Care Affiliates, LLC and Hawthorn Place Outpatient Surgery Center, L.P., committing to maintain the above charges for the first two years of operation is attached at Attachment – 27C.

Hawthorn Surgery Center
c/o Surgical Care Affiliates, LLC
3000 Riverchase Galleria, Suite 500
Birmingham, Alabama 35244

April 12, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

Pursuant to 77 Ill. Admin. Code § 1110.1540(g), I hereby commit that the attached charge schedule will not be increased, at a minimum, for the first two years of operation following the relocation of Hawthorn Surgery Center unless a permit is first obtained pursuant to 77 Ill. Admin. Code § 1110.310(a).

Sincerely,

RLS

Richard L. Sharff, Jr.
Executive Vice President & General Counsel
Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P

Subscribed and sworn to me
This 12th day of April, 2012

Bonnie Browning
Notary Public

Attachment 27

Section VII, Service Specific Review Criteria
Non-Hospital Based Ambulatory Surgery
<u>Criterion 1110.1540(h), Change in Scope of Service</u>

The Applicants propose to discontinue their existing ASTC and establish a replacement ASTC. Accordingly, this criterion is not applicable.

Section VIII
Criterion 1120.120, Availability of Funds

A copy of the 2011 financial statements for Hawthorn Place Outpatient Surgery Center, L.P. and Surgical Care Affiliates and a letter of interest from Siemen's Financial Services evidencing sufficient financial resources to fund the proposed project are attached at Attachment – 39.

Letter of Intent
for
Hawthorn Surgery Center Lease Transaction
March 13, 2012

Tenant:	Hawthorn Place Outpatient Surgery Center, L.P.
Landlord:	HSA Acquisitions, Inc. or its assignee will own the real property described below.
Leased Premises:	Approximately 15,231 square foot (rentable and non-rentable) ambulatory surgery center on an approximately 2.976-acre site located at 240 Center Drive in Vernon Hills, IL.
Lease Term:	The initial term of the lease will be 15 years.
Renewal Options:	Tenant shall have 2 subsequent 5-year options to renew the lease with 9 months' prior written notice to Landlord at fair market value. Fair market value to be further defined in the lease agreement.
Tenant Improvements:	Tenant will be responsible for the interior build-out of the leased premises. Landlord will provide Tenant an allowance equal to $45.00 per rentable square foot (the "TI Allowance").
Building Operating Expenses:	Landlord and Developer will work with Tenant to establish building specifications for the operation of an ambulatory surgery center.
Brokerage Commission:	Landlord shall pay Colliers a standard market commission associated with the lease agreement, as set forth in a separate agreement between Landlord and Colliers.
Real Estate Taxes:	Real estate taxes shall be payable by Tenant.
Insurance:	Tenant shall be responsible for maintaining comprehensive general liability insurance, replacement value property insurance for the leased premises and replacement value property insurance for Tenant's personal property. Landlord shall be responsible for maintaining comprehensive general liability insurance.
Base Rent:	The net base rent should not exceed $29.00 per rentable square foot per year for the first year.
Operating Expenses:	Operating expenses shall be payable by Tenant
Non-Binding:	The contents of this letter do not constitute and will not give rise to any legally binding obligation on the part of any of the parties. Moreover, no past or future action, course of conduct, or failure to act relating to the possible transaction, or relating to the negotiation of the terms of the possible transaction or any definitive lease agreement, will give rise to or serve as a basis for any obligation or other liability on the part of the parties, unless and until a fully executed lease is executed and delivered by each party to the other.

Confidentiality: By signing below, each of Landlord and Tenant agree to be bound by strict confidentiality and shall not disclose or authorize or permit anyone under its direction to disclose to anyone any of terms of this potential transaction without the prior consent of the other party hereto; provided, however, Landlord and Tenant may disclose the confidential information to those of its representatives who are engaged to assist in the review of this potential transaction. Landlord and Tenant agree that they will not use any information gained in connection with this or subsequent dialogue other than in connection with the evaluation of the potential transaction. All public announcements utilizing Tenant's name must be approved in writing by Tenant prior to publication.

CON Contingency: Landlord and Tenant understand and agree that the establishment or relocation of any ambulatory surgery center in the State of Illinois is subject to the requirements of the Illinois Health Facilities Planning Act 20 ILCS 3960/1 et seq. and, thus, Tenant cannot establish an ambulatory surgery center on the leased premises or execute a fully binding real estate lease in connection therewith unless Tenant obtains a Certificate of Need (CON) permit from the Illinois Health Facilities and Services Review Board (the "CON Board"). Due to the length of the CON Board review process, the parties agree that they shall promptly proceed with due diligence to negotiate the terms of a definitive lease agreement and execute such lease agreement prior to approval of the CON permit. Notwithstanding the foregoing, the lease shall contain a contingency clause indicating that the lease agreement can be terminated by either party thereto if Tenant has not received the CON permit by a mutually acceptable outside date.

AGREED and ACCEPTED:

HSA ACQUISITIONS, INC.

By: ____________________

Dan Miranda

President

Date: 3/16, 2012

HAWTHORN PLACE OUTPATIENT SURGERY CENTER, L.P.

By: SHC Hawthorn, Inc.
Its: General Partner

By: ____________________

Name: R. L. Sharff, Jr.

Title: VP

Date: ____________, 2012

cc: J.Shaffer
B.Smietana
J.Boley

HSA
COMMERCIAL REAL ESTATE

April 16, 2012

Mr. Dale Galassie
Chair
Illinois Health Facilities and Services Review
Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Hawthorn Surgery Center

Dear Mr. Galassie:

HSA Commercial Real Estate ("HSA") is developing the building that will house the relocated Hawthorn Surgery Center to be located at Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The building has not been constructed and will be located on an empty lot. Based on the site conditions and planned square footage, HSA anticipates the base building construction costs for the Hawthorn Surgery Center will be $3,687,277. These costs are based on past projects, anticipated building finishes and design requirements of the City of Vernon Hills, the Illinois Department of Public Health, and the Centers for Medicare and Medicaid Services.

Sincerely,

Daniel F. Miranda
President
HSA Commercial Real Estate

233 S. Wacker Drive, Suite 350 | Chicago, IL 60606 | office: 312.332.3555 | fax: 312.332.4122 | www.hsacommercial.com

SIEMENS

Kevin Elliot
Senior Director, Financial Operations
Surgical Care Affiliates
C/O Hawthorn Surgery Center
3000 Riverchase Galleria, Suite 500
Birmingham, AL 35244

Re: Letter-of-Interest related to Hawthorn Surgery Center financing

Kevin,

It is our understanding that Hawthorn Surgery Center ("HSC") (Libertyville, IL) plans to relocate its operations to a new location and will need approximately $4,300,000 of financing to improve and equip the new location. Siemens Financial Services ("SFS") is an active lender to ambulatory surgery centers, having completed a variety of transactions for expansion, improvement, real estate, cap-ex including very similar transactions for centers needing equipment/improvement financing to relocate. Based on our good experience working with Surgical Care Affiliates ("SCA") on financing needs of some of its other facilities and our initial review of the Hawthorn center relocation proforma, we are very interested in working with HSC on its financing needs for this relocation.

While this letter does not represent a commitment by SFS to Hawthorn Surgery Center for funding/financing of the subject request; it is intended to serve as a statement of interest to facilitate further discussions between SFS, SCA and HSC for the proposed financing opportunity. As a next step, SFS will complete is review of the initial proforma and will follow up with any additional information needed to complete a formal financing proposal which will be subject to various conditions including, but not limited to, execution of such proposal, due diligence, formal credit approval and execution of all documentation required by SFS.

Please do not hesitate to contact me at 847-548-3931 should you have any questions. We will follow up with you shortly with any additional questions we have to be able to finalize our formal financing proposal.

Regards,

Ken Seip

Ken Seip
Vice President
Siemens Financial Services, Inc.

Section IX
Criterion 1120.130, Financial Viability

A copy of the 2011 financial statements for Hawthorn Place Outpatient Surgery Center, L.P. and Surgical Care Affiliates, LLC are attached at Attachment – 40.

Financial Viability Ratios

Hawthorn Place Outpatient Surgery Center, L.P.

	State Standard	Proforma Year One	2011	2010	2009
Current Ratio	**1.5 or More**	1.5	2.0	3.2	4.2
Net Margin %	**3.5% or More**	38%	49%	40%	42%
LT Debt to Total Capitalization	**80% or Less**	44%	0.16%	0.00%	0.00%
Debt Service Coverage	**1.75 or More**	6.1	[redacted]	[redacted]	[redacted]
Days Cash on Hand	**45 or More Days**	95	99	41	44
Cushion Ratio*	**3.0 or More**	1.7	[redacted]	[redacted]	[redacted]

*Due to the business model which provides monthly distributions to all partners of Hawthorn Place Outpatient Surgery Center, L.P. applicant does not meet the State Board's cushion ratio standard.

Financial Viability Ratios

	SCA			
	2011	2010	2009	2008
Current Ratio	1.4	1.3	1.3	1.6
Net Margin %	11%	9.4%	8.1%	2.5%
LT Debt to Total Capitalization	70%	70.0%	68.6%	68.6%
Days Cash on Hand	61.8	40.7	41.4	64.3
Cushion Ratio	1.4	1.0	0.6	1.5

Hawthorn Surgery Center	Proforma Year 1
Cash and Cash Equivalents	1,237,469
Accounts receivable	5,000,000
Less: Allowances	(3,270,961)
Inventories	975
Prepaids & other current assets	25,000
Total Current Assets	**2,992,483**
Leasehold improvements	4,736,446
Furniture, fixtures & equipment	2,904,205
Construction-in-progress	-
Less: Accumulated Depreciation	(1,422,802)
Total PPE	**6,217,849**
Goodwill	-
Less: Amortization	-
Total Intangible Assets	-
Total Assets	**9,210,333**
Accounts Payable	150,000
Salaries & Wages Payable	165,000
Accrued Interest & Other CL	1,726,088
Total Current Liabilities	**2,041,088**
Notes Payable	3,170,158
Total Liabilities	**5,211,245**
Shareholders' Equity	3,999,087
Total Liab & SH Equity	**9,210,333**

Facility: Hawthorn Surgical Center ("HSC")
Facility #: 50021

	Year 1
Net Patient Revenue	8,737,779
Other Revenue	33,987
Total Net Revenue	8,771,766
SWB	1,628,772
Supplies	1,657,574
Other Variable Expenses	636,381
Rent	256,858
Other Fixed Expenses	47,099
Bad Debt	133,871
EBITDA	4,411,211
LESS: SCA Mgmt Fee	162,571
Adjusted EBITDA	**4,248,640**
Depreciation & Amortization	366,451
Net Interest Expense	(2,095)
Other (Inc)/Expense	-
Net Income	**3,884,284**

SCA

SurgicalCareAffiliates

Center: 50021 (Hawthorn Surgery Center)
Detail Income Statement
For Period Ending: December 31, 2009

Report ID: IS_TRND	Run Date: 01/13/10
Operator ID: nixonda	Run Time: 07:56 PM

Gross Patient Revenue	
OP Revenue	
Medicare	1,632,156.97
BCBS	8,877,907.42
Managed Care and Oth Disc Plan	7,786,701.66
Workers' Compensation	3,292,150.96
Other Payors	23,323.89
Other	190,445.93
OP Revenue	21,802,686.83
Gross Patient Revenue	21,802,686.83
Contractual Allowance	
OP Contractual Allowance	
Medicare	1,465,847.72
BCBS	7,296,629.72
Managed Care and Oth Disc Plan	5,090,184.94
Workers' Compensation	1,380,926.32
Other Payors	11,270.81
Other	129,057.69
OP Contractual Allowance	15,373,917.20
Contractual Allowance	15,373,917.20
IP Net Patient Revenue	-
OP Net Patient Revenue	6,428,769.63
Net Patient Revenue	6,428,769.63
Other Income	
Rental income	-
Other operating income	12,730.59
Other Income	12,730.59
Net Revenue	6,441,500.22
Salaries and benefits	
Salaries	1,094,080.93
FICA	81,811.17
FUTA	1,465.87
SUI	4,751.26
401K	17,450.40
Group Med Ins	88,339.00
Voluntary-Supplemental Insurnc	2,328.43
Other Benefits	417.60
Work Comp Ins	11,403.90
Salaries and benefits	1,302,048.56
Variable Expenses	

SCA

Surgical Care Affiliates

Center: 50021 (Hawthorn Surgery Center)
Detail Income Statement
For Period Ending: December 31, 2009

Report ID: IS_TRND
Operator ID: nixonda

Run Date: 01/13/10
Run Time: 07:56 PM

Med Supplies - Chargeable	453,053.75
Med Supplies - Non Chargeable	101,338.87
O&P devices and implants	660,827.47
Drugs and Medicine	80,892.82
Food and Catering	1,165.64
Office Supplies	11,560.85
Housekeeping and Janitorial	24,236.06
Linens	62,891.69
Uniforms	1,932.82
Minor Equipment	58,553.86
Rental Equipment	17,791.93
Storage - Including Data	330.00
Repairs	173,585.58
Maint Contracts	21,713.25
Bank Service Charges	9,671.03
Dues and Subscriptions	3,179.05
Printing	4,374.47
Postage and Delivery	9,341.10
Telephone	26,784.61
Utilities	39,833.58
Education	1,225.01
Recruitment and Relocation	204.75
Security	205.82
Contract Servies	58,028.91
Collection Fees	2,768.75
Professional fees	5,715.24
Medical director fees	12,000.00
Marketing	305.00
Travel and Entertainment	10,025.39
Other Variable Expenses	15,752.64
Variable Expenses	1,869,289.94
Fixed Expenses	
Rent	244,380.00
Insurance	34,302.44
Sales and Use Tax	340.99
Miscellaneous	100.00
Fixed Expenses	279,123.43
Provision for doubtful accts	96,431.54
EBITDA	2,894,606.75
Interest, Depreciation, Amort	
Depreciation Expense	44,640.65
Interest Income	(546.10)
	44,094.55

SurgicalCareAffiliates

Center: 50021 (Hawthorn Surgery Center)
Detail Income Statement
For Period Ending: December 31, 2009

Report ID: IS_TRND — Run Date: 01/13/10
Operator ID: nixonda — Run Time: 07:56 PM

Total Exp Before Mgmt Fee and I/C	3,590,988.02
Income (loss) before Mgmt Fee, I/C, Taxes, & Sale	2,850,512.20
Mgmt Fee, Intercompany, Taxes	
Intercompany Interest Expense	1,634.80
Intercompany Mgmt Fee Expense	160,981.01
Federal and State Income Taxes	0.13
Mgmt Fee, Intercompany, Taxes	162,615.94
Net Income (Loss) Before Minority Interest, Sale of Investment	2,687,896.26
Minority Int, Sale of Investmt	
Minority Interest	(0.00)
Minority Int, Sale of Investmt	(0.00)
Net Income (Loss)	2,687,896.26

SCA
Surgical Care Affiliates

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Center: 50021 (Hawthorn Surgery Center)
Balance Sheet
For Period Ending: December 31, 2009

Report ID: BALSHT
Operator ID: nixonda

Run Date: 01/13/10
Run Time: 19:50

104

Current Assets	
Cash & Temp Investments	447,356
Accounts receivable	2,658,261
Less: Allowance for D/A & C/A	1,694,881
Inventories	1,043
Prepaids & other current assets	27,027
Total Current Assets	1,438,806
Other Assets	
Notes receivable	-
Trusteed funds & other assets	-
Total Other Assets	-
Property, Plant & Equipment	
Land	-
Buildings	-
Leasehold improvements	52,002
Furniture, fixtures & equipment	525,778
Construction-in-progress	104,506
	682,285
Less: Accumulated Depreciation	429,007
Total Property, Plant & Equipment	253,279
Intangible Assets	
Organ, P'ship formation & Start-up Costs	-
Bond issue costs	-
Non-compete Agreements	-
Goodwill	-
	-
Less: Accumulated Amortization	-
	-
Intercompany Accounts	
Notes Receivable	-
Investments in Subsidiaries	-
	-
TOTAL ASSETS	1,692,085

Current Liabilities	
Accounts Payable	64,355
Salaries & Wages Payable	87,295
Accrued Interest & Other CL	192,609
Total Current Liabilities	344,259
Intercompany Accounts	
Notes Payable	21,261
	21,261
Long-Term Debt & Leases	
Line of Credit Payable	-
Bonds Payable	-
Other LTD and Leases	-
Total Long Term Debt & Leases	-
Deferred Taxes	-
Deferred Revenue	-
TOTAL LIABILITIES	365,520
Shareholders' Equity	
Non-Controlling Interest	(1,681,654)
Common Stock	-
Additional Paid in Capital	-
Retained Earnings	-
General Partners' Interest	320,323
Current YTD Income	2,687,896
	1,326,565
TOTAL STOCKHOLDERS' EQUITY	1,326,565
TOTAL LIABILITIES & SH EQUITY	1,692,085

SCA

Surgical Care Affiliates

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Center: 50021 (Hawthorn Surgery Center)
Statement of Cash Flows
Year to date ending: December 31, 2009

Report ID: CF_YTD
Operator ID: nixonda

Run Date: 01/13/10
Run Time: 20:34

CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)		2,687,896.26
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	44,640.65	
Change in current assets and liabilities:		
(Increase) decrease in accounts receivable, net	(53,757.81)	
(Increase) decrease in inventories	(326.54)	
(Increase) decrease in prepaid and other assets	2,810.55	
Increase (decrease) in accounts payable	4,029.64	
Increase (decrease) in salaries and wages payable	(63,704.37)	
Increase (decrease) in other current liabilities	61,121.59	
		(5,186.29)
Net cash provided by (used for) operating activities		2,682,709.97
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(21,433.35)	
Additions to intangible assets	-	
Other	(47,511.16)	
Net cash used in (provided by) investing activities		(68,944.51)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Distributions	(2,738,816.34)	
Change in notes payable	(31,890.96)	
Change in additional paid in capital accounts	-	
Other	-	
Net cash provided by (used for) financing activities		(2,770,707.30)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(156,941.84)
Cash and cash equivalents at beginning of period		604,297.47
CASH AND CASH EQUIVALENTS AT END OF PERIOD		447,355.63

SurgicalCareAffiliates

Center: 50021 (Hawthorn Surgery Center)
Detail Income Statement
For Period Ending: December 31, 2010

Gross Patient Revenue	
OP Revenue	
Medicare	2,041,926.35
BCBS	10,134,406.32
Managed Care and Oth Disc Plan	9,191,618.28
Workers' Compensation	3,343,411.89
Other Payors	47,486.97
Other	193,455.54
OP Revenue	24,952,305.35
Gross Patient Revenue	24,952,305.35
Contractual Allowance	
OP Contractual Allowance	
Medicare	1,805,104.20
BCBS	8,119,460.33
Managed Care and Oth Disc Plan	6,626,468.23
Workers' Compensation	1,164,428.45
Other Payors	28,919.63
Other	103,519.22
OP Contractual Allowance	17,847,900.07
Contractual Allowance	17,847,900.07
IP Net Patient Revenue	-
OP Net Patient Revenue	7,104,405.28
Net Patient Revenue	7,104,405.28
Other Income	
Rental income	191.10
Other operating income	11,774.37
Other Income	11,965.47
Net Revenue	7,116,370.75
Salaries and benefits	
Salaries	1,229,052.42
Wage Transfers	(3,087.68)
FICA	87,829.89
FUTA	1,745.05
SUI	7,536.28
401K	19,304.28
Group Med Ins	115,863.33
Voluntary-Supplemental Insurnc	2,378.39
Other Benefits	(440.32)
Work Comp Ins	16,250.76
Salaries and benefits	1,476,432.40
Medical Supplies	
Med Supplies - Chargeable	504,036.35

SCA

SurgicalCareAffiliates

Center: 50021 (Hawthorn Surgery Center)
Detail Income Statement
For Period Ending: December 31, 2010

Med Supplies - Non Chargeable	240,197.83
O&P devices and implants	713,788.10
Drugs and Medicine	92,533.81
Medical Supplies	1,550,556.09
Variable Expenses	
Food and Catering	8,270.61
Office Supplies	14,534.42
Housekeeping and Janitorial	36,905.53
Linens	51,998.89
Uniforms	19.69
Minor Equipment	63,786.48
Rental Equipment	13,083.38
Repairs	127,644.54
Maint Contracts	17,431.37
Bank Service Charges	11,846.97
Dues and Subscriptions	3,232.61
Printing	4,419.71
Postage and Delivery	13,106.63
Telephone	28,531.30
Utilities	44,919.46
Education	4,120.43
Recruitment and Relocation	854.31
Security	19.34
Contract Services	72,591.89
Collection Fees	4,651.92
Legal Fees	4,142.83
Professional fees	4,550.40
Medical director fees	14,500.00
Marketing	50.51
Travel and Entertainment	10,740.15
Other Variable Expenses	21,958.44
Variable Expenses	577,911.81
Fixed Expenses	
Rent	248,745.08
Insurance	32,323.08
Sales and Use Tax	4,442.70
Miscellaneous	(15.00)
Fixed Expenses	285,495.86
Provision for doubtful accts	119,246.55
EBITDA	3,106,728.03
Interest, Depreciation, Amort	
Depreciation Expense	81,026.54
Interest Income	(1,319.56)
	79,706.98

SCA

SurgicalCareAffiliates

Center: 50021 (Hawthorn Surgery Center)
Detail Income Statement
For Period Ending: December 31, 2010

Total Exp Before Mgmt Fee and I/C	4,089,349.70
Income (loss) before Mgmt Fee, I/C, Taxes, & Sale	3,027,021.05
Mgmt Fee, Intercompany, Taxes	
Intercompany Interest Expense	336.37
Intercompany Mgmt Fee Expense	160,687.00
Mgmt Fee, Intercompany, Taxes	161,023.37
Net Income (Loss) Before Minority Interest, Sale of Investment	2,865,997.68

SCA
Surgical Care Affiliates

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Center: 50021 (Hawthorn Surgery Center)
Balance Sheet
For Period Ending: December 31, 2010

Report ID: BALSHT
Operator ID: sanderm2

Run Date: 01/13/11
Run Time: 19:11

Current Assets	
Cash & Temp Investments	463,585
Accounts receivable	2,547,534
Less: Allowance for D/A & C/A	1,692,698
Inventories	499
Prepaids & other current assets	28,835
Total Current Assets	1,347,756
Other Assets	
Notes receivable	-
Trusteed funds & other assets	-
Total Other Assets	-
Property, Plant & Equipment	
Land	-
Buildings	-
Leasehold improvements	357,245
Furniture, fixtures & equipment	743,922
Construction-in-progress	107,954
	1,209,121
Less: Accumulated Depreciation	486,754
Total Property, Plant & Equipment	722,367
Intangible Assets	
Organ, P'ship formation & Start-up Costs	-
Bond issue costs	-
Non-compete Agreements	-
Goodwill	-
	-
Less: Accumulated Amortization	-
	-
Intercompany Accounts	
Notes Receivable	-
Investments in Subsidiaries	-
	-
TOTAL ASSETS	2,070,123

Current Liabilities	
Accounts Payable	56,284
Salaries & Wages Payable	130,026
Accrued Interest & Other CL	229,226
Total Current Liabilities	415,537
Current Deferred Income Tax	-
Intercompany Accounts	
Notes Payable	-
	-
Long-Term Debt & Leases	
Line of Credit Payable	-
Bonds Payable	-
Other LTD and Leases	-
Total Long Term Debt & Leases	-
Deferred Taxes	-
Deferred Revenue	-
TOTAL LIABILITIES	415,537
Shareholders' Equity	
Non-Controlling Interest	(1,560,795)
Common Stock	-
Additional Paid in Capital	-
Retained Earnings	-
General Partners' Interest	349,383
Current YTD Income	2,865,998
	1,654,586
TOTAL STOCKHOLDERS' EQUITY	1,654,586
TOTAL LIABILITIES & SH EQUITY	2,070,123

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Surgical Care Affiliates

Center: 50021 (Hawthorn Surgery Center)
Statement of Cash Flows
Year to date ending: December 31, 2010

Report ID: CF_YTD
Operator ID: sanderm2

Run Date: 01/13/11
Run Time: 20:05

CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)		2,865,997.69
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	81,026.54	
Change in current assets and liabilities:		
(Increase) decrease in accounts receivable, net	108,543.97	
(Increase) decrease in inventories	543.69	
(Increase) decrease in prepaid and other assets	(1,808.17)	
Increase (decrease) in accounts payable	(8,070.54)	
Increase (decrease) in salaries and wages payable	42,731.77	
Increase (decrease) in other current liabilities	36,616.77	
		259,584.04
Net cash provided by (used for) operating activities		3,125,581.73
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(526,835.67)	
Additions to intangible assets	-	
Other	(23,279.01)	
Net cash provided by (used for) investing activities		(550,114.68)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Distributions	(2,537,976.90)	
Change in notes payable	(21,260.80)	
Change in additional paid in capital accounts	-	
Other	-	
Net cash provided by (used for) financing activities		(2,559,237.70)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		16,229.35
Cash and cash equivalents at beginning of period		447,355.64
CASH AND CASH EQUIVALENTS AT END OF PERIOD		463,584.99

SurgicalCareAffiliates

Center: 50021 - Hawthorn Surgery Center
Detail Income Statement
For Period Ending: December 31, 2011

Gross Patient Revenue	
OP Revenue	
Medicare	2,564,024.98
BCBS	15,650,187.91
Managed Care and Oth Disc Plan	14,342,018.41
Workers' Compensation	5,853,528.51
Other Payors	97,101.98
Other	327,855.26
OP Revenue	38,834,717.05
Gross Patient Revenue	38,834,717.05
Contractual Allowance	
OP Contractual Allowance	
Medicare	2,290,247.51
BCBS	13,407,386.24
Managed Care and Oth Disc Plan	11,158,513.33
Workers' Compensation	2,545,149.90
Other Payors	66,825.72
Other	229,218.45
OP Contractual Allowance	29,697,341.14
Contractual Allowance	29,697,341.14
IP Net Patient Revenue	-
OP Net Patient Revenue	9,137,375.91
Net Patient Revenue	9,137,375.91
Other Income	
Rental income	-
Other operating income	30,805.77
Other Income	30,805.77
Net Revenue	9,168,181.68
Salaries and benefits	
Salaries	1,291,410.12
Wage Transfers	136.71
FICA	90,459.27
FUTA	2,186.20
SUI	7,284.78
401K	21,381.78
Group Med Ins	133,172.45
Voluntary-Supplemental Insurnc	2,364.99
Other Benefits	104.30
Work Comp Ins	10,238.28
Salaries and benefits	1,558,738.88
Medical Supplies	
Med Supplies - Chargeable	239,898.54

SurgicalCareAffiliates

Center: 50021 - Hawthorn Surgery Center
Detail Income Statement
For Period Ending: December 31, 2011

Med Supplies - Non Chargeable	434,645.45
Drugs and Medicine	104,705.77
O&P devices and implants	863,457.63
Medical Supplies	1,642,707.39
Variable Expenses	
Food and Catering	10,563.56
Office Supplies	13,403.83
Housekeeping and Janitorial	41,010.09
Linens	63,944.15
Uniforms	952.08
Minor Equipment	57,622.57
Rental Equipment	14,829.54
Repairs	97,350.93
Maint Contracts	20,968.70
Bank Service Charges	12,436.68
Dues and Subscriptions	6,920.94
Printing	5,064.03
Postage and Delivery	12,153.51
Telephone	29,595.32
Utilities	44,813.69
Education	754.39
Recruitment and Relocation	385.00
Security	707.10
Contract Services	80,166.67
Collection Fees	9,182.55
Legal Fees	9,602.50
Professional fees	5,684.53
Medical director fees	18,000.00
Marketing	2,399.05
Travel and Entertainment	20,017.70
Other Variable Expenses	27,272.96
Variable Expenses	605,802.07
Fixed Expenses	
Rent	249,326.50
Insurance	43,660.20
Sales and Use Tax	303.23
Miscellaneous	1,000.00
Fixed Expenses	294,289.93
Provision for doubtful accts	143,696.62
EBITDA	4,922,946.79
Interest, Depreciation, Amort	
Depreciation Expense	334,570.97
Interest Income	(1,373.56)
Interest Expense	85.51
	333,282.92

SurgicalCareAffiliates

Center: 50021 - Hawthorn Surgery Center
Detail Income Statement
For Period Ending: December 31, 2011

Total Exp Before Mgmt Fee and I/C	4,578,517.81
Income (loss) before Mgmt Fee, I/C, Taxes, & Sale	4,589,663.87
Mgmt Fee, Intercompany, Taxes	
Intercompany Interest Expense	-
Intercompany Mgmt Fee Expense	162,571.00
Mgmt Fee, Intercompany, Taxes	162,571.00
Net Income (Loss) Before Minority Interest, Sale of Investment	4,427,092.87
Minority Int, Sale of Investmt	
Gain/Loss on Disposal of Asset	(30,028.37)
Minority Int, Sale of Investmt	(30,028.37)
Net Income (Loss)	4,457,121.24

SCA
Surgical Care Affiliates

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Center: 50021 (Hawthorn Surgery Center)
Balance Sheet
For Period Ending: December 31, 2011

Report ID: BALSHT
Operator ID: nixn

Run Date: 01/12/12
Run Time: 23:06

Current Assets	
Cash & Temp Investments	1,198,109
Accounts receivable	4,891,870
Contractual Allowances	(3,479,668)
Bad Debt Allowances	(6,973)
Inventories	947
Prepaids & other current assets	24,227
Total Current Assets	2,628,513
Other Assets	
Notes receivable	-
Trusteed funds & other assets	-
Total Other Assets	-
Property, Plant & Equipment	
Land	-
Buildings	-
Leasehold improvements	465,199
Furniture, fixtures & equipment	1,077,552
Construction-in-progress	15,879
	1,558,631
Less: Accumulated Depreciation	821,325
Total Property, Plant & Equipment	737,305
Intangible Assets	
Organ, P'ship formation & Start-up Costs	-
Bond issue costs	-
Non-compete Agreements	-
Goodwill	-
	-
Less: Accumulated Amortization	-
	-
Intercompany Accounts	
Notes Receivable	-
Investments in Subsidiaries	-
	-
TOTAL ASSETS	3,365,818

Current Liabilities	
Accounts Payable	196,548
Salaries & Wages Payable	148,831
Accrued Interest & Other CL	978,572
Total Current Liabilities	1,323,951
Current Deferred Income Tax	-
Intercompany Accounts	
Notes Payable	-
	-
Long-Term Debt & Leases	
Line of Credit Payable	-
Bonds Payable	-
Other LTD and Leases	3,327
Total Long Term Debt & Leases	3,327
Deferred Taxes	-
Deferred Revenue	-
TOTAL LIABILITIES	1,327,278
Shareholders' Equity	
Non-Controlling Interest	(2,327,333)
Common Stock	-
Additional Paid in Capital	-
Retained Earnings	-
General Partners' Interest	(91,249)
Current YTD Income	4,457,121
	2,038,540
TOTAL STOCKHOLDERS' EQUITY	2,038,540
TOTAL LIABILITIES & SH EQUITY	3,365,818

SCA
Surgical Care Affiliates

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Center: 50021 (Hawthorn Surgery Center)
Statement of Cash Flows
Year to date ending: December 31, 2011

Report ID: CF_YTD
Operator ID: nixn

Run Date: 01/12/12
Run Time: 23:24

CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)		4,457,121.24
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	334,570.97	
Change in current assets and liabilities:		
(Increase) decrease in accounts receivable, net	(550,392.72)	
(Increase) decrease in inventories	(448.02)	
(Increase) decrease in prepaid and other assets	4,608.00	
Increase (decrease) in accounts payable	140,263.55	
Increase (decrease) in salaries and wages payable	18,804.69	
Increase (decrease) in other current liabilities	749,346.28	
		696,752.75
Net cash provided by (used for) operating activities		5,153,873.99
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(349,509.63)	
Additions to intangible assets	-	
Other	-	
Net cash provided by (used for) investing activities		(349,509.63)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Distributions	(4,073,167.12)	
Change in notes payable	3,326.79	
Change in additional paid in capital accounts	-	
Other	-	
Net cash provided by (used for) financing activities		(4,069,840.33)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		734,524.03
Cash and cash equivalents at beginning of period		463,584.94
CASH AND CASH EQUIVALENTS AT END OF PERIOD		1,198,108.97

SCA

Surgical Care Affiliates

Surgical Care Affiliates, LLC

Annual Financial Report

For the Year Ended December 31, 2010

P. O. Box 360688
Birmingham, AL 35244

(800) 768-0094

Surgical Care Affiliates, LLC
Annual Financial Report
December 31, 2010

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Report of Independent Auditors

To the Board of Directors and Members of
Surgical Care Affiliates, LLC:

In our opinion, the accompanying consolidated balance sheets as of December 31, 2010 and 2009 and the related consolidated statements of operations, of comprehensive income (loss), of changes in equity and cash flows for each of the three years in the period ended December 31, 2010, 2009 and 2008, present fairly, in all material respects, the financial position of Surgical Care Affiliates, LLC (a wholly owned subsidiary of ASC Acquisition, LLC) at December 31, 2010 and 2009, and the results of its operations and its cash flows for the years ended December 31, 2010, 2009 and 2008, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP

March 24, 2011

SURGICAL CARE AFFILIATES, LLC
Consolidated Balance Sheets
(In thousands of U. S. dollars)

	DECEMBER 31 2010	DECEMBER 31 2009
Assets		
Current assets		
Cash and cash equivalents	$ 30,577	$ 33,655
Restricted cash	33,092	29,987
Accounts receivable, net of allowance for doubtful accounts (2010 - $7,676; 2009 - $6,563)	82,050	76,336
Prepaids and other current assets	23,151	19,620
Total current assets	168,870	159,598
Property and equipment, net of accumulated depreciation (2010 - $50,463; 2009 - $43,083)	184,187	194,147
Goodwill	681,308	677,073
Intangible assets, net of accumulated amortization (2010 - $17,493; 2009 - $12,508)	53,467	61,618
Investment in and advances to nonconsolidated affiliates	81,838	65,219
Other long-term assets	16,983	18,274
Total assets	$ 1,186,653	$ 1,175,929
Liabilities and Equity		
Current liabilities		
Current portion of long-term debt	$ 7,509	$ 6,734
Accounts payable	30,371	29,948
Accrued payroll	20,882	20,102
Accrued interest	13,737	6,963
Accrued distributions	22,547	23,035
Payable to nonconsolidated affiliates	16,483	14,878
Deferred income tax liability	4,749	2,419
Other current liabilities	17,361	17,780
Total current liabilities	133,639	121,859
Long-term debt, net of current portion	674,979	671,417
Deferred income tax liability	66,916	48,644
Other long-term liabilities	21,988	27,108
Total liabilities	897,522	869,028
Commitments and contingent liabilities (Note 16)		
Noncontrolling interests – redeemable (Note 9)	23,631	25,894
Equity		
SCA's equity		
Contributed capital	282,258	287,042
Accumulated other comprehensive loss	(13,310)	(11,415)
Accumulated deficit	(127,622)	(112,713)
Total SCA equity	141,326	162,914
Noncontrolling interests – non-redeemable (Note 9)	124,174	118,093
Total equity	265,500	281,007
Total liabilities and equity	$ 1,186,653	$1,175,929

See Notes to Consolidated Financial Statements.

SURGICAL CARE AFFILIATES, LLC
Consolidated Statements of Operations
(In thousands of U. S. dollars)

	Year Ended December 31 2010	Year Ended December 31 2009	Year Ended December 31 2008
Net operating revenues	$ 740,482	$ 715,537	$ 676,514
Operating expenses:			
Salaries and benefits	225,875	226,565	229,345
Supplies	178,604	166,804	151,286
Other operating expenses	148,225	148,391	149,452
Depreciation and amortization	39,426	38,209	36,468
Provision for doubtful accounts	18,283	18,269	14,951
Impairment of intangible and long-lived assets	0	952	2,131
Loss (gain) on disposal of assets	310	(148)	570
Total operating expenses	610,723	599,042	584,203
Interest expense	52,835	53,646	57,121
Interest income and other income	(1,555)	(1,326)	(1,397)
(Gain) loss on sale of investments	(1,361)	631	2,683
Equity in net income of nonconsolidated affiliates	(15,297)	(10,500)	(13,112)
Income from continuing operations before income tax expense	95,137	74,044	47,016
Provision for income tax expense	16,275	13,506	25,448
Income from continuing operations	78,862	60,538	21,568
Loss from discontinued operations, net of income tax expense	(9,473)	(2,893)	(4,631)
Net income	69,389	57,645	16,937
Less: Net income attributable to noncontrolling interests	(84,298)	(83,401)	(74,165)
Net loss attributable to SCA	$ (14,909)	$ (25,756)	$ (57,228)

See Notes to Consolidated Financial Statements.

SURGICAL CARE AFFILIATES, LLC
Consolidated Statements of Comprehensive Income (Loss)
(In thousands of U. S. dollars)

	Year Ended December 31 2010	Year Ended December 31 2009	Year Ended December 31 2008
Net income	$ 69,389	$ 57,645	$ 16,937
Other comprehensive (loss) income:			
Unrealized (loss) gain on interest rate swaps	(1,895)	2,667	(8,619)
Total other comprehensive (loss) income	(1,895)	2,667	(8,619)
Comprehensive income	67,494	60,312	8,318
Comprehensive income attributable to noncontrolling interests	(84,298)	(83,401)	(74,165)
Comprehensive loss attributable to SCA	$ (16,804)	$ (23,089)	$ (65,847)

See Notes to Consolidated Financial Statements.

SURGICAL CARE AFFILIATES, LLC
Consolidated Statements of Changes in Equity
(In thousands of U. S. dollars)

	Contributed Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total SCA Equity	Noncontrolling Interests-- non-redeemable	Total Equity
Balance at December 31, 2007	$ 286,496	$ (5,463)	$ (29,729)	$ 251,304	$ 99,450	$ 350,754
Net (loss) income	-	-	(57,228)	(57,228)	48,767	(8,461)
Other comprehensive loss	-	(8,619)	-	(8,619)	-	(8,619)
Stock compensation	1,719	-	-	1,719	-	1,719
Net change in equity related to purchase (sale) of ownership interests	-	-	-	-	4,634	4,634
Contributions from noncontrolling interests	-	-	-	-	558	558
Change in distribution accrual	-	-	-	-	1,158	1,158
Distributions to noncontrolling interests	-	-	-	-	(46,134)	(46,134)
Balance at December 31, 2008	$ 288,215	$ (14,082)	$ (86,957)	$ 187,176	$ 108,433	$ 295,609
Net (loss) income	-	-	(25,756)	(25,756)	56,404	30,648
Other comprehensive income	-	2,667	-	2,667	-	2,667
Stock compensation	1,076	-	-	1,076	-	1,076
Net change in equity related to purchase (sale) of ownership interests	(2,249)	-	-	(2,249)	11,445	9,196
Contributions from noncontrolling interests	-	-	-	-	3,737	3,737
Change in distribution accrual	-	-	-	-	(5,342)	(5,342)
Distributions to noncontrolling interests	-	-	-	-	(56,584)	(56,584)
Balance at December 31, 2009	$ 287,042	$ (11,415)	$ (112,713)	$ 162,914	$ 118,093	$ 281,007
Net (loss) income	-	-	(14,909)	(14,909)	59,855	44,946
Other comprehensive income	-	(1,895)	-	(1,895)	-	(1,895)
Stock compensation	1,282	-	-	1,282	-	1,282
Net change in equity related to purchase (sale) of ownership interests	(6,066)	-	-	(6,066)	2,503	(3,563)
Contributions from noncontrolling interests	-	-	-	-	1,621	1,621
Change in distribution accrual	-	-	-	-	463	463
Distributions to noncontrolling interests	-	-	-	-	(58,361)	(58,361)
Balance at December 31, 2010	$ 282,258	$ (13,310)	$ (127,622)	$ 141,326	$ 124,174	$ 265,500

See Notes to Consolidated Financial Statements.

SURGICAL CARE AFFILIATES, LLC
Consolidated Statements of Cash Flows
(In thousands of U. S. dollars)

	YEAR ENDED DECEMBER 31 2010	YEAR ENDED DECEMBER 31 2009	YEAR ENDED DECEMBER 31 2008
Cash flows from operating activities			
Net income	$ 69,389	$ 57,645	$ 16,937
Loss from discontinued operations	9,473	2,893	4,631
Adjustments to reconcile net income to net cash provided by operating activities			
Provision for doubtful accounts	18,283	18,269	14,951
Depreciation and amortization	39,426	38,209	36,468
Amortization of deferred issuance costs	2,544	2,544	2,584
Impairment of long-lived assets	0	952	2,131
Impairment of investment in nonconsolidated affiliate	0	3,100	0
Realized (gain) loss on sale of investments	(1,361)	631	2,683
Loss (gain) on disposal of assets	310	(148)	570
Equity in net income of nonconsolidated affiliates	(15,297)	(10,500)	(13,112)
Distributions from nonconsolidated affiliates	16,419	15,649	12,729
Deferred income tax	20,600	14,230	28,767
Stock compensation	1,282	1,076	1,719
(Increase) decrease in assets, net of business combinations			
Accounts receivable	(24,648)	(19,224)	(14,587)
Other assets	(12,889)	7,306	8,295
Increase (decrease) in liabilities, net of business combinations			
Accounts payable	746	(3,928)	(5,108)
Accrued payroll	1,303	(4,757)	8,515
Accrued interest	6,775	992	(1,302)
Other liabilities	15,962	13,101	3,337
Other, net	(207)	684	236
Net cash (used in) provided by operating activities of discontinued operations	(4,336)	3,712	(14,507)
Net cash provided by operating activities	143,774	142,436	95,937
Cash flows from investing activities			
Capital expenditures	(28,702)	(32,399)	(35,108)
Proceeds from disposal of assets	2,805	761	1,719
Proceeds from sale of equity interests of nonconsolidated affiliates	3,301	1,800	0
Proceeds from sale of equity interests of consolidated affiliates in deconsolidation transactions	8,277	0	0
Decrease in cash related to conversion of consolidated affiliates to equity method affiliates	(278)	0	(625)
Net change in restricted cash	(4,032)	(8,689)	4,601
Net settlements on interest rate swap	(10,230)	(9,206)	(2,871)
Business acquisitions, net of cash acquired	(17,044)	(7,485)	(7,529)
Other investing activities, net	0	0	(47)
Net cash (used in) provided by investing activities of discontinued operations	0	(597)	16,322
Net cash used in investing activities	$(45,903)	$ (55,815)	$ (23,538)

SURGICAL CARE AFFILIATES, LLC
Consolidated Statements of Cash Flows
(Continued)
(In thousands of U. S. dollars)

	Year Ended December 31 2010	Year Ended December 31 2009	Year Ended December 31 2008
Cash flows from financing activities			
Checks issued in excess of bank balance	$ (766)	$ (2,718)	$ (482)
Proceeds under line of credit arrangements and long term debt	0	1,835	30,000
Principal payments on line of credit arrangements and long term debt	(6,233)	(47,781)	(3,849)
Principal payments under capital lease obligations	(2,780)	(2,195)	(1,489)
Distributions to noncontrolling interests of consolidated affiliates	(82,594)	(81,942)	(68,931)
Contributions from noncontrolling interests of consolidated affiliates	1,621	3,759	579
Proceeds from sale of equity interests of consolidated affiliates	3,290	11,207	8,955
Repurchase of equity interests of consolidated affiliates	(13,683)	(9,562)	(5,767)
Net cash used in financing activities	(101,145)	(127,397)	(40,984)
Change in cash and cash equivalents	(3,274)	(40,776)	31,415
Cash and cash equivalents at beginning of period	33,655	74,276	41,943
Cash and cash equivalents of discontinued operations at beginning of period	205	360	1,278
Less: Cash and cash equivalents of discontinued operations at end of period	(9)	(205)	(360)
Cash and cash equivalents at end of period	$ 30,577	$ 33,655	$ 74,276
Supplemental cash flow information:			
Cash paid during the year for interest	$42,308	$42,098	$55,876
Supplemental schedule of noncash investing and financing activities			
Property and equipment acquired through capital leases	$ 2,571	$ 2,156	$ 1,133
Goodwill from repurchase of equity interests in joint venture entities	0	0	1,501
Goodwill attributable to sale of surgery centers	693	0	3,187
Net investment in consolidated affiliates that became equity method facilities	14,254	0	699
Net investment in equity method facilities that became consolidated affiliates	0	0	5,000
Noncontrolling interest associated with conversion of consolidated affiliates to equity method affiliates	9,664	0	1,384

See Notes to Consolidated Financial Statements.

SURGICAL CARE AFFILIATES, LLC
Notes to Consolidated Financial Statements
(Dollar amounts in tables are in thousands of U. S. dollars unless otherwise indicated)

Unless the context otherwise indicates or requires, the terms "SCA," "we," "us," "our," and "Company" refer to Surgical Care Affiliates, LLC and its subsidiaries.

1. DESCRIPTION OF BUSINESS

Nature of Operations and Ownership of the Company

Surgical Care Affiliates, LLC, a Delaware limited liability company, was formed on June 29, 2007, primarily to own and operate a network of multi-specialty ambulatory surgery centers ("ASCs") and surgical hospitals in the United States of America. Pursuant to a definitive stock agreement dated as of March 25, 2007 (the "Purchase Agreement"), on June 29, 2007, the Company, which previously comprised the Surgery Centers Division of HealthSouth Corporation ("HealthSouth"), was purchased by and became a wholly-owned subsidiary of ASC Acquisition LLC ("ASC Acquisition" or the "Parent"), a Delaware limited liability company which is owned by an investor group that includes TPG Partners V, L.P. ("TPG"), members of our management and other investors (the "Transaction"). As of December 31, 2010, the Company, which is headquartered in Birmingham, Alabama, had an interest in and/or operated 117 ASCs and four surgical hospitals in 31 states, with a concentration of facilities in California, Texas, Florida, North Carolina and Alabama. In addition, we manage two outpatient surgery departments for hospitals. Our ASCs and surgical hospitals primarily provide the facilities, equipment and medical support staff necessary for physicians to perform non-emergency surgical and other procedures in various specialties, including orthopedics, ophthalmology, gastroenterology, pain management, otolaryngology (ear, nose and throat, or ENT), urology and gynecology, as well as other general surgery procedures. At our ASCs, physicians perform same-day surgical procedures. At our surgical hospitals, physicians perform a broader range of surgical procedures and patients may stay in the hospital for a several days. We have also recently entered into arrangements with hospitals under which we provide management services for the hospital's outpatient surgery department ("HOPD"), where physicians perform similar procedures to those performed in our ASCs.

Business Structure

We operate our facilities through strategic relationships with physicians and, in some cases, with healthcare systems that have strong local market positions and reputations for clinical excellence. The facilities in which we hold an ownership interest are owned by general partnerships, limited partnerships or limited liability companies in which the Company serves as the general partner, limited partner, managing member, or member. We account for our 123 facilities as follows:

	As of December 31, 2010
Consolidated facilities	95
Equity method facilities	23
Managed only facilities	5
Total facilities	123

Basis of Presentation

The Company maintains its books and records on the accrual basis of accounting, and the accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Such financial statements include the assets, liabilities, revenues, and expenses of all wholly-owned subsidiaries and majority-owned subsidiaries over which we exercise control and, when applicable, entities in which we have a controlling financial interest.

2. PURCHASE TRANSACTIONS AND DECONSOLIDATIONS

Acquisitions

During the three years ended December 31, 2010, SCA acquired the following ownership interests:

- On February 1, 2010, we purchased a majority ownership interest in Premier Surgery Center, L.P., formerly known as Lakeside Surgery Center, which owns a surgery center located in California.
- On July 1, 2010, we purchased a majority ownership interest in Mississippi Surgical Center, LP, which owns Mississippi Surgical Center located in Mississippi.
- On August 2, 2010, we purchased a majority ownership interest in E Street Endoscopy, LLC, which owns a surgery center, West Coast Endoscopy Center, located in Florida.
- On September 1, 2009, we purchased a majority ownership interest in Surgical Hospital of Oklahoma.
- On August 1, 2008, we purchased a majority ownership interest in Marin Specialty Surgery Center, LLC, which is the sole owner of Marin Health Ventures, Inc.

The entities discussed above are consolidated for financial reporting purposes. Goodwill recorded on these transactions was approximately \$23.5 million, \$17.0 million and \$5.4 million for the years ended December 31, 2010, 2009 and 2008, respectively. The purchase price for each of these transactions was largely determined on the basis of management's expectations of future earnings and cash flows of the acquired entities, resulting in the recognition of goodwill. Goodwill on each of the above transactions is expected to be deductible for tax purposes. No pro forma information is disclosed herein as these are not considered to be material business combinations to SCA.

Option Agreement

In connection with the Transaction, ASC Acquisition and HealthSouth entered into an Option Agreement whereby ASC Acquisition granted HealthSouth an option to purchase limited liability company interests ("Units") of ASC Acquisition constituting 5% of the Units issued and outstanding as of the closing of the Transaction on a fully diluted basis, at a price equal to the original issuance price of the units subscribed for by TPG in connection with the Transaction plus a 15% annual premium, compounded annually. The option is exercisable upon certain customary liquidity events and includes customary tag-along, drag-along and piggyback registration rights.

Deconsolidations

During the year ended December 31, 2010, we completed five separate deconsolidation transactions. In each of these transactions, we sold a controlling equity interest, as well as transferred certain control rights, to hospital partners. We retained a noncontrolling interest in these entities. In the aggregate, we received proceeds of approximately $8.3 million and recorded a pre-tax gain of approximately $1.5 million, which was primarily related to the revaluation of our remaining investment in these entities to fair value. The gain on these transactions is recorded in *(Gain) Loss on sale of investments* in the accompanying consolidated statements of operations.

No such transactions occurred in 2009. Effective October 1, 2008, one surgery center transitioned to being an equity method investment from a consolidated affiliate and two surgery centers transitioned into consolidated affiliates from equity method investments as a result of changes of control of these entities. A net pre-tax loss of approximately $0.7 million was recorded with these transactions.

Fair values for the retained noncontrolling interests are primarily estimated based on third party valuations we have obtained in connection with such transactions. Our continuing involvement as an equity method investor and manager of the facilities precludes classification of these transactions as discontinued operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and accounts have been eliminated. We evaluate partially owned subsidiaries and joint ventures held in partnership form in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("authoritative guidance") to determine whether the rights held by other investors constitute evidence of control as defined therein.

Except for entities which were formed prior to June 30, 2005 and have not had their partnership or operating agreement modified since that date, we evaluate partially owned subsidiaries and joint ventures held in partnership form using authoritative guidance, which includes a framework for evaluating whether a general partner(s) or managing member(s) controls an entity and therefore should consolidate it. The framework includes the presumption that general partner or managing member control would be overcome only when the limited partners or members have certain rights. Such rights include the right to dissolve or liquidate the limited partnership ("LP") or limited liability company ("LLC") or otherwise remove the general partner or managing member "without cause," or the right to effectively participate in significant decisions made in the ordinary course of the LP's or LLC's business. To the extent that any minority investor has rights that inhibit our ability to control the entity, including substantive veto rights, we generally will not consolidate the entity.

We also consider the authoritative guidance that addresses consolidation by business enterprises that have controlling financial interests of variable interest entities. As of December 31, 2010, we have no arrangements or relationships where consolidation was required due to controlling financial interests of variable interest entities.

We use the equity method to account for our investments in entities with respect to which we do not have control rights but have the ability to exercise significant influence over operating and financial policies. Assets, liabilities, revenues and expenses are reported in the respective detailed line items on the consolidated financial statements for our consolidated entities. On the other hand, for our equity method entities, assets and liabilities are reported on a net basis in *Investment in and* *advances to nonconsolidated affiliates* on the consolidated balance sheets, and revenues and expenses are reported on a net basis in *Equity in net income of nonconsolidated affiliates* on the consolidated statements of operations. This difference in accounting treatment of consolidated and equity method entities impacts certain financial ratios of the Company.

Reclassifications

Certain amounts in the consolidated financial statements for prior periods have been reclassified to conform to the current period presentation. Such reclassifications primarily relate to facilities we closed or sold, which qualify for reporting as discontinued operations.

In addition, as of January 1, 2009, we have reclassified, in accordance with changes in authoritative guidance, our noncontrolling interests (formerly known as "minority interests") as a component of equity and now report net income and comprehensive income attributable to our noncontrolling interests separately from net income and comprehensive income attributable to SCA. Proceeds from sales and amounts paid for repurchase of equity interests of consolidated affiliates are now shown as financing activities, rather than investing activities, in the consolidated statements of cash flows. These reclassifications are reflected in amounts presented as of and for each of the years ended December 31, 2010, 2009 and 2008.

Revisions

During 2010, we identified amounts related to certain claims liabilities that have been consistently unrecorded on each balance sheet date in previously reported consolidated financial statements. As a result, it has been determined that the Company's net income was overstated by $0.7 million in 2007. The Company has revised its total equity at December 31, 2007 by ($0.7) million and its accounts payable and noncontrolling interests--non-redeemable by $1.2 million and ($0.5) million, respectively. We do not believe these adjustments are material to any previously reported periods. Therefore, we have voluntarily elected to revise these consolidated financial statements to reflect the change.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates include, but are not limited to: (1) allowance for contractual revenue adjustments; (2) allowance for doubtful accounts; (3) asset impairments, including goodwill; (4) depreciable lives of assets; (5) useful lives of intangible assets; (6) economic lives and fair value of leased assets; (7) provision for income taxes, including valuation allowances; (8) reserves for contingent liabilities; and (9) reserves for losses in connection with unresolved legal matters. Future events and their effects cannot be predicted with certainty; accordingly, our accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of our consolidated financial statements will change as new events occur, as more experience is acquired, as additional information is obtained, and as our operating environment changes. We evaluate and update our assumptions and estimates on an ongoing basis and may employ outside experts to assist in our evaluation, as considered necessary. Actual results could differ from those estimates.

Risks and Uncertainties

SCA operates in a highly regulated industry and is required to comply with extensive and complex laws and regulations at the federal, state, and local government levels. These laws and regulations relate to, among other things:

- licensure, certification, and accreditation,
- coding and billing for services,
- relationships with physicians and other referral sources, including physician self-referral and anti-kickback laws,
- quality of medical care,
- use and maintenance of medical supplies and equipment,
- maintenance and security of medical records,
- acquisition and dispensing of pharmaceuticals and controlled substances, and
- disposal of medical and hazardous waste.

Many of these laws and regulations are expansive, and we do not have the benefit of significant regulatory or judicial interpretation of them. In the future, different interpretations or enforcement of these laws and regulations could subject our current or past practices to allegations of impropriety or illegality or could require us to make changes in our investment structure, facilities, equipment, personnel, services, capital expenditure programs, operating procedures and contractual arrangements.

If we fail to comply with applicable laws and regulations, we could be subjected to liabilities, including (1) criminal penalties, (2) civil penalties, including monetary penalties and the loss of our licenses to operate one or more of our ASCs and hospitals, and (3) exclusion or suspension of one or more of our ASCs and hospitals from participation in the Medicare, Medicaid, and other federal and state healthcare programs.

Historically, the United States Congress and some state legislatures have periodically proposed significant changes in regulations governing the healthcare system. Many of these changes have resulted in limitations on and, in some cases, significant reductions in the levels of payments to healthcare providers for services under many government reimbursement programs. Because we receive a significant percentage of our revenues from Medicare, such proposed changes in legislation might have a material adverse effect on our financial position, results of operations, and cash flows, if any such changes were to occur.

As discussed in Note 16, *Commitments and Contingent Liabilities*, we are a party to a number of lawsuits. We cannot predict the outcome of litigation filed against us. Substantial damages or other monetary remedies assessed against us could have a material adverse effect on our business, financial position, results of operations, and cash flows.

Revenue Recognition

Revenues consist primarily of net patient service revenues that are recorded based upon established billing rates less allowances for contractual adjustments. Revenues are recorded during the period the healthcare services are provided, based upon the estimated amounts due from patients and third-party payors, including federal and state agencies (under the Medicare and Medicaid programs), managed care health plans, commercial insurance companies, and employers. Estimates of contractual allowances under third-party payor arrangements are based upon the payment terms specified in the related contractual agreements. Third-party payor contractual payment terms are generally based upon predetermined rates per procedure or discounted fee-for-service rates.

During the years ended December 31, 2010, 2009, and 2008, approximately 61%, 63%, and 62%, respectively, of our net operating revenues related to patients participating in managed care and other discount plans. The managed care industry is highly competitive and healthcare services providers are under increasing pressure to accept reduced reimbursement for services on these contracts. Continued reductions could have a material adverse impact on our financial position, results of operations, and cash flows.

During each of the years ended December 31, 2010, 2009, and 2008, approximately 25%, 22%, and 22%, respectively, of our net operating revenues related to patients participating in the Medicare and Medicaid programs. Laws and regulations governing the Medicare and Medicaid programs are complex, subject to interpretation, and are routinely modified for provider reimbursement. The Centers for Medicare and Medicaid Services ("CMS") has been granted authority to suspend payments, in whole or in part, to Medicare providers if CMS possesses reliable information that an overpayment, fraud, or willful misrepresentation exists. If CMS suspects that payments are being made as the result of fraud or misrepresentation, CMS may suspend payment at any time without providing us with prior notice. The initial suspension period is limited to 180 days. However, the payment suspension period can be extended almost indefinitely if the matter is under investigation by the United States Department of Health & Human Services Office of Inspector General (the "OIG") or the Department of Justice (the "DOJ"). Therefore, we are unable to predict if or when we may be subject to a suspension of payments by the Medicare and/or Medicaid programs, the possible length of the suspension period, or the potential cash flow impact of a payment suspension. Any such suspension would adversely impact our financial position, results of operations, and cash flows.

Cash and Cash Equivalents

Cash and cash equivalents include all demand deposits reduced by the amount of outstanding checks and drafts where the right of offset exists for these bank accounts. As a result of the Company's cash management system, checks issued but not presented to banks for payment may create negative book cash balances. Such negative balances are included in current liabilities as a part of *Accounts payable* and totaled $6.3 million at December 31, 2010, and $7.1 million at December 31, 2009. The Company has deposits with certain financial institutions which exceed federally insured limits. The Company has reviewed the creditworthiness of these financial institutions and we have not experienced any losses on such deposits.

Restricted Cash

As of December 31, 2010 and 2009, we had approximately $33.1 million and $30.0 million, respectively, of restricted cash in affiliate cash accounts maintained by partnerships in which we participate where one or more external partners requested, and we agreed, that the partnership's cash not be commingled with other Company cash and be used only to fund the operations of those partnerships.

Accounts Receivable

We report accounts receivable at estimated net realizable amounts from services rendered from federal and state agencies (under the Medicare and Medicaid programs), managed care health plans, commercial insurance companies, workers' compensation, employers, and patients. Our accounts receivable are geographically dispersed, but a significant portion of our accounts receivable are concentrated by type of payors. The concentration of net patient service accounts receivable by payor class, as a percentage of total net patient service accounts receivable, as of the end of each of the reporting periods, is as follows:

	As of December 31	
	2010	**2009**
Managed care and other discount plans	66%	66%
Medicare	14	14
Workers' compensation	12	13
Other third-party payors	4	3
Medicaid	3	3
Patients	1	1
Total	100%	100%

We recognize that revenues and accounts receivable from government agencies are significant to our operations; however, we do not believe there are significant credit risks associated with these government agencies.

We also recognize that revenue and accounts receivable from managed care and other discount plans are significant to our operations. Because the category of managed care and other discount plans is composed of numerous individual payors which are geographically dispersed, our management does not believe there are any significant concentrations of revenues from any individual payor that would subject us to significant credit risks in the collection of our accounts receivable.

Additions to the allowance for doubtful accounts are made by means of the *Provision for doubtful accounts*. We write off uncollectible accounts against the allowance for doubtful accounts after exhausting collection efforts and adding subsequent recoveries. Net accounts receivable include only those amounts we estimate we will collect.

We performed an analysis of our historical cash collection patterns and considered the impact of any known material events in determining the allowance for doubtful accounts. In performing our analysis, we considered the impact of any adverse changes in general economic conditions, business office operations, payor mix, or trends in federal or state governmental healthcare coverage.

Long-Lived Assets

We report land, buildings, improvements, and equipment at cost, net of asset impairment. We report assets under capital lease obligations at the lower of fair value or the present value of the aggregate future minimum lease payments at the beginning of the lease term. We depreciate our assets using the straight-line method over the shorter of the estimated useful life of the assets or life of the lease term, excluding any lease renewals, unless the lease renewals are reasonably assured. Useful lives are as follows:

	Years
Buildings	15 to 30
Leasehold improvements	5 to 20
Furniture, fixtures, and equipment	3 to 7
Assets under capital lease obligations:	
Real estate	15 to 30
Equipment	3 to 7

Maintenance and repairs of property and equipment are expensed as incurred. We capitalize replacements and improvements that increase the estimated useful life of an asset. We capitalize interest expense on major construction and development projects while in progress. No interest was capitalized during the years ended December 31, 2010, 2009, or 2008.

We retain fully depreciated assets in property and accumulated depreciation accounts until we remove them from service. In the case of sale, retirement or disposal, the asset cost and related accumulated depreciation balance is removed from the respective account, and the resulting net amount, less any proceeds, is included as a component of income from continuing operations in the consolidated statements of operations. However, if the sale, retirement, or disposal involves a discontinued operation, the resulting net amount, less any proceeds, is included in the results of discontinued operations.

For operating leases, we recognize escalated rents, including any rent holidays, on a straight-line basis over the term of the lease for those lease agreements where we receive the right to control the use of the entire leased property at the beginning of the lease term.

Goodwill

We test goodwill for impairment using a fair value approach at least annually, absent some triggering event that would require an impairment assessment. Absent any impairment indicators, we perform our goodwill impairment testing as of October 1st of each year.

Since a quoted market price for the Company's equity is not available, the Company applies judgment in determining the fair value of its equity for purposes of performing the goodwill impairment test. The Company relies on widely accepted valuation techniques, including discounted cash flow and, when available and appropriate, market multiple analyses approaches, which capture both the future income potential of the Company and the market behaviors and actions of market participants in the industry in which the Company operates. These types of analyses require the Company to make assumptions and estimates regarding future cash flows, industry-specific economic factors and the profitability of future business strategies. The discounted cash flow approach uses a projection of estimated operating results and cash flows that are discounted using a weighted average cost of capital. Under the discounted cash flow approach, the projection includes management's best estimates of economic and market conditions over the projected period, including growth rates in the number of cases, reimbursement rates, operating costs, rent expense and capital expenditures. Other significant estimates and assumptions include terminal value growth rates, changes in working capital requirements and weighted average cost of capital. The market multiple analysis estimates fair value by applying cash flow multiples to the reporting unit's operating results. The multiples are derived from comparable publicly traded companies with similar operating and investment characteristics to the Company. Finally, when we dispose of a hospital or an ASC, the relative fair value of goodwill is allocated to the gain or loss on disposition.

We recognize an impairment charge for any amount by which the carrying amount of goodwill exceeds its implied fair value. We present a goodwill impairment charge as a separate line item within income from continuing operations in the consolidated statements of operations, unless the goodwill impairment is associated with a discontinued operation. In that case, we include the goodwill impairment charge, on a net-of-tax basis, within the results of discontinued operations.

Impairment of Long-Lived Assets and Other Intangible Assets

We assess the recoverability of long-lived assets (excluding goodwill) and identifiable acquired intangible assets with definite useful lives, whenever events or changes in circumstances indicate we may not be able to recover the asset's carrying amount. We measure the recoverability of assets to be held and used by a comparison of the carrying amount of the asset to the expected net future cash flows to be generated by that asset, or, for identifiable intangibles with definite useful lives, by determining whether the amortization of the intangible asset balance over its remaining life can be recovered through undiscounted future cash flows. The amount of impairment of identifiable intangible assets with definite useful lives, if any, to be recognized is measured based on projected discounted future cash flows. We measure the amount of impairment of other long-lived assets (excluding goodwill) as the amount by which the carrying value of the asset exceeds the fair market value of the asset, which is generally determined based on projected discounted future cash flows or appraised values. We present an impairment charge as a separate line item within income from continuing operations in our consolidated statements of operations, unless the impairment is associated with a discontinued operation. In that case, we include the impairment charge, on a net-of-tax basis, within the results of discontinued operations. We classify long-lived assets to be disposed of other than by sale as held and used until they are disposed. We report long-lived assets to be disposed of by sale as held for sale and recognize those assets in the balance sheet at the lower of carrying amount or fair value less cost to sell, and cease depreciation.

We amortize the cost of intangible assets with definite useful lives over their respective estimated useful lives to their estimated residual value. As of December 31, 2010, none of our definite useful lived intangible assets has an estimated residual value. As of December 31, 2010, we do not have any intangible assets with indefinite useful lives. The range of estimated useful lives of our other intangible assets is as follows:

	Years
Certificates of need	10 to 30
Management agreements	3 to 15
Licenses	15 to 20
Noncompete agreements	2 to 15
Favorable lease obligations	5

Investment in and Advances to Nonconsolidated Affiliates

Investments in entities we do not control, but in which we have the ability to exercise significant influence over the operating and financial policies of the investee, are accounted for under the equity method. Equity method investments are recorded at original cost and adjusted periodically to recognize our proportionate share of the investees' net income or losses after the date of investment, additional contributions made and distributions received, and impairment losses resulting from adjustments to net realizable value. We record equity method losses in excess of the carrying amount of an investment when we guarantee obligations or we are otherwise committed to provide further financial support to the affiliate.

Management periodically assesses the recoverability of our equity method investments for impairment. We consider all available information, including the recoverability of the investment, the earnings and near-term prospects of the affiliate, factors related to the industry, conditions of the affiliate, and our ability, if any, to influence the management of the affiliate. We assess fair value based on valuation methodologies, as appropriate, including discounted cash flows, estimates of sales proceeds and external appraisals, as appropriate. If an equity method investment's decline in value is other than temporary, we record an impairment.

Financing Costs

We amortize financing costs using the effective interest method over the life of the related debt. The related expense is included in *Interest expense* in our consolidated statements of operations.

Fair Value of Financial Instruments

Our financial instruments consist mainly of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, letters of credit, long-term debt, and interest rate swap agreements. The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, and accounts payable approximate fair value because of the short-term maturity of these instruments. The fair value of our letters of credit is deemed to be the amount of payment guaranteed on our behalf by third-party financial institutions. We determine the fair value of our long-term debt based on various factors, including maturity schedules, call features, and current market rates. We also use quoted market prices, when available, or discounted cash flows to determine fair values of long-term debt. The fair value of our interest rate swaps is determined using information provided by a third-party financial institution and discounted cash flows.

Derivative Instruments

All derivative instruments are recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or in other comprehensive income, depending on whether a derivative is designated as part of a hedging relationship and, if it is, depending on the type of hedging relationship.

As of December 31, 2010 and 2009, we held interest rate swaps to hedge the interest rate risk on a portion of our long-term debt. These swaps are designated as a cash flow hedge. Therefore, all changes in the fair value of these interest rate swaps are reported in other comprehensive income on the consolidated statement of changes in equity. Net cash settlements on our interest rate swaps are included in investing activities in our consolidated statements of cash flows. For additional information regarding these interest rate swaps, see Note 8, *Long-Term Debt.*

Noncontrolling Interest in Consolidated Affiliates

The consolidated financial statements include all assets, liabilities, revenues, and expenses of less-than-100%-owned affiliates that we control. Accordingly, we have recorded a noncontrolling interest in the earnings and equity of such affiliates. We record adjustments to noncontrolling interest for the allocable portion of income or loss to which the noncontrolling interest holders are entitled based upon the portion of the subsidiaries they own. Distributions to holders of noncontrolling interest reduce the respective noncontrolling interest holders' balance.

Also, certain of the Company's noncontrolling interests have industry-specific redemption features, such as a change in law that would prohibit the noncontrolling interests' current form of ownership in ASCs, which is not solely within the control of the Company. The Company is not aware of events that would make a redemption probable. According to authoritative guidance, classification of these noncontrolling interests outside of permanent equity is required due to the redemption features.

Equity-Based Compensation

SCA's parent, ASC Acquisition, has two equity-based compensation plans that provide for the granting of options to purchase membership units of ASC Acquisition to certain employees, directors, service providers, and consultants of the Company and its affiliates. The fair value of equity-based compensation is measured at the date of grant and recognized as expense over the option holder's requisite service period. The Company also issues equity instruments to certain non-employees as described more fully in Note 11, *Equity-Based Compensation.*

Income Taxes

We provide for income taxes using the asset and liability method. This approach recognizes the amount of federal, state and local taxes payable or refundable for the current year, as well as deferred tax assets and liabilities for the future tax consequence of events recognized in the consolidated financial statements and income tax returns. Deferred income tax assets and liabilities are adjusted to recognize the effects of changes in tax laws or enacted tax rates.

A valuation allowance is required when it is more likely than not that some portion of the deferred tax assets will not be realized. Realization is dependent on generating sufficient future taxable income.

SCA is included in the consolidated federal income tax return of its parent, ASC Acquisition. State income tax returns are filed on a separate, combined, or consolidated basis in accordance with relevant state laws and regulations. Partnerships, limited liability partnerships, limited liability companies, and other pass-through entities that we consolidate or account for using the equity method of accounting file separate federal and state income tax returns. We include the allocable portion of each pass-through entity's income or loss in our federal income tax return. We allocate the remaining income or loss of each pass-through entity to the other partners or members who are responsible for their portion of the taxes.

Assets Held for Sale and Results of Discontinued Operations

Components of an entity that have been disposed of or are classified as held for sale and have operations and cash flows that can be clearly distinguished from the rest of the entity are reported as assets held for sale and discontinued operations. In the period a component of an entity has been disposed of or classified as held for sale, we reclassify the results of operations for current and prior periods into a single caption titled *Loss from discontinued operations, net of income tax expense*. In addition, we classify the assets and liabilities of those components as *Prepaids and other current assets, other long-term assets, other current liabilities, and other long-term liabilities* in our consolidated balance sheets. We also classify cash flows related to discontinued operations as one line item within each category of cash flows in our consolidated statements of cash flows.

Assessment of Loss Contingencies

We have legal and other contingencies that could result in significant losses upon the ultimate resolution of such contingencies. We have provided for losses in situations where we have concluded that it is probable that a loss has been or will be incurred and the amount of the loss is reasonably estimable. A significant amount of judgment is involved in determining whether a loss is probable and reasonably estimable due to the uncertainty involved in determining the likelihood of future events and estimating the financial statement impact of such events. If further developments or resolution of a contingent matter are not consistent with our assumptions and judgments, we may need to recognize a significant charge in a future period related to an existing contingent matter.

Recent Revisions to Authoritative Guidance

Noncontrolling Interests in Consolidated Financial Statements. In December 2007, the authoritative guidance was revised for noncontrolling interests, which establishes accounting and reporting standards for minority interests in our subsidiaries (recharacterized as noncontrolling interests and classified as a component of equity) and for the loss of control or deconsolidation of a subsidiary. This guidance was adopted by the Company on January 1, 2009 and applied prospectively; however, the presentation and disclosure requirements of the authoritative guidance have been applied retrospectively for all periods presented in our interim and annual reports issued for periods beginning on or after January 1, 2009. The revised authoritative guidance impacted the presentation of our consolidated financial position, results of operations, and cash flows for the years ended December 31, 2010 and 2009. Although not material to SCA, one of the effects of the change in the authoritative guidance is the reclassification of excess distributions to nonconsolidated interests from other operating expenses beginning January 1, 2009. Also, beginning January 1, 2009, excess losses are reported in noncontrolling interests, rather than as a decrease in SCA's equity. In addition, the revisions in authoritative guidance changed the manner in which we present amounts of and changes in noncontrolling interests in our nonconsolidated affiliates, as well as the manner in which we report the loss of control or deconsolidation of a subsidiary. See Note 3, *Summary of Significant Accounting Policies--Reclassifications*, and Note 9, *Noncontrolling Interests*, for further discussion.

Consolidation of Variable Interest Entities. In June 2009, the authoritative guidance for the consolidation of variable interest entities was revised, which changes how a reporting entity determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar) interests should be consolidated. The determination of whether a reporting entity is required to consolidate another entity is based on, among other things, the other entity's purpose and design and the reporting entity's ability to direct the activities that most significantly impact the other entity's economic performance. The guidance revisions also require a number of additional disclosures about an entity's involvement with variable interest entities and any significant changes in risk exposure due to that involvement. The authoritative guidance revisions applied to the Company beginning on January 1, 2010. The adoption of the revised authoritative guidance had no significant impact to the Company's consolidated financial statements and disclosures.

We do not believe any other recently issued, but not yet effective, revisions to authoritative guidance will have a material effect on our consolidated financial position, results of operations, or cash flows.

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	As of December 31 2010	As of December 31 2009
Patient accounts receivable	$ 89,726	$ 82,899
Less: Allowance for doubtful accounts	(7,676)	(6,563)
Accounts receivable, net	$ 82,050	$ 76,336

The following is the activity related to our allowance for doubtful accounts:

	Year Ended December 31 2010	Year Ended December 31 2009	Year Ended December 31 2008
Balance at beginning of period	$ 6,563	$ 6,870	$ 5,560
Provision for doubtful accounts	18,283	18,269	14,951
Deductions and accounts written off	(17,170)	(18,576)	(13,641)
Balance at end of period	$ 7,676	$ 6,563	$ 6,870

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	As of December 31 2010	As of December 31 2009
Land	$ 23,388	$ 24,366
Buildings	43,509	46,153
Leasehold improvements	34,517	36,051
Furniture, fixtures, and equipment	123,375	119,741
	224,789	226,311
Less: Accumulated depreciation and amortization	(50,463)	(43,083)
	174,326	183,228
Construction in progress	9,861	10,919
Property and equipment, net	$ 184,187	$ 194,147

The amount of depreciation expense, amortization expense and accumulated amortization relating to assets under capital lease obligations, and rent expense under operating leases is as follows:

		Year Ended December 31 2010		Year Ended December 31 2009		Year Ended December 31 2008
Depreciation expense	$	30,604	$	27,707	$	23,348
Assets under capital lease obligations:						
Buildings	$	14,808	$	14,059	$	11,282
Equipment		5,027		2,318		309
		19,835		16,377		11,591
Accumulated amortization		(7,580)		(4,865)		(2,946)
Assets under capital lease obligations, net	$	12,255	$	11,512	$	8,645
Amortization expense	$	2,809	$	2,020	$	1,763
Rent expense:						
Minimum rent payments	$	21,255	$	24,962	$	23,621
Contingent and other rents		15,804		12,121		15,143
Total rent expense	$	37,059	$	37,083	$	38,764

Leases

We lease certain land, buildings and equipment under non-cancelable operating leases expiring at various dates through 2015. We also lease certain buildings and equipment under capital leases expiring at various dates through 2026. Operating leases generally have 5 to 30 year terms, with one or more renewal options, with terms to be negotiated at the time of renewal. Various facility leases include provisions for rent escalation to recognize increased operating costs or require us to pay certain maintenance and utility costs. Contingent rents are included in rent expense in the year incurred. Some facilities are subleased to other parties. Rental income from subleases approximated $1.3 million, $1.2 million, and $1.4 million for the years ended December 31, 2010, 2009 and 2008, respectively. Certain leases contain annual escalation clauses based on changes in the Consumer Price Index while others have fixed escalation terms. The excess of cumulative rent expense (recognized on a straight-line basis) over cumulative rent payments made on leases with fixed escalation terms is recognized as straight-line rental accrual and is included in *Other long-term liabilities* in the accompanying consolidated balance sheets.

Our ASCs, as well as our four surgical hospitals, lease land, buildings and equipment, with most leases being for periods of 3 to 10 years. Additionally, the lease for our principal executive offices, which commenced on March 1, 2008, is for an initial term of five years.

Future minimum lease payments at December 31, 2010 for those leases of SCA and its subsidiaries having an initial or remaining non-cancelable lease term of one year or more are as follows:

Year ending December 31,	Operating Leases	Capital Lease Obligations	Total
2011	$ 19,676	$ 4,124	$ 23,800
2012	16,905	4,305	21,210
2013	12,956	3,620	16,576
2014	10,721	2,847	13,568
2015	9,068	1,767	10,835
2016 and thereafter	22,697	4,204	26,901
	$ 92,023	20,867	$ 112,890
Less: interest portion		(4,533)	
Obligations under capital leases		$ 16,334	

Obligations Under Lease Guarantees

In conjunction with the sale of certain surgery centers in prior years, the leases of certain properties were assigned to the purchasers and, as a condition of the lease, the Company is a guarantor on the lease. Should the purchaser fail to pay the rent due on these leases, the lessor would have contractual recourse against the Company.

The Company has not recorded a liability for these guarantees, as it does not believe it is probable it will have to perform under these agreements. If the Company is required to perform under these guarantees, it could potentially have recourse against the purchaser for recovery of any amounts paid. These guarantees are not secured by any assets under the leases. As of December 31, 2010, the Company has not been required to perform under any such lease guarantees.

Impairment of Long-Lived Assets

During 2010, 2009, and 2008, we examined our long-lived assets for impairment due to facility closings and facilities experiencing negative cash flow from operations. Based on this review, we recorded an impairment charge of approximately \$1.0 million and \$2.1 million for the years ended December 31, 2009 and 2008, respectively. No impairment charge was recorded for the year ended December 31, 2010. For all periods presented, the fair value of the impaired long-lived assets at our facilities was determined primarily based on the assets' estimated fair value using valuation techniques that included discounted future cash flows.

6. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill represents the unallocated excess of purchase price over the fair value of identifiable assets and liabilities acquired in business combinations. Goodwill also includes the unallocated excess of purchase price plus the fair value of any noncontrolling interest in the acquiree at the acquisition date over the fair value of identifiable assets and liabilities acquired in business combinations. Other definite-lived intangibles consist primarily of certificates of need, licenses, noncompete agreements, and management agreements.

The following table shows changes in the carrying amount of goodwill for the years ended December 31, 2010 and December 31, 2009:

	Year Ended December 31 2010	Year Ended December 31 2009
Balance at beginning of period	$ 677,073	$ 659,893
Acquisitions (Note 2)	23,474	17,049
Deconsolidations (Note 2)	(18,546)	-
Closed/sold facilities	(693)	-
Other	-	131
Balance at end of period	$ 681,308	$ 677,073

We performed impairment reviews as of October 1, 2010 and 2009, and concluded that no goodwill impairment existed.

The following table provides information regarding our other intangible assets:

	As of December 31 2010	As of December 31 2009
Certificates of need		
Gross carrying amount	$ 19,328	$ 24,199
Accumulated amortization	3,203	4,067
Net	$ 16,125	$ 20,132
Management agreements		
Gross carrying amount	$ 36,049	$ 35,971
Accumulated amortization	7,934	5,574
Net	$ 28,115	$ 30,397
Licenses		
Gross carrying amount	$ 10,885	$ 9,874
Accumulated amortization	3,806	1,619
Net	$ 7,079	$ 8,255
Noncompete agreements		
Gross carrying amount	$ 3,466	$ 2,679
Accumulated amortization	1,664	516
Net	$ 1,802	$ 2,163
Favorable lease obligations		
Gross carrying amount	$ 1,232	$ 1,403
Accumulated amortization	886	732
Net	$ 346	$ 671
Total intangible assets		
Gross carrying amount	$ 70,960	$ 74,126
Accumulated amortization	17,493	12,508
Net	$ 53,467	$ 61,618

During 2010, 2009, and 2008, we examined our intangible assets for impairment due to facility closings and facilities experiencing negative cash flow from operations. In all periods presented, no impairment charge was deemed necessary for intangible assets.

Amortization expense for other intangible assets is as follows:

	Year Ended December 31 2010	Year Ended December 31 2009	Year Ended December 31 2008
Amortization expense	$ 6,013	$ 8,482	$ 11,357

Total estimated amortization expense for our other intangible assets for the next five years is as follows:

Year ending December 31,	Estimated Amortization Expense
2011	$ 5,632
2012	4,972
2013	4,669
2014	4,497
2015	4,464

7. RESULTS OF OPERATIONS OF NONCONSOLIDATED AFFILIATES

As of December 31, 2010, *Investment in and advances to nonconsolidated affiliates* represents SCA's investment in 23 partially owned entities, most of which are general or limited partnerships, limited liability companies, or joint ventures in which SCA or one of our subsidiaries is a general or limited partner, managing member, member, or venturer, as applicable. We do not control these affiliates, but have the ability to exercise significant influence over the operating and financial policies of certain of these affiliates. Our ownership percentage in these affiliates generally ranged from 20% to 51% as of December 31, 2010. Our investment in these affiliates is an integral part of our operations.

During 2010, we deconsolidated five separate ASCs (i.e., they became equity method investments rather than consolidated facilities). Therefore, the results of operations at those facilities were reported within the consolidated revenue and expense line items of SCA for 2009 and 2008, but were reported net in *Equity in net income of nonconsolidated affiliates* for a portion of 2010.

In each of these transactions, we sold a controlling equity interest, as well as transferred certain control rights, to hospital partners. We retained a noncontrolling interest in these entities. We received proceeds of approximately $8.3 million and recorded a pre-tax gain of approximately $1.5 million, which was primarily related to the revaluation of our remaining investment in these entities to fair value. The gain on these transactions is recorded in *(Gain) loss on sale of investments.*

No such deconsolidation transactions occurred in 2009. Effective October 1, 2008, one surgery center transitioned to being an equity method investment from a consolidated affiliate and two surgery centers transitioned into consolidated affiliates from equity method investments as a result of changes of control of these entities. A net pre-tax loss of approximately $0.7 million was recorded with these transactions, and is included in *(Gain) loss on sale of investments.*

Fair values for the retained noncontrolling interests are primarily estimated based on third party valuations we have obtained in connection with such transactions. Our continuing involvement as an equity method investor and manager of the facilities precludes classification of these transactions as discontinued operations.

During 2010, we recorded a $3.0 million impairment to our investments in nonconsolidated affiliates in connection with the deconsolidation of an affiliate. The impairment was the result of the revaluation of our remaining investment in this entity to fair value. This impairment is included in *Equity in net income of nonconsolidated affiliate.*

During 2009 and 2008, we recorded impairment charges related to our investment in certain of our nonconsolidated affiliates in conjunction with our quarterly impairment review, based upon operating performance trends, of $6.1 million and $0.7 million, respectively. These impairments are included in *Equity in net income of nonconsolidated affiliate.*

During 2009, a $3.1 million impairment charge related to our investment in another of our nonconsolidated affiliates was recorded due to the settlement of a legal dispute with the physician partners, which resulted in SCA accepting a purchase price for our ownership units in that facility lower than our recorded investment. This impairment is included in *Interest income and other income.*

In determining whether an impairment charge is necessary on a particular investment, we consider all available information, including the recoverability of the investment, the earnings and near-term prospects of the affiliate, factors related to the industry, conditions of the affiliate, and our ability, if any, to influence the management of the affiliate. We assess fair value based on valuation methodologies, including discounted cash flows, estimates of sales proceeds and external appraisals, as appropriate.

We account for investments in nonconsolidated affiliates primarily using the equity method of accounting. Our investments consist of the following:

	As of December 31	
	2010	2009
Investment in and advances to nonconsolidated affiliates:		
Beginning balance	$ 65,219	$ 74,949
Share of income	18,268	16,600
Share of distributions	(16,419)	(15,649)
Conversion to/from Investments in nonconsolidated affiliates	20,667	0
Impairment of investments in nonconsolidated affiliates	(2,971)	(9,200)
Sale/closure of investments in nonconsolidated affiliates	(3,301)	(1,730)
Other	375	249
Total investment in and advances to nonconsolidated affiliates	$ 81,838	$ 65,219

The following summarizes the combined assets, liabilities, and equity of our nonconsolidated affiliates (on a 100% basis):

	As of December 31 2010	As of December 31 2009
Assets		
Current	$ 58,511	$ 44,097
Noncurrent	141,927	106,105
Total assets	$ 200,438	$ 150,202
Liabilities		
Current	$ 12,430	$ 10,819
Noncurrent	16,955	12,289
Partners' capital and shareholders' equity		
SCA	81,838	65,219
Outside parties	89,215	61,875
	$ 200,438	$ 150,202

The following summarizes the combined results of operations of our equity method affiliates:

	Year Ended December 31 2010	Year Ended December 31 2009	Year Ended December 31 2008
Net operating revenues	$ 186,968	$ 163,649	$ 156,957
Operating expenses:			
Salaries and benefits	49,129	43,148	47,192
Supplies	36,283	31,224	31,397
Other operating expenses	39,760	34,254	33,557
Depreciation and amortization	6,421	4,698	4,225
Total operating expenses	131,593	113,324	116,371
Interest expense, net of interest income	1,080	982	555
Income from continuing operations before income tax expense	$ 54,295	$ 49,343	$ 40,031
Net income	$ 54,186	$ 49,294	$ 40,067

8. LONG TERM DEBT

Our long-term debt outstanding consists of the following:

	As of December 31 2010	2009
Advances under $125.0 million revolving credit facility due 2013	$ -	$ -
Term loan facility	342,575	346,125
Bonds payable		
9.625% Senior PIK-election Notes due 2015	164,785	157,219
10.0% Senior Subordinated Notes due 2017	150,000	150,000
Notes payable to banks and others	8,794	8,490
Capital lease obligations	16,334	16,317
	682,488	678,151
Less: Current portion	(7,509)	(6,734)
Long-term debt, net of current portion	$ 674,979	$ 671,417

The following chart shows scheduled principal payments due on long-term debt for the next five years and thereafter:

Year Ending December 31	
2011	$ 7,509
2012	9,444
2013	8,052
2014	335,014
2015	166,963
Thereafter	155,506
Total	$ 682,488

The following table provides information regarding our total *Interest expense* presented in our consolidated statements of operations for both continuing and discontinued operations:

	Year Ended December 31 2010	Year Ended December 31 2009	Year Ended December 31 2008
Continuing operations:			
Interest expense	$ 50,291	$ 51,102	$ 54,537
Amortization of bond issue costs	2,544	2,544	2,584
Total interest expense and amortization of bond issue costs for continuing operations	52,835	53,646	57,121
Discontinued operations:			
Interest expense	44	211	241
Total interest expense for discontinued operations	44	211	241
Total interest expense and amortization of bond Issue costs	$ 52,879	$ 53,857	$ 57,362

Capital Lease Obligations

We engage in a significant number of leasing transactions, including real estate, medical equipment, computer equipment, and other equipment utilized in operations. Certain leases that meet the lease capitalization criteria have been recorded as an asset and liability at the net present value of the minimum lease payments at the inception of the lease. Interest rates used in computing the net present value of the lease payments generally range from 2.3% to 10.5% based on the incremental borrowing rate at the inception of the lease. Our leasing transactions include arrangements for equipment with major equipment finance companies and manufacturers who retain ownership of the equipment during the term of the lease, and with a variety of both small and large real estate owners.

As discussed in Note 1, ASC Acquisition acquired the Company on June 29, 2007. The acquisition was partially financed with new borrowings as described below.

Senior Secured Credit Facility ("Credit Facility")

Our Credit Facility provides for borrowings of up to $480.0 million, consisting of (a) a $125.0 million revolving credit line (the "Revolver") that matures on June 28, 2013, including a $50.0 million letter of credit sub-facility and a $25.0 million swing-line loan sub-facility; and (b) a $355.0 million term loan (the "Term Loan") facility that matures on December 29, 2014. In addition, the Company may request additional tranches of the term loans or additional commitments to the Revolver in an aggregate amount not to exceed $100.0 million, subject to certain conditions.

The Revolver bears interest at a base rate or at LIBOR, as elected by the Company, plus a margin of between 0.75% and 1.25% per annum for base rate loans or between 1.75% and 2.25% per annum for LIBOR loans. Additionally, the Company pays commitment fees on a quarterly basis of between 0.375% and 0.50% per annum on the daily-unused commitment of the Revolver. The Company also pays a quarterly participation fee of 2.0% per annum related to outstanding letters of credit. At December 31, 2010, the Company had no debt outstanding under the Revolver.

The Term Loan bears interest at a base rate or at LIBOR, as elected by the Company, plus a margin of between 1.00% and 1.25% per annum for base rate loans or between 2.00% and 2.25% for LIBOR loans. The Term Loan requires principal payments each year in an amount of 1.00% per annum in equal quarterly installments, the first of which was made in September 2007. At December 31, 2010, the Company had $342.6 million of debt outstanding under the Term Loan at an interest rate of 2.30%.

The Credit Facility is guaranteed by ASC Acquisition and certain of the Company's direct 100% owned domestic subsidiaries (the "guarantors"), subject to certain exceptions, and borrowings under the Credit Facility are secured by a first priority security interest in all equity interests of the Company and of each 100% owned domestic subsidiary directly held by the Company or a guarantor. Additionally, the Credit Facility contains various restrictive covenants that, subject to certain exceptions, prohibit us from prepaying certain subordinated indebtedness, including the senior subordinated notes described below. In addition, the Credit Facility generally restricts our and our restricted subsidiaries' ability to, among other things, incur indebtedness or liens, make investments or declare or pay dividends. The Company believes it was in compliance with these covenants as of December 31, 2010. Finally, our credit agreement governing our senior secured credit facilities contains a provision that could require prepayment of a portion of our indebtedness if the Company has excess cash flow, as defined by the agreement. No such prepayment was required at December 31, 2010.

Senior Subordinated Notes and Senior PIK-election Notes (together, the "Notes")

The Company issued $150.0 million in principal amount of 10.0% senior subordinated notes ("Subordinated Notes") due 2017 and $150.0 million in principal amount of 8.875% / 9.625% senior PIK-election notes due 2015 ("PIK-election Notes"). Interest on the Notes is payable on January 15 and July 15 of each year, commencing on January 15, 2008. All interest payments on the Subordinated Notes and the initial interest payment on the PIK-election notes are payable in cash. For any interest period after January 15, 2008 through July 15, 2012, the Company may pay interest on the PIK-election Notes (a) in cash, (b) by increasing the principal amount of the outstanding PIK-election notes or by issuing payment-in-kind notes ("PIK Interest"); or (c) by paying interest on half the principal amount of the PIK-election Notes in cash and half in PIK Interest. PIK Interest is paid at 9.625% and cash interest is paid at 8.875% per annum. The Notes are unsecured senior subordinated obligations of the Company; however, the Notes are guaranteed by certain of the Company's current and future direct 100% owned domestic subsidiaries. Additionally, the indentures pursuant to which the Notes were issued contain various restrictive covenants, including covenants that generally limit the Company's ability and the ability of its restricted subsidiaries to borrow money or guarantee other indebtedness, incur liens, make certain investments, sell assets, or pay dividends. The Company believes it was in compliance with these covenants as of December 31, 2010.

SCA elected to pay PIK Interest with respect to the interest payment for the six-month period beginning January 16, 2009 and ending July 15, 2009 on the senior PIK-election notes as part of its cash management strategy in light of conditions in the credit markets at that time. With respect to the interest due on such notes on the July 15, 2009 interest payment date, SCA made such interest payment by paying in kind at the PIK interest rate of 9.625% instead of paying interest in cash at 8.875%. As a result, the aggregate principal amount of senior PIK-election notes increased from $150.0 million to $157.2 million effective July 15, 2009. SCA elected to continue to pay PIK interest (at the PIK interest rate of 9.625%) with respect to the interest payment on its senior PIK-election notes for the six-month interest period ending January 15, 2010 as part of its cash management strategy. As a result, the aggregate principal amount of senior PIK-election notes increased from $157.2 million to $164.8 million effective January 15, 2010. The accrual of PIK interest is recorded in the consolidated balance sheets as *Other long-term liabilities* until the applicable interest payment date, at which time the PIK interest payment amount is transferred to *Long-term debt, net of current portion.* The amount of PIK interest included in *Other long-term liabilities* at December 31, 2009 is $7.0 million. SCA elected to pay cash interest for the six-month interest periods ended July 15, 2010 and January 15, 2011 at a rate of 8.875% as part of its cash management strategy. The amount of cash interest included in *Accrued interest* at December 31, 2010 is $6.7 million.

Interest Rate Swaps

The Company utilizes an interest rate risk management strategy that incorporates the use of derivative financial instruments to limit its exposure to interest rate risk. The swaps are "receive floating/pay fixed" instruments that define a fixed rate of interest on the hedged debt that the Company will pay. At December 31, 2010, interest rate swaps on $270.0 million of the $342.6 million Term Loan remained outstanding. At December 31, 2009, interest rate swaps on $315.0 million of the $346.1 million Term Loan remained outstanding. The principal amount of the swaps will continue to decrease annually on September 30 of each year through 2013.

At inception, the fair values of the hedging instruments were zero based on the matching of the critical terms of the hedging instrument and the hedged item. In subsequent reporting periods, the fair value of these interest rate swaps is recorded in the Company's consolidated balance sheets, either in *Other current liabilities* and *Other long-term liabilities* or *Other current assets* and *Other long-term assets*, depending on the fair value (or changes in the fair value) of the swaps, with an offsetting adjustment reported as a component of other comprehensive income. At December 31, 2010 and 2009, a liability of $12.4 million and $10.9 million, respectively, was recorded on the consolidated balance sheet based on the fair value of the hedging instruments, and was included in *Other current liabilities* and *Other long-term liabilities*. During the year ended December 31, 2010, the fair value of the swaps decreased, resulting in a $1.5 million increase in *Other long-term liabilities*, with a corresponding decrease in *Other comprehensive income*. Also included in *Other comprehensive income* at December 31, 2010 is $0.9 million, which represents the fair value of the interest rate swaps which expired on September 30, 2009 and 2010, and which will be amortized into *Interest expense* as additional principal payments on the hedged debt are made. During the year ended December 31, 2009, the fair value of the swaps increased, resulting in a $2.7 million decrease in *Other long-term liabilities*, with a corresponding increase in *Other comprehensive income*. Also, included in *Other comprehensive income* at December 31, 2009 is $0.5 million, which represents the fair value of the interest rate swap which expired on September 30, 2009 and which will be amortized into *Interest expense* as additional principal payments on the hedged debt are made.

The accounting for changes in fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, a company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge or a hedge related to foreign currency exposure. The Company has designated its interest rate swaps as a cash flow hedge, and the effectiveness of the Company's hedge relationship is assessed on a quarterly basis.

Credit risk occurs when a counterparty to a derivative instrument fails to perform according to the terms of the agreement. Derivative instruments expose the Company to credit risk and could result in material changes from period to period. The Company minimizes its credit risk by entering into transactions with highly rated counterparties. In addition, at least quarterly, the Company evaluates its exposure to counterparties who have experienced or may likely experience significant threats to their ability to perform according to the terms of the derivative agreements to which we are a party. We have completed this review of the financial strength of the counterparty to our interest rate swaps using publicly available information, as well as qualitative inputs, as of December 31, 2010. Based on this review, we do not believe there is a significant counterparty credit risk associated with these derivative instruments. However, no assurances can be provided regarding our potential exposure to counterparty credit risk in the future.

9. NONCONTROLLING INTERESTS

The following table shows the breakout of net loss attributable to SCA between continuing operations and discontinued operations:

	Year Ended December 31 2010	Year Ended December 31 2009	Year Ended December 31 2008
Net loss from continuing operations, net of tax, attributable to SCA	$ (5,436)	$ (22,863)	$ (52,597)
Net loss from discontinued operations, net of tax, attributable to SCA	(9,473)	(2,893)	(4,631)
Net loss, net of tax, attributable to SCA	$ (14,909)	$ (25,756)	$ (57,228)

The following table shows the effects of changes to SCA's ownership interest in its subsidiaries on SCA's equity:

	Year Ended December 31 2010	Year Ended December 31 2009	Year Ended December 31 2008
Net loss attributable to SCA	$ (14,909)	$ (25,756)	$ (57,228)
(Decrease) increase in equity due to transfers to noncontrolling interests	(127)	(765)	442
Decrease in equity due to transfers from noncontrolling interests	(5,975)	(1,834)	(1,601)
Change from net loss attributable to SCA and transfers to noncontrolling interests	$ (21,011)	$ (28,355)	$ (58,387)

As further described in Note 3, *Summary of Significant Accounting Policies-Reclassifications*, certain of the Company's noncontrolling interests have industry specific redemption features whereby the Company could be obligated, under the terms of certain of its operating subsidiaries' partnership and operating agreements, to purchase some or all of the noncontrolling interests of the consolidated subsidiaries. As a result, these noncontrolling interests are not included as part of the Company's equity and are carried as *Noncontrolling interests-redeemable* on the Company's consolidated balance sheet.

The activity relating to the Company's noncontrolling interests—redeemable is summarized below:

	Year Ended December 31 2010	Year Ended December 31 2009	Year Ended December 31 2008
Balance at beginning of period	$ 25,894	$ 25,384	$ 23,151
Net income attributable to noncontrolling interests-redeemable	24,443	26,997	25,398
Net change related to purchase/(sale) of ownership interests-redeemable	(2,449)	84	(659)
Contributions from noncontrolling interests	-	22	21
Change in distribution accrual	(24)	(1,235)	270
Distributions to noncontrolling interests-redeemable	(24,233)	(25,358)	(22,797)
Balance at end of period	$ 23,631	$ 25,894	$ 25,384

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability.

As a basis for considering assumptions, authoritative guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1 – Observable inputs such as quoted prices in active markets;
- Level 2 – Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets and liabilities measured at fair value are based on one or more of three valuation techniques, as follows:

- Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- Cost approach – Amount that would be required to replace the service capacity of an asset (i.e., replacement cost); and
- Income approach – Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

On a recurring basis, we are required to measure our interest rate swaps at fair value. The fair value of our interest rate swaps is derived from models based upon well recognized financial principles and reasonable estimates about relevant future market conditions and calculations of the present value of future cash flows and is discounted using market rates of interest. Further, included in the fair value below is approximately $0.9 million and $0.4 million related to the non-performance risk associated with the interest rate swaps at December 31, 2010 and 2009, respectively.

The fair values of our financial liabilities that are measured on a recurring basis are as follows (in millions of U.S dollars):

		Fair Value Measurements at Reporting Date Using			
December 31, 2010	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Valuation Technique [1]
Other current liabilities	$ (0.9)	–	$ (0.9)	–	I
Other long-term liabilities	(11.5)	–	(11.5)	–	I
December 31, 2009					
Other current liabilities	$ (1.4)	–	$ (1.4)	–	I
Other long-term liabilities	(9.5)	–	(9.5)	–	I

[1] As discussed above, the authoritative guidance identifies three valuation techniques: market approach (M), cost approach (C), and income approach (I).

Where applicable, on a nonrecurring basis, we measure property and equipment, goodwill, other intangible assets, investments in nonconsolidated affiliates, and assets and liabilities of discontinued operations at fair value. The fair values of our property and equipment and other intangible assets are determined using discounted cash flows and significant unobservable inputs. The fair value of our investments in nonconsolidated affiliates is determined using discounted cash flows or earnings, or market multiples derived from a set of comparables. The fair value of our assets and liabilities of discontinued operations is determined using discounted cash flows and significant unobservable inputs unless there is an offer to purchase such assets and liabilities, which would be the basis for determining fair value. The fair value of our goodwill is determined using discounted cash flows, and, when available and as appropriate, we use comparative market multiples to corroborate discounted cash flow results. Goodwill is tested for impairment as of October 1 of each year, absent any impairment indicators.

Impairment charges of $1.0 million and $2.1 million were recorded during the years ended December 31, 2009 and 2008, respectively, for intangible and long-lived assets. No impairment charge was recorded for the year ended December 31, 2010, other than that associated with a held for sale entity discussed below. Facilities experiencing declining trends of earnings from operations or triggering events, such as the loss of a physician partner or increased local competition, resulted in the impairment charges in each of the periods presented. The fair value of the impaired long-lived assets was determined based on the assets' estimated fair value using valuation techniques that included discounted cash flows and third-party appraisals.

During 2010, we recorded a $3.0 million impairment to our investments in nonconsolidated affiliates in connection with the deconsolidation of an affiliate. The impairment was the result of the revaluation of our remaining investment in this entity to fair value. This impairment is included in *Equity in net income of nonconsolidated affiliate.*

During 2009 and 2008, we recorded impairment charges related to our investment in certain of our nonconsolidated affiliates in conjunction with our quarterly impairment review, based upon operating performance trends, of $6.1 million and $0.7 million, respectively. These impairments are included in *Equity in net income of nonconsolidated affiliate.*

During 2009, a $3.1 million impairment charge related to our investment in another of our nonconsolidated affiliates was recorded due to the settlement of a legal dispute with the physician partners, which resulted in SCA accepting a purchase price for our ownership units in that facility lower than our recorded investment. This impairment is included in *Interest income and other income.*

In determining whether an impairment charge is necessary on a particular investment, we consider all available information, including the recoverability of the investment, the earnings and near-term prospects of the affiliate, factors related to the industry, conditions of the affiliate, and our ability, if any, to influence the management of the affiliate. We assess fair value based on valuation methodologies, including discounted cash flows, estimates of sales proceeds and external appraisals, as appropriate.

In addition, as of December 31, 2010, we had two facilities that qualified for reporting as held for sale. Accordingly, we measured the assets and liabilities of those two facilities at fair value based on offers we received from a third party and, in doing so, recorded an impairment of certain long-lived assets of $0.3 million. This impairment is included in *Loss from discontinued operations, net of income tax expense* on the consolidated statements of operations.

Assets and liabilities measured at fair value on a nonrecurring basis are as follows (in millions of U.S. dollars):

		Fair Value Measurements at Reporting Date			
2010	Net Carrying Value as of December 31	Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Using Significant Other Observable Inputs (Level 2)	Using Significant Unobservable Inputs (Level 3)	Total Losses Year ended December 31
Investment in and advances to nonconsolidated affiliates	$ 81.8	–	–	$ 81.8	$ 3.0
Prepaids and other current assets:					
Current assets held for sale	$ 1.2	–	–	$ 1.2	–
Other long-term assets:					
Assets held for sale	$ 2.3	–	–	$ 2.3	$ 0.3
Other current liabilities:					
Current liabilities held for sale	$ 0.3	–	–	$ 0.3	–
Other long-term liabilities:					
Liabilities held for sale	$ 0.1	–	–	$ 0.1	–
2009					
Investment in and advances to nonconsolidated affiliates	$ 65.2	–	–	$ 65.2	$ 9.2

The following table presents the carrying amounts and estimated fair values of our financial instruments that are classified as long-term liabilities in our consolidated balance sheets (in thousands). The carrying value equals fair value for our financial instruments that are classified as current in our consolidated balance sheets. The carrying amounts of a portion of our long-term debt approximate fair value due to various characteristics of those issues, including short-term maturities, call features, and rates that are reflective of current market rates. For our long-term debt without such characteristics, we determined the fair market value by using quoted market prices, when available, or discounted cash flows to calculate their fair values.

	As of December 31, 2010		As of December 31, 2009	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Interest rate swap agreements	$ 12,380	$ 12,380	$ 10,919	$ 10,919
Long-term debt:				
Advances under $125.0 million Revolving Credit Facility	-	-	-	-
Term Loan Facility	342,575	326,731	346,125	318,435
8.875%/9.625% Senior PIK-Election Notes due 2015	164,785	166,845	157,219	142,283
10% Senior Subordinated Notes due 2017	150,000	153,330	150,000	135,750
Notes payable to banks and others	8,794	8,794	8,490	8,490
Financial commitments	0	0	0	0

11. EQUITY-BASED COMPENSATION

Management Equity Incentive Plan

On August 22, 2007, ASC Acquisition adopted a Management Equity Incentive Plan (the "Plan") to promote the interests of the Company and its members by providing the key employees, directors, service providers and consultants of the Company and its affiliates with an appropriate incentive to encourage them to continue in the employ of the Company or affiliate and to improve the growth and profitability of the Company. The Plan allows for the grant of options to purchase up to 21,525,000 membership units of ASC Acquisition. Option awards are generally granted with an exercise price equal to the fair market value of the Membership Unit at the date of grant. Vesting in the option awards varies where 50% of each option vests in equal amounts on each of the first five anniversaries of the date of grant (the "Time-Based Option"). The remaining 50% of the option (the "Performance Based Option") vests only upon the occurrence of a Liquidity Event (as defined in the Plan) in which the Majority Unit Holder (collectively, TPG Partners V, LP, TPG FOF V-A, LP, TPG FOF V-B, LP and/or their respective affiliates) achieves a minimum cash return on its original investment. Under the terms of the Plan, the Performance Based Option vests 50% if the Majority Unit Holder receives at least 2.0 times its original investment and vests 100% if the Majority Unit Holder receives at least 3.0 times its original investment. Certain provisions of the Plan provide for accelerated vesting of the Time Based Option when a participant is subject to a qualifying termination, as defined within the Plan. Both the Time-Based Options and the Performance Based Options expire 7 years from the date of grant, with the exception of options granted to Andrew Hayek, the Company's Chief Executive Officer and certain Replacement Grants discussed below, which expire 10 years from the date of grant. The Plan was amended effective July 24, 2008, to allow for option terms of up to 10 years.

In December 2010, the Company cancelled 5,164,000 existing 2010 option grants to 35 option holders and replaced them with the grant of 5,164,000 options to purchase Membership Units with terms substantially identical to the terms of the corresponding existing 2010 grants (the "Replacement Grants"), except that the Replacement Grants expire no later than the tenth anniversary of the date of grant of the corresponding existing 2010 grant. The additional compensation cost recognized during 2010 as a result of this cancellation and replacement of options was immaterial.

The fair value of each award is estimated on the date of grant utilizing two methodologies. For the Time Based Options, the Company estimates the fair value of the grant utilizing the Black-Scholes-Merton model that utilizes the assumptions shown in the table below. Expected volatilities are based on observed historical trends in the industry and other factors. The expected term of the options granted represents the period of time that options granted are expected to be outstanding. The risk-free interest rate was based on the time horizon of the expected term and is based on the U.S. Treasury yield curve in effect at the time of the grant. Compensation expense of \$0.6 million, \$0.3 million and \$0.5 million related to the Time Based Options was recognized during the years ended December 31, 2010, 2009, and 2008, respectively. As of December 31, 2010, the remaining unrecognized compensation costs related to unvested Time Based Options is \$1.5 million and will be recognized on a straight-line basis over the remaining weighted average vesting period of 2.2 years. During the year ended December 31, 2010, 1,192,650 of the Time Based Options vested, none of which have been forfeited. During the year ended December 31, 2009, 1,210,000 of the Time Based Options vested, of which 80,000 were forfeited during 2009 and 75,000 were forfeited during 2010. During the year ended December 31, 2008, 1,057,500 of the Time Based Options vested, of which 112,500 were forfeited during 2008, 307,500 were forfeited during 2009, and 50,000 were forfeited during 2010.

	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Expected volatility	40% - 41%	44%	36% - 38%
Risk-free interest rate	1.3% - 2.8%	2.6%	2.6% - 3.6%
Expected term (years)	4.9 – 6.5	4.9 – 5.0	4.5 – 6.4
Dividend yield	0.00%	0.00%	0.00%

The fair value of the Performance Based Option is based on the application of a Monte Carlo simulation model based on the assumptions shown below. Expected volatilities are based on observed historical trends in the industry and other factors. The expected term of the options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding. The risk-free interest rate was based on the time horizon of the expected term and is based on the U.S. Treasury yield curve in effect at the time of the grant. Compensation expense of \$0.5 million, \$0.3 million and \$0.4 million related to the Performance Based Options was recognized during the years ended December 31, 2010, 2009 and 2008, respectively. As of December 31, 2010, the remaining unrecognized compensation costs related to unvested Performance Based Options is \$1.3 million and will be recognized on a straight-line basis over the remaining weighted average vesting period of 2.2 years. None of the Performance Based Options vested during the years ended December 31, 2010, 2009 or 2008.

	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Expected volatility	40% - 41%	38% - 44%	38% - 44%
Risk-free interest rate	1.9% - 3.5%	3.2% - 3.3%	2.6% - 3.6%
Expected term (years)	3.45 – 4.15	3.66 – 4.15	3.41 – 3.94
Dividend yield	0.00%	0.00%	0.00%

A summary of option activity under the Plan as of December 31, 2010, and changes during the year ended December 31, 2010 are presented below:

	Units (In 000's)	Weighted-Average Exercise Price	Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding, December 31, 2009	12,578	$1.00	3.6 – 7.6	0
Granted	5,399	$1.09	6.4 – 10.0	0
Exercised	0	n/a		
Forfeitures	(861)	$1.01	3.6 – 6.4	0
Cancellations	(5,164)	$1.09	6.4 – 6.8	0
Replacements	5,164	$1.09	6.4 – 6.8	0
Expirations	0	n/a		
Outstanding, December 31, 2010	17,116	$1.03	3.6 – 10.0	0
Exercisable, December 31, 2010	2,835			0

A summary of option activity under the Plan as of December 31, 2009, and changes during the year ended December 31, 2009 are presented below:

	Units (In 000's)	Weighted-Average Exercise Price	Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding, December 31, 2008	14,150	$1.00	4.6 – 8.6	0
Granted	1,478	$1.04	6.6 – 7.0	0
Exercised	0	n/a		
Forfeitures	(3,050)	$1.00	4.6 – 5.0	0
Cancellations	0	n/a		
Expirations	0	n/a		
Outstanding, December 31, 2009	12,578	$1.00	4.6 – 8.6	0
Exercisable, December 31, 2009	1,768			0

The weighted average grant-date fair value per option of all options granted during the year ended December 31, 2010, was $0.243. The weighted average grant-date fair value per option of all options granted during the year ended December 31, 2009 was $0.251. The weighted average grant-date fair value per option of all options granted during the year ended December 31, 2008 was $0.360.

Directors and Consultants Equity Incentive Plan

On June 24, 2008, ASC Acquisition adopted a Directors and Consultants Equity Incentive Plan (the "Directors Plan") to promote the interests of ASC Acquisition and its members by providing the key directors and consultants of the Company and its affiliates with an appropriate incentive to encourage them to continue to provide services to the Company or any of its affiliates and to improve the growth and profitability of the Company. The Directors Plan allows for the grant of options to purchase up to 5,000,000 membership units of ASC Acquisition. Option awards are generally granted with an exercise price equal to the fair market value of the Membership Unit at the date of grant. Options granted to three directors on June 24, 2008 as payment for service on the Company's Board vested on June 29, 2008, while options granted to three directors on June 24, 2008 as compensation for consulting services vest according to the following schedule: 33.3% on June 29, 2007, 22.2% on June 29, 2008, 22.2% on June 29, 2009, and 22.3% on June 29, 2010. Options granted to three directors on September 9, 2008, July 23, 2009, and July 1, 2010, respectively, as payment for service on the Company's Board vested on June 29, 2009, June 29, 2010, and June 29, 2011, respectively. Options granted under the Directors Plan become exercisable only upon the occurrence of a Liquidity Event (as defined in the Directors Plan) in which the Majority Unit Holder (collectively, TPG Partners V, LP, TPG FOF V-A, LP, TPG FOF V-B, LP and/or their respective affiliates) achieves a minimum cash return on its original investment. Certain provisions of the Directors Plan provide for accelerated vesting when a participant is subject to a qualifying termination, as defined within the Directors Plan. The options generally expire 7 years from the date of grant. The Directors Plan was amended effective December 16, 2010, to allow for option terms up to 10 years.

In December 2010, the Company cancelled 330,276 existing 2010 option grants to 3 directors and replaced them with the grant of 330,276 options to purchase Membership Units with terms substantially identical to the terms of the corresponding existing 2010 grants (the "Replacement Directors Grants"), except that the Replacement Directors Grants shall expire no later than the tenth anniversary of the date of grant of the corresponding existing 2010 directors grants. The additional compensation cost recognized during 2010 as a result of this cancellation and replacement of options was immaterial.

The fair value of the options granted under the Directors Plan during 2010 and 2009 were estimated on the date of grant utilizing a Monte Carlo simulation model based on the assumptions shown below. Expected volatilities are based on observed historical trends in the industry and other factors. The expected term of the options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding. The risk free rate was based on the time horizon of the expected term and is based on the U.S. Treasury yield curve in effect at the time of the grant. Director and consultant fee expense of $0.1 million and $0.3 million related to the options granted under the Directors Plan was recognized during 2010 and 2009, respectively. As of December 31, 2010, the remaining unrecognized expense related to unvested options under the Directors Plan is less than $0.1 million and will be recognized on a straight-line basis over the remaining weighted average vesting period.

	Year Ended December 31, 2010	Year Ended December 31, 2009
Expected volatility	38% - 44%	38% - 44%
Risk-free interest rate	3.2% - 3.3%	3.2% - 3.3%
Expected life (years)	3.62 – 3.70	3.62 – 3.70
Dividend yield	0.00%	0.00%

A summary of option activity under the Directors Plan during 2010 is presented below:

	Units (in 000's)	Weighted-Average Exercise Price	Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding, December 31, 2009	3,956	$1.00	4.5 – 5.6	$ 0
Granted	331	$1.09	6.5	$ 0
Exercised	0	n/a		
Forfeitures	0	n/a		
Cancellations	(331)	n/a	6.5	$ 0
Replacements	331		9.5	$ 0
Expirations	0	n/a		
Outstanding, December 31, 2010	4,287	$1.01	4.5 – 9.5	$ 0
Exercisable, December 31, 2010	0			$ 0

A summary of option activity under the Directors Plan during 2009 is presented below:

	Units (in 000's)	Weighted-Average Exercise Price	Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding, December 31, 2008	3,250	$1.00	5.5 – 6.6	$ 0
Granted	706	$1.02	5.7 – 6.6	$ 0
Exercised	0	n/a		
Forfeitures	0	n/a		
Cancellations	0	n/a		
Expirations	0	n/a		
Outstanding, December 31, 2009	3,956	$1.00	5.5 – 6.6	$ 0
Exercisable, December 31, 2009	0			$ 0

The weighted average grant-date fair value per option of all options granted during the year ended December 31, 2010 and 2009 under the Directors Plan, was $0.240 and $0.275, respectively.

Restricted Equity Units

On July 24, 2008, ASC Acquisition entered into a Restricted Equity Unit Grant Agreement (the "Agreement") with the Chief Executive Officer of SCA (the "Grantee") to promote the interests of ASC Acquisition and its members by providing the Chief Executive Officer of the Company and its affiliates with an appropriate incentive to encourage him to continue to provide services to the Company or any of its affiliates and to improve the growth and profitability of the Company. The Agreement grants to the Grantee the right to receive 700,000 membership units of ASC Acquisition ("Restricted Equity Units"). Each Restricted Equity Unit represents the right to receive one membership unit of ASC Acquisition. The date of grant of the Restricted Equity Units was July 24, 2008, and the Restricted Equity Units vest 20% on each of the first five anniversaries of the date of grant, subject to the Grantee continuing to be employed by the Company or any of its subsidiaries on each such Vesting Date. As of December 31, 2010, 280,000 Restricted Equity Units have vested. Vested Restricted Equity Units shall be settled for actual membership units on the earlier of the termination of the Grantee's employment by the Company or any of its affiliates or a change in ownership or effective control of the Company or ASC Acquisition. Any portion of the Restricted Equity Units that is unvested on the date that the Grantee's employment with the Company terminates for any reason shall be forfeited, and the Grantee will cease to have any rights with respect thereto. The Restricted Equity Units expire 10 years from the date of grant.

The grant-date fair value of each Restricted Equity Unit was $1.00. Compensation expense of $0.1 million per year related to the Restricted Equity Units was recognized during 2010 and 2009. As of December 31, 2010, the remaining unrecognized expense related to unvested Restricted Equity Units was $0.4 million and will be recognized on a straight-line basis over the remaining vesting period.

A summary of activity associated with the Restricted Equity Units during 2010 is presented below:

	Units (in 000's)	Grant Date Fair Value per Unit
Nonvested Restricted Equity Units at December 31, 2009	560	$1.00
Granted	0	n/a
Vested	140	$1.00
Forfeited	0	n/a
Nonvested Restricted Equity Units at December 31, 2010	420	$1.00

A summary of activity associated with the Restricted Equity Units during 2009 is presented below:

	Units (in 000's)	Grant Date Fair Value per Unit
Nonvested Restricted Equity Units at December 31, 2008	700	$1.00
Granted	0	n/a
Vested	140	$1.00
Forfeited	0	n/a
Nonvested Restricted Equity Units at December 31, 2009	560	$1.00

12. EMPLOYEE BENEFIT PLANS

SCA has certain employee benefit plans, including the following:

- Company sponsored healthcare plans, including coverage for medical and dental benefits;
- The SCA Retirement Investment Plan, which is a qualified 401(k) savings plan; and
- The Senior Management Bonus Program.

Substantially all SCA employees are eligible to enroll in SCA sponsored healthcare plans, including coverage for medical and dental benefits. Our primary healthcare plans are national plans, administered by third-party administrators, and for which we are self-insured. The cost associated with these plans, net of amounts paid by employees, was approximately $17.7 million, $18.9 million and $14.8 million for the years ended December 31, 2010, 2009, and 2008, respectively.

The SCA Retirement Investment Plan is a qualified 401(k) savings plan. The plan allows eligible employees to contribute up to 100% of their pay on a pre-tax basis into their individual retirement account in the plan, subject to the maximum annual limits set by the IRS. SCA's employer matching contribution is 50% of the first 4% of each participant's elective deferrals. All contributions to the plan are in the form of cash. Substantially all employees who are at least 21 years of age are eligible to participate in the plan. Employer contributions vest over a 6-year service period. Participants are immediately fully vested in their own contributions. Employer contributions made to the SCA Retirement Investment Plan approximated $3.4 million, $3.3 million and $3.2 million during the years ended December 31, 2010, 2009, and 2008, respectively.

SCA has a Senior Management Bonus Program designed to reward senior management for performance, based on a combination of corporate, regional and individual goals. The corporate goals are based upon SCA meeting a pre-determined financial goal. Similarly, regional goals are based upon a pre-determined set of financial goals for the applicable region. The individual goals are determined by each participant with the approval of his or her immediate supervisor. We recorded expense of approximately $5.6 million, $5.0 million and $3.8 million under the Senior Management Bonus Program for the years ended December 31, 2010, 2009, and 2008, respectively.

13. INCOME TAXES

The Company is subject to U.S. federal, state, and local income taxes. The *(Loss) Income from continuing operations before income tax expense* is as follows:

	YEAR ENDED DECEMBER 31 2010	YEAR ENDED DECEMBER 31 2009	YEAR ENDED DECEMBER 31 2008
Income from continuing operations before income tax expense	$95,137	$74,044	$47,016

The significant components of the provision for income taxes related to continuing operations are as follows:

	YEAR ENDED DECEMBER 31 2010	YEAR ENDED DECEMBER 31 2009	YEAR ENDED DECEMBER 31 2008
Current:			
Federal	$ -	$ -	$ 17
State and local	511	606	372
Total current expense	511	606	389
Deferred:			
Federal	12,779	10,651	20,363
State and local	2,985	2,249	4,696
Total deferred expense	15,764	12,900	25,059
Total income tax expense related to continuing operations	$ 16,275	$ 13,506	$ 25,448

A reconciliation of differences between the federal income tax at statutory rates and our actual income tax expense on loss from continuing operations, which include federal, state, and other income taxes, is as follows:

	YEAR ENDED DECEMBER 31 2010	YEAR ENDED DECEMBER 31 2009	YEAR ENDED DECEMBER 31 2008
Tax benefit at statutory rate	35.0%	35.0%	35.0%
Increase (decrease) in tax rate resulting from:			
Federal income tax assumed by noncontrolling interests	(31.0)	(39.4)	(55.2)
Increase in valuation allowance	12.5	22.6	76.7
State income taxes, net of federal tax benefit	0.3	(0.3)	(2.9)
Other, net	0.3	0.3	0.5
Income tax expense	17.1%	18.2%	54.1%

The income tax expense at the statutory rate is the expected income tax expense resulting from the income from continuing operations. Income tax expense, subsequent to the removal of tax expense related to noncontrolling interest income, is greater than the statutory rate for the year ended December 31, 2010, 2009, and 2008, due to a valuation allowance and goodwill amortization related to indefinite-lived intangible assets. After consideration of all evidence, both positive and negative, management concluded that it is more likely than not that the Company will not realize its net deferred tax assets. Therefore, a full valuation allowance has been established on our net deferred tax assets. The deferred tax liability resulting from the goodwill amortization is considered an indefinite-lived intangible and cannot be looked upon as a source of future taxable income to support the realization of deferred tax assets for purposes of establishing a valuation allowance.

Deferred income taxes recognize the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for income tax purposes and the impact of available net operating loss ("NOL") carryforwards. The significant components of the Company's deferred tax assets and liabilities are as follows:

	As of December 31	
	2010	**2009**
CURRENT		
Deferred income tax assets:		
Allowance for doubtful accounts	$ 1,754	$ 1,129
Accrued liabilities	4,602	3,875
Valuation allowance	(6,118)	(4,878)
Deferred income tax liabilities:		
Prepaid expenses	(3,033)	(2,169)
Property, net	(1,954)	(376)
Net current deferred income tax liability	(4,749)	(2,419)
NON-CURRENT		
Deferred income tax assets:		
Net operating loss	87,609	66,088
Capital loss	21,809	15,192
Investment in nonconsolidated affiliates	5,390	2,769
Other comprehensive income	5,313	4,556
Intangible assets	3,117	4,039
Other	3,723	3,254
Valuation allowance	(122,212)	(93,479)
Deferred income tax liabilities:		
Goodwill and other indefinite-lived intangibles	(71,665)	(51,063)
Net non-current deferred income tax liability	(66,916)	(48,644)
Total deferred income tax liability	$ (71,665)	$ (51,063)

We reduce our deferred income tax assets by a valuation allowance if, based on the weight of the available evidence, it is more likely than not that all or a portion of a deferred tax asset will not be realized. We have established a full valuation allowance against net deferred tax assets other than the deferred tax liability resulting from the goodwill amortization which is considered an indefinite-lived intangible. Based on these conclusions, a valuation allowance of $128.3 million and $98.4 million is necessary as of December 31, 2010 and 2009, respectively. For the year ended December 31, 2010, the net increase in the valuation allowance was $29.9 million.

At December 31, 2010, we had federal NOL carryforwards of approximately $185.6 million. Such losses expire in various amounts at varying times beginning in 2027. These NOL carryforwards are subject to a valuation allowance. At December 31, 2009, we had federal NOL carryforwards of $148.9 million.

The Company has no tax liability for uncertain tax positions as of December 31, 2010 or December 31, 2009.

14. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The Company has closed or sold certain facilities that qualify for reporting as discontinued operations. The assets and liabilities associated with these facilities are reflected in the accompanying consolidated balance sheets as of December 31, 2010 and December 31, 2009 as *Prepaids and other current assets, other long-term assets, other current liabilities, and other long-term liabilities.* Additionally, the accompanying consolidated statements of operations and cash flows reflect the loss, net of income tax expense, and the net cash used in operating, investing, and financing activities, respectively, associated with these facilities as discontinued operations.

The operating results of discontinued operations are as follows:

	YEAR ENDED DECEMBER 31 2010	YEAR ENDED DECEMBER 31 2009	YEAR ENDED DECEMBER 31 2008
Net operating revenues	$ 12,267	$ 28,979	$ 38,359
Costs and expenses	(16,658)	(30,370)	(36,881)
Impairments	(259)	-	(2,413)
Loss from discontinued operations	(4,650)	(1,391)	(935)
Income tax expense	(4,823)	(1,502)	(3,696)
Net loss from discontinued operations	$ (9,473)	$ (2,893)	$ (4,631)

The assets and liabilities of discontinued operations consist of the following:

	December 31, 2010			December 31, 2009		
	Held for sale	Sold or Closed	Total	Held for sale	Sold or Closed	Total
Assets						
Current assets						
Accounts receivable, net	$ 562	$ 416	$ 978	$ 992	$ 4,359	$ 5,351
Other current assets	601	309	910	640	335	975
Total current assets	1,163	725	1,888	1,632	4,694	6,326
Property and equipment, net	2,244	2	2,246	2,388	1,172	3,560
Other long term assets	36	0	36	0	456	456
Total assets	$ 3,443	$ 727	$ 4,170	$ 4,020	$ 6,322	$ 10,342
Liabilities						
Current liabilities						
Accounts payable and other current liabilities	$ 349	$ 250	$ 599	$ 456	$ 1,649	$ 2,105
Total current liabilities	349	250	599	456	1,649	2,105
Other long term liabilities	88	26	114	115	39	154
Total liabilities	$ 437	$ 276	$ 713	$ 571	$ 1,688	$ 2,259

15. RELATED PARTY TRANSACTIONS

The Company paid management fees to TPG Capital, L.P., an affiliate of TPG, ("TPG") the majority owner of our Parent, of $2.0 million during each of the years ended December 31, 2010, 2009, and 2008, respectively. In addition, the Company included $0.5 million in *Prepaids and Other Current Assets* relating to amounts paid to TPG in 2010 for 2011 management services.

In 2010, 2009 and 2008, certain directors of the Company received options to purchase membership units of ASC Acquisition under the Directors and Consultants Equity Incentive Plan as part of their compensation for service on the Company's Board and for consulting services provided to the Company. Total expense recognized by the Company related to these options was $0.1 million, $0.3 million and $0.8 million for the years ended December 31, 2010, 2009 and 2008, respectively. See Note 11, *Equity-Based Compensation*, for additional information related to this Plan.

16. COMMITMENTS AND CONTINGENT LIABILITIES

Legal Proceedings

We operate in a highly regulated and litigious industry. As a result, we expect that various lawsuits, claims and legal and regulatory proceedings may be instituted or asserted against us, including, without limitation, employment-related claims and medical negligence claims. Additionally, governmental agencies often possess a great deal of discretion to assess a wide range of monetary penalties and fines. The resolution of any such lawsuits, claims, or legal or regulatory proceedings could materially, adversely affect our results of operations and financial position. Although the outcome of any such litigation or proceedings cannot be predicted, we believe that at the present time there are no pending or threatened lawsuits that are reasonably likely to have a material adverse effect on the financial position, results of operations, or liquidity of the Company.

The following legal matters were either filed after the Transaction or were matters for which we agreed to take at least some responsibility from HealthSouth under the terms of the Purchase Agreement.

On May 5, 2006, a lawsuit captioned *DeBartolo, et al. v. HealthSouth Corporation et al*, was filed in the United States District Court for the Northern District of Illinois, Eastern Division, by Dr. Hansel DeBartolo against Joliet Surgical Center Limited Partnership (the "Partnership"), the general partner of that Partnership, Surgicare of Joliet, Inc., and its then-parent, HealthSouth Corporation, for a declaratory judgment and an injunction relating to the forced repurchase of his partnership interest (the "Federal Court Action"). Dr. DeBartolo claimed that the partnership agreement's requirement that an investor in a surgical center perform one-third of his surgical procedures at the center violates the federal Anti-Kickback Statute and its underlying federal policy, and he sought an order prohibiting the repurchase of his partnership interest. After the trial court dismissed the case by holding that no private cause of action exists under the Anti-Kickback Statute, Dr. DeBartolo appealed to the Seventh Circuit Court of Appeals, which directed the trial court to dismiss the case because the Federal courts did not have jurisdiction over the subject matter involved. On March 5, 2010, Dr. DeBartolo filed a lawsuit in Will County, Illinois (the "State Court Action") making the same claim and seeking the same relief as he sought in the Federal Court Action. The case is in its early stages, and at this time we cannot predict the outcome of, but intend to vigorously defend, against Dr. DeBartolo's claims.

In connection with the Transaction, we agreed to take responsibility from HealthSouth for a lawsuit captioned *David D. Beal, et al. v. HealthSouth Corporation, et al.*, which was filed on April 14, 2003, in the Superior Court for the State of Alaska, Third Judicial District at Anchorage, by David D. Beal, Steven E. Nathanson, and others against HealthSouth, David A. McGuire, Alaska Surgery Center, Inc. ("ASCI"), Alaska Surgery Center, Ltd. (the "Partnership"), Louise Bjornstad, and Lake Otis Professional Center, LLC. In 2006, HealthSouth agreed to indemnify and defend Dr. McGuire in this matter, except with respect to any punitive or treble damages that might be entered against him. We acquired ASCI and its interest in the Partnership, which owns our surgery center in Anchorage, Alaska, in the Transaction. The plaintiffs, each of whom are partners with SC Affiliates, LLC, a SCA subsidiary, and Dr. McGuire in a joint venture that owns certain real property in Anchorage, alleged that the defendants breached fiduciary duties to the joint venture by lobbying the Alaska State Legislature to alter the state's Certificate of Need law in a manner which allowed ASCI, the primary tenant in the joint venture's building, to relocate. This matter was settled for an immaterial amount and the litigation was dismissed with prejudice on January 7, 2011.

On or about August 14, 2009, Judy Ann Bartz, a former SCA employee at Treasure Valley Hospital, a surgical hospital in Boise, Idaho that is owned in part by a SCA subsidiary, filed a lawsuit captioned *Judy Ann Bartz v. Surgical Care Affiliates, LLC* in the United States District Court, District of Idaho. Ms. Bartz alleged SCA discriminated against her as a result of her disability and violated the Americans with Disabilities Act by failing to engage in an interactive process following her request to return to work after surgery. The lawsuit also asserted class allegations on behalf of all individuals presently and/or formerly employed by SCA who were denied the opportunity to return to either modified duty work or regular work by SCA. This matter was settled for an immaterial amount on October 27, 2010 and the litigation was subsequently dismissed.

Risk Insurance

Risk insurance for SCA and our facilities is provided through SCA's risk insurance program. We insure a substantial portion of our professional liability, general liability, and workers' compensation risks through fully insured programs, with low or no deductibles, through unrelated carriers.

Provisions for these risks are based upon market driven premiums and actuarially determined estimates for incurred but not reported exposure under claims made policies. Provisions for losses within the policy deductibles represent the estimated ultimate net cost of all reported and unreported losses incurred through the consolidated balance sheet dates. Those estimates are subject to the effects of trends in loss severity and frequency. While we believe the provisions for losses are adequate, we cannot be sure the ultimate costs will not exceed our estimates.

Reserves for incurred but not reported professional and general liability risks were approximately \$5.2 million and \$4.7 million at December 31, 2010 and December 31, 2009, respectively, and are included in *Other long-term liabilities* in the consolidated balance sheets. Expenses related to professional and general liability risks were \$5.5 million and \$5.2 million for the years ended December 31, 2010 and 2009, respectively, and are classified in *Other operating expenses* in our consolidated statements of operations. Expenses associated with workers' compensation were \$1.6 million and \$2.0 million for the years ended December 31, 2010 and 2009, respectively, and are classified in *Salaries and benefits* in our consolidated statements of operations.

17. SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events through March 24, 2011, and concluded that there were no material subsequent events other than described below.

On January 1, 2011, SCA acquired a minority interest in Sacramento Surgery Center Associates, L.P., d/b/a Capitol City Surgery Center. Capitol City Surgical Center will be an equity method investment for accounting purposes.

Subsequent to December 31, 2010, we completed three deconsolidation transactions, whereby we sold a controlling equity interest, as well as transferred certain control rights, in facilities to hospital partners. We retained a noncontrolling interest in these entities.

18. CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following condensed consolidated financial information is presented as required by the Company's senior and senior subordinated notes indentures dated as of June 29, 2007. The operating and investing activities of the separate legal entities included in the consolidated financial statements are fully interdependent and integrated. Accordingly, the operating results of the separate legal entities are not representative of what the operating results would be on a stand-alone basis. Revenues and operating expenses of the separate legal entities include intercompany charges for management and other services. Each of the subsidiary guarantors are 100% owned by SCA, and all guarantees are full and unconditional and joint and several. SCA's investments in its consolidated subsidiaries, as well as guarantor subsidiaries' investments in non-guarantor subsidiaries and non-guarantor subsidiaries' investments in guarantor subsidiaries, are presented under the equity method of accounting and are included within intercompany receivable and payable.

Our senior secured credit agreement contains various restrictive covenants that, subject to certain exceptions, prohibit us from prepaying certain subordinated indebtedness, including our senior subordinated notes. In addition, our senior secured credit agreement restricts our and our restricted subsidiaries' ability to, among other things, incur indebtedness or liens, make investments or declare or pay dividends. Additionally, the indentures pursuant to which the notes were issued contain various restrictive covenants, including covenants that generally limit the Company's ability and the ability of its restricted subsidiaries to borrow money or guarantee other indebtedness, incur liens, make certain investments, sell assets or pay dividends. However, the covenants in the senior secured credit agreement and the indentures are subject to significant exceptions. As of December 31, 2010, we believe we were in compliance with the covenants under our senior secured credit agreement and the indentures.

The financial positions and results of operations (pages 49-55) of the respective guarantors are based upon the guarantor relationship at the end of the latest period presented. Certain amounts in the condensed consolidated financial information for prior periods have been reclassified to conform to current year presentation. Such reclassifications primarily related to facilities we closed or sold, which qualify for reporting as discontinued operations.

Condensed Consolidated Balance Sheets:

	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
As of December 31, 2010					
Assets					
Current assets					
Cash and cash equivalents	$ 22,425	$ 0	$ 8,152	$ 0	$ 30,577
Restricted cash	0	0	33,092	0	33,092
Accounts receivable, net of allowance for doubtful accounts	0	0	82,050	0	82,050
Prepaids and other current assets	5,617	729	16,805	0	23,151
Total current assets	28,042	729	140,099	0	168,870
Property and equipment, net of accumulated depreciation	0	3,564	180,623	0	184,187
Goodwill	0	0	681,308	0	681,308
Intangible assets, net of accumulated amortization	0	1,948	51,519	0	53,467
Investment in and advances to nonconsolidated affiliates	0	18,506	63,332	0	81,838
Intercompany receivable	806,423	948,978	67,689	(1,823,090)	0
Other long-term assets	11,085	2,865	3,033	0	16,983
Total assets	$ 845,550	$ 976,590	$ 1,187,603	$ (1,823,090)	$ 1,186,653
Liabilities and Equity					
Current liabilities					
Current portion of long-term debt	$ 3,550	$ 0	$ 3,959	$ 0	$ 7,509
Accounts payable	0	33	30,338	0	30,371
Accrued payroll	7,073	0	13,809	0	20,882
Accrued interest	13,683	0	54	0	13,737
Accrued distributions	0	0	22,547	0	22,547
Payable to nonconsolidated affiliates	0	0	16,483	0	16,483
Deferred income tax liability	0	4,749	0	0	4,749
Other current liabilities	13,947	26	3,388	0	17,361
Total current liabilities	38,253	4,808	90,578	0	133,639
Long-term debt, net of current portion	654,310	0	20,669	0	674,979
Deferred income tax liability	0	66,916	0	0	66,916
Other long-term liabilities	11,661	0	10,327	0	21,988
Total liabilities	704,224	71,724	121,574	0	897,522
Commitments and contingent liabilities (Note 16)					
Noncontrolling interests—redeemable (Note 9)	0	0	23,631	0	23,631
SCA equity	141,326	904,866	918,224	(1,823,090)	141,326
Noncontrolling interests—non-redeemable (Note 9)	0	0	124,174	0	124,174
Total equity	141,326	904,866	1,042,398	(1,823,090)	265,500
Total liabilities and equity	$ 845,550	$ 976,590	$ 1,187,603	$ (1,823,090)	$ 1,186,653

Condensed Consolidated Balance Sheets (Continued):

	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
As of December 31, 2009					
Assets					
Current assets					
Cash and cash equivalents	$ 23,345	$ 0	$ 10,310	$ 0	$ 33,655
Restricted cash	0	0	29,987	0	29,987
Accounts receivable, net of allowance for doubtful accounts	0	0	76,336	0	76,336
Prepaids and other current assets	611	533	18,476	0	19,620
Total current assets	23,956	533	135,109	0	159,598
Property and equipment, net of accumulated depreciation	0	3,642	190,505	0	194,147
Goodwill	0	0	677,073	0	677,073
Intangible assets, net of accumulated amortization	0	1,641	59,977	0	61,618
Investment in and advances to nonconsolidated affiliates	0	12,449	52,770	0	65,219
Intercompany receivable	819,296	853,608	54,886	(1,727,790)	0
Other long-term assets	13,687	0	4,587	0	18,274
Total assets	$ 856,939	$ 871,873	$ 1,174,907	$ (1,727,790)	$ 1,175,929
Liabilities and Equity					
Current liabilities					
Current portion of long-term debt	$ 3,592	$ 0	$ 3,142	$ 0	$ 6,734
Accounts payable	0	6	29,942	0	29,948
Accrued payroll	6,811	0	13,291	0	20,102
Accrued interest	6,940	0	23	0	6,963
Accrued distributions	0	0	23,035	0	23,035
Payable to nonconsolidated affiliates	0	0	14,878	0	14,878
Deferred income tax liability	0	2,419	0	0	2,419
Other current liabilities	9,220	14	8,546	0	17,780
Total current liabilities	26,563	2,439	92,857	0	121,859
Long-term debt, net of current portion	650,602	0	20,815	0	671,417
Deferred income tax liability	0	48,644	0	0	48,644
Other long-term liabilities	16,860	0	10,248	0	27,108
Total liabilities	694,025	51,083	123,920	0	869,028
Commitments and contingent liabilities (Note 16)					
Noncontrolling interests—redeemable (Note 9)	0	0	25,894	0	25,894
SCA equity	162,914	820,790	907,000	(1,727,790)	162,914
Noncontrolling interests—non-redeemable (Note 9)	0	0	118,093	0	118,093
Total equity	162,914	820,790	1,025,093	(1,727,790)	281,007
Total liabilities and equity	$ 856,939	$ 871,873	$ 1,174,907	$ (1,727,790)	$ 1,175,929

Condensed Consolidated Statements of Operations:

	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
Year Ended December 31, 2010					
Net operating revenues	$ 0	$ 0	$ 740,482	$ 0	$ 740,482
Operating expenses:					
Salaries and benefits	29,517	0	196,358	0	225,875
Supplies	0	30	178,574	0	178,604
Other operating expenses	26,524	163	121,538	0	148,225
Depreciation and amortization	0	133	39,293	0	39,426
Provision for doubtful accounts	0	0	18,283	0	18,283
Impairment of intangible and long-lived assets	0	0	0	0	0
Loss on disposal of assets	0	0	310	0	310
Total operating expenses	56,041	326	554,356	0	610,723
Interest expense	50,362	4	2,469	0	52,835
Interest income and other income	(56)	(79)	(1,420)	0	(1,555)
Loss (gain) on sale of investments	272	4,019	(5,652)	0	(1,361)
Equity in net income of nonconsolidated affiliates	0	(7,817)	(7,480)	0	(15,297)
(Income) loss from operations of consolidated affiliates	(52,517)	(21,653)	0	74,170	0
Management fees	(39,193)	(685)	39,878	0	0
Income from continuing operations before income tax expense	(14,909)	25,885	158,331	(74,170)	95,137
Provision for income tax expense	0	15,872	403	0	16,275
Income from continuing operations	(14,909)	10,013	157,928	(74,170)	78,862
Loss from discontinued operations, net of income tax expense	0	0	(9,473)	0	(9,473)
Net (loss) income	(14,909)	10,013	148,455	(74,170)	69,389
Less: Net income attributable to noncontrolling interests	0	0	(84,298)	0	(84,298)
Net (loss) income attributable to SCA	$ (14,909)	$ 10,013	$ 64,157	$ (74,170)	$ (14,909)

	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
Year Ended December 31, 2009					
Net operating revenues	$ 0	$ 0	$ 715,537	$ 0	$ 715,537
Operating expenses:					
Salaries and benefits	32,289	1	194,275	0	226,565
Supplies	819	4	165,981	0	166,804
Other operating expenses	30,295	434	117,662	0	148,391
Depreciation and amortization	0	391	37,818	0	38,209
Provision for doubtful accounts	0	0	18,269	0	18,269
Impairment of intangible and long-lived assets	0	0	952	0	952
Gain on disposal of assets	0	0	(148)	0	(148)
Total operating expenses	63,403	830	534,809	0	599,042
Interest expense	52,330	0	1,316	0	53,646
Interest income and other income	(2,617)	0	1,291	0	(1,326)
(Gain) loss on sale of investments	(6,035)	7,644	(978)	0	631
Equity in net income of nonconsolidated affiliates	0	(7,533)	(2,967)	0	(10,500)
(Income) loss from operations of consolidated affiliates	(43,212)	(5,826)	0	49,038	0
Management fees	(38,113)	(1,097)	39,210	0	0
(Loss) income from continuing operations before income tax expense	(25,756)	5,982	142,856	(49,038)	74,044
Provision for income tax expense	0	12,943	563	0	13,506
(Loss) income from continuing operations	(25,756)	(6,961)	142,293	(49,038)	60,538
Loss from discontinued operations, net of income tax expense	0	0	(2,893)	0	(2,893)
Net (loss) income	(25,756)	(6,961)	139,400	(49,038)	57,645
Less: Net income attributable to noncontrolling interests	0	0	(83,401)	0	(83,401)
Net (loss) income attributable to SCA	$ (25,756)	$ (6,961)	$ 55,999	$ (49,038)	$ (25,756)

Condensed Consolidated Statements of Operations (Continued):

	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
Year Ended December 31, 2008					
Net operating revenues	$ 0	$ 0	$ 676,514	$ 0	$ 676,514
Operating expenses:					
Salaries and benefits	30,245	80	199,020	0	229,345
Supplies	0	25	151,261	0	151,286
Other operating expenses	37,434	472	111,546	0	149,452
Depreciation and amortization	0	783	35,685	0	36,468
Provision for doubtful accounts	0	0	14,951	0	14,951
Impairment of intangible and long-lived assets	0	0	2,131	0	2,131
Loss on disposal of assets	0	101	469	0	570
Total operating expenses	67,679	1,461	515,063	0	584,203
Interest expense	55,961	0	1,160	0	57,121
Interest income and other income	(896)	(19)	(482)	0	(1,397)
Loss (gain) on sale of investments	3,737	105	(1,159)	0	2,683
Equity in net income of nonconsolidated affiliates	0	(5,998)	(7,114)	0	(13,112)
(Income) loss from operations of consolidated affiliates	(30,314)	(3,117)	0	33,431	0
Management fees	(38,939)	(2,275)	41,214	0	0
(Loss) income from continuing operations before income tax expense	(57,228)	9,843	127,832	(33,431)	47,016
Provision for income tax expense	0	25,144	304	0	25,448
(Loss) income from continuing operations	(57,228)	(15,301)	127,528	(33,431)	21,568
Loss from discontinued operations, net of income tax expense	0	0	(4,631)	0	(4,631)
Net (loss) income	(57,228)	(15,301)	122,897	(33,431)	16,937
Less: Net income attributable to noncontrolling interests	0	0	(74,165)	0	(74,165)
Net (loss) income attributable to SCA	$ (57,228)	$ (15,301)	$ 48,732	$ (33,431)	$ (57,228)

Condensed Consolidated Statements of Cash Flows:

	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
Year Ended December 31, 2010					
Net cash (used in) provided by operating activities	$ (53,062)	$ (1,746)	$ 198,582	$ 0	$ 143,774
Cash flows from investing activities				0	
Capital expenditures	0	0	(28,702)	0	(28,702)
Proceeds from disposal of assets	0	0	2,805	0	2,805
Proceeds from sale of equity interests of nonconsolidated affiliates	0	0	3,301	0	3,301
Proceeds from sale of equity interests of consolidated affiliates in deconsolidation transactions	0	0	8,277	0	8,277
Decrease in cash related to conversion of consolidated affiliates to equity method affiliates	0	0	(278)	0	(278)
Net change in restricted cash	0	0	(4,032)	0	(4,032)
Net settlements on interest rate swaps	(10,230)	0	0	0	(10,230)
Business acquisitions, net of cash acquired	0	0	(17,044)		(17,044)
Net cash used in investing activities	(10,230)	0	(35,673)	0	(45,903)
Cash flows from financing activities					
Checks issued in excess of bank balance	0	0	(766)	0	(766)
Principal payments on line of credit arrangements and long term debt	(2,664)	0	(3,569)	0	(6,233)
Principal payments under capital lease obligations	0	0	(2,780)	0	(2,780)
Distributions to noncontrolling interests of consolidated affiliates	0	0	(82,594)	0	(82,594)
Contributions from noncontrolling interests of consolidated affiliates	0	0	1,621	0	1,621
Proceeds from sale of equity interests of consolidated affiliates	0	0	3,290	0	3,290
Repurchase of equity interests of consolidated affiliates	0	0	(13,683)	0	(13,683)
Change in intercompany advances	65,036	1,746	(66,782)	0	0
Net cash provided by (used in) financing activities	62,372	1,746	(165,263)	0	(101,145)
Change in cash and cash equivalents	(920)	0	(2,354)	0	(3,274)
Cash and cash equivalents at beginning of period	23,345	0	10,310	0	33,655
Cash and cash equivalents of discontinued operations at beginning of period	0	0	205	0	205
Less: Cash and cash equivalents of discontinued operations at end of period	0	0	(9)	0	(9)
Cash and cash equivalents at end of period	$ 22,425	$ 0	$ 8,152	$ 0	$ 30,577

Condensed Consolidated Statements of Cash Flows (Continued):

	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
Year Ended December 31, 2009					
Net cash (used in) provided by operating activities	$ (63,805)	$ (5,596)	$ 211,837	$ 0	$ 142,436
Cash flows from investing activities				0	
Capital expenditures	0	0	(32,399)	0	(32,399)
Proceeds from disposal of assets	0	0	761	0	761
Proceeds from sale of equity interests of nonconsolidated affiliates	0	0	1,800	0	1,800
Net change in restricted cash	0	0	(8,689)	0	(8,689)
Net settlements on interest rate swaps	(9,206)	0	0	0	(9,206)
Business acquisitions, net of cash acquired	0	0	(7,485)	0	(7,485)
Net cash used in investing activities of discontinued operations	0	0	(597)	0	(597)
Net cash used in investing activities	(9,206)	0	(46,609)	0	(55,815)
Cash flows from financing activities					
Checks issued in excess of bank balance	0	0	(2,718)	0	(2,718)
Proceeds under line of credit arrangements and long term debt	0	0	1,835	0	1,835
Principal payments on line of credit arrangements and long term debt	(47,554)	0	(227)	0	(47,781)
Principal payments under capital lease obligations	0	0	(2,195)	0	(2,195)
Distributions to noncontrolling interests of consolidated affiliates	0	0	(81,942)	0	(81,942)
Contributions from noncontrolling interests of consolidated affiliates	0	0	3,759	0	3,759
Proceeds from sale of equity interests of consolidated affiliates	0	0	11,207	0	11,207
Repurchase of equity interests of consolidated affiliates	0	0	(9,562)	0	(9,562)
Change in intercompany advances	83,959	5,596	(89,555)	0	0
Net cash provided by (used in) financing activities	36,405	5,596	(169,398)	0	(127,397)
Change in cash and cash equivalents	(36,606)	0	(4,170)	0	(40,776)
Cash and cash equivalents at beginning of period	59,951	0	14,325	0	74,276
Cash and cash equivalents of discontinued operations at beginning of period	0	0	360	0	360
Less: Cash and cash equivalents of discontinued operations at end of period	0	0	(205)	0	(205)
Cash and cash equivalents at end of period	$ 23,345	$ 0	$ 10,310	$ 0	$ 33,655

Condensed Consolidated Statements of Cash Flows (Continued):

	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
Year Ended December 31, 2008					
Net cash (used in) provided by operating activities	$ (59,924)	$ 5,890	$ 149,971	$ 0	$ 95,937
Cash flows from investing activities				0	
Capital expenditures	0	0	(35,108)	0	(35,108)
Proceeds from disposal of assets	0	0	1,719	0	1,719
Decrease in cash related to conversion of consolidated affiliates to equity method affiliates	0	0	(625)	0	(625)
Net change in restricted cash	0	0	4,601	0	4,601
Net settlements on interest rate swaps	(2,871)	0	0	0	(2,871)
Business acquisitions, net of cash acquired	0	0	(7,529)		(7,529)
Other investing activities, net	0	0	(47)	0	(47)
Net cash used in investing activities of discontinued operations	0	0	16,322	0	16,322
Net cash used in investing activities	(2,871)	0	(20,667)	0	(23,538)
Cash flows from financing activities					
Checks issued in excess of bank balance	0	0	(482)	0	(482)
Proceeds under line of credit arrangements and long term debt	30,000	0	0	0	30,000
Principal payments on line of credit arrangements and long term debt	(3,550)	0	(299)	0	(3,849)
Principal payments under capital lease obligations	0	0	(1,489)	0	(1,489)
Distributions to noncontrolling interests of consolidated affiliates	0	0	(68,931)	0	(68,931)
Contributions from noncontrolling interests of consolidated affiliates	0	0	579	0	579
Proceeds from sale of equity interests of consolidated affiliates	0	0	8,955	0	8,955
Repurchase of equity interests of consolidated affiliates	0	0	(5,767)	0	(5,767)
Change in intercompany advances	70,945	(5,898)	(65,047)	0	0
Net cash provided by (used in) financing activities	97,395	(5,898)	(132,481)	0	(40,984)
Change in cash and cash equivalents	34,600	(8)	(3,177)	0	31,415
Cash and cash equivalents at beginning of period	25,351	8	16,584	0	41,943
Cash and cash equivalents of discontinued operations at beginning of period	0	0	1,278	0	1,278
Less: Cash and cash equivalents of discontinued operations at end of period	0	0	(360)	0	(360)
Cash and cash equivalents at end of period	$ 59,951	$ 0	$ 14,325	$ 0	$ 74,276

SCA
Surgical Care Affiliates

Surgical Care Affiliates, LLC

Annual Financial Report

For the Year Ended December 31, 2009

P. O. Box 360688
Birmingham, AL 35244

(800) 768-0094

Surgical Care Affiliates, LLC

Annual Financial Report
December 31, 2009

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Report of Independent Auditors

To the Board of Directors and Member of Surgical Care Affiliates, LLC:

In our opinion, the accompanying consolidated balance sheets as of December 31, 2009 and 2008 and the related consolidated statements of operations, of comprehensive loss, of changes in members' equity and of cash flows for the years ended December 31, 2009 and December 31, 2008 and the period from June 30, 2007 through December 31, 2007 present fairly, in all material respects, the financial position of Surgical Care Affiliates, LLC (a wholly owned subsidiary of ASC Acquisition, LLC) (the "Successor") at December 31, 2009 and 2008, and the results of its operations and its cash flows for the years ended December 31, 2009 and 2008 and the period from June 30, 2007 through December 31, 2007, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 3 to the consolidated financial statements, the Company changed the manner in which it accounts for noncontrolling interests in 2009.

/s/PricewaterhouseCoopers LLP

Birmingham, Alabama
March 31, 2010

Report of Independent Auditors

To the Board of Directors and Member of Surgical Care Affiliates, LLC:

In our opinion, the combined statement of operations, of comprehensive income (loss), of changes in invested equity and of cash flows for the period from January 1, 2007 through June 29, 2007, present fairly, in all material respects, the results of operations of HealthSouth Surgery Centers Division (the "Predecessor") and its cash flows for the period from January 1, 2007 through June 29, 2007, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 13, on January 1, 2007, the Company adopted FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes. As discussed in Note 3 to the combined financial statements, the Company changed the manner in which it accounts for noncontrolling interests in 2009.

/s/PricewaterhouseCoopers LLP

Birmingham, Alabama
March 30, 2008, except for the change discussed in Note 3 to the financial statements as to which the date is March 31, 2010

SURGICAL CARE AFFILIATES, LLC
Consolidated Balance Sheets
(In thousands of U. S. dollars)

	December 31 2009	December 31 2008
Assets		As Adjusted (Note 3)
Current assets		
Cash and cash equivalents	$ 33,805	$ 74,597
Restricted cash	30,508	21,819
Accounts receivable, net of allowance for doubtful accounts (2009 - $5,896; 2008 - $6,491)	81,329	77,353
Prepaid expenses	8,310	15,580
Other current assets	5,120	5,672
Current assets related to discontinued operations	526	1,271
Total current assets	159,598	196,292
Property and equipment, net of accumulated depreciation (2009 - $51,048; 2008 - $29,502)	197,120	191,386
Goodwill	677,073	659,893
Intangible assets, net of accumulated amortization (2009 - $12,564; 2008 - $16,599)	62,074	69,294
Deferred bond issue costs	13,288	15,832
Investment in and advances to nonconsolidated affiliates	65,219	74,949
Other long-term assets	970	2,547
Assets related to discontinued operations	587	2,809
Total assets	$ 1,175,929	$ 1,213,002
Liabilities and Equity		
Current liabilities		
Current portion of long-term debt	$ 6,734	$ 5,301
Checks issued in excess of bank balance	7,109	9,827
Accounts payable	18,813	21,457
Accrued payroll	20,764	25,671
Accrued interest	6,963	13,189
Accrued distributions	23,035	16,458
Payable to nonconsolidated affiliates	14,878	11,055
Refunds due patients and other third-party payors	3,648	3,844
Deferred income tax liability	2,475	2,497
Other current liabilities	15,813	16,600
Current liabilities related to discontinued operations	519	612
Total current liabilities	120,751	126,511
Long-term debt, net of current portion	671,417	704,200
Deferred income tax liability	48,588	34,337
Professional liability risks	4,749	4,205
Other long-term liabilities	22,359	21,592
Total liabilities	867,864	890,845
Commitments and contingent liabilities (Note 16)		
Noncontrolling interests—redeemable (Note 3)	25,894	25,384
Equity		
SCA's Equity		
Contributed capital	287,042	288,215
Other comprehensive loss	(11,415)	(14,082)
Accumulated deficit	(112,036)	(86,280)
Total SCA equity	163,591	187,853
Noncontrolling interests—non-redeemable (Note 3)	118,580	108,920
Total equity	282,171	296,773
Total liabilities and equity	$ 1,175,929	$ 1,213,002

See Notes to Consolidated and Combined Financial Statements.

SURGICAL CARE AFFILIATES, LLC

Consolidated Statements of Operations for the Years Ended December 31, 2009 and December 31, 2008 (Successor) and for the Period June 30, 2007 to December 31, 2007 (Successor) and Combined Statement of Operations for the Period January 1, 2007 to June 29, 2007 (Predecessor)

(In thousands of U. S. dollars)

	Year Ended December 31 2009 (Successor)	Year Ended December 31 2008 (Successor)	Period June 30 - December 31 2007 (Successor)	Period January 1 - June 29 2007 (Predecessor)
		(As Adjusted, See Note 3)	(As Adjusted, See Note 3)	(As Adjusted, See Note 3)
Net operating revenues	$ 737,220	$ 698,930	$ 319,860	$ 333,809
Operating expenses:				
Salaries and benefits	234,831	238,377	112,715	117,453
Supplies	170,638	154,775	74,774	73,517
Other operating expenses	112,916	117,262	55,096	48,973
Depreciation and amortization	38,758	37,046	18,353	13,397
Occupancy costs	30,467	28,808	13,510	12,878
Provision for doubtful accounts	19,401	15,786	5,892	6,021
Impairment of intangible and long-lived assets	952	2,569	72	0
Professional and medical director fees	11,153	10,099	3,937	3,553
(Gain) loss on disposal of assets	(108)	568	98	(1,508)
Government, class action, and related settlements expense	0	0	0	(9,204)
Professional fees—accounting, tax, and legal	0	0	0	3,599
Total operating expenses	619,008	605,290	284,447	268,679
Interest expense	53,851	57,279	30,302	2,242
Interest income and other income	(1,331)	(1,425)	(843)	(3,355)
Loss (gain) on sale of investments	631	2,683	382	(6,297)
Equity in net income of nonconsolidated affiliates	(10,500)	(13,112)	(5,869)	(5,659)
Income from continuing operations before income tax expense	75,561	48,215	11,441	78,199
Provision for income tax expense	14,434	27,028	8,130	16,944
Income from continuing operations	61,127	21,187	3,311	61,255
Loss from discontinued operations, net of income tax expense	(2,641)	(3,083)	(2,593)	(5,873)
Net income	58,486	18,104	718	55,382
Less: Net income attributable to noncontrolling interests	(84,242)	(75,332)	(29,770)	(34,709)
Net (loss) income attributable to SCA	$ (25,756)	$ (57,228)	$ (29,052)	$ 20,673

See Notes to Consolidated and Combined Financial Statements.

SURGICAL CARE AFFILIATES, LLC

Consolidated Statements of Comprehensive Income (Loss)
For the Years Ended December 31, 2009 and December 31, 2008 (Successor)
and for the Period June 30, 2007 to December 31, 2007 (Successor)
and Combined Statement of Comprehensive Income for the Period
January 1, 2007 to June 29, 2007 (Predecessor)
(In thousands of U. S. dollars)

	YEAR ENDED DECEMBER 31 2009 (Successor)	YEAR ENDED DECEMBER 31 2008 (Successor)	PERIOD JUNE 30 - DECEMBER 31 2007 (Successor)	PERIOD JANUARY 1 - JUNE 29 2007 (Predecessor)
		As Adjusted (Note 3)	As Adjusted (Note 3)	As Adjusted (Note 3)
Net income	$ 58,486	$ 18,104	$ 718	$ 55,382
Other comprehensive gain (loss):				
Unrealized gain (loss) on interest rate swaps	2,667	(8,619)	(5,463)	-
Total other comprehensive income (loss)	2,667	(8,619)	(5,463)	-
Comprehensive income	61,153	9,485	(4,745)	55,382
Comprehensive income attributable to noncontrolling interests	(84,242)	(75,332)	(29,770)	(34,709)
Comprehensive (loss) income attributable to SCA	$ (23,089)	$ (65,847)	$ (34,515)	$ 20,673

See Notes to Consolidated and Combined Financial Statements.

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SURGICAL CARE AFFILIATES, LLC
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2009 and December 31, 2008
And for the Period June 30, 2007 to December 31, 2007
(In thousands of U. S. dollars)

As Adjusted (Note 3)	Contributed Capital	Other Comprehensive Loss	Accumulated Deficit	Total SCA Equity	Noncontrolling Interests-- non-redeemable	Total Equity
Balance at June 30, 2007	$ -	$ -	$ -	$ -	$ 108,316	$ 108,316
Original contributed capital	279,000	-	-	279,000	-	279,000
Net (loss) income	-	-	(29,052)	(29,052)	20,156	(8,896)
Other comprehensive loss	-	(5,463)	-	(5,463)	-	(5,463)
Stock compensation	496	-	-	496	-	496
Additional contributions	7,000			7,000	-	7,000
Net change in equity related to purchase/sale of ownership interests	-	-	-	-	6,651	6,651
Contributions from noncontrolling interests	-	-	-	-	229	229
Change in distribution accrual	-	-	-	-	(14,521)	(14,521)
Distributions to noncontrolling interests	-	-	-	-	(20,894)	(20,894)
Balance at December 31, 2007	$ 286,496	$ (5,463)	$ (29,052)	$ 251,981	$ 99,937	$ 351,918
Net (loss) income	-	-	(57,228)	(57,228)	50,016	(7,212)
Other comprehensive loss	-	(8,619)	-	(8,619)	-	(8,619)
Stock compensation	1,719	-	-	1,719	-	1,719
Net change in equity related to purchase/sale of ownership interests	-	-	-	-	3,385	3,385
Contributions from noncontrolling interests	-	-	-	-	558	558
Change in distribution accrual	-	-	-	-	1,158	1,158
Distributions to noncontrolling interests	-	-	-	-	(46,134)	(46,134)
Balance at December 31, 2008	$ 288,215	$ (14,082)	$ (86,280)	$ 187,853	$ 108,920	$ 296,773
Net (loss) income	-	-	(25,756)	(25,756)	57,375	31,619
Other comprehensive income	-	2,667	-	2,667	-	2,667
Stock compensation	1,076	-	-	1,076	-	1,076
Net change in equity related to purchase/sale of ownership interests	(2,249)	-	-	(2,249)	10,474	8,225
Contributions from noncontrolling interests	-	-	-	-	3,737	3,737
Change in distribution accrual	-	-	-	-	(5,342)	(5,342)
Distributions to noncontrolling interests	-	-	-	-	(56,584)	(56,584)
Balance at December 31, 2009	$ 287,042	$ (11,415)	$ (112,036)	$ 163,591	$ 118,580	$ 282,171

See Notes to Consolidated and Combined Financial Statements.

SURGICAL CARE AFFILIATES, LLC
Combined Statement of Changes in Invested Equity
For the Period January 1, 2007 to June 29, 2007 (Predecessor)
(In thousands of U. S. dollars)

	HealthSouth's Net Investment
Balance at December 31, 2006	$ 551,997
Net income attributable to SCA	20,673
Net advances to HealthSouth	(7,687)
Balance at June 29, 2007	$ 564,983

See Notes to Consolidated and Combined Financial Statements.

SURGICAL CARE AFFILIATES, LLC
Consolidated Statements of Cash Flows for the Years Ended December 31, 2009 and December 31, 2008 (Successor) and for the Period June 30, 2007 to December 31, 2007 (Successor) and Combined Statement of Cash Flows for the Period January 1, 2007 to June 29, 2007 (Predecessor)
(In thousands of U. S. dollars)

	Year Ended December 31 2009 (Successor)	Year Ended December 31 2008 (Successor)	Period June 30 – December 31 2007 (Successor)	Period January 1 – June 29 2007 (Predecessor)
Cash flows from operating activities				
Net income	$ 58,486	$ 18,104	$ 718	$55,382
Loss from discontinued operations	2,641	3,083	2,593	5,873
Adjustments to reconcile net income to net cash provided by operating activities				
Provision for doubtful accounts	19,401	15,786	5,892	6,021
Government, class action, and related settlements expense	0	0	0	(9,204)
Depreciation and amortization	38,758	37,046	18,353	13,397
Amortization of deferred issuance costs	2,544	2,584	1,276	0
Impairment of intangible and long-lived assets	952	2,569	72	0
Impairment of investment in nonconsolidated affiliate	3,100	0	0	0
Realized investment losses (gains) on sale of investments	631	2,683	382	(6,297)
(Gain) loss on disposal of assets	(108)	568	98	(1,508)
Equity in net income of nonconsolidated affiliates	(10,500)	(13,112)	(5,869)	(5,659)
Distributions from nonconsolidated affiliates	13,817	12,729	10,702	5,699
Deferred income tax	14,230	28,767	8,067	15,547
Stock Compensation	1,076	1,719	496	0
(Increase) decrease in assets				
Accounts receivable	(20,380)	(15,124)	(8,498)	(3,026)
Other assets	9,170	8,290	10,783	2,644
(Decrease) increase in liabilities				
Accounts payable	(3,629)	(5,494)	10,396	(2,968)
Accrued payroll	(5,064)	8,784	5,038	(286)
Accrued interest	992	(1,302)	14,384	121
Refunds due patients and other third-party payors	(196)	279	(111)	38
Professional liability risks	543	2,825	1,380	0
Other liabilities	12,507	(603)	(23,999)	(6,812)
Other, net	687	236	615	0
Net cash provided by (used in) operating activities of discontinued operations	2,778	(14,480)	1,512	(12,254)
Net cash provided by operating activities	142,436	95,937	54,280	56,708
Cash flows from investing activities				
Capital expenditures	(32,996)	(35,203)	(13,658)	(6,883)
Proceeds from disposal of assets	761	1,719	0	95
Proceeds from sale of equity interests of nonconsolidated affiliates	1,800	0	400	1,627
Advances to nonconsolidated affiliates	0	0	(250)	0
Repurchase of equity interests of nonconsolidated affiliates	0	0	0	(3,502)
Capital contribution	0	0	0	521
Decrease in cash related to conversion of consolidated affiliates to equity method affiliates	0	(971)	0	(938)
Increase in cash related to conversion of consolidated affiliates to equity method affiliates	0	346	0	0
Net change in restricted cash	(8,689)	4,601	7,016	3,678
Net settlements on interest rate swap	(9,206)	(2,871)	342	0
Business acquisitions, net of cash acquired	(7,485)	(7,529)	(923,245)	0
Other investing activities, net	0	(47)	(213)	0
Net cash provided by investing activities of discontinued operations	0	16,417	575	122
Net cash used in investing activities	$(55,815)	$(23,538)	$(929,033)	$ (5,280)

SURGICAL CARE AFFILIATES, LLC
Consolidated Statements of Cash Flows for the Years Ended December 31, 2009 and December 31, 2008 (Successor) and for the Period June 30, 2007 to December 31, 2007 (Successor) and Combined Statement of Cash Flows for the Period January 1, 2007 to June 29, 2007 (Predecessor)
(Continued)
(In thousands of U. S. dollars)

	Year Ended December 31 2009 (Successor)	Year Ended December 31 2008 (Successor)	Period June 30 - December 31 2007 (Successor)	Period January 1 – June 29 2007 (Predecessor)
Cash flows from financing activities				
Checks issued in excess of bank balance	$ (2,718)	$ (482)	$ 1,696	$ 4,187
Proceeds under line of credit arrangements and long term debt	1,835	30,000	649,352	0
Principal payments on line of credit arrangements and long term debt	(47,781)	(3,849)	(1,785)	(1,055)
Principal payments under capital lease obligations	(2,195)	(1,489)	(473)	(460)
Distributions to noncontrolling interests of consolidated affiliates	(81,942)	(68,931)	(32,479)	(34,884)
Contributions from noncontrolling interests of consolidated affiliates	3,759	579	229	0
Proceeds from sale of equity interests of consolidated affiliates	11,207	8,955	8,531	4,833
Repurchase of equity interests of consolidated affiliates	(9,562)	(5,767)	(4,646)	(4,472)
Member contributions	0	0	286,000	0
Net advances to HealthSouth	0	0	0	(17,339)
Net cash used in financing activities of discontinued operations	0	0	(181)	(1,253)
Net cash (used in) provided by financing activities	(127,397)	(40,984)	906,244	(50,443)
Change in cash and cash equivalents	(40,776)	31,415	31,491	985
Cash and cash equivalents at beginning of period	74,597	42,200	10,684	11,780
Cash and cash equivalents of discontinued operations at beginning of period	40	1,022	1,047	0
Less: **Cash and cash equivalents of discontinued operations at end of period**	(56)	(40)	(1,022)	(2,081)
Cash and cash equivalents at end of period	$ 33,805	$ 74,597	$ 42,200	$ 10,684
Supplemental cash flow information:				
Cash paid during the year for interest	$42,098	$55,876	$15,021	$2,131
Supplemental schedule of noncash investing and financing activities				
Property and equipment acquired through capital leases	$ 2,156	$ 1,133	$ 0	$ 0
Termination of and adjustments to capital leases	0	57	25	0
Goodwill from repurchase of equity interests in joint venture entities	0	1,501	2,162	4,419
Goodwill attributable to sale of surgery centers	0	3,187	2,965	0
Goodwill attributable to held-for-sale surgery centers	0	0	587	0
Net investment in consolidated affiliates that became equity method facilities	0	699	0	1,011
Net investment in equity method facilities that became consolidated affiliates	0	5,000	0	0
Noncontrolling interest associated with conversion of consolidated affiliates to equity method affiliates	0	1,384	0	2,924
Asset transfers from other HealthSouth divisions	0	0	0	8,342
Net noncash advances from HealthSouth	0	0	0	1,311
Other	0	0	0	3,194

See Notes to Consolidated and Combined Financial Statements.

SURGICAL CARE AFFILIATES, LLC
Notes to Consolidated and Combined Financial Statements
(Amounts in tables are in thousands of U. S. dollars unless otherwise indicated)

Unless the context otherwise indicates or requires, the terms "SCA," "we," "us," "our," "Successor" and "Company" refer to Surgical Care Affiliates, LLC and its subsidiaries. However, with respect to periods prior to June 30, 2007, such references are to the HealthSouth Surgery Centers Division (or, the "Predecessor").

1. DESCRIPTION OF BUSINESS

Nature of Operations and Ownership of the Company

Surgical Care Affiliates, LLC, a Delaware limited liability company, was formed on June 29, 2007, primarily to own and operate a network of ambulatory surgery centers ("ASCs") and surgical hospitals in the United States of America. On June 29, 2007, the Company, which previously comprised the Surgery Centers Division of HealthSouth Corporation, was purchased by and became a wholly-owned subsidiary of ASC Acquisition LLC ("ASC Acquisition" or the "Parent"), a Delaware limited liability company which is owned by an investor group that includes TPG Partners V, L.P. ("TPG"), members of our management and other investors. This transaction, including the specific terms and financing of the purchase, is further described in Note 2, *Purchase Transaction.* As of December 31, 2009, the Company, which is headquartered in Birmingham, Alabama, operated 121 ASCs and four surgical hospitals in 31 states, with a concentration of facilities in California, Texas, Florida, North Carolina and Alabama. The Company's ASCs and surgical hospitals specialize in short-term care and primarily provide non-emergency surgical and other procedures in several specialties, including orthopedics, ophthalmology, gastroenterology, pain management, otolaryngology (ear, nose and throat, or ENT), urology, gynecology and other general surgery procedures. Our ASCs and surgical hospitals provide the facilities and medical support staff necessary for physicians to perform such procedures. Physicians perform same-day surgical procedures at our ASCs. At our four surgical hospitals, physicians perform a broader range of surgical procedures and patients may stay up to three days. During 2009, three facilities were closed, our interest in one equity method facility was sold, we acquired an equity interest in one facility, and we acquired one surgical hospital that is consolidated.

Business Structure

We operate our facilities through strategic relationships with physicians and, in some cases, with healthcare systems that have strong local market positions and reputations for clinical excellence. Of the 125 facilities operated by the Company as of December 31, 2009, the Company consolidates the results of 105 facilities, accounts for 19 facilities under the equity method, and holds no ownership in the remaining facility, which contracts with SCA to provide management services. The Company's ASCs are operated as general partnerships, limited partnerships or limited liability companies in which the Company serves as the general partner, limited partner, member, or managing member. The majority of our facilities are jointly owned with local physicians, although, in some cases, local healthcare systems participate in the venture.

Basis of Presentation

The Company maintains its books and records on the accrual basis of accounting, and the accompanying consolidated and combined financial statements (together the "financial statements") have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Such financial statements include the assets, liabilities, revenues, and expenses of all wholly-owned subsidiaries and majority-owned subsidiaries over which we exercise control and, when applicable, entities in which we have a controlling financial interest.

Due to the purchase transaction described above and in Note 2, the Company's financial position and results of operations prior to the purchase are presented separately in these financial statements as "Predecessor" financial statements, while the Company's financial position and results of operations following the purchase are presented as "Successor" financial statements. Due to the nature and terms of the purchase, which substantially increased the Company's debt and interest expense, and the revaluation of assets and liabilities as a result of purchase accounting and the allocation of certain costs in the prior periods presented, the Predecessor financial statements are not comparable with the Successor financial statements in certain respects.

The combined financial statements of the Predecessor have been derived from the financial statements and accounting records of the Predecessor using the historical results of operations and historical basis of assets and liabilities of the Predecessor's operations. We believe the allocations underlying the combined financial statements are reasonable. However, the combined financial statements included herein may not necessarily represent what the Predecessor's financial position, results of operations, and cash flows would have been had the Predecessor operated as a stand-alone entity during the periods presented.

Additionally, the Predecessor's combined financial statements include allocations of certain HealthSouth Corporation ("HealthSouth") corporate expenses of $11.7 million for the period January 1, 2007 to June 29, 2007. Approximately $20.9 million of these costs for the period January 1, 2007 to June 29, 2007, represent the Predecessor's allocated administrative expenses such as accounting, internal controls, legal, information technology services, a pro rata share of the occupancy costs of the corporate office facilities, and certain professional fees. Allocations of administrative expenses were made primarily based on a percentage of revenues, physical operating locations, or full-time equivalent employees, which we believe represents a reasonable allocation methodology. Some corporate services, such as information technology, legal services, and corporate aircraft, were recorded in the Predecessor's combined financial statements based on usage. The remaining expense allocations included in the Predecessor's combined financial statements represent charges associated with government, class action and related settlements (see Note 16, *Commitments and Contingent Liabilities*.) The allocated expenses that related to government, class action and related settlements amounted to a $9.2 million gain for the period January 1, 2007 to June 29, 2007. During the reconstruction and restatement period of HealthSouth's historical financial statements, it was determined that the equity balances of certain of HealthSouth's partners had been historically overstated. During the period January 1, 2007 to June 29, 2007, HealthSouth settled with certain of these partners. The reduction of equity balances of the partners resulted in an approximate $9.2 million gain. We believe the allocated amount of these corporate services is a reasonable representation of the services performed or benefited by the Predecessor as a segment of HealthSouth. However, these allocations and estimates are neither necessarily indicative of the costs and expenses that would have resulted if the Predecessor had been operated as a stand-alone entity during the period January 1, 2007 to June 29, 2007, nor necessarily indicative of the costs and expenses of SCA going forward.

2. PURCHASE TRANSACTIONS

Purchase of the Company

Pursuant to a definitive stock purchase agreement dated as of March 25, 2007 (the "Purchase Agreement"), between ASC Acquisition and HealthSouth, the Company became a wholly-owned subsidiary of ASC Acquisition on June 29, 2007 (the "Transaction").

The purchase was financed by:

- an investment of cash by TPG and other equity investors of $270.0 million;
- borrowings by the Company of $355.0 million in new senior secured credit facilities; and
- the issuance by the Company of $150.0 million in aggregate principal amount of 10% senior subordinated notes, due 2017, and $150.0 million in aggregate principal amount of 8.875% / 9.625% senior PIK-election notes, due 2015.

The Transaction was accounted for under the purchase method of accounting prescribed by authoritative guidance. This authoritative guidance requires that the total purchase price be allocated to the assets acquired and liabilities assumed based on their fair values at the acquisition date. The $905.4 million purchase price was allocated to the Company's specific identifiable tangible and intangible assets and liabilities assumed based on their fair values at the acquisition date, with the remainder allocated to goodwill. The Company's allocation of the purchase price was adjusted during the first six months of 2008, and was finalized on June 30, 2008.

In connection with the Transaction, TPG contributed an additional $9.0 million for working capital purposes, and the Company incurred approximately $19.7 million of fees related to debt issuance costs which are being amortized into interest expense over the respective terms of the debt. Goodwill associated with this transaction was deductible for tax purposes.

Fort Worth Acquisition

As a part of the Transaction, HealthSouth agreed to sell two ASCs in Fort Worth, Texas to us. However, at the date of the closing, there was a court order enjoining the transfer of these two facilities to us, and, as a result, HealthSouth could not legally transfer those facilities to us at that time. During the third quarter of 2007, the court order was vacated, and the purchase of these two facilities from HealthSouth was completed by the Company for a net purchase price of $21.2 million. This transaction was also accounted for under the purchase method of accounting as prescribed by authoritative guidance. The results of operations for these two facilities are included in the Company's consolidated results of operations beginning August 1, 2007. Goodwill associated with this transaction was deductible for tax purposes.

Pro Forma Consolidated Results of Operations (Unaudited)

Unaudited pro forma results as if these transactions had occurred on January 1, 2007 are as follows:

	Year Ended December 31, 2007 (unaudited)
Net operating revenues	$ 654,350
Net loss	$ (8,231)

The above pro forma information is presented for informational purposes only and is not necessarily indicative of the results of operations that actually would have been achieved had the transactions been consummated as of January 1, 2007, nor is the pro forma information intended to be a projection of future results.

Surgical Hospital of Oklahoma Acquisition

On September 1, 2009, SCA purchased a 60% ownership interest in Surgical Hospital of Oklahoma ("SHO"). The entity is consolidated for financial reporting purposes. The total purchase price paid by SCA was approximately $11.3 million, of which $8.3 million was paid in cash, $0.8 million is held in escrow, and $2.2 million will be paid contingent upon achievement of certain target thresholds. Net assets of SHO at September 1, 2009 were approximately $1.9 million. Goodwill recorded at the acquisition date was approximately $17.0 million, of which $7.6 million is attributable to the non-controlling interest's share of SHO. The purchase price of SHO was largely determined on the basis of management's expectations of future earnings and cash flows of the surgical hospital, resulting in the recognition of goodwill. Goodwill associated with this transaction is expected to be deductible for tax purposes. No pro forma information is disclosed herein because this is not considered to be a material business combination as it relates to SCA.

Marin Acquisition

On August 1, 2008, SCA purchased a 51% ownership interest in Marin Specialty Surgery Center, LLC ("Marin Specialty"), which is the sole owner of Marin Health Ventures, Inc ("Marin Health"). The Marin Specialty acquisition provided the opportunity of adding a multi-specialty surgery center with an attractive case mix and geographic footprint. This entity is consolidated for financial reporting purposes. The total purchase price paid by SCA was $8.2 million. Net assets of Marin Health Ventures, Inc. at August 1, 2008 were approximately $1.7 million. Goodwill and other intangible assets recorded by SCA at the acquisition date were approximately $5.4 million and $1.9 million, respectively, based on preliminary estimates of the fair value of identifiable tangible and intangible assets and liabilities acquired. The purchase price of Marin Specialty was largely determined on the basis of management's expectations of future earnings and cash flows of Marin Health, resulting in the recognition of goodwill. Goodwill associated with this transaction is expected to be deductible for tax purposes. No pro forma information is disclosed herein as this is not considered to be a material business combination as it relates to SCA.

Post-Transaction Regulatory Approvals

Pursuant to a definitive stock purchase agreement dated as of March 25, 2007 (the "Purchase Agreement"), between ASC Acquisition and HealthSouth, the Company became a wholly-owned subsidiary of ASC Acquisition on June 29, 2007 (the "Transaction").

Prior to the Transaction, HealthSouth was unable to obtain regulatory approvals for the change in control from HealthSouth to us of six of HealthSouth's ASCs in Illinois. We entered into management arrangements with HealthSouth that enabled us to close the Transaction before the receipt of such regulatory approvals, while placing us in a position similar to which we would have occupied had all required approvals been obtained prior to closing. We obtained regulatory approval of the change in control over five of the six HealthSouth ASCs in Illinois on January 28, 2008. The five facilities were transferred to us in the first half of 2008. The sixth ASC had an outstanding relocation project, and HealthSouth and SCA were advised to wait to file the change in control application for that particular facility until the facility relocated, which occurred on May 4, 2009. The change in owner exemption letter for this facility was granted on October 1, 2009 and ownership transferred from HealthSouth to a subsidiary of SCA on November 1, 2009.

Option Agreement

In connection with the transaction, ASC Acquisition and HealthSouth entered into an Option Agreement whereby ASC Acquisition granted HealthSouth an option to purchase limited liability company interests ("Units") of ASC Acquisition constituting 5% of the Units issued and outstanding as of the closing of the Transaction on a fully diluted basis, at a price equal to the original issuance price of the units subscribed for by TPG in connection with the Transaction plus a 15% annual premium, compounded annually. The Option is exercisable upon certain customary liquidity events and includes customary tag-along, drag-along and piggyback registration rights.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and accounts have been eliminated. We evaluate partially owned subsidiaries and joint ventures held in partnership form in accordance with authoritative guidance to determine whether the rights held by other investors constitute "important rights" as defined therein.

For general partners of all new limited partnerships formed, and for existing limited partnerships for which the partnership agreements were modified on or subsequent to June 29, 2005, we evaluate partially owned subsidiaries and joint ventures held in partnership form using Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("authoritative guidance") that includes a framework for evaluating whether a general partner or a group of general partners controls a limited partnership and therefore should consolidate it. The framework includes the presumption that general partner control would be overcome only when the limited partners have certain rights. Such rights include kick-out rights, the right to dissolve or liquidate the partnership or otherwise remove the general partner "without cause," or participating rights, which include the right to effectively participate in significant decisions made in the ordinary course of the partnership's business.

For partially owned subsidiaries or joint ventures, we consider the authoritative guidance and, in particular, whether rights held by other investors would be viewed as "participating rights" as defined therein. To the extent that any minority investor has important rights in a partnership or participating rights in a corporation that inhibit our ability to control the entity, including substantive veto rights, we generally will not consolidate the entity.

We also consider the authoritative guidance that addresses consolidation by business enterprises that have controlling financial interests of variable interest entities. As of December 31, 2009, we have no arrangements or relationships where consolidation was required.

We use the equity method to account for our investments in entities we do not control, but where we have the ability to exercise significant influence over operating and financial policies. Consolidated net income includes our share of the net earnings of these entities. The difference between consolidation and the equity method impacts certain of our financial ratios because of the presentation of the detailed line items reported in the consolidated financial statements for consolidated entities compared to a one line presentation of equity method investments.

Reclassifications

Certain amounts in the consolidated and combined financial statements for prior periods have been reclassified to conform to the current period presentation. Such reclassifications primarily relate to facilities we closed or sold since the Transaction, which qualify for reporting as discontinued operations under authoritative guidance.

In addition, as of January 1, 2009, we have reclassified, in accordance with changes in authoritative guidance, our noncontrolling interests (formerly known as "minority interests") as a component of equity and now report net income and comprehensive income attributable to our noncontrolling interests separately from net income and comprehensive income attributable to SCA. Proceeds from sales and amounts paid for repurchase of equity interests of consolidated affiliates are now shown as financing activities, rather than investing activities, in the Consolidated Statements of Cash Flows. These reclassifications are reflected in amounts presented as of and for each of the years ended December 31, 2009, 2008 and 2007.

Also, certain of the Company's noncontrolling interests have industry-specific redemption features, such as a change in law that would prohibit the noncontrolling interests' current form of ownership in ambulatory surgery centers, which change is not solely within the control of the Company. The Company is not aware of events that would make a redemption probable. According to authoritative guidance, classification of these noncontrolling interests outside of permanent equity is required due to the redemption features. The changes in authoritative guidance required retroactive application for all amounts presented. Accordingly, noncontrolling interests of $25.4 million and $23.2 million, which include redemption features, have been presented as noncontrolling interests—redeemable outside of permanent equity, as of December 31, 2008 and 2007, respectively.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates include, but are not limited to: (1) allowance for contractual revenue adjustments; (2) allowance for doubtful accounts; (3) asset impairments, including goodwill; (4) depreciable lives of assets; (5) useful lives of intangible assets; (6) economic lives and fair value of leased assets; (7) provision for income taxes, including valuation allowances; (8) allocations of certain HealthSouth corporate expenses; (9) reserves for contingent liabilities; and (10) reserves for losses in connection with unresolved legal matters. Future events and their effects cannot be predicted with certainty; accordingly, our accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of our consolidated financial statements will change as new events occur, as more experience is acquired, as additional information is obtained, and as our operating environment changes. We evaluate and update our assumptions and estimates on an ongoing basis and may employ outside experts to assist in our evaluation, as considered necessary. Actual results could differ from those estimates.

Risks and Uncertainties

SCA operates in a highly regulated industry and is required to comply with extensive and complex laws and regulations at the federal, state, and local government levels. These laws and regulations relate to, among other things:

- licensure, certification, and accreditation,
- coding and billing for services,
- relationships with physicians and other referral sources, including physician self-referral and anti-kickback laws,
- quality of medical care,
- use and maintenance of medical supplies and equipment,
- maintenance and security of medical records,
- acquisition and dispensing of pharmaceuticals and controlled substances, and
- disposal of medical and hazardous waste.

Many of these laws and regulations are expansive, and we do not have the benefit of significant regulatory or judicial interpretation of them. In the future, different interpretations or enforcement of these laws and regulations could subject our current or past practices to allegations of impropriety or illegality or could require us to make changes in our investment structure, facilities, equipment, personnel, services, capital expenditure programs, operating procedures and contractual arrangements.

If we fail to comply with applicable laws and regulations, we could be subjected to liabilities, including (1) criminal penalties, (2) civil penalties, including monetary penalties and the loss of our licenses to operate one or more of our ASCs and hospitals, and (3) exclusion or suspension of one or more of our ASCs and hospitals from participation in the Medicare, Medicaid, and other federal and state healthcare programs.

Historically, the United States Congress and some state legislatures have periodically proposed significant changes in regulations governing the healthcare system. Many of these changes have resulted in limitations on and, in some cases, significant reductions in the levels of payments to healthcare providers for services under many government reimbursement programs. Because we receive a significant percentage of our revenues from Medicare, such proposed changes in legislation might have a material adverse effect on our financial position, results of operations, and cash flows, if any such changes were to occur.

As discussed in Note 16, *Commitments and Contingent Liabilities*, we are a party to a number of lawsuits. We cannot predict the outcome of litigation filed against us. Substantial damages or other monetary remedies assessed against us could have a material adverse effect on our business, financial position, results of operations, and cash flows.

Revenue Recognition

Revenues consist primarily of net patient service revenues that are recorded based upon established billing rates less allowances for contractual adjustments. Revenues are recorded during the period the healthcare services are provided, based upon the estimated amounts due from patients and third-party payors, including federal and state agencies (under the Medicare and Medicaid programs), managed care health plans, commercial insurance companies, and employers. Estimates of contractual allowances under third-party payor arrangements are based upon the payment terms specified in the related contractual agreements. Third-party payor contractual payment terms are generally based upon predetermined rates per procedure or discounted fee-for-service rates.

During the years ended December 31, 2009, 2008, and 2007, approximately 62%, 61%, and 61%, respectively, of our net operating revenues related to patients participating in managed care and other discount plans. The managed care industry is highly competitive and healthcare services providers are under increasing pressure to accept reduced reimbursement for services on these contracts. Continued reductions could have a material adverse impact on our financial position, results of operations, and cash flows.

During each of the years ended December 31, 2009, 2008, and 2007, approximately 22% of our net operating revenues related to patients participating in the Medicare and Medicaid programs. Laws and regulations governing the Medicare and Medicaid programs are complex, subject to interpretation, and are routinely modified for provider reimbursement. The Centers for Medicare and Medicaid Services ("CMS") has been granted authority to suspend payments, in whole or in part, to Medicare providers if CMS possesses reliable information that an overpayment, fraud, or willful misrepresentation exists. If CMS suspects that payments are being made as the result of fraud or misrepresentation, CMS may suspend payment at any time without providing us with prior notice. The initial suspension period is limited to 180 days. However, the payment suspension period can be extended almost indefinitely if the matter is under investigation by the United States Department of Health & Human Services Office of Inspector General (the "OIG") or the Department of Justice (the "DOJ"). Therefore, we are unable to predict if or when we may be subject to a suspension of payments by the Medicare and/or Medicaid programs, the possible length of the suspension period, or the potential cash flow impact of a payment suspension. Any such suspension would adversely impact our financial position, results of operations, and cash flows.

Cash and Cash Equivalents

Cash and cash equivalents include all demand deposits reduced by the amount of outstanding checks and drafts where the right of offset exists for these bank accounts. As a result of the Company's cash management system, checks issued but not presented to banks for payment may create negative book cash balances. Such negative balances are included in current liabilities as "checks issued in excess of bank balance" and totaled $7.1 million at December 31, 2009, and $9.8 million at December 31, 2008. The Company has deposits with certain financial institutions which exceed federally insured limits. The Company has reviewed the creditworthiness of these financial institutions and we have not experienced any losses on such deposits.

Restricted Cash

As of December 31, 2009 and December 31, 2008, we had approximately $30.5 million and $21.8 million, respectively, of restricted cash in affiliate cash accounts maintained by partnerships in which we participate where one or more external partners requested, and we agreed, that the partnership's cash not be commingled with other Company cash and be used only to fund the operations of those partnerships.

Accounts Receivable

We report accounts receivable at estimated net realizable amounts from services rendered from federal and state agencies (under the Medicare and Medicaid programs), managed care health plans, commercial insurance companies, workers' compensation, employers, and patients. Our accounts receivable are geographically dispersed, but a significant portion of our accounts receivable are concentrated by type of payors. The concentration of net patient service accounts receivable by payor class, as a percentage of total net patient service accounts receivable, as of the end of each of the reporting periods, is as follows:

	As of December 31	
	2009	**2008**
Managed care and other discount plans	65%	60%
Medicare	14	17
Workers' compensation	13	14
Other third-party payors	4	5
Medicaid	3	3
Patients	1	1
Total	100%	100%

We recognize that revenues and accounts receivable from government agencies are significant to our operations; however, we do not believe there are significant credit risks associated with these government agencies.

We also recognize that revenue and accounts receivable from managed care and other discount plans are significant to our operations. Because the category of managed care and other discount plans is composed of numerous individual payors which are geographically dispersed, our management does not believe there are any significant concentrations of revenues from any individual payor that would subject us to significant credit risks in the collection of our accounts receivable.

Additions to the allowance for doubtful accounts are made by means of the *Provision for doubtful accounts.* We write off uncollectible accounts against the allowance for doubtful accounts after exhausting collection efforts and adding subsequent recoveries. Net accounts receivable include only those amounts we estimate we will collect.

We performed an analysis of our historical cash collection patterns and considered the impact of any known material events in determining the allowance for doubtful accounts. In performing our analysis, we considered the impact of any adverse changes in general economic conditions, business office operations, payor mix, or trends in federal or state governmental healthcare coverage. At December 31, 2009 and 2008, our allowance for doubtful accounts represented approximately 6.8% and 7.7%, respectively, of the $87.2 million and $83.8 million, respectively, total patient due accounts receivable balance. The decrease in the allowance at December 31, 2009 compared to December 31, 2008 is primarily the result of an increase in write-offs during 2009.

Long-Lived Assets

We report land, buildings, improvements, and equipment at cost, net of asset impairment. We report assets under capital lease obligations at the lower of fair value or the present value of the aggregate future minimum lease payments at the beginning of the lease term. We depreciate our assets using the straight-line method over the shorter of the estimated useful life of the assets or life of the lease term, excluding any lease renewals, unless the lease renewals are reasonably assured. Useful lives are as follows:

	Years
Buildings	15 to 30
Leasehold improvements	5 to 20
Furniture, fixtures, and equipment	3 to 10
Assets under capital lease obligations:	
Real estate	15 to 25
Equipment	3 to 5

Maintenance and repairs of property and equipment are expensed as incurred. We capitalize replacements and improvements that increase the estimated useful life of an asset. We capitalize interest expense on major construction and development projects while in progress. No interest was capitalized during the years ended December 31, 2009, 2008, or 2007.

We retain fully depreciated assets in property and accumulated depreciation accounts until we remove them from service. In the case of sale, retirement or disposal, the asset cost and related accumulated depreciation balance is removed from the respective account, and the resulting net amount, less any proceeds, is included as a component of income from continuing operations in the consolidated statements of operations. However, if the sale, retirement, or disposal involves a discontinued operation, the resulting net amount, less any proceeds, is included in the results of discontinued operations.

We account for operating leases under the provisions of authoritative guidance. These pronouncements require us to recognize escalated rents, including any rent holidays, on a straight-line basis over the term of the lease for those lease agreements where we receive the right to control the use of the entire leased property at the beginning of the lease term.

Goodwill and Other Intangible Assets

In accordance with authoritative guidance, we test goodwill for impairment using a fair value approach. We are required to test for impairment at least annually, absent some triggering event that would require an impairment assessment. Absent any impairment indicators, we perform our goodwill impairment testing as of October 1st of each year.

Since a quoted market price for the Company's equity is not available, the Company applies judgment in determining the fair value of its equity for purposes of performing the goodwill impairment test. The Company relies on widely accepted valuation techniques, including discounted cash flow and, when available and appropriate, market multiple analyses approaches, which capture both the future income potential of the Company and the market behaviors and actions of market participants in the industry in which the Company operates. These types of analyses require the Company to make assumptions and estimates regarding future cash flows, industry-specific economic factors and the profitability of future business strategies. The discounted cash flow approach uses a projection of estimated operating results and cash flows that are discounted using a weighted average cost of capital. Under the discounted cash flow approach, the projection uses management's best estimates of economic and market conditions over the projected period, including growth rates in the number of cases, reimbursement rates, operating costs, rent expense and capital expenditures. Other significant estimates and assumptions include terminal value growth rates, changes in working capital requirements and weighted average cost of capital. The market multiple analysis estimates fair value by applying cash flow multiples to the reporting unit's operating results. The multiples are derived from comparable publicly traded companies with similar operating and investment characteristics to the Company. Finally, when we dispose of a hospital or an ASC, goodwill is allocated to the gain or loss on disposition using the relative fair value methodology, as prescribed in authoritative guidance.

We recognize an impairment charge for any amount by which the carrying amount of goodwill exceeds its implied fair value. We present a goodwill impairment charge as a separate line item within income from continuing operations in the consolidated statements of operations, unless the goodwill impairment is associated with a discontinued operation. In that case, we include the goodwill impairment charge, on a net-of-tax basis, within the results of discontinued operations.

In accordance with authoritative guidance, we amortize the cost of intangible assets with definite useful lives over their respective estimated useful lives to their estimated residual value. As of December 31, 2009, none of our definite useful lived intangible assets has an estimated residual value. We also review those assets for impairment in accordance with authoritative guidance whenever events or changes in circumstances indicate we may not be able to recover the asset's carrying amount. As of December 31, 2009, we do not have any intangible assets with indefinite useful lives. The range of estimated useful lives of our other intangible assets is as follows:

	Years
Certificates of need	15
Management agreements	15
Licenses	3 to 15
Noncompete agreements	2 to 5
Favorable lease obligations	5

Impairment of Long-Lived Assets and Other Intangible Assets

Under authoritative guidance, we assess the recoverability of long-lived assets (excluding goodwill) and identifiable acquired intangible assets with definite useful lives, whenever events or changes in circumstances indicate we may not be able to recover the asset's carrying amount. We measure the recoverability of assets to be held and used by a comparison of the carrying amount of the asset to the expected net future cash flows to be generated by that asset, or, for identifiable intangibles with definite useful lives, by determining whether the amortization of the intangible asset balance over its remaining life can be recovered through undiscounted future cash flows. The amount of impairment of identifiable intangible assets with definite useful lives, if any, to be recognized is measured based on projected discounted future cash flows. We measure the amount of impairment of other long-lived assets (excluding goodwill) as the amount by which the carrying value of the asset exceeds the fair market value of the asset, which is generally determined based on projected discounted future cash flows or appraised values. We present an impairment charge as a separate line item within income from continuing operations in our consolidated statements of operations, unless the impairment is associated with a discontinued operation. In that case, we include the impairment charge, on a net-of-tax basis, within the results of discontinued operations. We classify long-lived assets to be disposed of other than by sale as held and used until they are disposed. We report long-lived assets to be disposed of by sale as held for sale and recognize those assets in the balance sheet at the lower of carrying amount or fair value less cost to sell, and cease depreciation.

Investment In and Advances to Nonconsolidated Affiliates

Investments in entities we do not control, but in which we have the ability to exercise significant influence over the operating and financial policies of the investee, are accounted for under the equity method. Equity method investments are recorded at original cost and adjusted periodically to recognize our proportionate share of the investees' net income or losses after the date of investment, additional contributions made and distributions received, and impairment losses resulting from adjustments to net realizable value. We record equity method losses in excess of the carrying amount of an investment when we guarantee obligations or we are otherwise committed to provide further financial support to the affiliate.

Management periodically assesses the recoverability of our equity method investments for impairment. We consider all available information, including the recoverability of the investment, the earnings and near-term prospects of the affiliate, factors related to the industry, conditions of the affiliate, and our ability, if any, to influence the management of the affiliate. We assess fair value based on valuation methodologies, as appropriate, including discounted cash flows, estimates of sales proceeds and external appraisals, as appropriate. If an equity method investment or equity method goodwill is considered to be impaired and the decline in value is other than temporary, we record an appropriate write-down.

Financing Costs

We amortize financing costs using the effective interest method over the life of the related debt. The related expense is included in *Interest expense* in our consolidated statements of operations.

Fair Value of Financial Instruments

Authoritative guidance requires certain disclosures regarding the fair value of financial instruments. Our financial instruments consist mainly of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, letters of credit, long-term debt, and interest rate swap agreements. The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, and accounts payable approximate fair value because of the short-term maturity of these instruments. The fair value of our letters of credit is deemed to be the amount of payment guaranteed on our behalf by third-party financial institutions. We determine the fair value of our long-term debt based on various factors, including maturity schedules, call features, and current market rates. We also use quoted market prices, when available, or discounted cash flows to determine fair values of long-term debt. The fair value of our interest rate swaps is determined using information provided by a third-party financial institution and discounted cash flows.

Derivative Instruments

Authoritative guidance requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or in other comprehensive income, depending on whether a derivative is designated as part of a hedging relationship and, if it is, depending on the type of hedging relationship.

As of December 31, 2009 and 2008, we held interest rate swaps to hedge the interest rate risk on a portion of our long-term debt. These swaps are designated as a cash flow hedge. Therefore, in accordance with authoritative guidance, all changes in the fair value of these interest rate swaps are reported in other comprehensive income on the consolidated statement of changes in equity. Net cash settlements on our interest rate swaps are included in investing activities in our consolidated statements of cash flows. For additional information regarding these interest rate swaps, see Note 8, *Long-Term Debt.*

Refunds Due Patients and Other Third-Party Payors

Refunds due patients and other third-party payors of approximately $3.6 million and $3.8 million as of December 31, 2009 and 2008, respectively, consist primarily of overpayments received from our patients and other third-party payors. In instances where we are unable to determine the party due the refund, these amounts may become subject to escheat property laws and consequently payable to various state tax jurisdictions.

Noncontrolling Interest in Consolidated Affiliates

The consolidated and combined financial statements include all assets, liabilities, revenues, and expenses of less-than-100%-owned affiliates that we control. Accordingly, we have recorded a noncontrolling interest in the earnings and equity of such affiliates. We record adjustments to noncontrolling interest for the allocable portion of income or loss to which the noncontrolling interest holders are entitled based upon the portion of the subsidiaries they own. Distributions to holders of noncontrolling interest reduce the respective noncontrolling interest holders' balance.

Equity-Based Compensation

SCA's parent, ASC Acquisition, has two equity-based compensation plans that provide for the granting of options to purchase membership units of ASC Acquisition to certain employees, directors, service providers, and consultants of the Company and its affiliates. Under authoritative guidance, the fair value of equity-based compensation is measured at the date of grant and recognized as expense over the employee's requisite service period. The Company accounts for equity instruments issued to non-employees in accordance with the provisions of authoritative guidance. These plans are described more fully in Note 11, *Equity-Based Compensation.*

Income Taxes

We provide for income taxes using the asset and liability method as required by authoritative guidance. This approach recognizes the amount of federal, state and local taxes payable or refundable for the current year, as well as deferred tax assets and liabilities for the future tax consequence of events recognized in the consolidated financial statements and income tax returns. Deferred income tax assets and liabilities are adjusted to recognize the effects of changes in tax laws or enacted tax rates.

Under authoritative guidance, a valuation allowance is required when it is more likely than not that some portion of the deferred tax assets will not be realized. Realization is dependent on generating sufficient future taxable income.

SCA is included in the consolidated federal income tax return of its parent, ASC. State income tax returns are filed on a separate, combined, or consolidated basis in accordance with relevant state laws and regulations. Partnerships, limited liability partnerships, limited liability companies, and other pass-through entities that we consolidate or account for using the equity method of accounting file separate federal and state income tax returns. We include the allocable portion of each pass-through entity's income or loss in our federal income tax return. We allocate the remaining income or loss of each pass-through entity to the other partners or members who are responsible for their portion of the taxes.

Assets Held for Sale and Results of Discontinued Operations

We account for assets held for sale and discontinued operations under authoritative guidance, which requires that a component of an entity that has been disposed of or is classified as held for sale and has operations and cash flows that can be clearly distinguished from the rest of the entity be reported as assets held for sale and discontinued operations. In the period a component of an entity has been disposed of or classified as held for sale, we reclassify the results of operations for current and prior periods into a single caption titled *Loss from discontinued operations, net of income tax expense*. In addition, we classify the assets and liabilities of those components as current and noncurrent assets and liabilities held for sale in our consolidated balance sheets. We also classify cash flows related to discontinued operations as one line item within each category of cash flows in our consolidated statements of cash flows.

Assessment of Loss Contingencies

We have legal and other contingencies that could result in significant losses upon the ultimate resolution of such contingencies. We have provided for losses in situations where we have concluded that it is probable that a loss has been or will be incurred and the amount of the loss is reasonably estimable. A significant amount of judgment is involved in determining whether a loss is probable and reasonably estimable due to the uncertainty involved in determining the likelihood of future events and estimating the financial statement impact of such events. If further developments or resolution of a contingent matter are not consistent with our assumptions and judgments, we may need to recognize a significant charge in a future period related to an existing contingent matter.

Recent Revisions to Authoritative Guidance

Business Combinations. In December 2007, the authoritative guidance was revised for business combinations, which changed how business acquisitions are accounted for and impacts financial statements at the acquisition date and in subsequent periods. Further, certain of the changes introduce more volatility into earnings and thus may impact a company's acquisition strategy. This guidance is effective for the Company's business combinations for which the acquisition date is on or after January 1, 2009. Under the revised guidance, the Company is required to recognize the assets acquired, liabilities assumed, contractual contingencies and contingent consideration at their estimated fair value at the acquisition date. Any changes in the estimated fair value are recognized in earnings. In addition, the revised guidance requires that acquisition-related costs are to be recognized separately from the acquisition and expensed as incurred. See Note 2, *Purchase Transactions*, for disclosures related to the acquisition completed in 2009. The adoption of the revised authoritative guidance did not have a material impact on the Company's consolidated financial statements.

Noncontrolling Interests in Consolidated Financial Statements. In December 2007, the authoritative guidance was revised for noncontrolling interests, which establishes accounting and reporting standards for minority interests in our subsidiaries (recharacterized as noncontrolling interests and classified as a component of equity) and for the loss of control or deconsolidation of a subsidiary. This guidance was adopted by the Company on January 1, 2009 and applied prospectively; however, the presentation and disclosure requirements of the authoritative guidance have been applied retrospectively for all periods presented in our interim and annual reports issued for periods beginning on or after January 1, 2009. The revised authoritative guidance impacted the presentation of our consolidated financial position, results of operations, and cash flows for the year ended December 31, 2009. Although not material to SCA during the year ended December 31, 2009, one of the effects of the change in the authoritative guidance is the reclassification of excess distributions to nonconsolidated interests from other operating expenses beginning January 1, 2009. Also, beginning January 1, 2009, excess losses are reported in noncontrolling interests, rather than as a decrease in SCA's equity. In addition, the revisions in authoritative guidance changed the manner in which we present amounts of and changes in noncontrolling interests in our nonconsolidated affiliates. In the future, it will also change the manner in which we report the loss of control or deconsolidation of a subsidiary. See Note 3, *Summary of Significant Accounting Policies--Reclassifications*, and Note 9, *Noncontrolling Interests*, for further discussion.

Disclosures about Derivative Instruments and Hedging Activities. In March 2008, the authoritative guidance for derivatives and hedging instruments was revised, which is intended to help investors better understand how derivative instruments and hedging activities affect an entity's financial position, operations, and cash flows through enhanced disclosure requirements. These revisions were adopted by the Company on January 1, 2009. As of December 31, 2009, we maintained only one type of derivative instrument. See Note 8, *Long Term Debt*, and Note 10, *Fair Value of Financial Instruments*, for the disclosures required under the revised authoritative guidance.

Determination of Useful Life of Intangible Assets. In April 2008, the authoritative guidance for intangible assets was revised to change the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset. The intent is to improve the consistency between the useful life of a recognized intangible asset and the period of expected cash flows used to measure the fair value of the asset. The revisions were adopted by the Company on January 1, 2009 for interim and annual reports issued for fiscal periods beginning on or after January 1, 2009. The guidance for determining the useful life of a recognized intangible asset has been applied prospectively to intangible assets acquired after the effective date. Any impact in regards to the determination of the useful life of a recognized intangible asset would only affect intangible asset acquisitions made by the Company beginning January 1, 2009. There were no material additions of intangible assets during the year ended December 31, 2009, other than additions related to the Oklahoma acquisition described in Note 2, *Purchase Transactions*. Additional disclosure requirements of the authoritative guidance have been applied prospectively to all intangible assets recognized as of, and subsequent to, the effective date. There were no material changes in our disclosures of intangible assets. For additional information regarding our intangible assets, see Note 3, *Summary of Significant Accounting Policies—Goodwill and Other Intangible Assets* and Note 6, *Goodwill and Other Intangible Assets*.

Interim Disclosures about Fair Value of Financial Instruments. In April 2009, the authoritative guidance was revised for the disclosures about fair value of financial instruments to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. See Note 10, *Fair Value of Financial Instruments*, for disclosures required under the revised authoritative guidance.

Accounting for Assets Acquired and Liabilities Assumed in a Business Combination that Arise from Contingencies. In April 2009, the authoritative guidance for business combinations was revised to address application issues on initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. This authoritative guidance applies to any business combinations for which the acquisition date is on or after January 1, 2009 and where assets acquired or liabilities assumed arise from contingencies. Any adjustments to initial measurements of the fair value of assets and liabilities arising from contingencies in a business combination after the acquisition date are required to be recorded through current earnings. Any future adjustments to initial measurements could have a material impact on the consolidated financial statements.

Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly. In April 2009, the authoritative guidance related to fair value was revised to clarify factors to be considered in determining whether there has been a significant decrease in market activity for an asset in relation to normal activity. The literature provides additional guidance on when the use of multiple (or different) valuation techniques may be warranted and considerations for determining the weight that should be applied to the various techniques. The literature also establishes a requirement that conclusions about whether transactions are orderly be based on the weight of the evidence. Entities are required to disclose any changes to valuation techniques (and related inputs) that result from a conclusion that markets are not orderly and to disclose the effect of the change, if practicable. SCA implemented the revised authoritative guidance on April 1, 2009, which did not have a material impact on the Company's financial position, results of operations or cash flows.

Subsequent Events. In May 2009, the authoritative guidance for the disclosure of subsequent events was revised, which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Company implemented the revised authoritative guidance on June 30, 2009 and it did not have a material impact on the Company's consolidated financial statements.

Consolidation of Variable Interest Entities. In June 2009, the authoritative guidance for the consolidation of variable interest entities was revised, which changes how a reporting entity determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar) interests should be consolidated. The determination of whether a reporting entity is required to consolidate another entity is based on, among other things, the other entity's purpose and design and the reporting entity's ability to direct the activities that most significantly impact the other entity's economic performance. The guidance revisions also require a number of additional disclosures about an entity's involvement with variable interest entities and any significant changes in risk exposure due to that involvement. The authoritative guidance revisions apply to the Company beginning on January 1, 2010. The Company is currently evaluating what impact these changes to the authoritative guidance will have on its consolidated financial statements and disclosures.

FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles. In June 2009, the FASB established the FASB Accounting Standards Codification to become the source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC are also sources of U.S. GAAP for SEC registrants. This source of authoritative guidance was effective for financial statements issued for interim and annual periods ending after September 15, 2009. The implementation of the new source of authoritative guidance did not have any material impact on our consolidated financial statements.

Measuring Liabilities at Fair Value. In August 2009, the authoritative guidance on measuring the fair value of liabilities was revised to clarify that a quoted price in an active market for the identical liability is a Level 1 measurement for that liability when no adjustment to the quoted price is required. In the absence of a Level 1 measurement, an entity must use one or more of the valuation techniques prescribed by the guidance to estimate fair value (in a manner consistent with the principles in the authoritative guidance). The valuation techniques use (a) the quoted price of either the identical liability when traded as an asset, similar liabilities, or similar liabilities when traded as assets or (b) another valuation technique that is consistent with the principles in the authoritative guidance (e.g., a market approach or an income approach), including a technique either based on the amount an entity would pay to transfer the identical liability or the amount an entity would receive to enter into an identical liability. The Company implemented the revised authoritative guidance on September 30, 2009, which did not have a material impact on the Company's consolidated financial statements.

We do not believe any other recently issued, but not yet effective, revisions to authoritative guidance will have a material effect on our consolidated financial position, results of operations, or cash flows.

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following (in thousands):

	As of December 31	
	2009	2008
Patient accounts receivable	$ 87,225	$ 83,844
Less: Allowance for doubtful accounts	(5,896)	(6,491)
Accounts receivable, net	$ 81,329	$ 77,353

The following is the activity related to our allowance for doubtful accounts (in thousands):

	Year Ended December 31 2009 (Successor)	Year Ended December 31 2008 (Successor)	Period June 30 – December 31 2007 (Successor)	Period January 1 – June 29 2007 (Predecessor)
Balance at Beginning of Period	$ 6,491	$ 5,842	$ 0	$ 9,716
Provision for Doubtful Accounts	19,401	15,786	5,892	6,021
Deductions and Accounts Written Off	(19,996)	(15,137)	(50)	(8,225)
Balance at End of Period	$ 5,896	$ 6,491	$ 5,842	$ 7,512

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following (in thousands):

	As of December 31 2009	2008
Land	$ 24,937	$ 23,137
Buildings	47,686	46,031
Leasehold improvements	38,188	35,273
Furniture, fixtures, and equipment	126,417	105,780
	237,228	210,221
Less: Accumulated depreciation and amortization	(51,048)	(29,502)
	186,180	180,719
Construction in progress	10,940	10,667
Property and equipment, net	$ 197,120	$ 191,386

The amount of fully depreciated assets, depreciation expense, amortization expense and accumulated amortization relating to assets under capital lease obligations, and rent expense under operating leases is as follows (in thousands):

	Year Ended December 31 2009 (Successor)	Year Ended December 31 2008 (Successor)	Period June 30 – December 31 2007 (Successor)	Period January 1 – June 29 2007 (Predecessor)
Depreciation expense	$ 28,137	$ 23,643	$ 12,017	$ 12,407
Assets under capital lease obligations:				
Buildings	$ 14,059	$ 11,282	$ 10,157	$ 20,033
Equipment	2,318	309	144	553
	16,377	11,591	10,301	20,586
Accumulated amortization	(4,865)	(2,946)	(270)	(9,943)
Assets under capital lease obligations, net	$ 11,512	$ 8,645	$ 10,031	$ 10,643
Amortization expense	$ 2,031	$ 1,776	$ 668	$ 699
Rent expense:				
Minimum rent payments	$ 24,962	$ 23,621	$ 11,336	$ 10,245
Contingent and other rents	5,505	15,143	6,676	6,719
Total rent expense	$ 30,467	$ 38,764	$ 18,012	$ 16,964

Leases

We lease certain land, buildings and equipment under non-cancelable operating leases expiring at various dates through 2022. We also lease certain buildings and equipment under capital leases expiring at various dates through 2023. Operating leases generally have 1 to 22 year terms, with one or more renewal options, with terms to be negotiated at the time of renewal. Various facility leases include provisions for rent escalation to recognize increased operating costs or require us to pay certain maintenance and utility costs. Contingent rents are included in rent expense in the year incurred. Some facilities are subleased to other parties. Rental income from subleases approximated $1.2 million, $1.4 million, $0.9 million, and $0.7 million for the Successor years ended December 31, 2009 and December 31, 2008, the Successor period of June 30, 2007 to December 31, 2007, and the Predecessor period of January 1, 2007 to June 29, 2007, respectively. Certain leases contain annual escalation clauses based on changes in the Consumer Price Index while others have fixed escalation terms. The excess of cumulative rent expense (recognized on a straight-line basis) over cumulative rent payments made on leases with fixed escalation terms is recognized as straight-line rental accrual and is included in *Other long-term liabilities* in the accompanying combined balance sheets.

Our ASCs, as well as our four surgical hospitals, lease land, buildings and equipment, with most leases being for periods of 3 to 10 years. Additionally, the lease for our principal executive offices, which commenced on March 1, 2008, is for an initial term of five years.

Future minimum lease payments at December 31, 2009 for those leases of SCA and its subsidiaries having an initial or remaining non-cancelable lease term of one year or more are as follows (in thousands):

Year ending December 31,	Operating Leases	Capital Lease Obligations	Total
2010	$ 22,262	$ 3,737	$ 25,999
2011	18,848	3,442	22,290
2012	15,625	3,410	19,035
2013	11,769	3,134	14,903
2014	9,196	2,638	11,834
2015 and thereafter	25,554	5,630	31,184
	$ 103,254	21,991	$ 125,245
Less: interest portion		(5,674)	
Obligations under capital leases		$ 16,317	

Obligations Under Lease Guarantees

In conjunction with the sale of certain surgery centers in prior years, the Predecessor assigned the leases of certain properties to certain purchasers and, as a condition of the lease, agreed to act as a guarantor of the purchaser's performance on the lease. Should the purchaser fail to pay the rent due on these leases, the lessor would have contractual recourse against the Company. We have not recorded a liability for these guarantees, as we do not believe it is probable we will have to perform under these agreements.

The Company has not recorded a liability for these guarantees, as it does not believe it is probable it will have to perform under these agreements. If the Company is required to perform under these guarantees, it could potentially have recourse against the purchaser for recovery of any amounts paid. These guarantees are not secured by any assets under the leases. As of December 31, 2009, the Company has not been required to perform under any such lease guarantees.

Impairment of Long-Lived Assets

During 2009, 2008, and 2007, we examined our long-lived assets for impairment due to facility closings and facilities experiencing negative cash flow from operations. Based on this review, we recorded an impairment charge of approximately $1.0 million, $2.6 million and $0.1 million for the years ended December 31, 2009 and December 31, 2008 and for the period June 30, 2007 to December 31, 2007 (Successor), respectively. There were no impairment charges for the period January 1, 2007 to June 29, 2007 (Predecessor). For all periods presented, the fair value of the impaired long-lived assets at our facilities was determined primarily based on the assets' estimated fair value using valuation techniques that included discounted future cash flows.

6. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill represents the unallocated excess amount of purchase price over the fair value of identifiable assets and liabilities acquired in business combinations. Other definite-lived intangibles consist primarily of certificates of need, licenses, noncompete agreements, and management agreements.

The following table shows changes in the carrying amount of goodwill for the years ended December 31, 2009 and December 31, 2008 (in thousands):

	Year Ended December 31 2009	Year Ended December 31 2008
Balance at beginning of period	$ 659,893	$ 642,155
Purchase transaction goodwill (Note 2)	-	8,780
Acquisitions (Note 2)	17,049	5,438
Acquisition of equity interests in joint venture entities	-	1,501
Conversion of equity method facilities to consolidated facilities	-	5,206
Goodwill attributable to closure/sale of surgery center	-	(3,187)
Other	131	-
Balance at end of period	$ 677,073	$ 659,893

We performed impairment reviews as required by authoritative guidance as of October 1, 2009 and 2008, and concluded that no goodwill impairment existed.

The following table provides information regarding our other intangible assets (in thousands):

	As of December 31 2009	As of December 31 2008
Certificates of need		
Gross carrying amount	$ 24,537	$ 24,483
Accumulated amortization	4,123	2,453
Net	$ 20,414	$ 22,030
Management agreements		
Gross carrying amount	$ 35,936	$ 35,936
Accumulated amortization	5,539	3,107
Net	$ 30,397	$ 32,829
Licenses		
Gross carrying amount	$ 10,083	$ 9,651
Accumulated amortization	1,654	906
Net	$ 8,429	$ 8,745
Noncompete agreements		
Gross carrying amount	$ 2,679	$ 14,334
Accumulated amortization	516	9,591
Net	$ 2,163	$ 4,743
Favorable lease obligations		
Gross carrying amount	$ 1,403	$ 1,489
Accumulated amortization	732	542
Net	$ 671	$ 947
Total intangible assets		
Gross carrying amount	$ 74,638	$ 85,893
Accumulated amortization	12,564	16,599
Net	$ 62,074	$ 69,294

During 2009, 2008, and 2007, we examined our intangible assets for impairment due to facility closings and facilities experiencing negative cash flow from operations. In all periods presented, no impairment charge was deemed necessary for intangible assets.

Amortization expense for other intangible assets is as follows (in thousands):

	Year Ended December 31 2009 (Successor)	Year Ended December 31 2008 (Successor)	Period June 30 – December 31 2007 (Successor)	Period January 1 – June 29 2007 (Predecessor)
Amortization expense	$ 8,590	$ 11,627	$ 5,668	$ 291

Total estimated amortization expense for our other intangible assets for the next five years is as follows (in thousands):

Year ending December 31,	Estimated Amortization Expense
2010	$ 5,914
2011	5,685
2012	5,172
2013	4,905
2014	4,706

7. INVESTMENT IN AND ADVANCES TO NONCONSOLIDATED AFFILIATES

As of December 31, 2009, *Investment in and advances to nonconsolidated affiliates* represents SCA's investment in 19 partially owned entities, most of which are general or limited partnerships, limited liability companies, or joint ventures in which SCA or one of our subsidiaries is a general or limited partner, managing member, member, or venturer, as applicable. We do not control these affiliates, but have the ability to exercise significant influence over the operating and financial policies of certain of these affiliates. Our ownership percentage in these affiliates generally ranged from 20% to 51% as of December 31, 2009. Our investment in these affiliates is an integral part of our operations.

Effective October 1, 2008, one surgery center transitioned to being an equity method investment from a consolidated affiliate and two surgery centers transitioned into consolidated affiliates from equity method investments as a result of changes of control of these entities.

During 2009 and 2008, we recorded impairment charges related to our investment in certain of our nonconsolidated affiliates in conjunction with our quarterly impairment review, based upon operating performance trends, of $6.1 million and $0.7 million, respectively. These impairments are included in *Equity in net income of nonconsolidated affiliate.*

During 2009, a $3.1 million impairment charge related to our investment in another of our nonconsolidated affiliates was recorded due to the settlement of a legal dispute with the physician partners, which resulted in SCA accepting a purchase price for our ownership units in that facility lower than our recorded investment. This impairment is included in *Interest income and other income.*

In determining whether an impairment charge is necessary on a particular investment, we consider all available information, including the recoverability of the investment, the earnings and near-term prospects of the affiliate, factors related to the industry, conditions of the affiliate, and our ability, if any, to influence the management of the affiliate. We assess fair value based on valuation methodologies, including discounted cash flows, estimates of sales proceeds and external appraisals, as appropriate.

We account for investments in nonconsolidated affiliates primarily using the equity method of accounting. Our investments consist of the following (in thousands):

	As of December 31	
	2009	2008
Investment in and advances to nonconsolidated affiliates:		
Beginning balance	$ 74,949	$ 76,825
Change in purchase price allocation (Note 2)	0	4,156
Capital contributions, loans, and advances	0	47
Share of income	14,768	12,075
Share of distributions	(13,817)	(12,729)
Adjustments for negative equity	0	112
Conversion to/from investments in nonconsolidated affiliates	0	(3,720)
Impairment of investments in nonconsolidated affiliates	(9,200)	(733)
Sale/closure of investments in nonconsolidated affiliates	(1,730)	(1,247)
Other	249	163
Total investment in and advances to nonconsolidated affiliates	$ 65,219	$ 74,949

The following summarizes the combined assets, liabilities, and equity of our nonconsolidated affiliates (on a 100% basis, in thousands):

	As of December 31 2009	2008
Assets		
Current	$ 44,097	$ 39,089
Noncurrent	106,105	112,243
Total assets	$ 150,202	$ 151,332
Liabilities		
Current	$ 10,819	$ 13,597
Noncurrent	12,289	12,771
Partners' capital and shareholders' equity		
SCA	65,219	74,949
Outside parties	61,875	50,015
	$ 150,202	$ 151,332

The following summarizes the combined results of operations of our nonconsolidated affiliates (on a 100% basis, in thousands):

	Year Ended December 31 2009 (Successor)	Year Ended December 31 2008 (Successor)	Period June 30 – December 31 2007 (Successor)	Period January 1 – June 29 2007 (Predecessor)
Net operating revenues	$ 163,278	$ 156,698	$ 63,249	$ 56,271
Operating expenses	(122,510)	(121,999)	(51,171)	(41,683)
Income from continuing operations	$ 40,768	$ 34,699	$ 12,078	$ 14,588
Net income	$ 38,385	$ 32,457	$ 12,071	$ 14,304

8. LONG TERM DEBT

Our long-term debt outstanding consists of the following (in thousands):

	As of December 31 2009	2008
Advances under $125.0 million revolving credit facility due 2013	$ -	$ 44,000
Term loan facility	346,125	349,675
Bonds payable		
9.625% Senior PIK-election Notes due 2015	157,219	150,000
10.0% Senior Subordinated Notes due 2017	150,000	150,000
Notes payable to banks and others	8,490	1,924
Capital lease obligations	16,317	13,902
	678,151	709,501
Less: Current portion	(6,734)	(5,301)
Long-term debt, net of current portion	$ 671,417	$ 704,200

The following chart shows scheduled principal payments due on long-term debt for the next five years and thereafter (in thousands):

Year Ending December 31	
2010	$ 6,734
2011	8,330
2012	6,774
2013	6,709
2014	334,801
Thereafter	314,803
Total	$ 678,151

The following table provides information regarding our total *Interest expense* presented in our consolidated statements of operations for both continuing and discontinued operations (in thousands):

	Year Ended December 31 2009 (Successor)	Year Ended December 31 2008 (Successor)	Period June 30 – December31 2007 (Successor)	Period January 1 – June 29 2007 (Predecessor)
Continuing operations:				
Interest expense	$ 51,307	$ 54,695	$ 29,026	$ 2,242
Amortization of bond issue costs	2,544	2,584	1,276	0
Total interest expense and amortization of bond issue costs for continuing operations	53,851	57,279	30,302	2,242
Discontinued operations:				
Interest expense	6	83	303	1,037
Total interest expense for discontinued operations	6	83	303	1,037
Total interest expense and amortization of bond Issue costs	$ 53,857	$ 57,362	$ 30,605	$ 3,279

Capital Lease Obligations

We engage in a significant number of leasing transactions, including real estate, medical equipment, computer equipment, and other equipment utilized in operations. Certain leases that meet the lease capitalization criteria in accordance with authoritative guidance have been recorded as an asset and liability at the net present value of the minimum lease payments at the inception of the lease. Interest rates used in computing the net present value of the lease payments generally range from 2.3% to 10.1% based on the incremental borrowing rate at the inception of the lease. Our leasing transactions include arrangements for equipment with major equipment finance companies and manufacturers who retain ownership of the equipment during the term of the lease, and with a variety of both small and large real estate owners.

As discussed in Notes 1 and 2, ASC Acquisition acquired the Company on June 29, 2007. The acquisition was partially financed with new borrowings as described below.

Senior Secured Credit Facility

The senior secured credit facility ("Credit Facility") provides for borrowings of up to $480.0 million, consisting of (a) a $125.0 million revolving credit facility that matures on June 28, 2013, including a $50.0 million letter of credit sub-facility and a $25.0 million swing-line loan sub-facility; and (b) a $355.0 million term loan facility that matures on December 29, 2014. In addition, the Company may request additional tranches of the term loans or additional commitments to the revolving credit facility in an aggregate amount not to exceed $100.0 million, subject to certain conditions.

The revolving credit facility bears interest at a base rate or at LIBOR, as elected by the Company, plus a margin of between 0.75% and 1.25% per annum for base rate loans or between 1.75% and 2.0% per annum for LIBOR loans. Additionally, the Company pays quarterly commitment fees of between 0.375% and 0.50% on the daily-unused commitment of the revolving credit facility. The Company also pays a quarterly participation fee of 2.0% per annum related to outstanding letters of credit. At December 31, 2009, the Company had no debt outstanding under the revolving credit facility.

The term loan facility bears interest at a base rate or at LIBOR, as elected by the Company, plus a margin of between 1.00% and 1.25% per annum for base rate loans or between 2.00% and 2.25% for LIBOR loans. The term loan requires principal payments each year in an amount of 1.00% per annum in equal quarterly installments, the first of which was made in September 2007. At December 31, 2009, the Company had $346.1 million of debt outstanding under the term loan facility at an interest rate of 2.25%.

The Credit Facility is guaranteed by ASC Acquisition and certain of the Company's current and future direct 100% owned domestic subsidiaries (the "guarantors"), subject to certain exceptions, and borrowings under the Credit Facility are secured by a first priority security interest in all equity interests of the Company and of each 100% owned domestic subsidiary directly held by the Company or a guarantor. Additionally, the Credit Facility contains various restrictive covenants that, subject to certain exceptions, prohibit us from prepaying certain subordinated indebtedness, including the senior subordinated notes described below. In addition, the Credit Facility generally restricts our and our restricted subsidiaries' ability to, among other things, incur indebtedness or liens, make investments or declare or pay dividends. The Company believes it was in compliance with these covenants as of December 31, 2009. Finally, our credit agreement governing our senior secured credit facilities contains a provision that could require prepayment of a portion of our indebtedness if the Company has excess cash flow, as defined by the agreement.

Senior Subordinated Notes and Senior PIK-election Notes

Also in connection with the Transaction, the Company issued $150.0 million in principal amount of 10.0% senior subordinated notes due in 2017 and $150.0 million in principal amount of 8.875% / 9.625% senior PIK-election notes due in 2015 (together, the "Notes"). Interest on the Notes is payable on January 15 and July 15 of each year, commencing on January 15, 2008. All interest payments on the senior subordinated notes and the initial interest payment on the senior PIK-election notes are payable in cash. For any interest period after January 15, 2008 through July 15, 2012, the Company may pay interest on the senior PIK-election notes (a) in cash, (b) by increasing the principal amount of the outstanding senior PIK-election notes or by issuing payment-in-kind notes ("PIK Interest"); or (c) by paying interest on half the principal amount of the senior PIK-election notes in cash and half in PIK Interest. PIK Interest is paid at 9.625% and cash interest is paid at 8.875% per annum. The Notes are unsecured senior subordinated obligations of the Company; however, the Notes are guaranteed by certain of the Company's current and future direct 100% owned domestic subsidiaries. Additionally, the indentures pursuant to which the Notes were issued contain various restrictive covenants, including covenants that generally limit the Company's ability and the ability of its restricted subsidiaries to borrow money or guarantee other indebtedness, incur liens, make certain investments, sell assets, or pay dividends. The Company believes it was in compliance with these covenants as of December 31, 2009.

SCA elected to pay PIK Interest with respect to the interest payment for the six-month period beginning January 16, 2009 and ending July 15, 2009 on the senior PIK-election notes as part of its cash management strategy in light of conditions in the credit markets at that time. With respect to the interest due on such notes on the July 15, 2009 interest payment date, SCA made such interest payment by paying in kind at the PIK interest rate of 9.625% instead of paying interest in cash at 8.875%. As a result, the aggregate principal amount of senior PIK-election notes increased from \$150.0 million to \$157.2 million effective July 15, 2009. SCA elected to continue to pay PIK interest (at the PIK interest rate of 9.625%) with respect to the interest payment on its senior PIK-election notes for the six-month interest period ending January 15, 2010 as part of its cash management strategy. The accrual of PIK interest is recorded in the condensed consolidated balance sheets as *Other long-term liabilities* until the applicable interest payment date, at which time the PIK interest payment amount is transferred to *Long-term debt, net of current portion*. The amount of PIK interest included in *Other long-term liabilities* at December 31, 2009 is \$7.0 million.

Interest Rate Swaps

The Company utilizes an interest rate risk management strategy that incorporates the use of derivative financial instruments to limit its exposure to interest rate risk. On September 28, 2007, we entered into interest rate swaps to hedge the interest rate risk on \$250.0 million of the then \$355.0 million outstanding under our senior secured term loan facility. Interest rate swaps with notional amounts of \$25.0 million and \$50.0 million expired on September 30, 2008 and 2009, respectively. The Company entered into an additional interest rate swap with a notional amount of \$140.0 million on September 30, 2009. Terms of this additional interest rate swap are consistent with the other swaps previously entered into by the Company. At December 31, 2009, interest rate swaps on \$315.0 million of the \$346.1 million term loan debt remained outstanding. The principal amount of the swaps will continue to decrease annually on September 30 of each year through 2013. The swaps are "receive floating/pay fixed" instruments that define a fixed rate of interest on the hedged debt that the Company will pay.

The authoritative guidance for derivatives and hedging instruments requires that all derivative instruments be recognized on the balance sheet at fair value. At inception, the fair values of the hedging instruments were zero based on the matching of the critical terms of the hedging instrument and the hedged item. In subsequent reporting periods, the fair value of these interest rate swaps is recorded in the Company's condensed consolidated balance sheets, either in *Other current liabilities* and *Other long-term liabilities* or *Other current assets* and *Other long-term assets*, depending on the fair value (or changes in the fair value) of the swaps, with an offsetting adjustment reported as a component of other comprehensive income. At December 31, 2009 and 2008, a liability of \$10.9 million and \$14.1 million, respectively, was recorded on the condensed consolidated balance sheet based on the fair value of the hedging instruments, and was included in *Other current liabilities* and *Other long-term liabilities*. During the year ended December 31, 2009, the fair value of the swaps increased, resulting in a \$2.7 million decrease in *Other long-term liabilities*, with a corresponding increase in *Other comprehensive income*. During the year ended December 31, 2008, the fair value of the swaps decreased, resulting in an \$8.6 million increase in *Other long-term liabilities*, with a corresponding increase in *Other comprehensive income*. Also included in *Other comprehensive income* is \$0.5 million, which represents the fair value of the interest rate swap which expired on September 28, 2009 and which will be amortized into *Interest expense* as additional principal payments on the hedged debt are made.

The accounting for changes in fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, a company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge or a hedge related to foreign currency exposure. The Company has designated its interest rate swaps as a cash flow hedge, and the effectiveness of the Company's hedge relationship is assessed on a quarterly basis.

Credit risk occurs when a counterparty to a derivative instrument fails to perform according to the terms of the agreement. Derivative instruments expose the Company to credit risk and could result in material changes from period to period. The Company minimizes its credit risk by entering into transactions with highly rated counterparties. In addition, at least quarterly, the Company evaluates its exposure to counterparties who have experienced or may likely experience significant threats to their ability to perform according to the terms of the derivative agreements to which we are a party. We have completed this review of the financial strength of the counterparty to our interest rate swaps using publicly available information, as well as qualitative inputs, as of December 31, 2009. Based on this review, we do not believe there is a significant counterparty credit risk associated with these derivative instruments. However, no assurances can be provided regarding our potential exposure to counterparty credit risk in the future.

9. NONCONTROLLING INTERESTS

The following table shows the breakout of net loss attributable to SCA between continuing operations and discontinued operations:

	Year Ended December 31 2009 (Successor)	Year Ended December 31 2008 (Successor)	Period June 30 – December 31 2007 (Successor)	Period January 1 – June 29 2007 (Predecessor)
		As Adjusted (Note 3)	As Adjusted (Note 3)	As Adjusted (Note 3)
Net (loss) income from continuing operations, net of tax, attributable to SCA	$ (23,115)	$ (54,145)	$ (26,459)	$ 26,546
Net loss from discontinued operations, net of tax, attributable to SCA	(2,641)	(3,083)	(2,593)	(5,873)
Net (loss) income, net of tax, attributable to SCA	$ (25,756)	$ (57,228)	$ (29,052)	$ 20,673

The following table shows the effects of changes to SCA's ownership interest in its subsidiaries on SCA's equity:

	YEAR ENDED DECEMBER 31 2009 (Successor)	YEAR ENDED DECEMBER 31 2008 (Successor)	PERIOD JUNE 30 – DECEMBER 31 2007 (Successor)	PERIOD JANUARY 1 – JUNE 29 2007 (Predecessor)
		As Adjusted (Note 3)	As Adjusted (Note 3)	As Adjusted (Note 3)
Net (loss) income attributable to SCA	$ (25,756)	$ (57,228)	$ (29,052)	$ 20,673
(Decrease) increase in equity due to transfers to noncontrolling interests	(907)	442	1,615	(284)
Decrease in equity due to transfers from noncontrolling interests	(2,209)	(1,552)	(2,162)	(1,031)
Change from net (loss) income attributable to SCA and transfers (to) from noncontrolling interests	$ (28,872)	$ (58,338)	$ (29,599)	$ 19,358

Prior to January 1, 2009, the Company did not attribute losses of an affiliate to the noncontrolling interest in the event that the losses exceeded the noncontrolling interest's carrying amount ("excess losses"). Subsequent to the revisions to authoritative guidance for noncontrolling interests on January 1, 2009, earnings or losses are proportionally allocated to the Company and the noncontrolling interest, even if the allocation of such earnings or losses results in a deficit in the noncontrolling interest's balance. The following table reconciles net loss attributable to SCA as reported to pro forma net loss attributable to SCA as if previous guidance had been followed:

	YEAR ENDED DECEMBER 31 2009
Net loss attributable to SCA, as reported	$ (25,756)
Excess losses attributable to noncontrolling interests	(4,431)
Pro forma net loss attributable to SCA, under previous guidance	$ (30,187)

As further described in Note 3, *Summary of Significant Accounting Policies—Reclassifications*, certain of the Company's noncontrolling interests have industry specific redemption features whereby the Company could be obligated, under the terms of certain of its operating subsidiaries' partnership and operating agreements, to purchase some or all of the noncontrolling interests of the consolidated subsidiaries. As a result, these noncontrolling interests are not included as part of the Company's equity and are carried as noncontrolling interests-redeemable on the Company's consolidated balance sheet.

The activity relating to the Company's noncontrolling interests—redeemable is summarized below:

	YEAR ENDED DECEMBER 31 2009 (Successor)	YEAR ENDED DECEMBER 31 2008 (Successor)	PERIOD JUNE 30 - DECEMBER 31 2007 (Successor)
Balance at Beginning of Period (As Adjusted—Note 3)	$ 25,384	$ 23,151	$ 28,080
Net income attributable to noncontrolling interests-redeemable	26,867	25,316	9,614
Net change related to purchase/sale of ownership interests-redeemable	214	(37)	406
Contributions from noncontrolling interests	22	21	0
Change in distribution accrual	(1,235)	(270)	(3,364)
Distributions to noncontrolling interests-redeemable	(25,358)	(22,797)	(11,585)
Balance at End of Period	$ 25,894	$ 25,384	$ 23,151

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

On January 1, 2008, the Company applied the authoritative guidance required for fair value of financial instruments, which established a framework for measuring fair value in U.S. GAAP and expanded disclosures about fair value measurements. Additionally, it clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. In April 2009, the authoritative guidance was revised to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements.

As a basis for considering assumptions, the authoritative guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1 – Observable inputs such as quoted prices in active markets;
- Level 2 – Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets and liabilities measured at fair value are based on one or more of three valuation techniques, as follows:

- Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- Cost approach – Amount that would be required to replace the service capacity of an asset (i.e., replacement cost); and
- Income approach – Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

On a recurring basis, we are required to measure our interest rate swaps at fair value. The fair value of our interest rate swaps is derived from models based upon well recognized financial principles and reasonable estimates about relevant future market conditions and calculations of the present value of future cash flows and is discounted using market rates of interest. Further, included in the fair value below is approximately $0.4 million and $2.8 million related to the non-performance risk associated with the interest rate swaps at December 31, 2009 and 2008, respectively.

The fair values of our financial liabilities that are measured on a recurring basis are as follows (in millions):

		Fair Value Measurements at Reporting Date Using			
December 31, 2009	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Valuation Technique [1]
Other current liabilities	$ (1.4)	–	$ (1.4)	–	I
Other long-term liabilities	(9.5)	–	(9.5)	–	I
December 31, 2008					
Other current liabilities	$ (1.2)	–	$ (1.2)	–	I
Other long-term liabilities	(12.9)	–	(12.9)	–	I

[1] As discussed above, the authoritative guidance identifies three valuation techniques: market approach (M), cost approach (C), and income approach (I).

Where applicable, on a nonrecurring basis, we are required to measure property and equipment, goodwill, other intangible assets, investments in nonconsolidated affiliates, and assets and liabilities of discontinued operations at fair value. The fair values of our property and equipment and other intangible assets are determined using discounted cash flows and significant unobservable inputs. The fair value of our investments in nonconsolidated affiliates is determined using discounted cash flows or earnings, or market multiples derived from a set of comparables. The fair value of our assets and liabilities of discontinued operations is determined using discounted cash flows and significant unobservable inputs unless there is an offer to purchase such assets and liabilities, which would be the basis for determining fair value. The fair value of our goodwill is determined using discounted cash flows, and, when available and as appropriate, we use comparative market multiples to corroborate discounted cash flow results. Goodwill is tested for impairment as of October 1 of each year, absent any impairment indicators.

Impairment charges of $1.0 million, $2.6 million, and $0.1 million were recorded during the years ended December 31, 2009, and December 31, 2008, and the period June 30, 2007 to December 31, 2007 (Successor), respectively, for intangible and long-lived assets. No impairment charge was recorded for the period January 1, 2007 to June 29, 2007 (Predecessor). Facilities experiencing declining trends of earnings from operations or triggering events, such as the loss of a physician partner or increased local competition, resulted in the impairment charges in each of the periods presented. The fair value of the impaired long-lived assets was determined based on the assets' estimated fair value using valuation techniques that included discounted cash flows and third-party appraisals.

During 2009 and 2008, we recorded impairment charges related to our investments in certain of our nonconsolidated affiliates in conjunction with our quarterly impairment review, based upon operating performance trends, of $6.1 million and $0.7 million, respectively. These impairments are included in *Equity in net income of nonconsolidated affiliate*. In determining whether an impairment charge is necessary on a particular investment, we consider all available information, including the recoverability of the investment, the earnings and near-term prospects of the affiliate, factors related to the industry, conditions of the affiliate, and our ability, if any, to influence the management of the affiliate. We assess fair value based on valuation methodologies, including discounted cash flows, estimates of sales proceeds and external appraisals, as appropriate.

During 2009, a $3.1 million impairment charge related to our investment in another of our nonconsolidated affiliates was recorded due to the settlement of a legal dispute with the physician partners, which resulted in SCA accepting a purchase price for our ownership units in that facility lower than our recorded investment. This impairment is included in *Interest income and other income.*

No impairment charges were recorded on the investment in nonconsolidated affiliates during the periods June 30, 2007 to December 31, 2007 (Successor) or January 1, 2007 to June 29, 2007 (Predecessor).

Assets measured at fair value on a nonrecurring basis are as follows (in millions):

		Fair Value Measurements at Reporting Date Using			Total Losses
2009	Net Carrying Value as of December 31	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Year ended December 31
Investment in and advances to nonconsolidated affiliates	$ 65.2	–	–	$ 65.2	$ 9.2
2008					
Investment in and advances to nonconsolidated affiliates	$ 74.9	–	–	$ 74.9	$ 0.7

The following table presents the carrying amounts and estimated fair values of our financial instruments that are classified as long-term liabilities in our consolidated balance sheets (in thousands). The carrying value equals fair value for our financial instruments that are classified as current in our consolidated balance sheets. The carrying amounts of a portion of our long-term debt approximate fair value due to various characteristics of those issues, including short-term maturities, call features, and rates that are reflective of current market rates. For our long-term debt without such characteristics, we determined the fair market value by using quoted market prices, when available, or discounted cash flows to calculate their fair values.

	As of December 31, 2009		As of December 31, 2008	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Interest rate swap agreements	$ 10,919	$ 10,919	$ 14,082	$ 14,082
Long-term debt:				
Advances under $125.0 million Revolving Credit Facility	-	-	44,000	21,560
Term Loan Facility	346,125	318,435	349,675	187,587
8.875%/9.625% Senior PIK-Election Notes due 2015	157,219	142,283	150,000	88,500
10% Senior Subordinated Notes due 2017	150,000	135,750	150,000	75,000
Notes payable to banks and others	8,490	8,490	1,924	1,924
Financial commitments	0	0	0	0

11. EQUITY-BASED COMPENSATION

Management Equity Incentive Plan

On August 22, 2007, ASC Acquisition adopted a Management Equity Incentive Plan (the "Plan") to promote the interests of the Company and its members by providing the key employees, directors, service providers and consultants of the Company and its affiliates with an appropriate incentive to encourage them to continue in the employ of the Company or affiliate and to improve the growth and profitability of the Company. The Plan allows for the grant of options to purchase up to 21,525,000 membership units of ASC Acquisition. Option awards are generally granted with an exercise price equal to the market price of the Membership Unit at the date of grant. Vesting in the option awards varies where 50% of each option vests in equal amounts on each of the first five anniversaries of the date of grant (the "Time-Based Option"). The remaining 50% of the option (the "Performance Based Option") vests only upon the occurrence of a Liquidity Event (as defined in the Plan) in which the Majority Unit Holder (collectively, TPG Partners V, LP, TPG FOF V-A, LP, TPG FOF V-B, LP and/or their respective affiliates) achieves a minimum cash return on its original investment. Under the terms of the Plan, the Performance Based Option vests 50% if the Majority Unit Holder receives at least 2.0 times its original investment and vests 100% if the Majority Unit Holder receives at least 3.0 times its original investment. Certain provisions of the Plan provide for accelerated vesting of the Time Based Option when a participant is subject to a qualifying termination, as defined within the Plan. Both the Time-Based Options and the Performance Based Options expire 7 years from the date of grant, with the exception of options granted to Andrew Hayek, the Company's Chief Executive Officer, which expire 10 years from the date of grant.

The fair value of each award is estimated on the date of grant utilizing two methodologies. For the Time Based Options, the Company estimates the fair value of the grant utilizing the Black-Scholes-Merton model that utilizes the assumptions shown in the table below. Expected volatilities are based on observed historical trends in the industry and other factors. The expected term of the options granted represents the period of time that options granted are expected to be outstanding. The risk-free interest rate was based on the time horizon of the expected term and is based on the U.S. Treasury yield curve in effect at the time of the grant. Compensation expense of

$0.3 million, $0.5 million and $0.2 million related to the Time Based Options was recognized during the years ended December 31, 2009 and 2008 and the period June 30, 2007 to December 31, 2007, respectively. As of December 31, 2009, the remaining unrecognized compensation costs related to unvested Time Based Options is $1.5 million and will be recognized on a straight-line basis over the remaining weighted average vesting period of 2.7 years. During the year ended December 31, 2009, 1,210,000 of the Time Based Options vested, of which 80,000 have been forfeited. During the year ended December 31, 2008, 1,057,500 of the Time Based Options vested, of which 112,500 were forfeited during 2008 and 307,500 were forfeited during 2009. None of the Time Based Options vested during the period June 30, 2007 to December 31, 2007.

	YEAR ENDED DECEMBER 31, 2009	YEAR ENDED DECEMBER 31, 2008	PERIOD JUNE 30 - DECEMBER 31, 2007
Expected volatility	44%	36% - 38%	38.30%
Risk-free interest rate	2.6%	2.6% - 3.6%	4.34%
Expected term (years)	4.9 – 5.0	4.5 – 6.4	5.0
Dividend yield	0.00%	0.00%	0.00%

The fair value of the Performance Based Option is based on the application of a Monte Carlo simulation model based on the assumptions shown below. Expected volatilities are based on observed historical trends in the industry and other factors. The expected term of the options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding. The risk-free interest rate was based on the time horizon of the expected term and is based on the U.S. Treasury yield curve in effect at the time of the grant. Compensation expense of $0.3 million, $0.4 million and $0.3 million related to the Performance Based Options was recognized during the years ended December 31, 2009 and 2008 and the period June 30, 2007 to December 31, 2007, respectively. As of December 31, 2009, the remaining unrecognized compensation costs related to unvested Performance Based Options is $1.2 million and will be recognized on a straight-line basis over the remaining weighted average vesting period of 2.6 years. None of the Performance Based Options vested during the years ended December 31, 2009 or 2008 or during the period June 30, 2007 to December 31, 2007.

	YEAR ENDED DECEMBER 31, 2009	YEAR ENDED DECEMBER 31, 2008	PERIOD JUNE 30 - DECEMBER 31, 2007
Expected volatility	38% - 44%	38% - 44%	43.00%
Risk-free interest rate	3.2% - 3.3%	2.6% - 3.6%	4.46%
Expected term (years)	3.66 – 4.15	3.41 – 3.94	3.5
Dividend yield	0.00%	0.00%	0.00%

A summary of option activity under the Plan as of December 31, 2009, and changes during the year ended December 31, 2009 are presented below:

	Units (In 000's)	Weighted-Average Exercise Price	Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding, December 31, 2008	14,150	$1.00	4.6 – 8.6	0
Granted	1,478	$1.04	6.6 – 7.0	0
Exercised	0	n/a		
Forfeitures	3,050	$1.00	4.6 – 5.0	0
Cancellations	0	n/a		
Expirations	0	n/a		
Outstanding, December 31, 2009	12,578	$1.00	4.6 – 8.6	0
Exercisable, December 31, 2009	1,768			0

A summary of option activity under the Plan as of December 31, 2008, and changes during the year ended December 31, 2008 are presented below:

	Units (in 000's)	Weighted-Average Exercise Price	Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding, December 31, 2007	16,245	$1.00	5.7 – 6.6	0
Granted	5,025	$1.00	6.6 – 9.6	0
Exercised	0	n/a		
Forfeitures	7,120	$1.00	5.6 – 6.6	0
Cancellations	0	n/a		
Expirations	0	n/a		
Outstanding, December 31, 2008	14,150	$1.00	5.7 – 9.6	0
Exercisable, December 31, 2008	945			0

The weighted average grant-date fair value per option of all options granted during the year ended December 31, 2009 was $0.251. The weighted average grant-date fair value per option of all options granted during the year ended December 31, 2008 was $0.360. The weighted average grant-date fair value per option of all options granted during the period June 30, 2007 through December 31, 2007 was $0.376.

Directors and Consultants Equity Incentive Plan

On June 24, 2008, ASC Acquisition adopted a Directors and Consultants Equity Incentive Plan (the "Directors Plan") to promote the interests of ASC Acquisition and its members by providing the key directors and consultants of the Company and its affiliates with an appropriate incentive to encourage them to continue to provide services to the Company or any of its affiliates and to improve the growth and profitability of the Company. The Directors Plan allows for the grant of options to purchase up to 5,000,000 membership units of ASC Acquisition. Option awards are generally granted with an exercise price equal to the fair market value of the Membership Unit at the date of grant. Options granted to three directors on June 24, 2008 as payment for service on the Company's Board vested on June 29, 2008, while options granted to three directors on June 24, 2008 as compensation for consulting services vest according to the following schedule: 33.3% on June 29, 2007, 22.2% on June 29, 2008, 22.2% on June 29, 2009, and 22.3% on June 29, 2010. Options granted to three directors on September 9, 2008 and July 23, 2009, respectively, as payment for service on the Company's Board vested on June 29, 2009 and June 29, 2010, respectively. Options granted under the Directors Plan become exercisable only upon the occurrence of a Liquidity Event (as defined in the Directors Plan) in which the Majority Unit

Holder (collectively, TPG Partners V, LP, TPG FOF V-A, LP, TPG FOF V-B, LP and/or their respective affiliates) achieves a minimum cash return on its original investment. Certain provisions of the Directors Plan provide for accelerated vesting when a participant is subject to a qualifying termination, as defined within the Directors Plan. The options expire 7 years from the date of grant.

The fair value of the options granted under the Directors Plan during 2009 and 2008 were estimated on the date of grant utilizing a Monte Carlo simulation model based on the assumptions shown below. Expected volatilities are based on observed historical trends in the industry and other factors. The expected term of the options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding. The risk free rate was based on the time horizon of the expected term and is based on the U.S. Treasury yield curve in effect at the time of the grant. Director and consultant fee expense of $0.3 million and $0.8 million related to the options granted under the Directors Plan was recognized during 2009 and 2008, respectively. As of December 31, 2009, the remaining unrecognized expense related to unvested options under the Directors Plan is $0.1 million and will be recognized on a straight-line basis over the remaining weighted average vesting period.

	Year Ended December 31, 2009	Year Ended December 31, 2008
Expected volatility	38% - 44%	39%
Risk-free interest rate	3.2% - 3.3%	3.76%
Expected life (years)	3.62 – 3.70	3.5 – 4.16
Dividend yield	0.00%	0.00%

A summary of option activity under the Directors Plan during 2009 is presented below:

	Units (In 000's)	Weighted-Average Exercise Price	Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding, December 31, 2008	3,250	$1.00	5.5 – 6.6	$ 0
Granted	706	$1.02	5.7 – 6.6	$ 0
Exercised	0	n/a		
Forfeitures	0	n/a		
Cancellations	0	n/a		
Expirations	0	n/a		
Outstanding, December 31, 2009	3,956	$1.00	5.5 – 6.6	$ 0
Exercisable, December 31, 2009	0			$ 0

A summary of option activity under the Directors Plan during 2008 is presented below:

	Units (In 000's)	Weighted-Average Exercise Price	Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding, December 31, 2007	0	n/a		
Granted	3,250	$1.00	6.5	$ 0
Exercised	0	n/a		
Forfeitures	0	n/a		
Cancellations	0	n/a		
Expirations	0	n/a		
Outstanding, December 31, 2008	3,250	$1.00	6.5	$ 0
Exercisable, December 31, 2008	0			$ 0

The weighted average grant-date fair value per option of all options granted during the year ended December 31, 2009 and 2008 under the Directors Plan was $0.275 and $0.310, respectively.

Restricted Equity Units

On July 24, 2008, ASC Acquisition entered into a Restricted Equity Unit Grant Agreement (the "Agreement") with the Chief Executive Officer of SCA (the "Grantee") to promote the interests of ASC Acquisition and its members by providing the Chief Executive Officer of the Company and its affiliates with an appropriate incentive to encourage him to continue to provide services to the Company or any of its affiliates and to improve the growth and profitability of the Company. The Agreement grants to the Grantee the right to receive 700,000 membership units of ASC Acquisition ("Restricted Equity Units"). Each Restricted Equity Unit represents the right to receive one membership unit of ASC Acquisition. The date of grant of the Restricted Equity Units was July 24, 2008, and the Restricted Equity Units vest 20% on each of the first five anniversaries of the date of grant, subject to the Grantee continuing to be employed by the Company or any of its subsidiaries on each such Vesting Date. As of December 31, 2009, 140,000 Restricted Equity Units have vested. Vested Restricted Equity Units shall be settled on the earlier of the termination of the Grantee's employment by the Company or any of its affiliates or a change in ownership or effective control of the Company or ASC Acquisition. Any portion of the Restricted Equity Units that is unvested on the date that the Grantee's employment with the Company terminates for any reason shall be forfeited, and the Grantee will cease to have any rights with respect thereto. The Restricted Equity Units expire 10 years from the date of grant.

The grant-date fair value of each Restricted Equity Unit was $1.00. Compensation expense of $0.1 million and $0.06 million related to the Restricted Equity Units was recognized during 2009 and 2008, respectively. As of December 31, 2009, the remaining unrecognized expense related to unvested Restricted Equity Units was $0.5 million and will be recognized on a straight-line basis over the remaining vesting period.

A summary of activity associated with the Restricted Equity Units during 2009 is presented below:

	Units (In 000's)	Grant Date Fair Value per Unit
Nonvested Restricted Equity Units at December 31, 2008	700	$1.00
Granted	0	n/a
Vested	140	$1.00
Forfeited	0	n/a
Nonvested Restricted Equity Units at December 31, 2009	560	$1.00

A summary of activity associated with the Restricted Equity Units during 2008 is presented below:

	Units (In 000's)	Grant Date Fair Value per Unit
Nonvested Restricted Equity Units at December 31, 2007	0	n/a
Granted	700	$1.00
Vested	0	n/a
Forfeited	0	n/a
Nonvested Restricted Equity Units at December 31, 2008	700	$1.00

12. EMPLOYEE BENEFIT PLANS

Predecessor Benefit Plans

HealthSouth provided employee benefit plans, including sponsored healthcare plans and a 401(k) savings plan, to its employees, including Predecessor employees. Additionally, HealthSouth provided a Senior Management Bonus Program, a Key Executive Incentive Program, and a Change in Control Benefits Plan to certain of its employees, including certain Predecessor employees.

Substantially all HealthSouth employees, including Predecessor employees, were eligible to enroll in HealthSouth sponsored healthcare plans, including coverage for medical and dental benefits. HealthSouth's primary healthcare plans were national plans, administered by third-party administrators. HealthSouth was self-insured for these plans.

The HealthSouth Retirement Investment Plan was a qualified 401(k) savings plan. The plan allowed eligible employees, including Predecessor employees, the option to contribute up to 100% of their pay on a pre-tax basis into their individual retirement account in the plan subject to the normal maximum annual limits set by the Internal Revenue Service ("IRS"). During the period January 1, 2007 to June 29, 2007, the Predecessor's employer matching contribution was 50% of the first 4% of each participant's elective deferrals. All contributions to the plan were in the form of cash. Predecessor employees who were at least 21 years of age were eligible to participate in the plan. Predecessor contributions vested over a six-year service period. Participants were immediately fully vested in their own contributions. Predecessor contributions to the HealthSouth Retirement Investment Plan for Predecessor employees for the Predecessor period January 1, 2007 to June 29, 2007 approximated $1.3 million.

In 2007, HealthSouth adopted a Senior Management Bonus Program to reward senior management, including senior management of the Predecessor, for performance based on a combination of corporate goals, divisional or regional goals, and individual goals. The corporate goals were based upon the Predecessor meeting a pre-determined financial goal. The divisional or regional goals were determined in accordance with the specific plans agreed upon within each HealthSouth division and approved by HealthSouth's board of directors as part of its routine budgeting and financial planning process. The individual goals were weighted according to importance and included some objectives common to all eligible persons, as determined by each participant and his or her immediate supervisor. The program applied to certain persons who joined the Predecessor in, or were promoted to, senior management positions. For the Predecessor period January 1, 2007 to June 29, 2007, the Predecessor recorded expense of approximately $0.6 million under the Senior Management Bonus Program.

HealthSouth adopted the HealthSouth Corporation Key Executive Incentive Program on November 15, 2005, of which certain Predecessor employees were participants. The Key Executive Incentive Program was a supplement to the Predecessor's overall compensation program for executives and was intended to provide incentives to key senior executives with equity awards that vest and cash bonuses that were payable, in each case, through January 2009. Payments for the Key Executive Incentive Program were not material to the Predecessor's financial position, results of operations, or cash flows.

Successor Benefit Plans

In connection with the Transaction, SCA established certain employee benefit plans effective July 1, 2007, including the following:

- Company sponsored healthcare plans, including coverage for medical and dental benefits;
- The SCA Retirement Investment Plan, which is a qualified 401(k) savings plan; and
- The Senior Management Bonus Program.

Substantially all SCA employees are eligible to enroll in SCA sponsored healthcare plans, including coverage for medical and dental benefits. Our primary healthcare plans are national plans, administered by third-party administrators, and for which we are self-insured. The cost associated with these plans, net of amounts paid by employees, was approximately $18.9 million, $14.8 million and $10.2 million for the years ended December 31, 2009, December 31, 2008 and for the period June 30, 2007 to December 31, 2007, respectively.

The SCA Retirement Investment Plan is a qualified 401(k) savings plan. The plan allows eligible employees to contribute up to 100% of their pay on a pre-tax basis into their individual retirement account in the plan, subject to the maximum annual limits set by the IRS. SCA's employer matching contribution is 50% of the first 4% of each participant's elective deferrals. All contributions to the plan are in the form of cash. Substantially all employees who are at least 21 years of age are eligible to participate in the plan. Employer contributions vest over a 6-year service period. Participants are immediately fully vested in their own contributions. Employer contributions made to the SCA Retirement Investment Plan approximated $3.3 million, $3.2 million and $1.7 million during the years ended December 31, 2009, December 31, 2008 and the period June 30, 2007 to December 31, 2007, respectively.

SCA has a Senior Management Bonus Program designed to reward senior management for performance, based on a combination of corporate, regional and individual goals. The corporate goals are based upon SCA meeting a pre-determined financial goal. Similarly, regional goals are based upon a pre-determined set of financial goals for the applicable region. The individual goals are determined by each participant with the approval of his or her immediate supervisor. The program applies to persons who join SCA in, or are promoted to, senior management positions. We recorded expense of approximately $5.0 million, $3.8 million and $1.3 million under the Senior

Management Bonus Program for the years ended December 31, 2009 and 2008 and the period June 30, 2007 to December 31, 2007, respectively.

13. INCOME TAXES

The Company is subject to U.S. federal, state, and local income taxes. The *(Loss) Income from continuing operations before income tax expense* is as follows (in thousands):

	Year Ended December 31 2009 (Successor)	Year Ended December 31 2008 (Successor)	Period June 30 – December 31 2007 (Successor)	Period January 1 – June 29 2007 (Predecessor)
Income from continuing operations before income tax expense	$75,561	$48,215	$11,441	$78,199

The significant components of the provision for income taxes related to continuing operations are as follows (in thousands):

	Year Ended December 31 2009 (Successor)	Year Ended December 31 2008 (Successor)	Period June 30 – December 31 2007 (Successor)	Period January 1 – June 29 2007 (Predecessor)
Current:				
Federal	$ -	$ 17	$ 38	$16,682
State and local	604	386	324	3,177
Total current expense (benefit)	604	403	362	19,859
Deferred:				
Federal	11,397	21,658	6,594	(2,448)
State and local	2,433	4,967	1,174	(467)
Total deferred expense (benefit)	13,830	26,625	7,768	(2,915)
Total income tax expense related to continuing operations	$14,434	$27,028	$8,130	$16,944

A reconciliation of differences between the federal income tax at statutory rates and our actual income tax expense on loss from continuing operations, which include federal, state, and other income taxes, is as follows:

	Year Ended December 31 2009 (Successor)	Year Ended December 31 2008 (Successor)	Period June 30 – December 31 2007 (Successor)	Period January 1 – June 29 2007 (Predecessor)
Tax benefit at statutory rate	35.0%	35.0%	35.0%	35.0%
Increase (decrease) in tax rate resulting from:				
Federal income tax assumed by noncontrolling interests	(39.0)	(54.7)	(91.1)	(15.5)
Increase in valuation allowance	22.8	77.5	136.1	0.0
State income taxes, net of federal tax benefit	0.0	(2.2)	(9.1)	2.1
Other, net	0.3	0.5	0.2	0.1
Income tax expense	19.1%	56.1%	71.1%	21.7%

The income tax expense at the statutory rate is the expected income tax expense resulting from the income from continuing operations. Income tax expense, subsequent to the removal of tax expense related to noncontrolling interest income, is greater than the statutory rate for the year ended December 31, 2009, the year ended December 31, 2008, and the six month period ended December 31, 2007, due to a valuation allowance and goodwill amortization related to indefinite-lived intangible assets. After consideration of all evidence, both positive and negative, management concluded that it is more likely than not that the Company will not realize its net deferred tax assets. Therefore, a full valuation allowance has been established on our net deferred tax assets. The deferred tax liability resulting from the goodwill amortization is considered an indefinite-lived intangible and cannot be looked upon as a source of future taxable income to support the realization of deferred tax assets for purposes of establishing a valuation allowance.

Income tax expense is greater than the statutory rate for the six month period ended June 30, 2007 due to state income taxes.

Deferred income taxes recognize the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for income tax purposes and the impact of available net operating loss ("NOL") carryforwards. The significant components of the Company's deferred tax assets and liabilities are as follows (in thousands):

	As of December 31	
	2009	**2008**
CURRENT		
Deferred income tax assets:		
Allowance for doubtful accounts	$ 1,129	$ 1,928
Property, net	0	1,491
Accrued liabilities	3,875	3,375
Valuation allowance	(4,934)	(6,307)
Deferred income tax liabilities:		
Prepaid expenses	(2,169)	(2,385)
Property, net	(376)	0
Other	0	(599)
Net current deferred income tax liability	(2,475)	(2,497)
NON-CURRENT		
Deferred income tax assets:		
Net operating loss	66,088	41,619
Capital loss	15,192	11,133
Other comprehensive income	4,556	5,576
Intangible assets	4,039	5,591
Other	4,876	4,055
Valuation allowance	(93,422)	(63,296)
Deferred income tax liabilities:		
Goodwill	(49,917)	(33,023)
Other	0	(5,992)
Net non-current deferred income tax liability	(48,588)	(34,337)
Total deferred income tax liability	$ (51,063)	$ (36,834)

Authoritative guidance requires that we reduce our deferred income tax assets by a valuation allowance if, based on the weight of the available evidence, it is more likely than not that all or a portion of a deferred tax asset will not be realized. We have established a full valuation allowance against net deferred tax assets other than the deferred tax liability resulting from the goodwill amortization which is considered an indefinite-lived intangible. Based on these conclusions, a valuation allowance of $98.4 million and $69.6 million is necessary as of December 31, 2009 and 2008, respectively. For the year ended December 31, 2009, the net increase in the valuation allowance was $28.8 million.

At December 31, 2009, we had federal NOL carryforwards of approximately $139.1 million. Such losses expire in various amounts at varying times beginning in 2027. These NOL carryforwards are subject to a valuation allowance. At December 31, 2008, we had federal NOL carryforwards of approximately $99.4 million.

The Company has no tax liability for uncertain tax positions as of December 31, 2009 or December 31, 2008.

14. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Certain ASCs owned by the Predecessor were not acquired by the Successor. Additionally, fifteen ASCs have been sold or closed since the formation of the Company on June 29, 2007. During 2009, SCA discontinued operations of one surgery center following management's assessment of limited growth opportunities at this center. These facilities were sold at management's discretion. The assets and liabilities associated with these facilities are reflected in the consolidated balance sheets as of December 31, 2009 and December 31, 2008 as *current assets related to discontinued operations, assets related to discontinued operations, and current liabilities related to discontinued operations.* Additionally, the consolidated and combined statements of operations and cash flows reflect the net loss, net of tax, and the net cash provided by (used in) operating, investing, and financing activities associated with these facilities as discontinued operations

The operating results of discontinued operations are as follows (in thousands):

	Year Ended December 31 2009 (Successor)	Year Ended December 31 2008 (Successor)	Period June 30 – December 31 2007 (Successor)	Period January 1 – June 29 2007 (Predecessor)
Net operating revenues	$ 7,296	$ 15,943	$ 20,727	$ 29,987
Costs and expenses	(9,363)	(14,935)	(22,863)	(36,659)
Impairments	-	(1,975)	(238)	(3,000)
Loss from discontinued operations	(2,067)	(967)	(2,374)	(9,672)
Income tax (expense) benefit	(574)	(2,116)	(219)	3,799
Net loss from discontinued operations	$ (2,641)	$ (3,083)	$ (2,593)	$ (5,873)

The assets and liabilities of discontinued operations consist of the following (in thousands):

	December 31 2009	December 31 2008
Assets		
Current assets		
Accounts receivable, net	$ 358	$ 1,119
Other current assets	168	152
Total current assets	526	1,271
Property and equipment, net	587	2,809
Total assets	$ 1,113	$ 4,080
Liabilities		
Current liabilities		
Accounts payable and other current liabilities	$ 519	$ 612
Total current liabilities	519	612
Total liabilities	$ 519	$ 612

15. RELATED PARTY TRANSACTIONS

The Company paid management fees to TPG Capital, L.P., an affiliate of TPG, the majority owner of our Parent, of $2.0 million during each of the years ended December 31, 2009 and December 31, 2008, respectively.

In 2009 and 2008, certain directors of the Company received options to purchase membership units of ASC Acquisition under the Directors and Consultants Equity Incentive Plan as part of their compensation for service on the Company's Board and for consulting services provided to the Company. Total expense recognized by ASC Acquisition related to these options was $0.3 million and $0.8 million for the years ended December 31, 2009 and 2008, respectively. See Note 11, *Equity-Based Compensation*, for additional information related to this Plan.

Included as *Interest income and other income* in the consolidated statements of operations for the year ended December 31, 2009 is $1.6 million related to the reduction of the settlement accrual for various matters with HealthSouth. This settlement was finalized on July 10, 2009 and the Company received $1.1 million for settlement of these matters.

16. COMMITMENTS AND CONTINGENT LIABILITIES

Legal Proceedings

We operate in a highly regulated and litigious industry. As a result, we expect that various lawsuits, claims and legal and regulatory proceedings may be instituted or asserted against us, including, without limitation, employment-related claims and medical negligence claims. The resolution of any such lawsuits, claims, or legal or regulatory proceedings could materially, adversely affect our results of operations and financial position. Although the outcome of any such litigation or proceedings cannot be predicted, we believe that at the present time there are no pending or threatened lawsuits that are reasonably likely to have a material adverse effect on the financial position, results of operations, or liquidity of the Company.

Predecessor Matters

During the reconstruction and restatement period of HealthSouth's historical financial statements, it was determined that the equity balances of certain of our partners had been historically overstated. During the period January 1, 2007 to June 29, 2007, HealthSouth favorably settled with certain of these partners. The reduction of the equity balances of these partners resulted in the $9.2 million noncash gain included in the line entitled *Government, class action, and related settlements expense* in the Predecessor's combined statement of operations for the period January 1, 2007 to June 29, 2007.

Successor Litigation

The following legal matters were either filed after the Transaction or were matters for which we agreed to take at least some responsibility from HealthSouth under the terms of the Purchase Agreement.

On or about September 19, 2007, David J. Chao, who is a limited partner in Arthroscopic & Laser Surgery Center of San Diego, L.P. (the "Partnership"), which owns our center in Kearny-Mesa, California (the "Center"), filed a lawsuit captioned *David J. Chao v. HealthSouth Corporation, et al.*, in San Diego County, California, Superior Court against HealthSouth, the Partnership, SCA and two SCA subsidiaries, including the entity that is the general partner of the Partnership. Dr. Chao makes claims of breach of contract, gross negligence, breach of the covenant of good faith and fair dealing, breach of fiduciary duty, judicial dissolution and accounting, constructive trust, money had and received, intentional fraud and deceit, negligent misrepresentation, failure to disclose, constructive fraud, and unfair business practices, all with respect to the operation of the Center under HealthSouth's management. HealthSouth is responsible for these claims. However, on or about November 13, 2009, the court granted Dr. Chao's motion to amend the complaint to add SCA as a defendant with respect to the above-referenced claims. The court denied Dr. Chao's motion for summary adjudication seeking a judicial dissolution of the Partnership. In addition, Dr. Chao originally made a claim of intentional interference with prospective economic advantage against us. However, Dr. Chao has now voluntarily dismissed his claims of intentional interference with prospective economic advantage against SCA relating to his claim that we defaulted on our agreement to sell him our interest in our surgery center in La Jolla, California and our subsequent venture with University California San Diego. We intend to vigorously defend ourselves against the remaining claims. Dr. Chao demands an unspecified amount of compensatory and punitive damages. This case is currently in the discovery phase and is set for trial call on April 30, 2010. It is not possible at this time to estimate the amount of loss or range of possible loss that might result from an adverse judgment or settlement of this case.

We agreed to take responsibility from HealthSouth for a lawsuit captioned *David D. Beal, et al. v. HealthSouth Corporation, et al.*, which was filed on April 14, 2003, in the Superior Court for the State of Alaska, Third Judicial District at Anchorage, by David D. Beal, Steven E. Nathanson, and others against HealthSouth Corporation, David A. McGuire, Alaska Surgery Center, Inc., Alaska Surgery Center, Ltd. (the "Partnership"), Louise Bjornstad, and Lake Otis Professional Center, LLC. We acquired Alaska Surgery Center, Inc. and its interest in the Partnership, which owns our ASC in Anchorage, Alaska, in the Transaction. The plaintiffs, each of whom are partners with SC Affiliates, LLC, a SCA subsidiary that is the parent of Alaska Surgery Center, Inc., and Dr. McGuire in a joint venture that owns certain real property in Anchorage, allege that the defendants breached fiduciary duties to the joint venture by lobbying the Alaska State Legislature to alter the state's Certificate of Need law in a manner which allowed the primary tenant in the joint venture's building to relocate. The plaintiffs seek to recover compensatory damages, punitive damages, attorney's fees and costs. On October 13, 2006, the court granted defendants' motion for summary judgment on the plaintiffs' claims and denied plaintiffs' cross-motion for partial summary judgment. The plaintiffs appealed and, on September 25, 2009, the Supreme Court of Alaska reversed the summary judgment as to the fiduciary duty and contract claims and remanded those claims to the trial court for further proceedings against Dr. McGuire and HealthSouth Corporation. On February 12, 2010, the plaintiffs requested leave to file a Second Amended Complaint realleging the contract and fiduciary duty claims, adding an unfair and deceptive trade practice claim that was not pleaded originally and seeking to recover treble damages and equitable relief, including a constructive trust or equitable lien. At this time, we cannot estimate the amount of loss or range of possible loss that might result to us from an adverse judgment or settlement of this case.

On or about August 14, 2009, Judy Ann Bartz, a former SCA employee at Treasure Valley Hospital, a surgical hospital in Boise, Idaho that is owned in part by an SCA subsidiary, filed a lawsuit captioned *Judy Ann Bartz v. Surgical Care Affiliates, LLC* in the United States District Court, District of Idaho. Ms. Bartz alleges SCA discriminated against her as a result of her disability and violated the American Disabilities Act by failing to engage in an interactive process following her request to return to work after surgery. The lawsuit also asserts class allegations on behalf of all individuals presently and/or formerly employed by SCA who were denied the opportunity to return to either modified duty work or regular work by SCA. The plaintiff is seeking compensatory and punitive damages and to be designated the representative of the class. On behalf of the putative class, Ms. Bartz seeks a prohibitory and permanent injunction ordering SCA to cease and desist from alleged unfair discriminatory employment practices, compensatory and liquidated damages, and costs. We intend to vigorously defend ourselves against all of these claims. At this time, we cannot estimate the amount of loss or range of possible loss that might result to us from an adverse judgment or settlement of this case.

Corporate Integrity Agreement

In 2004, HealthSouth entered into a corporate integrity agreement ("CIA") with the OIG. We inherited certain obligations under the CIA, such as reporting requirements and compliance training requirements. The term of the CIA expired on January 1, 2010, but we must file our final annual report (covering the 2009 calendar year) with the OIG by April 30, 2010. We maintain a robust compliance program as mandated by the CIA. If the OIG were to determine that we have failed to comply with the CIA, we could be subject to further government investigation and possible penalties, including fines, or we could be excluded from participating in the Medicare and Medicaid programs.

Upon a review of each facility's relationships and arrangements with referral sources as well as other business practices, HealthSouth terminated or restructured a number of such relationships and practices and disclosed certain of such historical relationships and practices to the OIG pursuant to the CIA. With respect to two ASCs that were the subject of disclosures, we understand that HealthSouth has entered into a settlement with the government. At this time, we have no reason to believe that any disclosures related to any of the other facilities, or the other reviewed relationships or practices, will result in investigations or adverse actions against the facilities, but there can be no assurance in this regard.

We routinely conduct audits and reviews of the accuracy of our billing systems and other regulatory compliance matters. As a result of these reviews, we may make disclosures to the OIG relating to amounts we suspect represent over-reimbursements from these programs, whether due to inaccurate billing or otherwise. Any such disclosures could result in us refunding material amounts to Medicare or other federal healthcare programs.

Risk Insurance

Predecessor

Historically, risk insurance for the Predecessor was provided through HealthSouth's risk insurance program. HealthSouth insured a substantial portion of the Predecessor's professional liability, general liability, and workers' compensation risks through a self-insured retention program ("SIR") underwritten by its consolidated wholly owned offshore captive insurance subsidiary, HCS, Ltd. ("HCS"), which was funded annually by HealthSouth. HealthSouth used HCS to fund part of its first layer of insurance coverage up to $60 million. Risks in excess of specified limits per claim and in excess of HealthSouth's aggregate SIR amount were covered by unrelated commercial carriers.

The Predecessor was charged a premium for workers' compensation and professional and general liability coverage by HealthSouth, and HealthSouth/HCS assumed the risk of coverage for losses incurred by the Predecessor, subject to the limits described above. Premiums for workers' compensation were charged on an occurrence basis. Premiums for professional and general liability coverage were charged to the Predecessor based on all claims incurred during the policy year, without regard to the date the claims are reported (i.e., on an occurrence basis). Reserves for all workers' compensation risks and for professional and general liability risks, with the exception of incurred but not reported claims relating to policy years prior to 2005, are considered liabilities of HealthSouth. Expenses related to professional and general liability risks were $2.1 million for the period January 1, 2007 to June 29, 2007, and are classified in *Other operating expenses* in our combined statement of operations. Expenses associated with workers' compensation were $1.1 million for the period January 1, 2007 to June 29, 2007, and are classified in *Salaries and benefits* in our combined statements of operations.

Provisions for these risks are based upon actuarially determined estimates. Provisions for losses represent the estimated ultimate net cost of all reported and unreported losses incurred through the combined balance sheet dates. Those estimates are subject to the effects of trends in loss severity and frequency. While management believes the provisions for losses are adequate, there can be no assurance that the ultimate costs will not exceed management's estimates.

Successor

Risk insurance for the Successor is provided through SCA's risk insurance program. We insure a substantial portion of our professional liability, general liability, and workers' compensation risks through fully insured programs, with low or no deductibles, through unrelated carriers.

Provisions for these risks are based upon market based premiums and actuarially determined estimates for incurred but not reported exposure under claims made policies. Provisions for losses within the policy deductibles represent the estimated ultimate net cost of all reported and unreported losses incurred through the consolidated balance sheet dates. Those estimates are subject to the effects of trends in loss severity and frequency. While management believes the provisions for losses are adequate, there can be no assurance that the ultimate costs will not exceed management's estimates.

Reserves for incurred but not reported professional and general liability risks were approximately \$4.7 million and \$4.2 million at December 31, 2009 and December 31, 2008, respectively, and are included in *Professional liability risks* in the consolidated balance sheets. Expenses related to professional and general liability risks were \$5.2 million and \$5.3 million for the years ended December 31, 2009 and December 31, 2008, respectively, and are classified in *Other operating expenses* in our consolidated statements of operations. Expenses associated with workers' compensation were \$2.1 million and \$2.0 million for the years ended December 31, 2009 and December 31, 2008, respectively, and are classified in *Salaries and benefits* in our consolidated statements of operations.

17. SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events through March 31, 2010, and concluded that there were no material subsequent events other than described below.

With respect to the interest due on January 15, 2010 on its senior PIK-election notes, the Company made its scheduled interest payment by paying in kind at the PIK interest rate of 9.625%. As a result, the aggregate principal amount of senior PIK-election notes increased from \$157.2 million to \$164.8 million effective January 15, 2010. Also on January 15, 2010, SCA elected to pay cash interest for the interest period beginning January 16, 2010 and ending July 15, 2010 at a rate of 8.875% as part of its cash management strategy. See further discussion in Note 8, *Long Term Debt*.

On February 1, 2010, SCA acquired the general partnership interest and a 68.18% limited partnership interest in Lakeside Surgery Center, L.P., which owns a surgery center located in California, for a purchase price of \$5.2 million.

18. CONDENSED CONSOLIDATED AND COMBINED FINANCIAL INFORMATION

The following condensed consolidated and combined financial information is presented as required by the Company's senior and senior subordinated notes indentures dated as of June 29, 2007. The operating and investing activities of the separate legal entities included in the consolidated financial statements are fully interdependent and integrated. Accordingly, the operating results of the separate legal entities are not representative of what the operating results would be on a stand-alone basis. Revenues and operating expenses of the separate legal entities include intercompany charges for management and other services. Each of the subsidiary guarantors are 100% owned by SCA, and all guarantees are full and unconditional and joint and

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several. SCA's investments in its consolidated subsidiaries, as well as guarantor subsidiaries' investments in non-guarantor subsidiaries and non-guarantor subsidiaries' investments in guarantor subsidiaries, are presented under the equity method of accounting and are included within intercompany receivable and payable.

The $150.0 million of 10% senior subordinated notes due in 2017 and $150.0 million of 8.875% / 9.625% senior PIK-election notes due in 2015 (collectively, the "Notes") were issued in a private offering by the Company on June 29, 2007. The aggregate principal amount of senior PIK-election notes increased from $150.0 million to $157.2 million effective July 15, 2009 as a result of the July 15, 2009 interest payment made by paying in kind at the PIK interest rate of 9.625% instead of paying interest in cash at 8.875%. The Notes are unsecured senior subordinated obligations of the Company; however, the Notes are guaranteed by certain of the Company's current and future direct 100% owned domestic subsidiaries.

Our senior secured credit agreement contains various restrictive covenants that, subject to certain exceptions, prohibit us from prepaying certain subordinated indebtedness, including our senior subordinated notes. In addition, our senior secured credit agreement restricts our and our restricted subsidiaries' ability to, among other things, incur indebtedness or liens, make investments or declare or pay dividends. Additionally, the indentures pursuant to which the notes were issued contain various restrictive covenants, including covenants that generally limit the Company's ability and the ability of its restricted subsidiaries to borrow money or guarantee other indebtedness, incur liens, make certain investments, sell assets or pay dividends. However, the covenants in the senior secured credit agreement and the indentures are subject to significant exceptions. As of December 31, 2009, we believe we were in compliance with the covenants under our senior secured credit agreement and the indentures.

As discussed in Note 1, Surgical Care Affiliates, LLC was formed in connection with the Transaction and accordingly the combined statements of operations, balance sheets, and statements of cash flows for the Predecessor reflect no activity.

The financial positions and results of operations (pages 120-128) of the respective guarantors are based upon the guarantor relationship at the end of the latest period presented.

Condensed Consolidated Balance Sheets:

As of December 31, 2009 (Successor)	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
	(In thousands of U.S. dollars)				
Assets					
Current assets					
Cash and cash equivalents	$ 23,345	$ 0	$ 10,460	$ 0	$ 33,805
Restricted cash	0	0	30,508	0	30,508
Accounts receivable, net of allowance for doubtful accounts	0	0	81,329	0	81,329
Prepaid expenses	0	0	8,310	0	8,310
Other current assets	611	533	3,976	0	5,120
Current assets related to discontinued operations	0	0	526	0	526
Total current assets	23,956	533	135,109	0	159,598
Property and equipment, net of accumulated depreciation	0	3,642	193,478	0	197,120
Goodwill	0	0	677,073	0	677,073
Intangible assets, net of accumulated amortization	0	1,631	60,443	0	62,074
Deferred bond issue costs	13,288	0	0	0	13,288
Investment in and advances to nonconsolidated affiliates	0	12,449	52,770	0	65,219
Intercompany receivable	819,973	862,066	55,797	(1,737,836)	0
Other long-term assets	399	0	571	0	970
Assets related to discontinued operations	0	0	587	0	587
Total assets	$ 857,616	$ 880,321	$ 1,175,828	$ (1,737,836)	$ 1,175,929
Liabilities and Equity					
Current liabilities					
Current portion of long-term debt	$ 3,592	$ 0	$ 3,142	$ 0	$ 6,734
Checks issued in excess of bank balance	0	0	7,109	0	7,109
Accounts payable	0	6	18,807	0	18,813
Accrued payroll	6,811	0	13,953	0	20,764
Accrued interest	6,940	0	23	0	6,963
Accrued distributions	0	0	23,035	0	23,035
Payable to nonconsolidated affiliates	0	0	14,878	0	14,878
Refunds due patients and other third-party payors	0	0	3,648	0	3,648
Deferred income tax liability	0	2,475	0	0	2,475
Other current liabilities	9,220	14	6,579	0	15,813
Current liabilities related to discontinued operations	0	0	519	0	519
Total current liabilities	26,563	2,495	91,693	0	120,751
Long-term debt, net of current portion	650,602	0	20,815	0	671,417
Deferred income tax liability	0	48,588	0	0	48,588
Professional liability risks	0	0	4,749	0	4,749
Intercompany payable	0	0	0	0	0
Other long-term liabilities	16,860	0	5,499	0	22,359
Total liabilities	694,025	51,083	122,756	0	867,864
Commitments and contingent liabilities (Note 16)					
Noncontrolling interests—redeemable (Note 9)	0	0	25,894	0	25,894
SCA equity	163,591	829,238	908,598	(1,737,836)	163,591
Noncontrolling interests—non-redeemable (Note 9)	0	0	118,580	0	118,580
Total equity	163,591	829,238	1,027,178	(1,737,836)	282,171
Total liabilities and equity	$ 857,616	$ 880,321	$ 1,175,828	$ (1,737,836)	$ 1,175,929

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Condensed Consolidated Balance Sheets (Continued):

As of December 31, 2008 (Successor) (As Adjusted, See Note 3)	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
			(In thousands of U.S. dollars)		
Assets					
Current assets					
Cash and cash equivalents	$ 59,951	$ 0	$ 14,646	$ 0	$ 74,597
Restricted cash	0	0	21,819	0	21,819
Accounts receivable, net of allowance for doubtful accounts	0	0	77,353	0	77,353
Prepaid expenses	0	7	15,573	0	15,580
Other current assets	188	656	4,828	0	5,672
Current assets related to discontinued operations	0	0	1,271	0	1,271
Total current assets	60,139	663	135,490	0	196,292
Property and equipment, net of accumulated depreciation	0	3,710	187,676	0	191,386
Goodwill	0	0	659,893	0	659,893
Intangible assets, net of accumulated amortization	0	1,544	67,750	0	69,294
Deferred bond issue costs	15,832	0	0	0	15,832
Investment in and advances to nonconsolidated affiliates	0	11,476	63,473	0	74,949
Intercompany receivable	851,153	765,536	0	(1,616,689)	0
Other long-term assets	287	0	2,260	0	2,547
Assets related to discontinued operations	0	0	2,809		2,809
Total assets	$ 927,411	$ 782,929	$ 1,119,351	$ (1,616,689)	$ 1,213,002
Liabilities and Equity					
Current liabilities					
Current portion of long-term debt	$ 3,550	$ 0	$ 1,751	$ 0	$ 5,301
Checks issued in excess of bank balance	0	0	9,827	0	9,827
Accounts payable	0	30	21,427	0	21,457
Accrued payroll	7,357	0	18,314	0	25,671
Accrued interest	13,094	0	95	0	13,189
Accrued distributions	0	0	16,458	0	16,458
Payable to nonconsolidated affiliates	0	0	11,055	0	11,055
Refunds due patients and other third-party payors	0	0	3,844	0	3,844
Deferred income tax liability	0	2,497	0	0	2,497
Other current liabilities	12,094	17	4,489	0	16,600
Current liabilities related to discontinued operations	0	0	612	0	612
Total current liabilities	36,095	2,544	87,872	0	126,511
Long-term debt, net of current portion	690,125	0	14,075	0	704,200
Deferred income tax liability	0	34,337	0	0	34,337
Professional liability risks	0	0	4,205	0	4,205
Intercompany payable	0	0	46,225	(46,225)	0
Other long-term liabilities	13,338	0	8,254	0	21,592
Total liabilities	739,558	36,881	160,631	(46,225)	890,845
Commitments and contingent liabilities (Note 16)					
Noncontrolling interests—redeemable (Note 9)	0	0	25,384	0	25,384
SCA equity	187,853	746,048	824,416	(1,570,464)	187,853
Noncontrolling interests—non-redeemable (Note 9)	0	0	108,920	0	108,920
Total equity	187,853	746,048	933,336	(1,570,464)	296,773
Total liabilities and equity	$ 927,411	$ 782,929	$ 1,119,351	$ (1,616,689)	$ 1,213,002

Condensed Consolidated Statements of Operations:

Year Ended December 31, 2009 (Successor)	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
	(In thousands of U.S. dollars)				
Net operating revenues	$ 0	$ 0	$ 737,220	$ 0	$ 737,220
Operating expenses:					
Salaries and benefits	32,289	1	202,541	0	234,831
Supplies	819	4	169,815	0	170,638
Other operating expenses	25,092	434	87,390	0	112,916
Depreciation and amortization	0	391	38,367	0	38,758
Occupancy costs	1,882	0	28,585	0	30,467
Provision for doubtful accounts	0	0	19,401	0	19,401
Impairment of intangible and long-lived assets	0	0	952	0	952
Professional and medical director fees	3,321	0	7,832	0	11,153
Gain on disposal of assets	0	0	(108)	0	(108)
Total operating expenses	63,403	830	554,775	0	619,008
Interest expense	52,330	0	1,521	0	53,851
Interest income and other income	(2,617)	0	1,286	0	(1,331)
(Gain) loss on sale of investments	(6,035)	7,644	(978)	0	631
Equity in net income of nonconsolidated affiliates	0	(7,533)	(2,967)	0	(10,500)
(Income) loss from operations of consolidated affiliates	(43,212)	(4,675)	0	47,887	0
Management fees	(38,113)	(1,097)	39,210	0	0
(Loss) income from continuing operations before income tax expense	(25,756)	4,831	144,373	(47,887)	75,561
Provision for income tax expense	0	13,865	569	0	14,434
(Loss) income from continuing operations	(25,756)	(9,034)	143,804	(47,887)	61,127
Loss from discontinued operations, net of income tax expense	0	0	(2,641)	0	(2,641)
Net (loss) income	(25,756)	(9,034)	141,163	(47,887)	58,486
Less: Net income attributable to noncontrolling interests	0	0	(84,242)	0	(84,242)
Net (loss) income attributable to SCA	$ (25,756)	$ (9,034)	$ 56,921	$ (47,887)	$ (25,756)

Year Ended December 31, 2008 (Successor) (As Adjusted, See Note 3)	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
	(In thousands of U.S. dollars)				
Net operating revenues	$ 0	$ 0	$ 698,930	$ 0	$ 698,930
Operating expenses:					
Salaries and benefits	30,245	80	208,052	0	238,377
Supplies	0	25	154,750	0	154,775
Other operating expenses	32,527	465	84,270	0	117,262
Depreciation and amortization	0	783	36,263	0	37,046
Occupancy costs	1,687	7	27,114	0	28,808
Provision for doubtful accounts	0	0	15,786	0	15,786
Impairment of intangible and long-lived assets	0	0	2,569	0	2,569
Professional and medical director fees	3,220	0	6,879	0	10,099
Loss on disposal of assets	0	101	467	0	568
Total operating expenses	67,679	1,461	536,150	0	605,290
Interest expense	55,961	0	1,318	0	57,279
Interest income and other income	(896)	(19)	(510)	0	(1,425)
Loss (gain) on sale of investments	3,737	105	(1,159)	0	2,683
Equity in net income of nonconsolidated affiliates	0	(5,998)	(7,114)	0	(13,112)
(Income) loss from operations of consolidated affiliates	(30,314)	(683)	0	30,997	0
Management fees	(38,939)	(2,275)	41,214	0	0
(Loss) income from continuing operations before income tax expense	(57,228)	7,409	129,031	(30,997)	48,215
Provision for income tax expense	0	26,724	304	0	27,028
(Loss) income from continuing operations	(57,228)	(19,315)	128,727	(30,997)	21,187
Loss from discontinued operations, net of income tax expense	0	0	(3,083)	0	(3,083)
Net (loss) income	(57,228)	(19,315)	125,644	(30,997)	18,104
Less: Net income attributable to noncontrolling interests	0	0	(75,332)	0	(75,332)
Net (loss) income attributable to SCA	$ (57,228)	$ (19,315)	$ 50,312	$ (30,997)	$ (57,228)

Condensed Consolidated Statements of Operations (Continued):

	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
Period from June 30 to December31, 2007 (Successor) (As Adjusted, See Note 3)			(In thousands of U.S. dollars)		
Net operating revenues	$ 0	$ 0	$ 319,860	$ 0	$ 319,860
Operating expenses:					
Salaries and benefits	13,475	0	99,240	0	112,715
Supplies	0	0	74,774	0	74,774
Other operating expenses	15,805	131	39,160	0	55,096
Depreciation and amortization	0	344	18,009	0	18,353
Occupancy costs	226	0	13,284	0	13,510
Provision for doubtful accounts	0	0	5,892	0	5,892
Impairment of intangible and long-lived assets	0	0	72	0	72
Professional and medical director fees	1,044	1	2,892	0	3,937
Loss on disposal of assets	0	0	98	0	98
Total operating expenses	30,550	476	253,421	0	284,447
Interest expense	29,844	0	458	0	30,302
Interest income and other income	(559)	(31)	(253)	0	(843)
Loss (gain) on sale of investments	0	2,056	(1,674)	0	382
Equity in net income of nonconsolidated affiliates	0	(1,498)	(4,371)	0	(5,869)
(Income) loss from operations of consolidated affiliates	(12,572)	(1,393)	0	13,965	0
Management fees	(18,211)	(2,385)	20,596	0	0
(Loss) income from continuing operations before income tax expense	(29,052)	2,775	51,683	(13,965)	11,441
Provision for income tax expense	0	7,984	146	0	8,130
(Loss) income from continuing operations	(29,052)	(5,209)	51,537	(13,965)	3,311
Loss from discontinued operations, net of income tax expense	0	0	(2,593)	0	(2,593)
Net (loss) income	(29,052)	(5,209)	48,944	(13,965)	718
Less: Net income attributable to noncontrolling interests	0	0	(29,770)	0	(29,770)
Net (loss) income attributable to SCA	$ (29,052)	$ (5,209)	$ 19,174	$ (13,965)	$ (29,052)

Condensed Combined Statements of Operations:

	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
Period from January 1 to June 29, 2007 (Predecessor) (As Adjusted, See Note 3)			(In thousands of U.S. dollars)		
Net operating revenues	$ 0	$ 0	$ 333,809	$ 0	$ 333,809
Operating expenses:					
Salaries and benefits	0	2,552	114,901	0	117,453
Supplies	0	36	73,481	0	73,517
Other operating expenses	0	751	48,222	0	48,973
Depreciation and amortization	0	252	13,145	0	13,397
Occupancy costs	0	0	12,878	0	12,878
Provision for doubtful accounts	0	0	6,021	0	6,021
Impairment of intangible and long-lived assets	0	0	0	0	0
Professional and medical director fees	0	15	3,538	0	3,553
Loss on disposal of assets	0	7	(1,515)	0	(1,508)
Government, class action, and related settlements expense	0	0	(9,204)	0	(9,204)
Professional fees-accounting, tax, legal	0	0	3,599	0	3,599
Total operating expenses	0	3,613	265,066	0	268,679
Interest expense	0	3	2,239	0	2,242
Interest income and other income	0	(39)	(3,316)	0	(3,355)
Gain on sale of investments	0	(5,226)	(1,071)	0	(6,297)
Equity in net income of nonconsolidated affiliates	0	(578)	(5,081)	0	(5,659)
(Income) loss from operations of consolidated affiliates	0	(55,502)	0	55,502	0
Management fees	0	(4,446)	4,446	0	0
(Loss) income from continuing operations before income tax expense	0	62,175	71,526	(55,502)	78,199
Provision for income tax expense	0	2,602	14,342	0	16,944
(Loss) income from continuing operations	0	59,573	57,184	(55,502)	61,255
Loss from discontinued operations, net of income tax expense	0	0	(5,873)	0	(5,873)
Net (loss) income	0	59,573	51,311	(55,502)	55,382
Less: Net income attributable to noncontrolling interests	0	0	(34,709)	0	(34,709)
Net (loss) income attributable to SCA	$ 0	$ 59,573	$ 16,602	$ (55,502)	$ 20,673

Condensed Consolidated Statements of Cash Flows:

Year Ended December 31, 2009 (Successor)	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
			(In thousands of U.S. dollars)		
Net cash (used in) provided by operating activities	$ (63,805)	$ (6,518)	$ 212,759	$ 0	$ 142,436
Cash flows from investing activities				0	
Capital expenditures	0	0	(32,996)	0	(32,996)
Proceeds from disposal of assets	0	0	761	0	761
Proceeds from sale of equity interests of nonconsolidated affiliates	0	0	1,800	0	1,800
Net change in restricted cash	0	0	(8,689)	0	(8,689)
Net settlements on interest rate swaps	(9,206)	0	0	0	(9,206)
Business acquisitions, net of cash acquired	0	0	(7,485)		(7,485)
Net cash used in investing activities	(9,206)	0	(46,609)	0	(55,815)
Cash flows from financing activities					
Checks issued in excess of bank balance	0	0	(2,718)	0	(2,718)
Proceeds under line of credit arrangements and long term debt	0	0	1,835	0	1,835
Principal payments on line of credit arrangements and long term debt	(47,554)	0	(227)	0	(47,781)
Principal payments under capital lease obligations	0	0	(2,195)	0	(2,195)
Distributions to noncontrolling interests of consolidated affiliates	0	0	(81,942)	0	(81,942)
Contributions from noncontrolling interests of consolidated affiliates	0	0	3,759	0	3,759
Proceeds from sale of equity interests of consolidated affiliates	0	0	11,207	0	11,207
Repurchase of equity interests of consolidated affiliates	0	0	(9,562)	0	(9,562)
Change in intercompany advances	83,959	6,518	(90,477)	0	0
Net cash used in (provided by) financing activities	36,405	6,518	(170,320)	0	(127,397)
Change in cash and cash equivalents	(36,606)	0	(4,170)	0	(40,776)
Cash and cash equivalents at beginning of period	59,951	0	14,646	0	74,597
Cash and cash equivalents of discontinued operations at beginning of period	0	0	40	0	40
Less: Cash and cash equivalents of discontinued operations at end of period	0	0	(56)	0	(56)
Cash and cash equivalents at end of period	$ 23,345	$ 0	$ 10,460	$ 0	$ 33,805

Condensed Consolidated Statements of Cash Flows (Continued):

Year Ended December 31, 2008 (Successor)	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
			(In thousands of U.S. dollars)		
Net cash (used in) provided by operating activities	$ (59,924)	$ 4,294	$ 151,567	$ 0	$ 95,937
Cash flows from investing activities				0	
Capital expenditures	0	0	(35,203)	0	(35,203)
Proceeds from disposal of assets	0	0	1,719	0	1,719
Decrease in cash related to conversion of consolidated affiliates to equity method affiliates	0	0	(971)	0	(971)
Increase in cash related to conversion of consolidated affiliates to equity method affiliates	0	0	346	0	346
Net change in restricted cash	0	0	4,601	0	4,601
Net settlements on interest rate swaps	(2,871)	0	0	0	(2,871)
Business acquisitions, net of cash acquired	0	0	(7,529)		(7,529)
Other investing activities, net	0	0	(47)	0	(47)
Net cash used in investing activities of discontinued operations	0	0	16,417	0	16,417
Net cash used in investing activities	(2,871)	0	(20,667)	0	(23,538)
Cash flows from financing activities					
Checks issued in excess of bank balance	0	0	(482)	0	(482)
Proceeds under line of credit arrangements and long term debt	30,000	0	0	0	30,000
Principal payments on line of credit arrangements and long term debt	(3,550)	0	(299)	0	(3,849)
Principal payments under capital lease obligations	0	0	(1,489)	0	(1,489)
Distributions to noncontrolling interests of consolidated affiliates	0	0	(68,931)	0	(68,931)
Contributions from noncontrolling interests of consolidated affiliates	0	0	579	0	579
Proceeds from sale of equity interests of consolidated affiliates	0	0	8,955	0	8,955
Repurchase of equity interests of consolidated affiliates	0	0	(5,767)	0	(5,767)
Change in intercompany advances	70,945	(4,302)	(66,643)	0	0
Net cash used in (provided by) financing activities	97,395	(4,302)	(134,077)	0	(40,984)
Change in cash and cash equivalents	34,600	(8)	(3,177)	0	31,415
Cash and cash equivalents at beginning of period	25,351	8	16,841	0	42,200
Cash and cash equivalents of discontinued operations at beginning of period	0	0	1,022	0	1,022
Less: Cash and cash equivalents of discontinued operations at end of period	0	0	(40)	0	(40)
Cash and cash equivalents at end of period	$ 59,951	$ 0	$ 14,646	$ 0	$ 74,597

Condensed Combined Statements of Cash Flows (Continued):

Period from June 30, 2007 to December 31, 2007 (Successor)	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
	(In thousands of U.S. dollars)				
Net cash (used in) provided by operating activities	$ 12,235	$ (2,712)	$ 44,757	$ 0	$ 54,280
Cash flows from investing activities					
Capital expenditures	0	0	(13,658)	0	(13,658)
Proceeds from disposal of assets	0	0	0	0	0
Proceeds from sale of equity interests of nonconsolidated affiliates	0	0	400	0	400
Advances to nonconsolidated affiliates	0	0	(250)	0	(250)
Net change in restricted cash	0	0	7,016	0	7,016
Net settlements on interest rate swaps	342	0	0	0	342
Business acquisitions	(923,245)	0	0	0	(923,245)
Other investing activities, net	0	0	(213)	0	(213)
Net cash provided by investing activities of discontinued operations	0	0	575	0	575
Net cash used in investing activities	(922,903)	0	(6,130)	0	(929,033)
Cash flows from financing activities					
Checks issued in excess of bank balance	0	0	1,696	0	1,696
Proceeds from issuance of long-term debt	649,352	0	0	0	649,352
Principal payments on notes payable	(1,775)	0	(10)	0	(1,785)
Principal payments under capital lease obligations	0	0	(473)	0	(473)
Distributions to minority interests of consolidated affiliates	0	0	(32,479)	0	(32,479)
Contributions from minority interest of consolidated affiliates	0	0	229	0	229
Proceeds from sale of equity interests of consolidated affiliates	0	0	8,531	0	8,531
Repurchase of equity interests of consolidated affiliates	0	0	(4,646)	0	(4,646)
Member contributions	286,000	0	0	0	286,000
Change in intercompany advances	(9,056)	2,720	6,336	0	0
Net cash used in financing activities of discontinued operations	0	0	(181)	0	(181)
Net cash provided by (used in) financing activities	924,521	2,720	(20,997)	0	906,244
Change in cash and cash equivalents	13,853	8	17,630	0	31,491
Cash and cash equivalents at beginning of period	11,499	0	(815)	0	10,684
Cash and cash equivalents of discontinued operations at beginning of period	0	0	1,047	0	1,047
Less: Cash and cash equivalents of discontinued operations at end of period	0	0	(1,022)	0	(1,022)
Cash and cash equivalents at end of period	$ 25,352	$ 8	$ 16,840	$ 0	$ 42,200

Condensed Combined Statements of Cash Flows (Continued):

Period from January 1, 2007 to June 29, 2007 (Predecessor)	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
	(In thousands of U.S. dollars)				
Net cash (used in) provided by operating activities	$ 0	$ (7,073)	$ 63,781	$ 0	$ 56,708
Cash flows from investing activities					
Capital expenditures	0	(100)	(6,783)	0	(6,883)
Proceeds from disposal of assets	0	0	95	0	95
Proceeds from sale of equity interests of nonconsolidated affiliates	0	1,627	0	0	1,627
Repurchase of equity interests of nonconsolidated affiliates	0	(3,502)	0	0	(3,502)
Capital contribution	0	0	521	0	521
Decrease in cash related to conversion of consolidated affiliated to equity method affiliates	0	(938)	0	0	(938)
Net change in restricted cash	0	0	3,678	0	3,678
Net cash provided by investing activities of discontinued operations	0	0	122	0	122
Net cash used in investing activities	0	(2,913)	(2,367)	0	(5,280)
Cash flows from financing activities					
Checks issued in excess of bank balance	0	0	4,187	0	4,187
Proceeds from issuance of long-term debt	0	0	0	0	0
Principal payments on notes payable	0	0	(1,055)	0	(1,055)
Principal payments under capital lease obligations	0	0	(460)	0	(460)
Distributions to noncontrolling interests of consolidated affiliates	0	0	(34,884)	0	(34,884)
Proceeds from sale of equity interests of consolidated affiliates	0	0	4,833	0	4,833
Repurchase of equity interests of consolidated affiliates	0	0	(4,472)	0	(4,472)
Change in inter-company advances	0	9,944	(27,283)	0	(17,339)
Net cash used in financing activities of discontinued operations	0	0	(1,253)	0	(1,253)
Net cash provided by (used in) financing activities	0	9,944	(60,387)	0	(50,443)
Change in cash and cash equivalents	0	(42)	1,027	0	985
Cash and cash equivalents at beginning of period	0	50	11,730	0	11,780
Cash and cash equivalents of discontinued operations at beginning of period	0	0	0	0	0
Less: Cash and cash equivalents of discontinued operations at end of period	0	0	(2,081)	0	(2,081)
Cash and cash equivalents at end of period	$ 0	$ 8	$ 10,676	$ 0	$ 10,684

SCA

Surgical Care Affiliates

Surgical Care Affiliates, LLC

Annual Financial Report

For the Year Ended December 31, 2008

P. O. Box 360688
Birmingham, AL 35244

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Surgical Care Affiliates, LLC
Annual Financial Report
December 31, 2008

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Report of Independent Auditors

To the Board of Directors and Member of Surgical Care Affiliates, LLC:

In our opinion, the accompanying consolidated balance sheets as of December 31, 2008 and 2007 and the related consolidated statements of operations, statements of changes in members' equity and statements of cash flows for the year ended December 31, 2008 and the period from June 30, 2007 through December 31, 2007 present fairly, in all material respects, the financial position of Surgical Care Affiliates, LLC (a wholly owned subsidiary of ASC Acquisition, LLC) (the "Successor") at December 31, 2008 and 2007, and the results of its operations and its cash flows for the year ended December 31, 2008 and the period from June 30, 2007 through December 31, 2007, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP

Birmingham, Alabama
March 30, 2009

Report of Independent Auditors

To the Board of Directors and Member of Surgical Care Affiliates, LLC:

In our opinion, the combined statements of operations, statements of changes in invested equity and statements of cash flows for the period from January 1, 2007 through June 29, 2007, and for the year ended December 31, 2006 , present fairly, in all material respects, the results of operations of HealthSouth Surgery Centers Division (the "Predecessor") and its cash flows for the period from January 1, 2007 through June 29, 2007, and for the year ended December 31, 2006 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 12, on January 1, 2007, the Company adopted FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes.

/s/PricewaterhouseCoopers LLP

Birmingham, Alabama
March 30, 2008

SURGICAL CARE AFFILIATES, LLC
Consolidated Balance Sheets
(In thousands of U. S. dollars)

	December 31 2008	December 31 2007
Assets		
Current assets		
Cash and cash equivalents	$ 74,622	$ 42,395
Restricted cash	21,819	26,420
Accounts receivable, net of allowance for doubtful accounts (2008 - $6,486; 2007 - $5,995)	78,026	75,451
Prepaid expenses	15,691	7,648
Other current assets	5,696	11,549
Current assets held for sale	0	583
Current assets related to discontinued operations	438	2,155
Total current assets	196,292	166,201
Property and equipment, net of accumulated depreciation (2008 - $26,091; 2007 - $12,650)	194,196	193,099
Goodwill	659,893	642,155
Intangible assets, net of accumulated amortization (2008 - $16,599; 2007 - $5,025)	69,294	78,828
Deferred bond issue costs	15,832	18,431
Investment in and advances to nonconsolidated affiliates	74,949	76,825
Assets held for sale	0	1,721
Assets related to discontinued operations	0	10,714
Other long-term assets	2,546	4,056
Total assets	$ 1,213,002	$ 1,192,030
Liabilities and Equity		
Current liabilities		
Current portion of long-term debt	$ 5,301	$ 4,808
Checks issued in excess of bank balance	9,827	10,309
Accounts payable	21,672	26,724
Accrued payroll	25,869	16,877
Accrued interest	13,189	14,487
Accrued distributions	16,458	17,886
Payable to nonconsolidated affiliates	11,055	7,495
Refunds due patients and other third-party payors	4,646	3,623
Deferred income tax liability	2,497	789
Other current liabilities	15,823	14,519
Current liabilities held for sale	0	447
Current liabilities related to discontinued operations	174	1,462
Total current liabilities	126,511	119,426
Long-term debt, net of current portion	704,200	677,057
Deferred income tax liability	34,337	7,278
Professional liability risks	4,205	1,380
Liabilities held for sale	0	4
Other long-term liabilities	21,592	11,816
Total liabilities	890,845	816,961
Commitments and contingent liabilities – Note 15		
Minority interest in equity of consolidated affiliates	134,304	123,088
Members' equity		
Contributed capital	288,215	286,496
Other comprehensive loss	(14,082)	(5,463)
Accumulated deficit	(86,280)	(29,052)
Total members' equity	187,853	251,981
Total liabilities and equity	$ 1,213,002	$ 1,192,030

See Notes to Consolidated and Combined Financial Statements.

SURGICAL CARE AFFILIATES, LLC

Consolidated Statements of Operations for the Year Ended December 31, 2008
and for the Period June 30, 2007 to December 31, 2007 (Successor) and
Combined Statements of Operations for the Period January 1, 2007 to June 29, 2007
and for the Year Ended December 31, 2006 (Predecessor)
(In thousands of U. S. dollars)

	YEAR ENDED DECEMBER 31 2008 (Successor)	PERIOD JUNE 30 – DECEMBER 31 2007 (Successor)	PERIOD JANUARY 1 – JUNE 29 2007 (Predecessor)	YEAR ENDED DECEMBER 31 2006 (Predecessor)
Net operating revenues	$708,424	$325,810	$341,058	$ 677,537
Operating expenses:				
Salaries and benefits	241,526	114,751	119,450	232,933
Supplies	157,906	76,768	75,729	156,072
Other operating expenses	118,788	55,952	49,834	98,806
Depreciation and amortization	37,417	18,562	13,618	29,108
Occupancy costs	30,190	14,214	13,544	27,711
Provision for doubtful accounts	16,000	6,045	6,195	12,532
Impairment of intangible and long-lived assets	3,800	72	0	1,189
Professional and medical director fees	10,149	3,926	3,561	7,162
Loss (gain) on disposal of assets	568	95	(1,527)	(2,666)
Government, class action, and related settlements expense	0	0	(9,204)	36,844
Professional fees—accounting, tax, and legal	0	0	3,599	24,204
Total operating expenses	616,344	290,385	274,799	623,895
Interest expense	57,279	30,302	2,245	4,603
Interest income	(1,438)	(863)	(3,369)	(5,354)
Loss (gain) on sale of investments	2,682	382	(6,297)	897
Equity in net income of nonconsolidated affiliates	(13,845)	(5,869)	(5,659)	(12,099)
Minority interest in earnings of consolidated affiliates	75,271	29,701	35,018	59,329
(Loss) income from continuing operations before income tax expense	(27,869)	(18,228)	44,321	6,266
Provision for income tax expense	26,858	8,188	17,267	17,196
(Loss) income from continuing operations	(54,727)	(26,416)	27,054	(10,930)
Loss from discontinued operations, net of income tax expense	(2,501)	(2,636)	(6,381)	(2,242)
Net (loss) income	$(57,228)	$ (29,052)	$ 20,673	$ (13,172)

See Notes to Consolidated and Combined Financial Statements.

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SURGICAL CARE AFFILIATES, LLC
Consolidated Statements of Changes in Members' Equity and Comprehensive Loss for the Year Ended December 31, 2008 and for the Period June 30, 2007 to December 31, 2007
(In thousands of U. S. dollars)

	Contributed Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Members' Equity	Total Comprehensive Loss
Balance at June 30, 2007	$ 0	$ 0	$ 0	$ 0	$ 0
Original contributed capital	279,000	0	0	279,000	0
Net loss	0	0	(29,052)	(29,052)	(29,052)
Other comprehensive loss	0	(5,463)	0	(5,463)	(5,463)
Stock compensation	496	0	0	496	0
Additional contributions	7,000	0	0	7,000	0
Balance at December 31, 2007	286,496	(5,463)	(29,052)	251,981	(34,515)
Net loss	0	0	(57,228)	(57,228)	(57,228)
Other comprehensive loss	0	(8,619)	0	(8,619)	(8,619)
Stock compensation	1,719	0	0	1,719	0
Balance at December 31, 2008	$ 288,215	$ (14,082)	$ (86,280)	$ 187,853	$ (65,847)

See Notes to Consolidated and Combined Financial Statements.

SURGICAL CARE AFFILIATES, LLC
Combined Statements of Changes in Invested Equity
For the Period January 1, 2007 to June 29, 2007 and for the Year Ended December 31, 2006 (Predecessor)
(In thousands of U. S. dollars)

	HealthSouth's Net Investment
Balance at December 31, 2005	$ 614,355
Net loss	(13,172)
Net advances to HealthSouth	(49,186)
Balance at December 31, 2006	551,997
Net income	20,673
Net advances to HealthSouth	(7,687)
Balance at June 29, 2007	$ 564,983

See Notes to Consolidated and Combined Financial Statements.

SURGICAL CARE AFFILIATES, LLC
Consolidated Statements of Cash Flows for the Year Ended December 31, 2008 and for the Period June 30, 2007 to December 31, 2007 (Successor) and Combined Statements of Cash Flows for the Period January 1, 2007 to June 29, 2007 and for the Year Ended December 31, 2006 (Predecessor)
(In thousands of U. S. dollars)

	Year Ended December 31 2008 (Successor)	Period June 30 – December 31 2007 (Successor)	Period January 1 – June 29 2007 (Predecessor)	Year Ended December 31 2006 (Predecessor)
Cash flows from operating activities				
Net (loss) income	$(57,228)	$(29,052)	$20,673	$(13,172)
Loss from discontinued operations	2,501	2,636	6,381	2,242
Adjustments to reconcile net (loss) income to net cash provided by operating activities				
Provision for doubtful accounts	16,000	6,045	6,195	12,532
Government, class action, and related settlements expense	0	0	(9,204)	36,844
Depreciation and amortization	37,417	18,562	13,618	29,108
Amortization of deferred issuance costs	2,584	1,276	0	0
Impairment of intangible and long-lived assets	3,800	72	0	1,189
Realized investment losses (gains) on sale of investments	3,405	2,047	(6,297)	1,105
Loss (gain) on disposal of assets	568	95	(1,527)	(2,666)
(Gain) loss on syndication of limited partnership interests	(723)	(1,665)	0	(208)
Equity in net income of nonconsolidated affiliates	(13,845)	(5,869)	(5,659)	(12,099)
Minority interests in earnings of consolidated affiliates	75,271	29,701	35,018	59,329
Distributions from nonconsolidated affiliates	12,729	10,702	5,699	7,838
Deferred income tax	28,767	8,067	15,547	21,473
Stock Compensation	1,719	496	0	1,900
(Increase) decrease in assets				
Accounts receivable	(15,038)	(8,195)	(3,152)	(13,466)
Other assets	7,795	11,491	2,514	(13,188)
(Decrease) increase in liabilities				
Accounts payable	(5,532)	10,345	(2,821)	(639)
Accrued payroll	8,728	5,001	(332)	3,381
Accrued interest	(1,302)	14,384	121	(72)
Refunds due patients and other third-party payors	1,019	(104)	(25)	(8,620)
Professional liability risks	2,825	1,380	0	(2,844)
Other liabilities	(1,367)	(23,932)	(6,411)	(10,033)
Other, net	236	683	0	(31)
Net cash (used in) provided by operating activities of discontinued operations	(14,392)	114	(13,630)	(8,014)
Net cash provided by operating activities	95,937	54,280	56,708	91,889
Cash flows from investing activities				
Capital expenditures	(36,546)	(13,103)	(7,150)	(22,448)
Proceeds from disposal of assets	1,719	0	95	1,183
Proceeds from sale of equity interests of nonconsolidated affiliates	0	400	1,627	2,997
Proceeds from sale of equity interests of consolidated affiliates	8,955	8,531	4,833	22,346
Advances to nonconsolidated affiliates	0	(250)	0	(662)
Repurchase of equity interests of nonconsolidated affiliates	0	0	(3,502)	(100)
Repurchase of equity interests of consolidated affiliates	(5,767)	(4,646)	(4,472)	(9,865)
Capital contribution	0	0	521	0
Decrease in cash related to conversion of consolidated affiliates to equity method affiliates	(971)	0	(938)	(1,595)
Increase in cash related to conversion of consolidated affiliates to equity method affiliates	346	0	0	(103)
Net change in restricted cash	4,601	7,016	3,678	16,224
Net settlements on interest rate swap	(2,871)	342	0	0
Other investing activities, net	(47)	(213)	0	380
Business acquisitions	(7,529)	(923,245)	0	0
Net cash provided by investing activities of discontinued operations	17,760	20	389	23,376
Net cash (used in) provided by investing activities	$(20,350)	$(925,148)	$ (4,919)	$31,733

SURGICAL CARE AFFILIATES, LLC
Consolidated Statements of Cash Flows for the Year Ended December 31, 2008 and for the Period June 30, 2007 to December 31, 2007 (Successor) and Combined Statements of Cash Flows for the Period January 1, 2007 to June 29, 2007 and for the Year Ended December 31, 2006 (Predecessor) (Continued)
(In thousands of U. S. dollars)

	Year Ended December 31 2008 (Successor)	Period June 30 - December 31 2007 (Successor)	Period January 1 – June 29 2007 (Predecessor)	Year Ended December 31 2006 (Predecessor)
Cash flows from financing activities				
Checks issued in excess of bank balance	$ (482)	$ 1,696	$ 4,187	$ (6,836)
Proceeds from issuance of long-term debt, net of issuance costs	30,000	649,352	0	4,747
Principal payments on notes payable	(3,849)	(1,785)	(1,055)	(2,711)
Principal payments under capital lease obligations	(1,489)	(473)	(460)	(1,757)
Distributions to minority interests of consolidated affiliates	(68,931)	(32,479)	(34,884)	(61,751)
Contributions from minority interests of consolidated affiliates	579	229	0	0
Member contributions	0	286,000	0	0
Net advances to HealthSouth	0	0	(17,339)	(48,324)
Net cash used in financing activities of discontinued operations	0	(181)	(1,253)	(3,401)
Net cash (used in) provided by financing activities	(44,172)	902,359	(50,804)	(120,033)
Change in cash and cash equivalents	31,415	31,491	985	3,589
Cash and cash equivalents at beginning of period	42,395	10,924	11,780	7,019
Cash and cash equivalents of discontinued operations at beginning of period	828	808	0	1,172
Less: Cash and cash equivalents of discontinued operations at end of period	(16)	(828)	(1,841)	0
Cash and cash equivalents at end of period	$ 74,622	$ 42,395	$ 10,924	$ 11,780
Supplemental cash flow information:				
Cash paid during the year for interest	$55,876	$15,021	$2,131	$4,681
Supplemental schedule of noncash investing and financing activities				
Property and equipment acquired through capital leases	$ 1,133	$ 0	$ 0	$ 0
Termination of and adjustments to capital leases	57	25	0	1,729
Goodwill from repurchase of equity interests in joint venture entities	1,501	2,162	4,419	4,349
Goodwill attributable to sale of surgery centers	3,187	2,965	0	0
Goodwill attributable to held-for-sale surgery centers	0	587	0	0
Net investment in consolidated affiliates that became equity method facilities	699	0	1,011	(1,771)
Net investment in equity method facilities that became consolidated affiliates	5,000	0	0	357
Minority interest associated with conversion of consolidated affiliates to equity method affiliates	1,384	0	2,924	2,317
Asset transfers from (to) other HealthSouth divisions	0	0	8,342	(3,868)
Net noncash advances from HealthSouth	0	0	1,311	3,006
Other	0	0	3,194	0

See Notes to Consolidated and Combined Financial Statements.

SURGICAL CARE AFFILIATES, LLC
Notes to Consolidated and Combined Financial Statements
(Amounts in tables are in thousands of U. S. dollars unless otherwise indicated)

Unless the context otherwise indicates or requires, the terms "SCA," "we," "us," "our," "Successor," and "Company" refer to Surgical Care Affiliates, LLC and its subsidiaries. However, with respect to periods prior to June 30, 2007, such references are to the HealthSouth Surgery Centers Division (or, the "Predecessor").

1. DESCRIPTION OF BUSINESS

Nature of Operations and Ownership of the Company

Surgical Care Affiliates, LLC, a Delaware limited liability company, was formed on June 29, 2007, primarily to own and operate a network of ambulatory surgery centers ("ASCs") and surgical hospitals in the United States of America. On June 29, 2007, the Company, which previously comprised the Surgery Centers Division of HealthSouth Corporation, was purchased by and became a wholly-owned subsidiary of ASC Acquisition LLC ("ASC Acquisition" or the "Parent"), a Delaware limited liability company which is owned by an investor group that includes TPG Partners V, L.P. ("TPG"), members of our management and other investors. This transaction, including the specific terms and financing of the purchase, is further described in Note 2, *Purchase Transaction*. As of December 31, 2008, the Company, which is headquartered in Birmingham, Alabama, operated 125 ASCs and three surgical hospitals in 32 states, with a concentration of facilities in California, Texas, Florida, North Carolina and Alabama. The Company's ASCs specialize in short-term care and primarily provide non-emergency surgical and other procedures in several specialties, including orthopedics, ophthalmology, gastroenterology, pain management, otolaryngology (ear, nose and throat, or ENT), urology, and gynecology. Our ASCs provide the facilities and medical support staff necessary for physicians to perform such procedures. Physicians perform same-day surgical procedures at our ASCs; at our three surgical hospitals, physicians perform a broader range of surgical procedures and patients may stay up to three days. During 2008, seven facilities were sold or closed and two facilities were acquired.

Business Structure

We operate our facilities through strategic relationships with physicians and, in some cases, with healthcare systems that have strong local market positions and reputations for clinical excellence. Of the 128 facilities operated by the Company as of December 31, 2008, the Company consolidates the results of 107 facilities, accounts for 20 facilities under the equity method, and holds no ownership in the remaining facility, which contracts with SCA to provide management services. The Company's ASCs are operated as general partnerships, limited partnerships or limited liability companies in which the Company serves as the general partner, limited partner, member, or managing member. The majority of our facilities are jointly owned with local physicians; although in some cases, local healthcare systems participate in the venture.

Basis of Presentation

The Company maintains its books and records on the accrual basis of accounting, and the accompanying consolidated and combined financial statements (together the "financial statements") have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include the assets, liabilities, revenues, and expenses of all wholly-owned subsidiaries and majority-owned subsidiaries over which we exercise control and, when applicable, entities in which we have a controlling financial interest.

Due to the purchase transaction described above and in Note 2, the Company's financial position and results of operations prior to the purchase are presented separately in these financial statements as "Predecessor" financial statements, while the Company's financial position and results of operations following the purchase are presented as "Successor" financial statements. Due to the nature and terms of the purchase, which substantially increased the Company's debt and interest expense, and the revaluation of assets and liabilities as a result of purchase accounting and the allocation of certain costs in the prior periods presented, the Predecessor financial statements are not comparable with the Successor financial statements in certain respects.

The combined financial statements of the Predecessor have been derived from the financial statements and accounting records of the Predecessor using the historical results of operations and historical basis of assets and liabilities of the Predecessor's operations. We believe the allocations underlying the combined financial statements are reasonable. However, the combined financial statements included herein may not necessarily represent what the Predecessor's financial position, results of operations, and cash flows would have been had the Predecessor operated as a stand-alone entity during the periods presented.

Additionally, the Predecessor's combined financial statements include allocations of certain HealthSouth Corporation ("HealthSouth") corporate expenses of $11.7 million and $93.6 million for the period January 1, 2007 to June 29, 2007 and the year ended December 31, 2006, respectively. Approximately $20.9 million and $56.8 million of these costs for the period January 1, 2007 to June 29, 2007 and the year ended December 31, 2006, respectively, represent the Predecessor's allocated administrative expenses such as accounting, internal controls, legal, information technology services, a pro rata share of the occupancy costs of the corporate office facilities, and certain professional fees. Allocations of administrative expenses were made primarily based on a percentage of revenues, physical operating locations, or full-time equivalent employees, which we believe represents a reasonable allocation methodology. Some corporate services, such as information technology, legal services, and corporate aircraft, were recorded in the Predecessor's combined financial statements based on usage. The remaining allocations included in the Predecessor's combined financial statements represent charges associated with government, class action and related settlements (see Note 15, *Commitments and Contingent Liabilities.*) The allocated expenses related to government, class action and related settlements amounted to a $9.2 million gain for the period January 1, 2007 to June 29, 2007 compared to expenses of $36.8 million for the year ended December 31, 2006. During the reconstruction and restatement period of HealthSouth's historical financial statements, it was determined that the equity balances of certain of their partners had been historically overstated. During the period January 1, 2007 to June 29, 2007, HealthSouth favorably settled with certain of these partners. The reduction of equity balances of the partners resulted in an approximate $9.2 million gain. The expense in 2006 primarily related to an allocation by HealthSouth related to settlement negotiations with certain of the Predecessor's subsidiary partnerships related to the restatement of their historical financial statements. We believe the allocated amount of these services is a reasonable representation of the services performed or benefited by the Predecessor as a segment of HealthSouth. However, these allocations and estimates are neither necessarily indicative of the costs and expenses that would have resulted if the Predecessor had been operated as a stand-alone entity, nor necessarily indicative of the costs and expenses of SCA going forward.

2. PURCHASE TRANSACTION

Purchase of the Company

Pursuant to a definitive stock purchase agreement dated as of March 25, 2007 (the "Purchase Agreement"), between ASC Acquisition and HealthSouth, the Company became a wholly-owned subsidiary of ASC Acquisition on June 29, 2007 (the "Transaction").

The purchase was financed by:

- an investment of cash by TPG and other equity investors of $270.0 million;
- borrowings by the Company of $355.0 million in new senior secured credit facilities; and
- the issuance by the Company of $150.0 million in aggregate principal amount of 10% senior subordinated notes, due 2017, and $150.0 million in aggregate principal amount of 8.875% / 9.625% senior PIK-election notes, due 2015.

The Transaction was accounted for under the purchase method of accounting prescribed by Statement of Financial Accounting Standards No. 141, *Business Combinations* ("SFAS 141"). SFAS 141 requires that the total purchase price be allocated to the assets acquired and liabilities assumed based on their fair values at the acquisition date. The $905.4 million purchase price was allocated to the Company's specific identifiable tangible and intangible assets and liabilities assumed based on their fair values at the acquisition date, with the remainder allocated to goodwill. The Company's allocation of the purchase price was adjusted during the first six months of 2008, and finalized on June 30, 2008.

The funding sources and the allocation of the $905.4 million aggregate purchase price to the specific identifiable tangible and intangible assets and liabilities are as follows (in thousands):

Equity contributions from investors	$ 270,046
Proceeds from borrowings, net of issuance costs of $19.7 million	635,352
Purchase price allocated	$ 905,398

Fair value of net tangible and intangible assets and liabilities acquired (in thousands):

ASSETS	
Cash and cash equivalents	$ 14,281
Current portion of restricted cash	33,437
Accounts receivable	74,178
Other current assets	27,816
Property and equipment	199,947
Intangible assets	84,063
Investment in and advances to nonconsolidated affiliates	88,680
Other long-term assets	5,246
	527,648
LIABILITIES	
Current portion of long-term debt	1,599
Accounts payable	17,577
Accrued liabilities	12,344
Accrued interest payable	106
Refunds due patients and other third-party payors	3,892
Other current liabilities	53,685
Long-term debt, net of current portion	13,908
Other long-term liabilities	13,175
	116,286
Minority interest in equity of nonconsolidated affiliates	137,774
NET ASSETS ACQUIRED	273,588
Goodwill	631,810
	$ 905,398

Acquired intangible assets consist of the following (dollar amounts in thousands):

	Estimated Value at June 29, 2007	Weighted-Average Useful Life
Certificates of Need	$25,384	15 years
Management Agreements	35,000	15 years
Licenses	9,413	15 years
Non-Compete Agreements	12,807	2 years
Favorable Lease Obligations	1,459	5 years
	$84,063	13 years

In connection with the Transaction, TPG contributed an additional $9.0 million for working capital purposes, and the Company incurred approximately $19.7 million of fees related to debt issuance costs which are being amortized into interest expense over the term of the debt. Goodwill associated with this transaction is expected to be deductible for tax purposes.

Fort Worth Acquisition

As a part of the Transaction, HealthSouth agreed to sell two ASCs in Fort Worth, Texas to us. However, at the date of the closing, there was a court order enjoining the transfer of these two facilities to us, and, as a result, HealthSouth could not legally transfer those facilities to us at that time. During the third quarter of 2007, the court order was vacated, and the purchase of these two facilities from HealthSouth was completed by the Company for a net purchase price of $21.2 million. The results of operations for these two facilities are included in the Company's consolidated results of operations beginning August 1, 2007.

This transaction was also accounted for under the purchase method of accounting prescribed by SFAS 141. The funding sources and the allocation of the $21.2 million aggregate purchase price to the specific identifiable tangible assets and liabilities are as follows (in thousands):

Equity contributions from investors	$ 7,000
Proceeds from borrowings	14,000
Cash on hand	242
Purchase price allocated	$ 21,242

Fair value of net tangible assets and liabilities acquired (in thousands):

ASSETS	
Cash and cash equivalents	$ 847
Accounts receivable	601
Property and equipment	2,079
	3,527
LIABILITIES	
Accounts payable	199
Accrued liabilities	145
Refunds due patients and other third-party payors	19
Other current liabilities	266
	629
Minority interest in equity of nonconsolidated affiliates	2,171
NET ASSETS ACQUIRED	727
Goodwill	20,515
	$ 21,242

Goodwill associated with this transaction is expected to be deductible for tax purposes.

Pro Forma Consolidated Results of Operations (Unaudited)

Following are the unaudited pro forma results for the periods presented as if these transactions had occurred on January 1 of each year (in thousands):

	Year Ended December 31 2007	2006
	(Unaudited)	
Net operating revenues	$ 667,549	$ 677,537
Net loss	$ (8,231)	$ (13,172)

The above pro forma information is presented for informational purposes only and is not necessarily indicative of the results of operations that actually would have been achieved had the transactions been consummated as of January 1 of each such year, nor is the pro forma information intended to be a projection of future results.

Marin Acquisition

On August 1, 2008, SCA purchased a 51% ownership interest in Marin Specialty Surgery Center, LLC ("Marin Specialty"), which is the sole owner of Marin Health Ventures, Inc ("Marin Health"). The Marin Specialty acquisition provided the opportunity of adding a multi-specialty surgery center with an attractive case mix and geographic footprint. This entity is consolidated for financial reporting purposes. The total purchase price paid by SCA was $8.2 million. Net assets of Marin Health Ventures, Inc. at August 1, 2008 were approximately $1.7 million. Goodwill and other intangible assets recorded by SCA at the acquisition date were approximately $5.4 million and $1.9 million, respectively, based on preliminary estimates of the fair value of identifiable tangible and intangible assets and liabilities acquired. The purchase price of Marin Specialty was largely determined on the basis of management's expectations of future earnings and cash flows of Marin Health, resulting in the recognition of goodwill. Future adjustments may occur as these preliminary estimates are finalized. No pro-forma information is disclosed herein as this is not considered to be a material business combination as it relates to SCA.

Post-Transaction Regulatory Approvals

Prior to the Transaction on June 29, 2007, HealthSouth was unable to obtain regulatory approvals for the change in control from HealthSouth to us of six of HealthSouth's ASCs in Illinois. We entered into management arrangements with HealthSouth that enabled us to close the Transaction before the receipt of such regulatory approvals, while placing us in approximately the same economic position that we would have occupied had all required approvals been obtained prior to closing. We obtained regulatory approval of the change in control over five of the six HealthSouth ASCs in Illinois on January 28, 2008. The five facilities were transferred to us on February 1, 2008. The sixth ASC has an outstanding relocation project, and HealthSouth and SCA have been advised to wait to file the change in control application for that particular facility until that project is completed, which we expect to occur during the second quarter of 2009. We have reached an agreement with HealthSouth to work to secure the necessary approvals needed to complete the relocation process by June 29, 2009, and expect that, provided we receive the necessary approvals, ownership of this facility will be transferred to us from HealthSouth by such date. In the interim, we will maintain our management arrangement with HealthSouth with respect to the facility. If Illinois regulators refuse to approve our application, we will be entitled to a purchase price adjustment from HealthSouth, plus payment of our pro-rated financing costs related to the Transaction in respect to that ASC.

Option Agreement

In connection with the transaction, ASC Acquisition and HealthSouth entered into an Option Agreement whereby ASC Acquisition granted HealthSouth an option to purchase limited liability company interests ("Units") of ASC Acquisition constituting 5% of the Units issued and outstanding as of the closing of the Transaction on a fully diluted basis, at a price equal to the original issuance price of the units subscribed for by TPG in connection with the Transaction plus a 15% annual premium, compounded annually. The Option is exercisable upon certain customary liquidity events and includes customary tag-along, drag-along and piggyback registration rights.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and accounts have been eliminated. We evaluate partially owned subsidiaries and joint ventures held in partnership form in accordance with the provisions of American Institute of Certified Public Accountants Statement of Position 78-9, *Accounting for Investments in Real Estate Ventures*, and Emerging Issues Task Force ("EITF") Issue No. 98-6, *Investor's Accounting for an Investment in a Limited Partnership When the Investor Is the Sole General Partner and the Limited Partners Have Certain Approval or Veto Rights,* to determine whether the rights held by other investors constitute "important rights" as defined therein.

For general partners of all new limited partnerships formed, and for existing limited partnerships for which the partnership agreements were modified on or subsequent to June 29, 2005, we evaluate partially owned subsidiaries and joint ventures held in partnership form using the guidance in EITF Issue No. 04-5, *Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights,* which includes a framework for evaluating whether a general partner or a group of general partners controls a limited partnership and therefore should consolidate it. The framework includes the presumption that general partner control would be overcome only when the limited partners have certain rights. Such rights include kick-out rights, the right to dissolve or liquidate the partnership or otherwise remove the general partner "without cause," or participating rights, which include the right to effectively participate in significant decisions made in the ordinary course of the partnership's business.

For partially owned subsidiaries or joint ventures, we consider the guidance of FASB Statement No. 94, *Consolidation of All Majority-Owned Subsidiaries*, and EITF Issue No. 96-16, *Investor's Accounting for an Investee When the Investor Has a Majority of the Voting Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto Rights*, and, in particular, whether rights held by other investors would be viewed as "participating rights" as defined therein. To the extent that any minority investor has important rights in a partnership or participating rights in a corporation that inhibit our ability to control the entity, including substantive veto rights, we generally will not consolidate the entity.

We also consider the guidance in FASB Interpretation No. 46 (Revised), *Consolidation of Variable Interest Entities* ("FIN 46"). As of December 31, 2008, we have one arrangement or relationship where FIN 46 is applicable.

We use the equity method to account for our investments in entities we do not control, but where we have the ability to exercise significant influence over operating and financial policies. Consolidated net income includes our share of the net earnings of these entities. The difference between consolidation and the equity method impacts certain of our financial ratios because of the presentation of the detailed line items reported in the consolidated financial statements for consolidated entities compared to a one line presentation of equity method investments.

Reclassifications

Certain amounts in the combined financial statements for prior periods have been reclassified to conform to the current period presentation. Such reclassifications relate to certain ASCs, which were not acquired in the Transaction, and facilities we have closed or sold subsequent to the Transaction, which qualify for reporting as discontinued operations under Financial Accounting Standards Board Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* ("SFAS 144").

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates include, but are not limited to: (1) allowance for contractual revenue adjustments; (2) allowance for doubtful accounts; (3) asset impairments, including goodwill; (4) depreciable lives of assets; (5) useful lives of intangible assets; (6) economic lives and fair value of leased assets; (7) provision for income taxes, including valuation allowances; (8) allocations of certain HealthSouth corporate expenses; (9) reserves for contingent liabilities; and (10) reserves for losses in connection with unresolved legal matters. Future events and their effects cannot be predicted with certainty; accordingly, our accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of our consolidated financial statements will change as new events occur, as more experience is acquired, as additional information is obtained, and as our operating environment changes. We evaluate and update our assumptions and estimates on an ongoing basis and may employ outside experts to assist in our evaluation, as considered necessary. Actual results could differ from those estimates.

Risks and Uncertainties

SCA operates in a highly regulated industry and is required to comply with extensive and complex laws and regulations at the federal, state, and local government levels. These laws and regulations relate to, among other things:

- licensure, certification, and accreditation,
- coding and billing for services,
- relationships with physicians and other referral sources, including physician self-referral and anti-kickback laws,
- quality of medical care,
- use and maintenance of medical supplies and equipment,
- maintenance and security of medical records,
- acquisition and dispensing of pharmaceuticals and controlled substances, and
- disposal of medical and hazardous waste.

Many of these laws and regulations are expansive, and we do not have the benefit of significant regulatory or judicial interpretation of them. In the future, different interpretations or enforcement of these laws and regulations could subject our current or past practices to allegations of impropriety or illegality or could require us to make changes in our investment structure, facilities, equipment, personnel, services, capital expenditure programs, operating procedures and contractual arrangements.

If we fail to comply with applicable laws and regulations, we could be subjected to liabilities, including (1) criminal penalties, (2) civil penalties, including monetary penalties and the loss of our licenses to operate one or more of our ASCs and hospitals, and (3) exclusion or suspension of one or more of our ASCs and hospitals from participation in the Medicare, Medicaid, and other federal and state healthcare programs.

Historically, the United States Congress and some state legislatures have periodically proposed significant changes in regulations governing the healthcare system. Many of these changes have resulted in limitations on and, in some cases, significant reductions in the levels of payments to healthcare providers for services under many government reimbursement programs. Because we receive a significant percentage of our revenues from Medicare, such proposed changes in legislation might have a material adverse effect on our financial position, results of operations, and cash flows, if any such changes were to occur.

As discussed in Note 15, *Commitments and Contingent Liabilities*, we are a party to a number of lawsuits. We cannot predict the outcome of litigation filed against us. Substantial damages or other monetary remedies assessed against us could have a material adverse effect on our business, financial position, results of operations, and cash flows.

Revenue Recognition

Revenues consist primarily of net patient service revenues that are recorded based upon established billing rates less allowances for contractual adjustments. Revenues are recorded during the period the healthcare services are provided, based upon the estimated amounts due from patients and third-party payors, including federal and state agencies (under the Medicare and Medicaid programs), managed care health plans, commercial insurance companies, and employers. Estimates of contractual allowances under third-party payor arrangements are based upon the payment terms specified in the related contractual agreements. Third-party payor contractual payment terms are generally based upon predetermined rates per procedure or discounted fee-for-service rates.

During the years ended December 31, 2008, 2007, and 2006, approximately 61%, 61%, and 60%, respectively, of our net operating revenues related to patients participating in managed care and other discount plans. The managed care industry is highly competitive and healthcare services providers are under increasing pressure to accept reduced reimbursement for services on these contracts. Continued reductions could have a material adverse impact on our financial position, results of operations, and cash flows.

During the years ended December 31, 2008, 2007, and 2006, approximately 22%, 22%, and 21%, respectively, of our net operating revenues related to patients participating in the Medicare and Medicaid programs. Laws and regulations governing the Medicare and Medicaid programs are complex, subject to interpretation, and are routinely modified for provider reimbursement. The Centers for Medicare and Medicaid Services ("CMS") has been granted authority to suspend payments, in whole or in part, to Medicare providers if CMS possesses reliable information that an overpayment, fraud, or willful misrepresentation exists. If CMS suspects that payments are being made as the result of fraud or misrepresentation, CMS may suspend payment at any time without providing us with prior notice. The initial suspension period is limited to 180 days. However, the payment suspension period can be extended almost indefinitely if the matter is under investigation by the United States Department of Health & Human Services Office of Inspector General (the "OIG") or the Department of Justice (the "DOJ"). Therefore, we are unable to predict if or when we may be subject to a suspension of payments by the Medicare and/or Medicaid programs, the possible length of the suspension period, or the potential cash flow impact of a payment suspension. Any such suspension would adversely impact our financial position, results of operations, and cash flows.

Cash and Cash Equivalents

Cash and cash equivalents include all demand deposits reduced by the amount of outstanding checks and drafts where the right of offset exists for these bank accounts. As a result of the Company's cash management system, checks issued but not presented to banks for payment may create negative book cash balances. Such negative balances are included in current liabilities as "checks issued in excess of bank balance" and totaled $9.8 million at December 31, 2008, and $10.3 million at December 31, 2007. The Company has deposits with certain financial institutions which exceed federally insured limits. The Company has reviewed the creditworthiness of these financial institutions and we have not experienced any losses on such deposits.

Restricted Cash

As of December 31, 2008 and December 31, 2007, we had approximately $21.8 million and $26.4 million, respectively, of restricted cash in affiliate cash accounts maintained by partnerships in which we participate where one or more external partners requested, and we agreed, that the partnership's cash not be commingled with other Company cash and be used only to fund the operations of those partnerships.

Accounts Receivable

We report accounts receivable at estimated net realizable amounts from services rendered from federal and state agencies (under the Medicare and Medicaid programs), managed care health plans, commercial insurance companies, workers' compensation, employers, and patients. Our accounts receivable are geographically dispersed, but a significant portion of our accounts receivable are concentrated by type of payors. The concentration of net patient service accounts receivable by payor class, as a percentage of total net patient service accounts receivable as of the end of each of the reporting periods, is as follows:

	As of December 31	
	2008	2007
Managed care and other discount plans	60%	60%
Medicare	17	19
Workers' compensation	14	13
Other third-party payors	5	3
Medicaid	3	3
Patients	1	2
Total	100%	100%

We recognize that revenues and accounts receivable from government agencies are significant to our operations; however, we do not believe there are significant credit risks associated with these government agencies.

We also recognize that revenue and accounts receivable from managed care and other discount plans are significant to our operations. Because the category of managed care and other discount plans is composed of numerous individual payors which are geographically dispersed, our management does not believe there are any significant concentrations of revenues from any individual payor that would subject us to significant credit risks in the collection of our accounts receivable.

Additions to the allowance for doubtful accounts are made by means of the *Provision for doubtful accounts.* We write off uncollectible accounts against the allowance for doubtful accounts after exhausting collection efforts and adding subsequent recoveries. Net accounts receivable include only those amounts we estimate we will collect.

We performed an analysis of our historical cash collection patterns and considered the impact of any known material events in determining the allowance for doubtful accounts. In performing our analysis, we considered the impact of any adverse changes in general economic conditions, business office operations, payor mix, or trends in federal or state governmental healthcare coverage. At December 31, 2008 and 2007, our allowance for doubtful accounts represented approximately 7.7% and 7.4%, respectively, of the $84.5 million and $81.3 million, respectively, total patient due accounts receivable balance. The increase in the allowance at December 31, 2008 compared to December 31, 2007 is primarily the result of higher patient revenue across our facilities, as well as the Company's upward adjustment in early 2008 of the reserve percentage used for doubtful accounts based on actual bad debt experience over the previous 24-month period.

Long-Lived Assets

We report land, buildings, improvements, and equipment at cost, net of asset impairment. We report assets under capital lease obligations at the lower of fair value or the present value of the aggregate future minimum lease payments at the beginning of the lease term. We depreciate our assets using the straight-line method over the shorter of the estimated useful life of the assets or life of the lease term, excluding any lease renewals, unless the lease renewals are reasonably assured. Useful lives are as follows:

	Years
Buildings	15 to 30
Leasehold improvements	5 to 20
Furniture, fixtures, and equipment	3 to 10
Assets under capital lease obligations:	
Real estate	15 to 25
Equipment	3 to 5

Maintenance and repairs of property and equipment are expensed as incurred. We capitalize replacements and improvements that increase the estimated useful life of an asset. We capitalize interest expense on major construction and development projects while in progress. No interest was capitalized during the years ended December 31, 2008, 2007, and 2006.

We retain fully depreciated assets in property and accumulated depreciation accounts until we remove them from service. In the case of sale, retirement or disposal, the asset cost and related accumulated depreciation balance is removed from the respective account, and the resulting net amount, less any proceeds, is included as a component of income from continuing operations in the consolidated statements of operations. However, if the sale, retirement, or disposal involves a discontinued operation, the resulting net amount, less any proceeds, is included in the results of discontinued operations.

We account for operating leases under the provisions of FASB Statement No. 13, *Accounting for Leases,* and FASB Technical Bulletin No. 85-3, *Accounting for Operating Leases with Scheduled Rent Increases.* These pronouncements require us to recognize escalated rents, including any rent holidays, on a straight-line basis over the term of the lease for those lease agreements where we receive the right to control the use of the entire leased property at the beginning of the lease term.

Goodwill and Other Intangible Assets

We account for goodwill and other intangibles under the guidance in FASB Statement No. 141, *Business Combinations* ("SFAS 141"), FASB Statement No. 142, *Goodwill and Other Intangible Assets* ("SFAS 142"), and FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* ("SFAS 144").

Under SFAS 142, we test goodwill for impairment using a fair value approach. We are required to test for impairment at least annually, absent some triggering event that would require an impairment assessment. Absent any impairment indicators, we perform our goodwill impairment testing as of October 1st of each year.

We recognize an impairment charge for any amount by which the carrying amount of goodwill exceeds its implied fair value. We present a goodwill impairment charge as a separate line item within income from continuing operations in the consolidated statements of operations, unless the goodwill impairment is associated with a discontinued operation. In that case, we include the goodwill impairment charge, on a net-of-tax basis, within the results of discontinued operations.

We use discounted cash flows to establish the fair value as of the testing dates. The discounted cash flow approach includes many assumptions related to future growth rates, discount factors, future tax rates, etc. Changes in economic and operating conditions impacting these assumptions could result in goodwill impairment in future periods. When available and as appropriate, we use comparative market multiples to corroborate discounted cash flow results. When we dispose of a hospital or an ASC, goodwill is allocated to the gain or loss on disposition using the relative fair value methodology, as prescribed in SFAS 142.

In accordance with SFAS 142, we amortize the cost of intangible assets with definite useful lives over their respective estimated useful lives to their estimated residual value. As of December 31, 2008, none of our definite useful lived intangible assets has an estimated residual value. We also review those assets for impairment in accordance with SFAS 144 whenever events or changes in circumstances indicate we may not be able to recover the asset's carrying amount. As of December 31, 2008, we do not have any intangible assets with indefinite useful lives. The range of estimated useful lives of our other intangible assets is as follows:

	Years
Certificates of need	15
Management agreements	15
Licenses	15
Noncompete agreements	2
Favorable lease obligations	5

Impairment of Long-Lived Assets and Other Intangible Assets

Under the guidance in SFAS 144, we assess the recoverability of long-lived assets (excluding goodwill) and identifiable acquired intangible assets with definite useful lives, whenever events or changes in circumstances indicate we may not be able to recover the asset's carrying amount. We measure the recoverability of assets to be held and used by a comparison of the carrying amount of the asset to the expected net future cash flows to be generated by that asset, or, for identifiable intangibles with definite useful lives, by determining whether the amortization of the intangible asset balance over its remaining life can be recovered through undiscounted future cash flows. The amount of impairment of identifiable intangible assets with definite useful lives, if any, to be recognized is measured based on projected discounted future cash flows. We measure the amount of impairment of other long-lived assets (excluding goodwill) as the amount by which the carrying value of the asset exceeds the fair market value of the asset, which is generally determined based on projected discounted future cash flows or appraised values. We present an impairment charge as a separate line item within income from continuing operations in our consolidated statements of operations, unless the impairment is associated with a discontinued operation. In that case, we include the impairment charge, on a net-of-tax basis, within the results of discontinued operations. We classify long-lived assets to be disposed of other than by sale as held and used until they are disposed. We report long-lived assets to be disposed of by sale as held for sale and recognize those assets in the balance sheet at the lower of carrying amount or fair value less cost to sell, and cease depreciation.

Investment In and Advances to Nonconsolidated Affiliates

Investments in entities we do not control, but in which we have the ability to exercise significant influence over the operating and financial policies of the investee, are accounted for under the equity method. Equity method investments are recorded at original cost and adjusted periodically to recognize our proportionate share of the investees' net income or losses after the date of investment, additional contributions made and distributions received, and impairment losses resulting from adjustments to net realizable value. We record equity method losses in excess of the carrying amount of an investment when we guarantee obligations or we are otherwise committed to provide further financial support to the affiliate.

Management periodically assesses the recoverability of our equity method investments for impairment. We consider all available information, including the recoverability of the investment, the earnings and near-term prospects of the affiliate, factors related to the industry, conditions of the affiliate, and our ability, if any, to influence the management of the affiliate. We assess fair value based on valuation methodologies, as appropriate, including discounted cash flows, estimates of sales proceeds and external appraisals, as appropriate. If an equity method investment or equity method goodwill is considered to be impaired and the decline in value is other than temporary, we record an appropriate write-down.

Financing Costs

We amortize financing costs using the effective interest method over the life of the related debt. The related expense is included in *Interest expense* in our consolidated statements of operations.

Fair Value of Financial Instruments

FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments*, requires certain disclosures regarding the fair value of financial instruments. Our financial instruments consist mainly of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, letters of credit, long-term debt, and an interest rate swap agreement. The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, and accounts payable approximate fair value because of the short-term maturity of these instruments. The fair value of our letters of credit is deemed to be the amount of payment guaranteed on our behalf by third-party financial institutions. We determine the fair value of our long-term debt based on various factors, including maturity schedules, call features, and current market rates. We also use quoted market prices, when available, or discounted cash flows to determine fair values of long-term debt. The fair value of our interest rate swap is determined using information provided by a third-party financial institution and discounted cash flows.

Derivative Instruments

We account for derivative instruments under the guidance in FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities* ("SFAS 133"), and its related amendments in FASB Statement No. 137, *Deferral of the Effective Date of FASB Statement No. 133* ("SFAS 137"), FASB Statement No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities—an Amendment of FASB Statement No.133* ("SFAS 138"), and FASB Statement No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities* ("SFAS 149"). SFAS 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or in other comprehensive income, depending on whether a derivative is designated as part of a hedging relationship and, if it is, depending on the type of hedging relationship.

As of December 31, 2008, we held interest rate swaps to hedge the interest rate risk on a portion of our long-term debt. These swaps are designated as a cash flow hedge. Therefore, in accordance with SFAS 133, all changes in the fair value of these interest rate swaps are reported in other comprehensive income on the Statement of Changes in Members' Equity. Net cash settlements on our interest rate swaps are included in investing activities in our consolidated statements of cash flows. For additional information regarding these interest rate swaps, see Note 8, *Long-Term Debt.*

Refunds Due Patients and Other Third-Party Payors

Refunds due patients and other third-party payors of approximately $4.6 million and $3.6 million as of December 31, 2008 and 2007, respectively, consist primarily of overpayments received from our patients and other third-party payors. In instances where we are unable to determine the party due the refund, these amounts may become subject to escheat property laws and consequently payable to various tax jurisdictions.

Minority Interest in Consolidated Affiliates

The consolidated and combined financial statements include all assets, liabilities, revenues, and expenses of less-than-100%-owned affiliates that we control. Accordingly, we have recorded minority interest in the earnings and equity of such affiliates. We record adjustments to minority interest for the allocable portion of income or loss to which the minority interest holders are entitled based upon their portion of the subsidiaries they own. Distributions to holders of minority interest reduce the respective minority interest holders' balance.

We suspend allocation of losses to minority interest holders when the minority interest balance for a particular minority interest holder is reduced to zero and the minority interest holder does not have an obligation to fund such losses. Any excess loss above the minority interest holders' balance is not charged to minority interest but rather is recognized by us until the affiliate begins earning income again. We resume adjusting minority interest for the subsequent profits earned by a subsidiary only after the cumulative income exceeds the previously unrecorded losses.

Equity-Based Compensation

SCA's parent, ASC Acquisition, has two equity-based compensation plans that provide for the granting of options to purchase membership units of ASC Acquisition to certain employees, directors, service providers, and consultants of the Company and its affiliates. The Company accounts for equity-based compensation in accordance with FASB Statement No. 123 (revised 2004), *Share-Based Payment*, (SFAS 123R). Under SFAS 123R, the fair value of equity-based compensation is measured at the date of grant and recognized as expense over the employee's requisite service period. The Company accounts for equity instruments issued to non-employees in accordance with the provisions of SFAS 123R and Emerging Issues Task Force (EITF) Issue No. 96-18, *Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods, or Services*. These plans are described more fully in Note 10, *Equity-Based Compensation*.

Income Taxes

We provide for income taxes using the asset and liability method as required by FASB Statement No. 109, *Accounting for Income Taxes*. This approach recognizes the amount of federal, state, and local taxes payable or refundable for the current year, as well as deferred tax assets and liabilities for the future tax consequence of events recognized in the consolidated financial statements and income tax returns. Deferred income tax assets and liabilities are adjusted to recognize the effects of changes in tax laws or enacted tax rates.

Under FASB Statement No. 109, a valuation allowance is required when it is more likely than not that some portion of the deferred tax assets will not be realized. Realization is dependent on generating sufficient future taxable income.

SCA is included in the consolidated federal income tax return of its parent, ASC. State income tax returns are filed on a separate, combined, or consolidated basis in accordance with relevant state laws and regulations. Partnerships, limited liability partnerships, limited liability companies, and other pass-through entities that we consolidate or account for using the equity method of accounting file separate federal and state income tax returns. We include the allocable portion of each pass-through entity's income or loss in our federal income tax return. We allocate the remaining income or loss of each pass-through entity to the other partners or members who are responsible for their portion of the taxes.

Assets Held for Sale and Results of Discontinued Operations

We account for assets held for sale and discontinued operations under SFAS 144, which requires that a component of an entity that has been disposed of or is classified as held for sale and has operations and cash flows that can be clearly distinguished from the rest of the entity be reported as assets held for sale and discontinued operations. In the period a component of an entity has been disposed of or classified as held for sale, we reclassify the results of operations for current and prior periods into a single caption titled *(Loss) income from discontinued operations, net of income tax expense.* In addition, we classify the assets and liabilities of those components as current and noncurrent assets and liabilities held for sale in our consolidated balance sheets. We also classify cash flows related to discontinued operations as one line item within each category of cash flows in our consolidated statements of cash flows.

Assessment of Loss Contingencies

We have legal and other contingencies that could result in significant losses upon the ultimate resolution of such contingencies. We have provided for losses in situations where we have concluded that it is probable that a loss has been or will be incurred and the amount of the loss is reasonably estimable. A significant amount of judgment is involved in determining whether a loss is probable and reasonably estimable due to the uncertainty involved in determining the likelihood of future events and estimating the financial statement impact of such events. If further developments or resolution of a contingent matter are not consistent with our assumptions and judgments, we may need to recognize a significant charge in a future period related to an existing contingent matter.

Recent Accounting Pronouncements

SFAS No. 141(R) – Business Combinations. In December 2007, the FASB issued FASB Statement No. 141(Revised 2007), *Business Combinations* ("SFAS 141(R)"). SFAS 141(R) contains significant changes in the accounting for and reporting of business acquisitions and it continues the movement toward the greater use of fair values in financial reporting and increased transparency through expanded disclosures. It changes how business acquisitions are accounted for and will impact financial statements at the acquisition date and in subsequent periods. Further, certain of the changes will introduce more volatility into earnings and thus may impact a company's acquisition strategy. SFAS 141(R) was adopted by the Company on January 1, 2009 and will be applied prospectively to business combinations for which the acquisition date is on or after January 1, 2009. In addition, SFAS 141(R) will impact the annual goodwill impairment test, performed as of October 1 of each year, associated with SCA acquisitions that close both before and after January 1, 2009.

SFAS No. 157 – Fair Value Measurements. In September 2006, the FASB issued FASB Statement No. 157, *Fair Value Measurements* ("SFAS 157"), which established a framework for measuring fair value in GAAP and expanded disclosures about fair value measurements. SFAS 157 was adopted by the Company on January 1, 2008 for financial assets and liabilities. This adoption resulted only in additional disclosures in our interim and annual reports. There was no impact on our financial position, results of operations, or cash flows. For additional information, see Note 8, *Fair Value Measurements*.

FASB Staff Position ("FSP") No. FAS 157-1, *Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13,* amended SFAS 157 to exclude SFAS 13, *Accounting for Leases*, and its related interpretive accounting pronouncements that address leasing transactions. FSP No. FAS 157-1 did not change our conclusions regarding the impact of SFAS 157 on our consolidated financial position, results of operations, or cash flows.

FSP No. FAS 157-2, *Effective Date of FASB Statement No. 157*, deferred the effective date of SFAS 157 for nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a non-recurring basis, to fiscal years beginning after November 15, 2008, or January 1, 2009 for SCA, and interim periods within those fiscal years. SFAS 157 was adopted by the Company on January 1, 2009 for items within the scope of this FSP. This adoption will result only in additional disclosures in our interim and annual reports issued for periods beginning on or after January 1, 2009. There was no material impact on our financial position, results of operations, or cash flows, nor do we expect SFAS 157 to significantly change the way in which we currently disclose our nonfinancial assets and liabilities that are measured at fair value. At a minimum, any impairments recognized or disclosed in the financial statements will be required to include additional quantitative and qualitative information regarding our fair value measurements.

FSP No. FAS 157-3, *Determining the Fair Value of a Financial Asset in a Market That Is Not Active,* amends SFAS 157 to provide guidance regarding the manner in which SFAS 157 should be applied and provides an example to illustrate key considerations in determining fair value of a financial asset when there is no active market for such asset at the measurement date. This FSP applies to financial assets within the scope of accounting pronouncements that require or permit fair value measurements in accordance with SFAS 157 and became effective upon issuance, including prior periods for which financial statements have not been issued. FSP No. FAS 157-3 did not change our conclusions regarding the impact of SFAS 157 on our consolidated financial position, results of operations, or cash flows.

SFAS No. 159 – The Fair Value Option for Financial Assets and Financial Liabilities. In February 2007, the FASB issued FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS 159"), which provides companies with an option to report selected financial assets and liabilities at fair value. The objective of the new standard is to improve financial reporting by providing companies with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The new standard establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. It also requires companies to provide additional information that will help investors and other users of financial statements more easily understand the effect of a company's choice to use fair value on its earnings. The Statement also requires entities to display the fair value of those assets and liabilities for which the company has chosen to use fair value on the face of the balance sheet. SFAS 159 does not eliminate disclosure requirements included in other accounting standards, including requirements for disclosures about fair value measurements included in SFAS 157 and FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments.* SFAS 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007, or January 1, 2008 for SCA. We did not elect to apply the fair value option of SFAS 159 on January 1, 2008. Therefore, the adoption of SFAS 159 had no impact on our consolidated financial position, results of operations, or cash flows.

SFAS No. 160 – Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51. In December 2007, the FASB issued FASB Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51* ("SFAS 160"). SFAS 160 establishes accounting and reporting standards for minority interests in our subsidiaries (recharacterized as noncontrolling interests and classified as a component of equity) and for the loss of control or deconsolidation of a subsidiary. SFAS 160 was adopted by the Company on January 1, 2009. The Statement will be applied prospectively; however, the presentation and disclosure requirements of the Statement will be applied retrospectively for all periods presented in our interim and annual reports issued for periods beginning on or after January 1, 2009. We are still evaluating the impact of the adoption of SFAS 160 on our consolidated financial position, results of operations, and cash flows. At a minimum, it will change the manner in which we report changes in noncontrolling interests in our nonconsolidated affiliates, as well as for the loss of control or deconsolidation of a subsidiary.

SFAS No. 161 – Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133. In March 2008, the FASB issued FASB Statement No. 161, *Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133* ("SFAS 161"). SFAS 161 is intended to help investors better understand how derivative instruments and hedging activities affect an entity's financial position, operations, and cash flows through enhanced disclosure requirements. SFAS 161 was adopted by the Company on January 1, 2009. The Statement encourages, but does not require, comparative disclosures for earlier periods at initial adoption. We do not expect SFAS 161 to significantly change the way in which we currently disclose our derivative instruments in our interim and annual reports issued for periods beginning on or after January 1, 2009. As of December 31, 2008, we maintained only one type of derivative instrument under FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*. For additional information regarding our derivative instruments, see Note 3, *Summary of Significant Accounting Policies*, "Derivative Instruments," and Note 8, *Long-term Debt*, "Interest Rate Swap".

FASB Staff Position No. FAS 142-3 – Determination of the Useful Life of Intangible Assets. In April 2008, the FASB issued FSP No. FAS 142-3, *Determination of the Useful Life of Intangible Assets*. This FSP amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142, *Goodwill and Other Intangible Assets* ("SFAS 142"). The intent of this FSP is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141(R) and other GAAP. The amendments made to SFAS 142 by this FSP were adopted by the Company on January 1, 2009 for interim and annual reports issued for fiscal periods beginning on or after January 1, 2009. The guidance within the FSP for determining the useful life of a recognized intangible asset will be applied prospectively to intangible assets acquired after the effective date. Any impact of FSP No. FAS 142-3 in regards to the determination of the useful life of a recognized intangible asset would only affect future intangible asset acquisitions by the Company, beginning January 1, 2009. Therefore, there is no current impact on our consolidated financial position, results of operations, or cash flows. Additional disclosure requirements of the FSP will be applied prospectively to all intangible assets recognized as of, and subsequent to, the effective date. We do not expect FSP No. FAS 142-3 to significantly change the way in which we currently disclose our intangible assets. For additional information regarding our intangible assets, see Note 3, *Summary of Significant Accounting Policies*, "Goodwill and Other Intangible Assets," and Note 6, *Goodwill and Other Intangible Assets*.

EITF Issue No. 08-6 – Equity Method Investment Accounting Considerations. In November 2008, the Emerging Issues Task Force ("EITF" or the "Task Force") reached a consensus that an entity should determine the initial carrying value of an equity method investment by applying the cost accumulation model described in SFAS 141(R) and an entity should use the other-than-temporary impairment model of Opinion 18, not some other method that disaggregates the investment into the individual assets of the investee, when testing equity method investments for impairment. However, the Task Force also reached a consensus that investors should adjust any impairments recorded by an investee for existing differences between the investor's basis and the underlying investee's basis in such impaired assets. Other issues for which the Task Force reached a consensus were not applicable to SCA. EITF Issue No. 08-6 was adopted by the Company on January 1, 2009. The adoption of EITF Issue No. 08-6 did not have a material impact on our consolidated financial position, results of operations, or cash flows.

We do not believe any other recently issued, but not yet effective, accounting standards will have a material effect on our consolidated financial position, results of operations, or cash flows.

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following (in thousands):

	As of December 31	
	2008	2007
Patient accounts receivable	$ 84,512	$ 81,270
Less: Allowance for doubtful accounts	(6,486)	(5,995)
Patient accounts receivable, net	78,026	75,275
Other accounts receivable	0	176
Accounts receivable, net	$ 78,026	$ 75,451

The following is the activity related to our allowance for doubtful accounts (in thousands):

	Year Ended December 31 2008 (Successor)	Period June 30 – December 31 2007 (Successor)	Period January 1 – June 29 2007 (Predecessor)	Year Ended December 31 2006 (Predecessor)
Balance at Beginning of Period	$ 5,995	$ 0	$ 9,844	$ 18,747
Additions and Charges to Expense	16,000	6,045	6,195	12,532
Deductions and Accounts Written Off	(15,509)	(50)	(8,400)	(21,435)
Balance at End of Period	$ 6,486	$ 5,995	$ 7,639	$ 9,844

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following (in thousands):

	As of December 31 2008	2007
Land	$ 23,610	$ 22,612
Buildings	46,684	56,610
Leasehold improvements	32,662	33,368
Furniture, fixtures, and equipment	109,604	90,336
	212,560	202,926
Less: Accumulated depreciation and amortization	(26,091)	(12,650)
	186,469	190,276
Construction in progress	7,727	2,823
Property and equipment, net	$ 194,196	$ 193,099

The amount of fully depreciated assets, depreciation expense, amortization expense and accumulated amortization relating to assets under capital lease obligations, and rent expense under operating leases is as follows (in thousands):

	Year Ended December 31 2008 (Successor)	Period June 30 – December 31 2007 (Successor)	Period January 1 – June 29 2007 (Predecessor)	Year Ended December 31 2006 (Predecessor)
Fully depreciated assets, at cost	$ 0	$ 0	$ 93,843	$ 90,520
Depreciation expense	$ 24,014	$ 12,226	$ 12,628	$ 26,318
Assets under capital lease obligations:				
Buildings	$ 11,282	$ 10,157	$ 20,033	$ 23,502
Equipment	309	144	553	553
	11,591	10,301	20,586	24,055
Accumulated amortization	(2,946)	(270)	(9,943)	(12,737)
Assets under capital lease obligations, net	$ 8,645	$ 10,031	$ 10,643	$ 11,318
Amortization expense	$ 1,776	$ 668	$ 699	$ 1,468
Rent expense:				
Minimum rent payments	$ 23,621	$ 11,336	$ 10,245	$ 18,230
Contingent and other rents	15,143	6,676	6,719	14,355
Total rent expense	$ 38,764	$ 18,012	$ 16,964	$ 32,585

Leases

We lease certain land, buildings and equipment under non-cancelable operating leases expiring at various dates through 2025. We also lease certain buildings and equipment under capital leases expiring at various dates through 2019. Operating leases generally have 3 to 10 year terms, with one or more renewal options, with terms to be negotiated at the time of renewal. Various facility leases include provisions for rent escalation to recognize increased operating costs or require us to pay certain maintenance and utility costs. Contingent rents are included in rent expense in the year incurred. Some facilities are subleased to other parties. Rental income from subleases approximated $1.7 million, $1.0 million, $0.7 million, and $1.5 million for the Successor year ended December 31, 2008, the Successor period of June 30, 2007 to December 31, 2007, the Predecessor period of January 1, 2007 to June 29, 2007 and the Predecessor year ended December 31, 2006, respectively. Certain leases contain annual escalation clauses based on changes in the Consumer Price Index while others have fixed escalation terms. The excess of cumulative rent expense (recognized on a straight-line basis) over cumulative rent payments made on leases with fixed escalation terms is recognized as straight-line rental accrual and is included in *Other long-term liabilities* in the accompanying combined balance sheets.

Our ASCs, as well as our three surgical hospitals, lease land, buildings and equipment, with most leases being for periods of 3 to 10 years. Additionally, through March 31, 2008, the Company leased office space from HealthSouth on a short-term basis for our principal executive offices. On October 31, 2007, the Company entered into a new lease agreement that resulted in the relocation of our principal executive offices to the Galleria Towers, Birmingham, Alabama. This lease, which commenced on March 1, 2008, is for an initial term of five years.

Future minimum lease payments at December 31, 2008 for those leases of SCA and its subsidiaries having an initial or remaining non-cancelable lease term of one year or more are as follows (in thousands):

Year ending December 31,	Operating Leases	Capital Lease Obligations	Total
2009	$ 21,482	$ 2,782	$ 24,264
2010	18,138	2,617	20,755
2011	15,465	2,573	18,038
2012	11,555	2,619	14,174
2013	7,954	2,535	10,489
2014 and thereafter	19,571	5,353	24,924
	$ 94,165	18,479	$ 112,644
Less: interest portion		(4,577)	
Obligations under capital leases		$ 13,902	

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Obligations Under Lease Guarantees

In conjunction with the sale of certain surgery centers in prior years, the Predecessor assigned the leases of certain properties to certain purchasers and, as a condition of the lease, agreed to act as a guarantor of the purchaser's performance on the lease. Should the purchaser fail to pay the rent due on these leases, the lessor would have contractual recourse against the Predecessor, and through provisions within the Purchase Agreement related to the Transaction, against the Successor.

The Company has not recorded a liability for these guarantees, as it does not believe it is probable it will have to perform under these agreements. If the Company is required to perform under these guarantees, it could potentially have recourse against the purchaser for recovery of any amounts paid. These guarantees are not secured by any assets under the leases. As of December 31, 2008, the Company has not been required to perform under any such lease guarantees.

Impairment of Long-Lived Assets

During 2008, 2007, and 2006, we examined our long-lived assets for impairment due to facility closings and facilities experiencing negative cash flow from operations. Based on this review, we recorded an impairment charge of approximately $3.1 million and $0.1 million for the year ended December 31, 2008 and for the period June 30, 2007 to December 31, 2007 (Successor), respectively. There were no impairment charges for the period January 1, 2007 to June 29, 2007 (Predecessor). The Predecessor recorded impairment charges of $1.2 million during the year ended December 31, 2006. For all periods presented, the fair value of the impaired long-lived assets at our facilities was determined primarily based on the assets' estimated fair value using valuation techniques that included discounted future cash flows.

6. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill represents the unallocated excess of purchase price over the fair value of identifiable assets and liabilities acquired in business combinations. Other definite-lived intangibles consist primarily of certificates of need, licenses, noncompete agreements, and management agreements.

The following table shows changes in the carrying amount of goodwill for the year ended December 31, 2008 and the period June 30, 2007 to December 31, 2007 (in thousands):

	Year Ended December 31 2008	Period June 30 – December 31 2007
Balance at beginning of period	$ 642,155	$ 0
Purchase transaction goodwill (Note 2)	8,780	623,030
Acquisitions (Note 2)	5,438	20,515
Acquisition of equity interests in joint venture entities	1,501	2,162
Conversion of equity method facilities to consolidated facilities	5,206	0
Goodwill attributable to sale of surgery center	(3,187)	(2,965)
Goodwill attributable to held-for-sale surgery center	0	(587)
Balance at end of period	$ 659,893	$ 642,155

We performed impairment reviews as required by SFAS 142 as of October 1, 2008, 2007, and 2006, and concluded that no goodwill impairment existed.

The following table provides information regarding our other intangible assets (in thousands):

	As of December 31 2008	As of December 31 2007
Certificates of need		
Gross carrying amount	$ 24,483	$ 25,424
Accumulated amortization	2,453	753
Net	$ 22,030	$ 24,671
Management agreements		
Gross carrying amount	$ 35,936	$ 34,551
Accumulated amortization	3,107	1,023
Net	$ 32,829	$ 33,528
Licenses		
Gross carrying amount	$ 9,651	$ 9,680
Accumulated amortization	906	287
Net	$ 8,745	$ 9,393
Noncompete agreements		
Gross carrying amount	$ 14,334	$ 12,757
Accumulated amortization	9,591	2,834
Net	$ 4,743	$ 9,923
Favorable lease obligations		
Gross carrying amount	$ 1,489	$ 1,441
Accumulated amortization	542	128
Net	$ 947	$ 1,313
Total intangible assets		
Gross carrying amount	$ 85,893	$ 83,853
Accumulated amortization	16,599	5,025
Net	$ 69,294	$ 78,828

During 2008, 2007, and 2006, we examined our intangible assets for impairment due to facility closings and facilities experiencing negative cash flow from operations. In all periods presented, no impairment charge was deemed necessary for intangible assets.

Amortization expense for other intangible assets is as follows (in thousands):

	Year Ended December 31 2008 (Successor)	Period June 30 – December 31 2007 (Successor)	Period January 1 – June 29 2007 (Predecessor)	Year Ended December 31 2006 (Predecessor)
Amortization expense	$ 11,627	$ 5,668	$ 291	$ 1,322

Total estimated amortization expense for our other intangible assets for the next five years is as follows (in thousands):

Year ending December 31,	Estimated Amortization Expense
2009	$ 9,713
2010	4,969
2011	4,969
2012	4,725
2013	4,671

7. INVESTMENT IN AND ADVANCES TO NONCONSOLIDATED AFFILIATES

As of December 31, 2008, *Investment in and advances to nonconsolidated affiliates* represents SCA's investment in 29 partially owned entities, of which 25 are general or limited partnerships, limited liability companies, or joint ventures in which SCA or one of our subsidiaries is a general or limited partner, managing member, member, or venturer, as applicable. We do not control these affiliates, but have the ability to exercise significant influence over the operating and financial policies of certain of these affiliates. Our ownership percentage in these affiliates generally ranged from 19% to 66% as of December 31, 2008. Our investment in these affiliates is an integral part of our operations.

During the fourth quarter of 2008, two surgery centers became consolidated affiliates rather than equity method investments and one surgery center became an equity method investment rather than a consolidated affiliate as a result of changes of control of these entities.

Five facilities were deconsolidated effective April 1, 2007. As a result of this change in consolidation method for these five facilities, the associated operating results from these facilities were reported in equity in net income of nonconsolidated affiliates for the last nine months of 2007. Four out of the five facilities were deconsolidated as a result of the Company entering into a joint venture with Sutter Health to own, manage and develop additional ASCs in the greater Sacramento, California area. As a result of this joint venture, our majority interests in four ASCs were contributed to the joint venture in exchange for a 49% ownership of the joint venture. Sutter Health owns the remaining 51% of the joint venture. As a result, we deconsolidated these four facilities effective April 1, 2007. The fifth facility was deconsolidated as the result of a decrease in our ownership percentage following resyndication.

During 2006, two surgery centers became equity method investments rather than consolidated affiliates and one surgery center became a consolidated affiliate rather than an equity method investment as a result of changes of control of these entities.

During 2008, an impairment charge of $0.7 million was taken on the investment in nonconsolidated affiliates for an equity facility. The Company made the decision in the fourth quarter of 2008 to sell its interest in this facility, and the impairment amount was based on a third party bid received.

We account for investments in nonconsolidated affiliates using the equity method of accounting. Our investments consist of the following (in thousands):

	As of December 31 2008	As of December 31 2007
Equity method investments:		
Beginning balance	$ 76,825	$ 0
Change in purchase price allocation[1]	4,156	84,524
Capital contributions, loans, and advances	47	98
Share of income	12,075	4,616
Share of distributions	(12,729)	(10,702)
Conversion to/from equity method investments	(3,720)	0
Impairment of equity method investments	(733)	0
Disposal of equity method investment	(1,247)	(1,711)
Other	275	0
Total investment in and advances to nonconsolidated affiliates	$ 74,949	$ 76,825

[1] These amounts relate to the allocation of the Transaction purchase price to equity method investments as described in Note 2. The amount shown for 2007 represents the portion of the purchase price initially assigned to equity method investments at the purchase date. During 2008, the purchase price allocation was adjusted for a third party valuation of certain of its equity method investments received, which revised the amount of the purchase price allocated.

The following summarizes the combined assets, liabilities, and equity of our equity method affiliates (on a 100% basis, in thousands):

	As of December 31 2008	As of December 31 2007
Assets		
Current	$ 29,184	$ 31,478
Noncurrent	112,243	104,545
Total assets	$ 141,427	$ 136,023
Liabilities and equity		
Current liabilities	$ 13,597	$ 18,772
Noncurrent	2,866	8,648
Partners' capital and shareholders' equity		
SCA	74,949	76,825
Outside parties	50,015	31,778
	$ 141,427	$ 136,023

The following summarizes the combined results of operations of our equity method affiliates (on a 100% basis, in thousands):

	Year Ended December 31 2008 (Successor)	Period June 30 – December 31 2007 (Successor)	Period January 1 – June 29 2007 (Predecessor)	Year Ended December 31 2006 (Predecessor)
Net operating revenues	$ 156,698	$ 63,249	$ 56,271	$ 89,418
Operating expenses	(121,999)	(51,171)	(41,683)	(63,046)
Income from continuing operations	$ 34,699	$ 12,078	$ 14,588	$ 26,372
Net income	$ 32,457	$ 12,071	$ 14,304	$ 25,527

The following summarizes the results of operations of ASC Operators, LLC, which qualified during the year ended December 31, 2008, as a "significant subsidiary" under Regulation S-X Rule 3-09 promulgated by the SEC and requiring separate disclosure (on a 100% basis, in thousands):

	Year Ended December 31 2008 (Successor)	Period June 30 – December 31 2007 (Successor)	Period January 1 – June 29 2007 (Predecessor)	Year Ended December 31 2006 (Predecessor)
Net operating revenues	$ 45,752	$ 16,137	$ 14,258	$ 24,256
Operating expenses	(31,199)	(12,053)	(11,518)	(19,342)
Income from continuing operations	$ 14,553	$ 4,084	$ 2,740	$ 4,914
Net income	$ 12,293	$ 3,301	$ 2,413	$ 4,064

8. LONG TERM DEBT

Our long-term debt outstanding consists of the following (in thousands):

	As of December 31 2008	2007
Advances under $125.0 million revolving credit facility due 2013	$ 44,000	$ 14,000
Term loan facility	349,675	353,225
Bonds payable		
8.875% Senior PIK-election Notes due 2015	150,000	150,000
10.0% Senior Subordinated Notes due 2017	150,000	150,000
Notes payable to banks and others	1,924	10
Capital lease obligations	13,902	14,630
	709,501	681,865
Less: Current portion	(5,301)	(4,808)
Long-term debt, net of current portion	$ 704,200	$ 677,057

The following chart shows scheduled principal payments due on long-term debt for the next five years and thereafter (in thousands):

Year Ending December 31	
2009	$ 5,301
2010	7,126
2011	5,331
2012	5,527
2013	49,610
Thereafter	636,606
Total	$ 709,501

The following table provides information regarding our total *Interest expense* presented in our consolidated statements of operations for both continuing and discontinued operations (in thousands):

	Year Ended December 31 2008 (Successor)	Period June 30 – December31 2007 (Successor)	Period January 1 – June 29 2007 (Predecessor)	Year Ended December 31 2006 (Predecessor)
Continuing operations:				
Interest expense	$ 54,695	$ 29,026	$ 2,245	$ 4,603
Amortization of bond issue costs	2,584	1,276	0	0
Total interest expense and amortization of bond issue costs for continuing operations	57,279	30,302	2,245	4,603
Discontinued operations:				
Interest expense	83	303	1,034	3,571
Total interest expense for discontinued operations	83	303	1,034	3,571
Total interest expense and amortization of bond Issue costs	$ 57,362	$ 30,605	$ 3,279	$ 8,174

Capital Lease Obligations

We engage in a significant number of leasing transactions, including real estate, medical equipment, computer equipment, and other equipment utilized in operations. Certain leases that meet the lease capitalization criteria in accordance with FASB Statement No. 13 have been recorded as an asset and liability at the net present value of the minimum lease payments at the inception of the lease. Interest rates used in computing the net present value of the lease payments generally range from 4.5% to 7.0% based on the incremental borrowing rate at the inception of the lease. Our leasing transactions include arrangements for equipment with major equipment finance companies and manufacturers who retain ownership of the equipment during the term of the lease, and with a variety of both small and large real estate owners.

As discussed in Notes 1 and 2, ASC Acquisition acquired the Company on June 29, 2007. The acquisition was partially financed with new borrowings as described below.

Senior Secured Credit Facility

The senior secured credit facility ("Credit Facility") provides for borrowings of up to $480.0 million, consisting of (a) a $125.0 million revolving credit facility with a maturity of 6 years, including a $50.0 million letter of credit sub-facility, and a $25.0 million swing-line loan sub-facility; and (b) a $355.0 million term loan facility with a maturity of 7.5 years. In addition, the Company may request additional tranches of the term loans or additional commitments to the revolving credit facility in an aggregate amount not to exceed $100.0 million, subject to certain conditions.

The revolving credit facility bears interest at a base rate or at LIBOR, as elected by the Company, plus a margin of between 0.75% and 1.25% per annum for base rate loans or between 1.75% and 2.0% per annum for LIBOR loans. Additionally, the Company pays quarterly commitment fees of between 0.375% and 0.50% on the daily-unused commitment of the revolving credit facility. The Company also pays a quarterly participation fee of 2.0% per annum related to outstanding letters of credit. At December 31, 2008, the Company had $44.0 million of debt outstanding under the revolving credit facility at an interest rate of 3.46%.

The term loan facility bears interest at a base rate or at LIBOR, as elected by the Company, plus a margin of between 1.00% and 1.25% per annum for base rate loans or between 2.00% and 2.25% for LIBOR loans. The term loan requires principal payments each year in an amount of 1.00% per annum in equal quarterly installments, the first of which was made in September 2007. At December 31, 2008, the Company had $349.7 million of debt outstanding under the term loan facility at an interest rate of 3.46%.

The Credit Facility is guaranteed by ASC Acquisition and each 100% owned domestic subsidiary of the Company, subject to certain exceptions, and borrowings under the Credit Facility are secured by a first priority security interest in all equity interests of the Company and of each 100% owned domestic subsidiary directly held by the Company. Additionally, the Credit Facility contains various restrictive covenants that, subject to certain exceptions, prohibit us from prepaying certain subordinated indebtedness, including the senior subordinated notes described below. In addition, the Credit Facility generally restricts our and our restricted subsidiaries' ability to, among other things, incur indebtedness or liens, make investments or declare or pay dividends. The Company was in compliance with these covenants as of December 31, 2008. Finally, our credit agreement governing our senior secured credit facilities contains a provision that could require prepayment of a portion of our indebtedness if the Company has excess cash flow, as defined by the agreement.

Senior Subordinated Notes and Senior PIK-election Notes

Also in connection with the Transaction, the Company issued $150.0 million in principal amount of 10.0% senior subordinated notes due in 2017 and $150.0 million in principal amount of 8.875% / 9.625% senior PIK-election notes due in 2015 (together, the "Notes"). Interest on the Notes is payable on January 15 and July 15 of each year, commencing on January 15, 2008. All interest payments on the senior subordinated notes and the initial interest payment on the senior PIK-election notes are payable in cash. For any interest period after January 15, 2008 through July 15, 2012, the Company may pay interest on the senior PIK-election notes (a) in cash, (b) by increasing the principal amount of the outstanding senior PIK-election notes or by issuing payment-in-kind notes ("PIK Interest"); or (c) by paying interest on half the principal amount of the senior PIK-election notes in cash and half in PIK Interest. PIK Interest is paid at 9.625% and cash interest is paid at 8.875% per annum. The Notes are unsecured senior subordinated obligations of the Company; however, the Notes are guaranteed by certain of the Company's current and future direct 100% owned domestic subsidiaries. Additionally, the indentures pursuant to which the Notes were issued contain various restrictive covenants, including covenants that generally limit the Company's ability and the ability of its restricted subsidiaries to borrow money or guarantee other indebtedness, incur liens, make certain investments, sell assets, or pay dividends. The Company was in compliance with these covenants as of December 31, 2008.

On January 14, 2009, SCA elected to pay PIK Interest with respect to the interest payment for the period beginning January 16, 2009 and ending July 15, 2009 on its $150.0 million aggregate principal amount Senior PIK-Election Notes due 2015. SCA is electing to pay PIK interest for the interest period ending July 15, 2009 as part of its cash management strategy in light of current conditions in the credit markets. With respect to the interest that will be due on such notes on the July 15, 2009 interest payment date, SCA will make such interest payment by paying in kind at the PIK Interest rate of 9.625% instead of paying interest in cash at 8.875%.

Interest Rate Swaps

The Company utilizes an interest rate risk management strategy that incorporates the use of derivative financial instruments to limit its exposure to interest rate risk. On September 28, 2007, we entered into interest rate swaps to hedge the interest rate risk on $250.0 million of the $349.7 million outstanding under our senior secured term loan facility. At December 31, 2008, interest rate swaps on $225.0 million of the term loan debt remained outstanding. The swaps are "receive floating / pay fixed" instruments that define a fixed rate of interest on the hedged debt that the Company will pay.

Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities* ("SFAS 133"), requires that all derivative instruments be recognized on the balance sheet at fair value. At inception, the fair values of the hedging instruments were zero based on the matching of the critical terms of the hedging instrument and the hedged item. In subsequent reporting periods, the fair value of these interest rate swaps will be recorded in the Company's balance sheet, either in "other long-term assets" or "other long-term liabilities", depending on the fair value (or changes in the fair value) of the swaps, with an offsetting adjustment reported as a component of other comprehensive income. At December 31, 2008, a liability of $14.1 million was recorded on the balance sheet based on the fair value of the hedging instruments, and was included in *Other long-term liabilities.*

The accounting for changes in fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, a company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge or a hedge related to foreign currency exposure. The Company has designated its interest rate swaps as a cash flow hedge, and the effectiveness of the Company's hedge relationship is assessed on a quarterly basis.

Credit risk occurs when a counterparty to a derivative instrument fails to perform according to the terms of the agreement. Derivative instruments expose the Company to credit risk and could result in material changes from period to period. The Company minimizes its credit risk by entering into transactions with highly rated counterparties. In addition, at least quarterly, the Company evaluates its exposure to counterparties who have experienced or may likely experience significant threats to their ability to perform according to the terms of the derivative agreements to which we are a party. We have completed this review of the financial strength of the counterparty to our interest rate swaps using publicly available information, as well as qualitative inputs, as of December 31, 2008. Based on this review, we do not believe there is a significant counterparty credit risk associated with these derivative agreements. However, no assurances can be provided regarding our potential exposure to counterparty credit risk in the future.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

On January 1, 2008, the Company adopted Statement of Financial Accounting Standard No. 157, *Fair Value Measurements*, ("SFAS 157"). SFAS 157 established a framework for measuring fair value in U.S. GAAP and expanded disclosures about fair value measurements. Additionally, it clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability.

As a basis for considering assumptions, SFAS 157 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1 – Observable inputs such as quoted prices in active markets;
- Level 2 – Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets and liabilities measured at fair value are based on one or more of three valuation techniques noted in SFAS 157. The three valuation techniques are as follows:

- Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- Cost approach – Amount that would be required to replace the service capacity of an asset (i.e., replacement cost); and
- Income approach – Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

On a recurring basis, we are required to measure our interest rate swaps at fair value. The fair value of our interest rate swaps are derived from models based upon well recognized financial principles and reasonable estimates about relevant future market conditions and calculations of the present value of future cash flows and discounted using market rates of interest. Further, included in the fair value below is approximately $2.8 million related to the non-performance risk associated with the interest rate swaps at December 31, 2008.

The fair values of our financial liabilities that are measured on a recurring basis are as follows (in millions):

		Fair Value Measurements at Reporting Date Using			
December 31, 2008	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Valuation Technique [1]
Other current liabilities	$ (1.2)	–	$ (1.2)	–	I
Other long-term liabilities	(12.9)	–	(12.9)	–	I

[1] As discussed above, SFAS 157 identifies three valuation techniques: market approach (M), cost approach (C), and income approach (I).

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Where applicable, on a nonrecurring basis, we are required to measure property and equipment, goodwill, other intangible assets, investments in nonconsolidated affiliates, and assets and liabilities of discontinued operations at fair value. The fair values of our property and equipment and other intangible assets are determined using discounted cash flows and significant unobservable inputs. The fair value of our investments in nonconsolidated affiliates is determined using discounted cash flows or earnings, or market multiples derived from a set of comparables. The fair value of our assets and liabilities of discontinued operations is determined using discounted cash flows and significant unobservable inputs unless there is an offer to purchase such assets and liabilities, which would be the basis for determining fair value. The fair value of our goodwill is determined using discounted cash flows, and, when available and as appropriate, we use comparative market multiples to corroborate discounted cash flow results. Goodwill is tested for impairment as of October 1 of each year, absent any impairment indicators.

Impairment charges of $3.1 million, $0.1 million, and $1.2 million were recorded during the year ended December 31, 2008, the period June 30, 2007 to December 31, 2007 (Successor), and the year ended December 31, 2006 (Predecessor), respectively, for intangible and long-lived assets. No impairment charge was recorded for the period January 1, 2007 to June 29, 2007 (Predecessor). Facilities experiencing declining trends of earnings from operations or triggering events, such as the loss of a physician partner or increased local competition, resulted in the impairment charges in each period. The fair value of the impaired long-lived assets was determined based on the assets' estimated fair value using valuation techniques that included discounted cash flows and third-party appraisals.

The following table presents the carrying amounts and estimated fair values of our financial instruments that are classified as long-term in our consolidated balance sheets (in thousands). The carrying value equals fair value for our financial instruments that are classified as current in our consolidated balance sheets. The carrying amounts of a portion of our long-term debt approximate fair value due to various characteristics of those issues, including short-term maturities, call features, and rates that are reflective of current market rates. For our long-term debt without such characteristics, we determined the fair market value by using quoted market prices, when available, or discounted cash flows to calculate their fair values.

	As of December 31, 2008		As of December 31, 2007	
	Carrying Amount	**Estimated Fair Value**	**Carrying Amount**	**Estimated Fair Value**
Interest rate swap agreement	$ 14,082	$ 14,082	$ 5,463	$ 5,463
Long-term debt:				
Advances under $125 million Revolving Credit Facility	44,000	21,560	14,000	14,000
Term Loan Facility	349,675	187,587	353,225	316,136
8.875% Senior Notes due 2015	150,000	88,500	150,000	139,500
10% Senior Subordinated Notes due 2017	150,000	75,000	150,000	138,750
Notes payable to banks and others	1,924	1,924	10	10
Financial commitments	0	0	0	0

10. EQUITY-BASED COMPENSATION

Predecessor Equity-Based Compensation Plans

Stock-Based Compensation

Restricted Stock

Certain members of senior management of the Predecessor were issued restricted common stock of HealthSouth under the HealthSouth 1998 Restricted Stock Plan. Awards made under this plan vested over a three-year requisite service period. Fair value was determined by the market price of HealthSouth common stock on the grant date. A summary of the Predecessor's restricted share awards from this plan is as follows (share information in thousands):

	Shares	Weighted-Average Grant Date Fair Value
Nonvested shares at December 31, 2005	12	$ 27.70
Granted	6	26.55
Vested	—	—
Forfeited	—	—
Nonvested shares at December 31, 2006	18	$ 27.32

During 2005, HealthSouth also issued restricted common stock to certain members of senior management of the Predecessor under its Key Executive Incentive Program. Total issued grants consisted of 9,825 shares of restricted stock. The weighted-average fair value of the restricted shares was $19.35 per share, and the shares were subject to a three-year requisite service period with 25% of the shares vesting on January 1, 2007, 25% of the shares vesting on January 1, 2008, and 50% of the shares vesting on January 1, 2009. A summary of the Predecessor's restricted share awards from the HealthSouth Key Executive Incentive Program is as follows (share information in thousands):

	Shares	Weighted-Average Grant Date Fair Value
Nonvested shares at December 31, 2005	10	$ 19.35
Granted	—	—
Vested	—	—
Forfeited	—	—
Nonvested shares at December 31, 2006	10	$ 19.35

Unrecognized compensation expense related to the unvested shares was $0.1 million at December 31, 2006.

The Predecessor recognized compensation expense under the HealthSouth Restricted Stock Plan and the HealthSouth Key Executive Incentive Program, which is included in *Salaries and benefits* in the accompanying combined statements of operations for the year ended December 31, 2006, of $137,000 and $85,000, respectively.

Stock Options

The fair values of the options granted by the Predecessor during the year ended December 31, 2006 were estimated at the grant date using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Expected volatility	46.4%
Risk-free interest rate	4.6%
Expected life (years)	4.6
Dividend yield	0.0%

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option-pricing models require the input of highly subjective assumptions, including the expected stock price volatility. HealthSouth estimated the expected term through an analysis of actual, historical post-vesting exercise, cancellation, and expiration behavior by its employees and projected post-vesting activity of outstanding options. HealthSouth calculated volatility based on the historical volatility of its common stock over the period commensurate with the expected life of the options, excluding a distinct period of extreme volatility between 2002 and 2003. The risk-free interest rate is the implied daily yield currently available on U.S. Treasury issues with a remaining term closely approximating the expected term used as the input to the Black-Scholes option-pricing model. HealthSouth did not pay dividends, and, therefore, did not include a dividend payment as part of its pricing model. HealthSouth estimated forfeitures through an analysis of actual, historical pre-vesting option cancellations. Under the Black-Scholes option-pricing model, the weighted- average fair value per share of employee stock options granted during the year ended December 31, 2006 was $11.01.

A summary of stock option activity and related information for HealthSouth stock options held by certain members of the Predecessor's senior management team is as follows (share information and intrinsic value in thousands):

	Shares	Weighted-Average Exercise Price	Remaining Life (Years)	Aggregate Intrinsic Value
Outstanding, December 31, 2005	521	$ 29.27		
Granted	257	26.55		
Exercised	—	—		
Forfeitures	(107)	25.66		
Cancellations	(101)	34.39		
Expirations	—	—		
Outstanding, December 31, 2006	570	27.89	7.8	$ 166
Exercisable, December 31, 2006	203	30.83	6.4	$ 109

The Predecessor recognized approximately $1.9 million of compensation expense related to HealthSouth stock options in the year ended December 31, 2006. As of December 31, 2006, there was $3.3 million of unrecognized compensation cost related to unvested stock options. As a result of the sale of the Predecessor by HealthSouth to ASC Acquisition, all of the nonvested HealthSouth options held by Predecessor employees outstanding as of the date of the sale were immediately cancelled. Options that had vested prior to the date of sale expired 90 days after the last day of employment with the Predecessor.

Successor Equity-Based Compensation Plans

Management Equity Incentive Plan

On August 22, 2007, ASC Acquisition adopted a Management Equity Incentive Plan (the "Plan") to promote the interests of the Company and its members by providing the key employees, directors, service providers and consultants of the Company and its Affiliates with an appropriate incentive to encourage them to continue in the employ of the Company or Affiliate and to improve the growth and profitability of the Company. The Plan allows for the grant of options to purchase up to 21,525,000 Membership Units of ASC. Option awards are generally granted with an exercise price equal to the market price of the Membership Unit at the date of grant. Vesting in the option awards varies where 50% of each option vests at 20% per year over five years (the "Time-Based Option"). The remaining 50% of the option (the "Performance Based Option") vests only upon the occurrence of a Liquidity Event (as defined in the Plan) in which the Majority Unit Holder (collectively, TPG Partners V, LP, TPG FOF V-A, LP, TPG FOF V-B, LP and/or their respective affiliates) achieves a minimum cash return on its original investment. Under the terms of the Plan, the Performance Based Option vests 50% if the Majority Unit Holder receives at least 2.0 times its original investment and vests 100% if the Majority Unit Holder receives at least 3.0 times its original investment. Certain provisions of the Plan provide for accelerated vesting of the Time Based Option when a participant is subject to a qualifying termination, as defined within the Plan. Both the Time-Based Options and the Performance Based Options expire 7 years from the date of grant, with the exception of options granted to Andrew Hayek, Chief Executive Officer, which expire 10 years from the date of grant.

The fair value of each award is estimated on the date of grant utilizing two methodologies. For the Time Based Option, the Company estimates the fair value of the grant utilizing the Black Scholes model that utilizes the assumptions shown in the table below. Expected volatilities are based on observed historical trends in the industry and other factors. The expected term of the options granted represents the period of time that options granted are expected to be outstanding. The risk free rate was based on the time horizon of the expected term and is based on the U.S. Treasury yield curve in effect at the time of the grant. Compensation expense of $0.5 million and $0.2 million related to the Time Based Options was recognized during the year ended December 31, 2008 and the period June 30, 2007 to December 31, 2007, respectively. As of December 31, 2008, the remaining unrecognized compensation costs related to unvested Time Based Options is $2.3 million and will be recognized on a straight-line basis over the remaining weighted average vesting period of 3.4 years. During the year ended December 31, 2008, 1,057,500 of the Time Based Options vested, of which 112,500 have been forfeited. None of the Time Based Options vested during the period June 30, 2007 to December 31, 2007.

	Year Ended December 31, 2008	Period June 30 - December 31, 2007
Expected volatility	36% - 38%	38.30%
Risk-free interest rate	2.6% - 3.6%	4.34%
Expected life (years)	4.5 – 6.4	5.0
Dividend yield	0.00%	0.00%

The fair value of the Performance Based Option is based on the application of a Monte Carlo simulation model based on the assumptions shown below. Expected volatilities are based on observed historical trends in the industry and other factors. The expected term of the options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding. The risk free rate was based on the time horizon of the expected term and is based on the U.S. Treasury yield curve in effect at the time of the grant. Compensation expense of $0.4 million and $0.3 million related to the Performance Based Options was recognized during the year ended December 31, 2008 and the period June 30, 2007 to December 31, 2007, respectively. As of December 31, 2008, the remaining unrecognized compensation costs related to unvested Performance Based Options is $1.9 million and will be recognized on a straight-line basis over the remaining weighted average vesting period of 3.3 years. None of the Performance Based Options vested during the year ended December 31, 2008 or during the period June 30, 2007 to December 31, 2007.

	Year Ended December 31, 2008	Period June 30 - December 31, 2007
Expected volatility	38% - 44%	43.00%
Risk-free interest rate	2.6% - 3.6%	4.46%
Expected life (years)	3.41 – 3.94	3.5
Dividend yield	0.00%	0.00%

A summary of option activity under the Plan as of December 31, 2008, and changes during the year ended December 31, 2008 is presented below:

	Units (in 000's)	Weighted-Average Exercise Price	Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding, December 31, 2007	16,245	$1.00	5.7 – 6.6	0
Granted	5,025	$1.00	6.6 – 9.6	0
Exercised	0	n/a		
Forfeitures	7,120	$1.00	5.6 – 6.6	0
Cancellations	0	n/a		
Expirations	0	n/a		
Outstanding, December 31, 2008	14,150	$1.00	5.7 – 9.6	0
Exercisable, December 31, 2008	945			0

The weighted average grant-date fair value per option of the Time Based and Performance Based Options granted during the year ended December 31, 2008 was $0.421 and $0.298, respectively. The weighted average grant-date fair value per option of the Time Based and Performance Based Options granted during the period June 30, 2007 through December 31, 2007 was $0.406 and $0.345, respectively.

Directors and Consultants Equity Incentive Plan

On June 24, 2008, ASC Acquisition adopted a Directors and Consultants Equity Incentive Plan (the "Directors Plan") to promote the interests of ASC Acquisition and its members by providing the key directors and consultants of the Company and its affiliates with an appropriate incentive to encourage them to continue to provide services to the Company or any of its affiliates and to improve the growth and profitability of the Company. The Directors Plan allows for the grant of options to purchase up to 5,000,000 membership units of ASC Acquisition. Option awards are generally granted with an exercise price equal to the fair market value of the Membership Unit at the date of grant. Options granted to three directors on June 24, 2008 as payment for service on the Company's Board vested on June 29, 2008, while options granted to three directors on June 24, 2008 as compensation for consulting services vest according to the following schedule: 33.3% on June 29, 2007, 22.2% on June 29, 2008, 22.2% on June 29, 2009, and 22.3% on June 29, 2010. Options granted under the Directors Plan become exercisable only upon the occurrence of a Liquidity Event (as defined in the Directors Plan) in which the Majority Unit Holder (collectively, TPG Partners V, LP, TPG FOF V-A, LP, TPG FOF V-B, LP and/or their respective affiliates) achieves a minimum cash return on its original investment. Certain provisions of the Directors Plan provide for accelerated vesting when a participant is subject to a qualifying termination, as defined within the Directors Plan. The options expire 7 years from the date of grant.

The fair value of the options granted under the Directors Plan during the second quarter of 2008 was estimated on the date of grant utilizing a Monte Carlo simulation model based on the assumptions shown below. Expected volatilities are based on observed historical trends in the industry and other factors. The expected term of the options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding. The risk free rate was based on the time horizon of the expected term and is based on the U.S. Treasury yield curve in effect at the time of the grant. Director and consultant fee expense of $0.8 million related to the options granted under the Directors Plan was recognized during the year ended December 31, 2008. As of December 31, 2008, the remaining unrecognized expense related to unvested options under the Directors Plan is $0.2 million and will be recognized on a straight-line basis over the remaining weighted average vesting period.

Expected volatility	39.00%
Risk-free interest rate	3.76%
Expected life (years)	3.5 – 4.16
Dividend yield	0.00%

A summary of option activity under the Directors Plan during 2008 is presented below:

	Units (In 000's)	Weighted-Average Exercise Price	Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding, December 31, 2007	0	n/a		
Granted	3,250	$1.00	6.5	$ 0
Exercised	0	n/a		
Forfeitures	0	n/a		
Cancellations	0	n/a		
Expirations	0	n/a		
Outstanding, December 31, 2008	3,250	$1.00	6.5	$ 0
Exercisable, December 31, 2008	0			$ 0

The weighted average grant-date fair value per option of all options granted during the year ended December 31, 2008 under the Directors Plan was $0.31.

Restricted Equity Units

On July 24, 2008, ASC Acquisition entered into a Restricted Equity Unit Grant Agreement (the "Agreement") with the Chief Executive Officer of SCA (the "Grantee") to promote the interests of ASC Acquisition and its members by providing the Chief Executive Officer of the Company and its affiliates with an appropriate incentive to encourage him to continue to provide services to the Company or any of its affiliates and to improve the growth and profitability of the Company. The Agreement grants to the Grantee the right to receive 700,000 membership units of ASC Acquisition ("Restricted Equity Units"). Each Restricted Equity Unit represents the right to receive one membership unit of ASC Acquisition. The date of grant of the Restricted Equity Units was July 24, 2008, and the Restricted Equity Units vest 20% on each of the first five anniversaries of the date of grant, subject to the Grantee continuing to be employed by the Company or any of its subsidiaries on each such Vesting Date. Vested Restricted Equity Units shall be settled on the earlier of the termination of the Grantee's employment by the Company or any of its affiliates or a change in ownership or effective control of the Company or ASC Acquisition. Any portion of the Restricted Equity Units that is unvested on the date that the Grantee's employment with the Company terminates for any reason shall be forfeited, and the Grantee will cease to have any rights with respect thereto. The Restricted Equity Units expire 10 years from the date of grant.

The grant-date fair value of each Restricted Equity Unit was $1.00. Compensation expense of $58.3 thousand related to the Restricted Equity Units was recognized during the year ended December 31, 2008. As of December 31, 2008, the remaining unrecognized expense related to unvested Restricted Equity Units was $0.6 million and will be recognized on a straight-line basis over the remaining vesting period.

A summary of activity associated with the Restricted Equity Units during 2008 is presented below:

	Units (In 000's)	Grant Date Fair Value per Unit
Nonvested Restricted Equity Units at December 31, 2007	0	n/a
Granted	700	$1.00
Vested	0	n/a
Forfeited	0	n/a
Nonvested Restricted Equity Units at December 31, 2008	700	$1.00

11. EMPLOYEE BENEFIT PLANS

Predecessor Benefit Plans

HealthSouth provided employee benefit plans, including sponsored healthcare plans and a 401(k) savings plan, to its employees, including Predecessor employees. Additionally, HealthSouth provided a Senior Management Bonus Program, a Key Executive Incentive Program, and a Change in Control Benefits Plan to certain of its employees, including certain Predecessor employees.

Substantially all HealthSouth employees, including Predecessor employees, were eligible to enroll in HealthSouth sponsored healthcare plans, including coverage for medical and dental benefits. HealthSouth's primary healthcare plans were national plans, administered by third-party administrators. HealthSouth was self-insured for these plans.

The HealthSouth Retirement Investment Plan was a qualified 401(k) savings plan. The plan allowed eligible employees, including Predecessor employees, the option to contribute up to 100% of their pay on a pre-tax basis into their individual retirement account in the plan subject to the normal maximum annual limits set by the Internal Revenue Service ("IRS"). Prior to 2006, the Predecessor's employer match was 15% of the first 4% of each participant's elective deferrals. During the period January 1, 2007 to June 29, 2007, and during 2006, the Predecessor's employer matching contribution was 50% of the first 4% of each participant's elective deferrals. All contributions to the plan were in the form of cash. Predecessor employees who were at least 21 years of age were eligible to participate in the plan. Predecessor contributions vested over a six-year service period. Participants were immediately fully vested in their own contributions. Predecessor contributions to the HealthSouth Retirement Investment Plan for Predecessor employees for the Predecessor periods January 1, 2007 to June 29, 2007, and the year ended December 31, 2006 approximated $1.3 million.

In 2007 and 2006, HealthSouth adopted a Senior Management Bonus Program to reward senior management, including senior management of the Predecessor, for performance based on a combination of corporate goals, divisional or regional goals, and individual goals. The corporate goals were based upon the Predecessor meeting a pre-determined financial goal. The divisional or regional goals were determined in accordance with the specific plans agreed upon within each HealthSouth division and approved by HealthSouth's board of directors as part of its routine budgeting and financial planning process. The individual goals were weighted according to importance and included some objectives common to all eligible persons, as determined by each participant and his or her immediate supervisor. The program applied to certain persons who joined the Predecessor in, or were promoted to, senior management positions. For the Predecessor periods January 1, 2007 to June 29, 2007, and the year ended December 31, 2006, the Predecessor recorded expense of approximately $0.6 million and $1.8 million, respectively, under the Senior Management Bonus Program.

HealthSouth adopted the HealthSouth Corporation Key Executive Incentive Program on November 15, 2005, of which certain Predecessor employees were participants. The Key Executive Incentive Program was a supplement to the Predecessor's overall compensation program for executives and was intended to provide incentives to key senior executives with equity awards that vest and cash bonuses that are payable, in each case through January 2009. Payments for the Key Executive Incentive Program were not material to the Predecessor's financial position, results of operations, or cash flows.

Successor Benefit Plans

In connection with the Transaction, SCA established certain employee benefit plans effective July 1, 2007, including the following:

- Company sponsored healthcare plans, including coverage for medical and dental benefits;
- The SCA Retirement Investment Plan, which is a qualified 401(k) savings plan; and
- The Senior Management Bonus Program.

Substantially all SCA employees are eligible to enroll in SCA sponsored healthcare plans, including coverage for medical and dental benefits. Our primary healthcare plans are national plans, administered by third-party administrators, and for which we are self-insured. The cost associated with these plans, net of amounts paid by employees, was approximately $14.8 million and $10.2 million for the year ended December 31, 2008 and for the period June 30, 2007 to December 31, 2007, respectively.

The SCA Retirement Investment Plan is a qualified 401(k) savings plan. The plan allows eligible employees to contribute up to 100% of their pay on a pre-tax basis into their individual retirement account in the plan, subject to the maximum annual limits set by the IRS. SCA's employer matching contribution is 50% of the first 4% of each participant's elective deferrals. All contributions to the plan are in the form of cash. Substantially all employees who are at least 21 years of age are eligible to participate in the plan. Employer contributions vest over a 6-year service period. Participants are immediately fully vested in their own contributions. Employer contributions made to the SCA Retirement Investment Plan approximated $3.2 million and $1.7 million during the year ended December 31, 2008 and the period June 30, 2007 to December 31, 2007, respectively.

SCA has a Senior Management Bonus Program designed to reward senior management for performance, based on a combination of corporate, regional and individual goals. The corporate goals are based upon SCA meeting a pre-determined financial goal. Similarly, regional goals are based upon a pre-determined set of financial goals for the applicable region. The individual goals are determined by each participant with the approval of his or her immediate supervisor. The program applies to persons who join SCA in, or are promoted to, senior management positions. We recorded expense of approximately $3.8 million and $1.3 million under the Senior Management Bonus Program for the year ended December 31, 2008 and the period June 30, 2007 to December 31, 2007, respectively.

12. INCOME TAXES

The Company is subject to U.S. federal, state, and local income taxes. The *(Loss) Income from continuing operations before income tax expense* is as follows (in thousands):

	Year Ended December 31 2008 (Successor)	Period June 30 – December 31 2007 (Successor)	Period January 1 – June 29 2007 (Predecessor)	Year Ended December 31 2006 (Predecessor)
(Loss) income from continuing operations before income tax expense	$(27,869)	$(18,228)	$44,321	$6,266

The significant components of the provision for income taxes related to continuing operations are as follows (in thousands):

	Year Ended December 31 2008 (Successor)	Period June 30 – December 31 2007 (Successor)	Period January 1 – June 29 2007 (Predecessor)	Year Ended December 31 2006 (Predecessor)
Current:				
Federal	$ 17	$ 38	$16,946	$ (6,201)
State and local	395	334	3,236	1,924
Total current expense (benefit)	412	372	20,182	(4,277)
Deferred:				
Federal	21,510	6,635	(2,448)	22,475
State and local	4,936	1,181	(467)	(1,002)
Total deferred expense (benefit)	26,446	7,816	(2,915)	21,473
Total income tax expense related to continuing operations	$26,858	$8,188	$17,267	$ 17,196

A reconciliation of differences between the federal income tax at statutory rates and our actual income tax expense on loss from continuing operations, which include federal, state, and other income taxes, is as follows:

	Year Ended December 31 2008 (Successor)	Period June 30 – December 31 2007 (Successor)	Period January 1 – June 29, 2007 (Predecessor)	Year Ended December 31 2006 (Predecessor)
Tax benefit at statutory rate	35.0%	35.0%	35.0%	35.0%
Increase (decrease) in tax rate resulting from:				
State income taxes, net of federal tax benefit	3.8	5.6	3.9	(6.0)
IRS Partnership Settlement	0.0	0.0	0.0	207.9
Other, net	(0.8)	(0.1)	0.1	0.4
Increase in valuation allowance	(134.4)	(85.4)	0.0	37.1
Income tax expense	(96.4)%	(44.9)%	39.0%	274.4%

The income tax expense at the statutory rate is the expected income tax expense resulting from the loss from continuing operations. Income tax expense is greater than the statutory rate for the year ended December 31, 2008 and the six-month period ended December 31, 2007 due to a valuation allowance and goodwill amortization related to indefinite-lived intangible assets. After consideration of all evidence, both positive and negative, management concluded that it is more likely than not that the Company will not realize its net deferred tax assets. Therefore, a full valuation allowance has been established on our net deferred tax assets. The deferred tax liability resulting from the goodwill amortization is considered an indefinite-lived intangible and cannot be looked upon as a source of future taxable income to support the realization of deferred tax assets for purposes of establishing a valuation allowance.

Income tax expense is greater than the statutory rate for the six-month period ended June 30, 2007 due to state income taxes. In 2006, income tax expense is greater than the statutory rate primarily due to an increase in the valuation allowance on the deferred tax asset for state net operating loss carryforwards and an increase in taxes associated with the Predecessor's share of the partnership settlement with the Internal Revenue Service (the "IRS"). In the agreement, the Predecessor agreed to change its carrying value in certain partnerships for changes to taxable income resulting from the restatement of the financial statements for these partnerships for the years ended December 31, 2001 through 2005.

Deferred income taxes recognize the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for income tax purposes and the impact of available net operating loss ("NOL") carryforwards. The significant components of the Company's deferred tax assets and liabilities are as follows (in thousands):

	As of December 31 2008	2007
CURRENT		
Deferred income tax assets:		
Allowance for doubtful accounts	$ 1,928	$ 935
Property, net	1,491	0
Accrued liabilities	3,375	0
Valuation allowance	(6,307)	(796)
Deferred income tax liabilities:		
Prepaid expenses	(2,385)	0
Other	(599)	0
Accrued liabilities	0	(928)
Net current deferred income tax (liability) asset	(2,497)	(789)
NON-CURRENT		
Deferred income tax assets:		
Net operating loss	41,619	18,669
Capital loss	11,133	0
Other comprehensive income	5,576	2,120
Intangible assets	5,591	0
Other	4,055	0
Valuation allowance	(63,296)	(18,010)
Deferred income tax liabilities:		
Property, net	0	(1,753)
Goodwill	(33,023)	(7,271)
Other	(5,992)	0
Investment in non-consolidated entities	0	(1,033)
Net non-current deferred income tax (liability) asset	(34,337)	(7,278)
Total deferred income tax (liability) asset	$ (36,834)	$ (8,067)

FASB Statement No. 109 requires that we reduce our deferred income tax assets by a valuation allowance if, based on the weight of the available evidence, it is more likely than not that all or a portion of a deferred tax asset will not be realized. We have established a full valuation allowance against net deferred tax assets other than the deferred tax liability resulting from the goodwill amortization which is considered an indefinite-lived intangible. Based on these conclusions, a valuation allowance of $69.6 million and $18.8 million is necessary as of December 31, 2008 and 2007, respectively. For the year ended December 31, 2008, the net increase in the valuation allowance was $50.8 million.

At December 31, 2008, we had federal NOL carryforwards of approximately $96.6 million. Such losses expire in various amounts at varying times beginning in 2027. These NOL carryforwards are subject to a valuation allowance. At December 31, 2007, we had federal NOL carryforwards of approximately $38.2 million.

In June 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements in accordance with SFAS 109. SFAS 109 does not prescribe a recognition threshold or measurement attribute for the financial statement recognition and measurement of a tax position taken in a tax return. FIN 48 clarifies the application of SFAS 109 by defining a criterion that an individual tax position must meet for any part of the benefit of that position to be recognized in a company's financial statements. Additionally, FIN 48 provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

The Predecessor adopted FIN 48 on January 1, 2007. There was no material impact on the combined or consolidated financial statements as a result of the adoption of FIN 48, and the Company has no FIN 48 tax liability as of December 31, 2008.

13. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Certain ASCs owned by the Predecessor were not acquired by the Successor. Additionally, fourteen ASCs have been sold or closed since the formation of the Company on June 29, 2007. During 2008, SCA discontinued operations of four surgery centers following management's assessment of limited growth opportunities at these centers. These facilities were sold at management's discretion. In accordance with the requirements of SFAS 144, the assets and liabilities associated with these facilities are reflected in the accompanying condensed consolidated balance sheets as of December 31, 2008 and December 31, 2007 as "assets related to discontinued operations", "liabilities related to discontinued operations", "assets held for sale", and "liabilities held for sale". Additionally, the accompanying condensed consolidated and condensed combined statements of operations and cash flows reflect the net loss, net of tax, and the net cash provided by (used in) operating, investing, and financing activities associated with these facilities as discontinued operations

The operating results of discontinued operations are as follows (in thousands):

	Year Ended December 31 2008 (Successor)	Period June 30 – December 31 2007 (Successor)	Period January 1 – June 29 2007 (Predecessor)	Year Ended December 31 2006 (Predecessor)
Net operating revenues	$ 6,449	$ 14,777	$ 22,737	$ 72,968
Costs and expenses	(5,187)	(17,014)	(30,240)	(75,415)
Impairments	(1,477)	(238)	(3,000)	(1,181)
Loss from discontinued operations	(215)	(2,475)	(10,503)	(3,628)
Income tax (expense) benefit	(2,286)	(161)	4,122	1,386
Net loss from discontinued operations	$ (2,501)	$ (2,636)	$ (6,381)	$ (2,242)

The assets and liabilities of discontinued operations consist of the following (in thousands):

	December 31, 2008 Held for sale	Sold or Closed	Total	December 31, 2007 Held for sale	Sold or Closed	Total
Assets						
Current assets						
Accounts receivable, net	$ 0	$ 423	$ 423	$ 479	$ 1,239	$ 1,718
Other current assets	0	15	15	104	916	1,020
Total current assets	0	438	438	583	2,155	2,738
Property and equipment, net	0	0	0	1,134	10,630	11,764
Goodwill attributable to held-for-sale surgery center	0	0	0	587	0	587
Intangible assets, net	0	0	0	0	84	84
Other long-term assets	0	0	0	0	0	0
Total assets	$ 0	$ 438	$ 438	$ 2,304	$ 12,869	$ 15,173
Liabilities						
Current liabilities						
Current portion of long-term debt	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Accounts payable and other current liabilities	0	174	174	447	1,462	1,909
Total current liabilities	0	174	174	447	1,462	1,909
Long-term debt, net of current portion	0	0	0	0	0	0
Other long-term liabilities	0	0	0	4	0	4
Total liabilities	$ 0	$ 174	$ 174	$ 451	$ 1,462	$ 1,913

14. RELATED PARTY TRANSACTIONS

The Company paid management fees to TPG Capital, L.P., an affiliate of TPG, the majority owner of our Parent, of $2.0 million and $1.0 million during year ended December 31, 2008 and for the period June 30, 2007 through December 31, 2007, respectively.

Certain directors of the Company received options to purchase membership units of ASC Acquisition under the Directors and Consultants Equity Incentive Plan as part of their compensation for consulting services provided to the Company. Total expense recognized by ASC Acquisition related to these options was $0.8 million for the year ended December 31, 2008. See Note 10, *Equity-Based Compensation*, for additional information related to this Plan.

15. COMMITMENTS AND CONTINGENT LIABILITIES

Legal Proceedings

We operate in a highly regulated and litigious industry. As a result, we expect that various lawsuits, claims and legal and regulatory proceedings may be instituted or asserted against us, including, without limitation, employment-related claims and medical negligence claims. The resolution of any such lawsuits, claims, or legal or regulatory proceedings could materially, adversely affect our results of operations and financial position. Although the outcome of any such litigation or proceedings cannot be predicted, we believe that at the present time there are no pending or threatened lawsuits that are reasonably likely to have a material adverse effect on the financial position, results of operations, or liquidity of the Company.

Predecessor Matters

Commencing in March 2003, HealthSouth undertook a comprehensive review of its previously issued consolidated financial statements and determined that those consolidated financial statements were not prepared in accordance with U.S. GAAP. The reconstruction of HealthSouth's historical financial records resulted in the restatement of not only HealthSouth's 2001 and 2000 consolidated financial statements, but also the financial statements of certain of its subsidiary partnerships, including certain partnerships that are now part of the Company. The effect of these restatements has been communicated to the outside partners. These restatements have had a negative impact on our relationships with our partners and may result in litigation against us. We have and may continue to incur additional charges to reduce the economic impact to our partners. However, HealthSouth agreed to indemnify us for any claims made against us arising out of the restatement.

During the reconstruction and restatement period of HealthSouth's historical financial statements, it was determined that the equity balances of certain of our partners had been historically overstated. During the period January 1, 2007 to June 29, 2007, HealthSouth favorably settled with certain of these partners. The reduction of the equity balances of these partners resulted in the $9.2 million noncash gain included in the line entitled *Government, class action, and related settlements expense* in the Predecessor's combined statement of operations for the period January 1, 2007 to June 29, 2007. The Predecessor recorded expenses of $36.8 million for the year ended December 31, 2006 related to settlement negotiations with certain of its subsidiary partnerships related to the restatement of their historical financial statements.

Successor Litigation

The following legal matters were either filed after the Transaction or were matters for which we agreed to take at least some responsibility from HealthSouth under the terms of the Purchase Agreement.

On May 5, 2006, a lawsuit captioned *DeBartolo, et al. v. HealthSouth Corporation et al,* was filed in the United States District Court for the Northern District of Illinois, Eastern Division, by Dr. Hansel DeBartolo against Joliet Surgical Center Limited Partnership (the "Partnership"), the general partner of that partnership, Surgicare of Joliet, Inc., and its parent, HealthSouth Corporation, for a declaratory judgment and an injunction relating to the forced repurchase of his partnership interest. Dr. DeBartolo claims that the partnership agreement's requirement that an investor in a surgical center perform one-third of his surgical procedures at the center violates the federal Anti-Kickback Statute and its underlying federal policy. Dr. DeBartolo seeks an order prohibiting the repurchase of his partnership interest. On October 17, 2006, the court dismissed the case by holding that no private cause of action exists under the Anti-Kickback Statute. On February 7, 2007, Dr. DeBartolo filed an appeal to the Seventh Circuit Court of Appeals, where the case is now pending. While, as noted above, HealthSouth remains the owner of Surgicare of Joliet, Inc. and its interest in the Partnership pending the necessary regulatory approvals in Illinois, SCA is managing this litigation pursuant to its management of the facility and Surgicare of Joliet, Inc. We intend to vigorously defend against the alleged claims. Based on the stage of litigation, and review of the current facts and circumstances, it is not possible to estimate the amount of loss or range of possible loss that might result from an adverse judgment or settlement of this case.

On or about September 19, 2007, David J. Chao, who is a limited partner in Arthroscopic & Laser Surgery Center of San Diego, L.P. (the "Partnership"), which owns our center in Kearny-Mesa, California (the "Center"), filed a lawsuit captioned *David J. Chao v. HealthSouth Corporation, et al,.* in San Diego County, California, Superior Court against HealthSouth, the Partnership, us and several of our subsidiaries, including the entity that is the general partner of the Partnership. Dr. Chao makes claims of breach of contract, gross negligence, breach of the covenant of good faith and fair dealing, breach of fiduciary duty, judicial dissolution and accounting, constructive trust, money had and received, intentional fraud and deceit, negligent misrepresentation, failure to disclose, constructive fraud, and unfair business practices, all with respect to the operation of the Center under HealthSouth's management. HealthSouth is responsible for these claims. However, Dr. Chao also makes a claim of intentional interference with prospective economic advantage against us. Dr. Chao claims that he had an agreement with us to purchase our interest in our surgery center in La Jolla, California, and that he in turn had an agreement to sell some of that interest to University of California – San Diego ("UCSD"). He further claims that we defaulted on the agreement with him and surreptitiously entered into our own negotiations with UCSD. We intend to vigorously defend ourselves against his claims. He demands an unspecified amount of compensatory and punitive damages. This case is currently in the discovery phase. It is not possible at this time to estimate the amount of loss or range of possible loss that might result from an adverse judgment or settlement of this case.

We agreed to take responsibility from HealthSouth for a lawsuit captioned *David D. Beal, et al. v. HealthSouth Corporation, et al.*, which was filed on April 14, 2003, in the Superior Court for the State of Alaska, Third Judicial District at Anchorage, by David D. Beal, Steven E. Nathanson, and others against HealthSouth Corporation, David A. McGuire, Alaska Surgery Center, Inc., Alaska Surgery Center, Ltd. (the "Partnership"), Louise Bjornstad, and Lake Otis Professional Center, LLC. We acquired Alaska Surgery Center, Inc. and its interest in the Partnership, which owns our ASC in Anchorage, Alaska, in the Transaction. The plaintiffs, each of whom are partners with SC Affiliates, LLC, an SCA subsidiary that is the parent of Alaska Surgery Center, Inc., and Dr. McGuire in a joint venture that owns certain real property in Anchorage, allege that the defendants breached fiduciary duties to the joint venture by lobbying the Alaska State Legislature to alter the state's Certificate of Need law in a manner which allowed the primary tenant in the joint venture's building to relocate. The plaintiffs seek to recover compensatory damages, punitive damages, attorney's fees and costs. On October 13, 2006, the court granted defendants' motion for summary judgment on the plaintiffs' claims and denied plaintiffs' cross-motion for partial summary judgment. The case is now on appeal. At this time, we cannot estimate the amount of loss or range of possible loss that might result to us from an adverse judgment or settlement of this case.

On June 11, 2001, a class action complaint styled *Access Now, Inc. et al. v. St. Petersburg Surgery Center, Ltd., et al.*, was filed in the United States District Court for the Middle District of Florida against HealthSouth Corporation ("HealthSouth") and certain of its facilities, alleging violations of the federal Americans with Disabilities Act (the "ADA"), and the federal Rehabilitation Act of 1973 (the "Rehab Act") at HealthSouth's facilities, including its surgery centers. The parties entered into a Consent Decree which required HealthSouth and its successors to correct any deficiencies under the ADA and the Rehab Act at the subject facilities. The Consent Decree was approved by the Court on December 29, 2005. According to the Consent Decree, each facility which is owned, occupied or operated by a named defendant is to be inspected for compliance with the ADA and Rehab Act by December 31, 2008. Any modifications required by the inspections are to be completed within 9 years after the inspection report has been approved by the Court. Approximately 125 of our facilities are subject to the Consent Decree. We have been advised that attorneys for HealthSouth Corporation have filed a motion to amend the schedules and dismiss the other defendants (which would include the SCA owned defendants).

Corporate Integrity Agreement

In 2004, as a condition of its global settlement with the United States, HealthSouth entered into a corporate integrity agreement ("CIA") with the Office of Inspector General of the United States Department of Health and Human Services ("OIG"). We inherited certain obligations, such as reporting requirements and compliance training requirements, which were applicable to the Predecessor. These obligations will apply to us until the expiration of the CIA on January 1, 2010 (including filing the last annual report for the 2009 calendar year). We maintain a robust compliance program as mandated by the CIA. If we fail to comply with the CIA, we could be subject to further government investigation and possible penalties, including fines, or we could be excluded from participating in the Medicare and Medicaid programs.

Upon a review of each facility's relationships and arrangements with referral sources as well as other business practices, HealthSouth terminated or restructured a number of such relationships and practices and disclosed certain of such historical relationships and practices to the OIG pursuant to the CIA. With respect to two ASCs that were the subject of disclosures, we understand that HealthSouth has entered into a settlement of certain self-disclosures made to the United States Department of Health & Human Services OIG. At this time, we have no reason to believe that any disclosures related to any of the other facilities, or the other reviewed relationships or practices, will result in investigations or adverse actions against the facilities, but there can be no assurance in this regard.

We routinely conduct audits and reviews of the accuracy of our billing systems and other regulatory compliance matters. As a result of these reviews, we may make disclosures to the OIG relating to amounts that we suspect represent over-reimbursements from these programs, whether due to inaccurate billing or otherwise. Any such disclosures could result in us refunding material amounts to Medicare or other federal healthcare programs.

Risk Insurance

Predecessor

Historically, risk insurance for the Predecessor was provided through HealthSouth's risk insurance program. HealthSouth insured a substantial portion of the Predecessor's professional liability, general liability, and workers' compensation risks through a self-insured retention program ("SIR") underwritten by its consolidated wholly owned offshore captive insurance subsidiary, HCS, Ltd. ("HCS"), which was funded annually by HealthSouth. HealthSouth used HCS to fund part of its first layer of insurance coverage up to $60 million. Risks in excess of specified limits per claim and in excess of HealthSouth's aggregate SIR amount were covered by unrelated commercial carriers.

The Predecessor was charged a premium for workers' compensation and professional and general liability coverage by HealthSouth, and HealthSouth/HCS assumed the risk of coverage for losses incurred by the Predecessor, subject to the limits described above. Premiums for workers' compensation were charged on an occurrence basis. Premiums for professional and general liability coverage were charged to the Predecessor based on all claims incurred during the policy year, without regard to the date the claims are reported (i.e., on an occurrence basis). Reserves for all workers' compensation risks and for professional and general liability risks, with the exception of incurred but not reported claims relating to policy years prior to 2005, are considered liabilities of HealthSouth. Expenses related to professional and general liability risks were $2.1 million and $4.6 million for the period January 1, 2007 to June 29, 2007, and for the year ended December 31, 2006, respectively, and are classified in *Other operating expenses* in our combined statements of operations. Expenses associated with workers' compensation were $1.1 million and $0.6 million for the period January 1, 2007 to June 29, 2007, and for the year ended December 31, 2006, respectively, and are classified in *Salaries and benefits* in our combined statements of operations.

Provisions for these risks are based upon actuarially determined estimates. Provisions for losses represent the estimated ultimate net cost of all reported and unreported losses incurred through the combined balance sheet dates. Those estimates are subject to the effects of trends in loss severity and frequency. While management believes the provisions for losses are adequate, there can be no assurance that the ultimate costs will not exceed management's estimates.

Successor

Risk insurance for the Successor is provided through SCA's risk insurance program. We insure a substantial portion of our professional liability, general liability, and workers' compensation risks through fully insured programs, with low or no deductibles, through unrelated carriers.

Provisions for these risks are based upon market based premiums and actuarially determined estimates for incurred but not reported exposure under claims made policies. Provisions for losses within the policy deductibles represent the estimated ultimate net cost of all reported and unreported losses incurred through the consolidated balance sheet dates. Those estimates are subject to the effects of trends in loss severity and frequency. While management believes the provisions for losses are adequate, there can be no assurance that the ultimate costs will not exceed management's estimates.

Reserves for incurred but not reported professional and general liability risks were approximately $4.2 million and $1.4 million at December 31, 2008 and December 31, 2007, respectively, and are included in *Professional liability risks* in the accompanying consolidated balance sheets. Expenses related to professional and general liability risks were $5.3 million and $2.7 million for the year ended December 31, 2008 and for the period June 30, 2007 to December 31, 2007, respectively, and are classified in *Other operating expenses* in our combined statements of operations. Expenses associated with workers' compensation were $2.5 million and $1.1 million for the year ended December 31, 2008 and for the period June 30, 2007 through December 31, 2007, respectively, and are classified in *Salaries and benefits* in our combined statements of operations.

16. SUBSEQUENT EVENTS

Effective March 31, 2009, Mike Snow has resigned from his position on the Company's Board of Directors.

17. CONDENSED CONSOLIDATED AND COMBINED FINANCIAL INFORMATION

The following condensed consolidated and combined financial information is presented as required by the Company's senior and senior subordinated notes indentures dated as of June 29, 2007. The operating and investing activities of the separate legal entities included in the consolidated financial statements are fully interdependent and integrated. Accordingly, the operating results of the separate legal entities are not representative of what the operating results would be on a stand-alone basis. Revenues and operating expenses of the separate legal entities include intercompany charges for management and other services. Each of the subsidiary guarantors are 100% owned by SCA, and all guarantees are full and unconditional and joint and several. SCA's investments in its consolidated subsidiaries, as well as guarantor subsidiaries' investments in non-guarantor subsidiaries and non-guarantor subsidiaries' investments in guarantor subsidiaries, are presented under the equity method of accounting and are included within intercompany receivable and payable.

The $150.0 million of 10% senior subordinated notes due in 2017 and $150.0 million of 8.875% / 9.625% senior PIK-election notes due in 2015 (collectively, the "Notes") were issued in a private offering on June 29, 2007. The Notes are unsecured senior subordinated obligations of the Company; however, the Notes are guaranteed by certain of the Company's current and future direct 100% owned domestic subsidiaries. The financial positions and results of operations (below, in thousands) of the respective guarantors are based upon the guarantor relationship at the end of the period presented.

As discussed in Note 1, Surgical Care Affiliates, LLC was formed in connection with the Transaction and accordingly the condensed combined statements of operations, balance sheets, and statements of cash flows for the Predecessor reflect no activity.

Consolidated Balance Sheets:

As of December 31, 2008 (Successor)	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
			(In Thousands)		
Assets					
Current assets					
Cash and cash equivalents	$ 62,357	$ 0	$ 12,265	$ 0	$ 74,622
Restricted cash	0	0	21,819	0	21,819
Accounts receivable, net of allowance for doubtful accounts	0	0	78,026	0	78,026
Prepaid expenses	0	7	15,684	0	15,691
Other current assets	0	656	5,040	0	5,696
Current assets held for sale	0	0	0	0	0
Current assets related to discontinued operations	0	0	438	0	438
Total current assets	62,357	663	133,272	0	196,292
Property and equipment, net of accumulated depreciation	0	3,716	190,480	0	194,196
Goodwill	0	0	659,893	0	659,893
Intangible assets, net of accumulated amortization	0	1,544	67,750	0	69,294
Deferred bond issue costs	15,832	0	0	0	15,832
Investment in and advances to nonconsolidated affiliates	0	11,476	63,473	0	74,949
Intercompany receivable	848,493	792,802	0	(1,641,295)	0
Assets held for sale	0	0	0	0	0
Assets related to discontinued operations	0	0		0	0
Other long-term assets	287	0	2,259	0	2,546
Total assets	$ 926,969	$ 810,201	$ 1,117,127	$ (1,641,295)	$ 1,213,002
Liabilities and Equity					
Current liabilities					
Current portion of long-term debt	$3,550	$ 0	$ 1,751	$ 0	$5,301
Checks issued in excess of bank balance	0	0	9,827	0	9,827
Accounts payable	0	79	21,593	0	21,672
Accrued payroll	6,817	736	18,316	0	25,869
Accrued interest	13,094	0	95	0	13,189
Accrued distributions	0	0	16,458	0	16,458
Payable to nonconsolidated affiliates	0	0	11,055	0	11,055
Refunds due patients and other third-party payors	0	0	4,646	0	4,646
Deferred income tax liability	0	2,497	0	0	2,497
Other current liabilities	12,192	17	3,614	0	15,823
Current liabilities held for sale	0	0	0	0	0
Current liabilities related to discontinued operations	0	0	174	0	174
Total current liabilities	35,653	3,329	87,529	0	126,511
Long-term debt, net of current portion	690,125	0	14,075	0	704,200
Deferred income tax liability	0	34,337	0	0	34,337
Professional liability risks	0	0	4,205	0	4,205
Intercompany payable	0	0	446,818	(446,818)	0
Liabilities related to discontinued operations	0	0	0	0	0
Other long-term liabilities	13,338	0	8,254	0	21,592
Total liabilities	739,116	37,666	560,881	(446,818)	890,845
Commitments and contingent liabilities					
Minority interest in equity of consolidated affiliates	0	0	134,304	0	134,304
Equity	187,853	772,535	421,942	(1,194,477)	187,853
Total liabilities and equity	$ 926,969	$ 810,201	$ 1,117,127	$ (1,641,295)	$ 1,213,002

Condensed Consolidated Balance Sheets (Continued):

	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
As of December 31, 2007 (Successor)			(In Thousands)		
Assets					
Current assets					
Cash and cash equivalents	$ 1,079	$ 8	$ 41,308	$ 0	$ 42,395
Restricted cash	0	0	26,420	0	26,420
Accounts receivable, net of allowance for doubtful accounts	0	0	75,451	0	75,451
Prepaid expenses	0	90	7,558		7,648
Other current assets	3,160	385	8,004	0	11,549
Current assets held for sale	0	0	583	0	583
Current assets related to discontinued operations	0	0	2,155	0	2,155
Total current assets	4,239	483	161,479	0	166,201
Property and equipment, net of accumulated depreciation	0	728	192,371	0	193,099
Goodwill	0	0	642,155	0	642,155
Intangible assets, net of accumulated amortization	0	20,147	58,681	0	78,828
Deferred bond issue costs	18,431	0	0	0	18,431
Investment in and advances to nonconsolidated affiliates	0	21,673	55,152	0	76,825
Intercompany receivable	922,808	348,002	0	(1,270,810)	0
Assets held for sale	0	0	1,721	0	1,721
Assets related to discontinued operations	0	0	10,714	0	10,714
Other long-term assets	478	403	3,175	0	4,056
Total assets	$ 945,956	$ 391,436	$ 1,125,448	$ (1,270,810)	$ 1,192,030
Liabilities and Equity					
Current liabilities					
Current portion of long-term debt	$ 3,550	$ 0	$ 1,258	$ 0	$ 4,808
Checks issued in excess of bank balance	0	0	10,309	0	10,309
Accounts payable	0	657	26,067	0	26,724
Accrued payroll	0	519	16,358	0	16,877
Accrued interest	14,387	0	100	0	14,487
Accrued distributions	0	0	17,886	0	17,886
Payable to nonconsolidated affiliates	0	0	7,495	0	7,495
Refunds due patients and other third-party payors	0	0	3,623	0	3,623
Deferred income tax liability	0	789	0	0	789
Other current liabilities	6,383	73	8,063	0	14,519
Current liabilities held for sale	0	0	447	0	447
Current liabilities related to discontinued operations	0	0	1,462	0	1,462
Total current liabilities	24,320	2,038	93,068	0	119,426
Long-term debt, net of current portion	663,675	0	13,382	0	677,057
Deferred income tax liability	0	7,278	0	0	7,278
Professional liability risks	0	0	1,380	0	1,380
Intercompany payable	0	131,825	825,727	(957,552)	0
Liabilities held for sale	0	0	4	0	4
Other long-term liabilities	5,980	0	5,836	0	11,816
Total liabilities	693,975	141,141	939,397	(957,552)	816,961
Commitments and contingent liabilities					
Minority interest in equity of consolidated affiliates	0	0	123,088	0	123,088
Equity	251,981	250,295	62,963	(313,258)	251,981
Total liabilities and equity	$ 945,956	$ 391,436	$ 1,125,448	$ (1,270,810)	$ 1,192,030

Condensed Consolidated Statements of Operations:

	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
Year Ended December 31, 2008 (Successor)			(In Thousands)		
Net operating revenues	$ 0	$ 0	$ 708,424	$ 0	$ 708,424
Operating expenses:					
Salaries and benefits	23,019	4,979	213,528	0	241,526
Supplies	0	25	157,881	0	157,906
Other operating expenses	27,226	434	91,128	0	118,788
Depreciation and amortization	0	783	36,634	0	37,417
Occupancy costs	1,627	7	28,556	0	30,190
Provision for doubtful accounts	0	0	16,000	0	16,000
Impairment of intangible and long-lived assets	733	0	3,067		3,800
Professional and medical director fees	2,588	0	7,561	0	10,149
Gain on disposal of assets	0	101	467	0	568
Total operating expenses	55,193	6,329	554,822	0	616,344
Interest expense	56,005	0	1,274	0	57,279
Interest income	(106)	(19)	(1,313)	0	(1,438)
Loss (gain) on sale of investments	3,737	105	(1,160)	0	2,682
Equity in net income of nonconsolidated affiliates	0	(6,014)	(7,831)	0	(13,845)
(Income) loss from operations of consolidated affiliates	(18,662)	152	0	18,510	0
Minority interest in earnings of consolidated affiliates	0	0	75,271	0	75,271
Management fees	(38,939)	(2,275)	41,214	0	0
(Loss) income from continuing operations before income tax expense	(57,228)	1,722	46,147	(18,510)	(27,869)
Provision for income tax expense	0	26,509	349	0	26,858
(Loss) income from continuing operations	(57,228)	(24,787)	45,798	(18,510)	(54,727)
Loss from discontinued operations, net of income tax benefit	0	0	(2,501)	0	(2,501)
Net (loss) income	$ (57,228)	$ (24,787)	$ 43,297	$ (18,510)	$ (57,228)

Condensed Consolidated Statements of Operations (Continued):

Period from June 30 to December 31, 2007 (Successor)	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
			(In Thousands)		
Net operating revenues	$ 0	$ 0	$ 325,810	$ 0	$ 325,810
Operating expenses:					
Salaries and benefits	8,005	2,271	104,475	0	114,751
Supplies	23	0	76,745	0	76,768
Other operating expenses	13,511	1,148	41,293	0	55,952
Depreciation and amortization	0	347	18,215	0	18,562
Occupancy costs	183	0	14,031	0	14,214
Provision for doubtful accounts	0	0	6,045	0	6,045
Impairment of intangible and long-lived assets	0	0	72		72
Professional and medical director fees	727	18	3,181	0	3,926
Gain on disposal of assets	0	0	95	0	95
Total operating expenses	22,449	3,784	264,152	0	290,385
Interest expense	29,844	0	458	0	30,302
Interest income	(13)	(31)	(819)	0	(863)
Loss (gain) on sale of investments	0	2,056	(1,674)	0	382
Equity in net income of nonconsolidated affiliates	0	(1,343)	(4,526)	0	(5,869)
(Income) loss from operations of consolidated affiliates	(5,017)	1,709	0	3,308	0
Minority interest in earnings of consolidated affiliates	0	0	29,701	0	29,701
Management fees	(18,211)	(2,385)	20,596	0	0
(Loss) income from continuing operations before income tax expense	(29,052)	(3,790)	17,922	(3,308)	(18,228)
Provision for income tax expense	0	8,032	156	0	8,188
(Loss) income from continuing operations	(29,052)	(11,822)	17,766	(3,308)	(26,416)
Loss from discontinued operations, net of income tax benefit	0	0	(2,636)	0	(2,636)
Net (loss) income	$ (29,052)	$ (11,822)	$ 15,130	$ (3,308)	$ (29,052)

Condensed Combined Statements of Operations:

Period from January 1 to June 29, 2007 (Predecessor)	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
			(In Thousands)		
Net operating revenues	$ 0	$ 0	$ 341,058	$ 0	$ 341,058
Operating expenses:					
Salaries and benefits	0	2,552	116,898	0	119,450
Supplies	0	36	75,693	0	75,729
Other operating expenses	0	751	49,083	0	49,834
Depreciation and amortization	0	252	13,366	0	13,618
Occupancy costs	0	0	13,544	0	13,544
Provision for doubtful accounts	0	0	6,195	0	6,195
Professional and medical director fees	0	15	3,546	0	3,561
Loss (gain) on disposal of assets	0	7	(1,534)	0	(1,527)
Government, class action, and related settlements expense	0	0	(9,204)	0	(9,204)
Professional fees-accounting, tax, and legal	0	0	3,599	0	3,599
Total operating expenses	0	3,613	271,186	0	274,799
Interest expense	0	3	2,242	0	2,245
Interest income	0	(39)	(3,330)	0	(3,369)
Gain on sale of investments	0	(5,226)	(1,071)	0	(6,297)
Equity in net income of nonconsolidated affiliates	0	(578)	(5,081)	0	(5,659)
(Income) loss from operations of consolidated affiliates	0	(55,502)	0	55,502	0
Minority interest in earnings of consolidated affiliates	0	0	35,018	0	35,018
Management fees	0	(4,446)	4,446	0	0
Income from continuing operations before income tax expense	0	62,175	37,648	(55,502)	44,321
Provision for income tax expense	0	2,602	14,665	0	17,267
Income from continuing operations	0	59,573	22,983	(55,502)	27,054
Loss from discontinued operations, net of income tax benefit	0	0	(6,381)	0	(6,381)
Net income (loss)	$ 0	$ 59,573	$ 16,602	$ (55,502)	$ 20,673

Condensed Combined Statements of Operations (Continued):

	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
Year Ended December 31, 2006 (Predecessor)			(In Thousands)		
Net operating revenues	$ 0	$ 0	$ 677,537	$ 0	$ 677,537
Operating expenses:					
Salaries and benefits	0	5,029	227,904	0	232,933
Supplies	0	0	156,072	0	156,072
Other operating expenses	0	3,512	95,294	0	98,806
Depreciation and amortization	0	213	28,895	0	29,108
Occupancy costs	0	24	27,687	0	27,711
Provision for doubtful accounts	0	0	12,532	0	12,532
Impairment of intangible and long-lived assets	0	0	1,189	0	1,189
Professional and medical director fees	0	116	7,046	0	7,162
Gain on disposal of assets	0	0	(2,666)	0	(2,666)
Government, class action, and related settlements expense	0	0	36,844	0	36,844
Professional fees-accounting, tax, and legal	0	0	24,204	0	24,204
Total operating expenses	0	8,894	615,001	0	623,895
Interest expense	0	1	4,602	0	4,603
Interest income	0	(65)	(5,289)	0	(5,354)
Loss (gain) on sale of investments	0	2,653	(1,756)	0	897
Equity in net income of nonconsolidated affiliates	0	(1,059)	(11,040)	0	(12,099)
(Income) loss from operations of consolidated affiliates	0	(10,918)	0	10,918	0
Minority interest in earnings of consolidated affiliates	0	0	59,329	0	59,329
Management fees	0	(9,912)	9,912	0	0
Income (loss) from continuing operations before income tax expense	0	10,406	6,778	(10,918)	6,266
Provision for income tax (benefit) expense	0	(200)	17,396	0	17,196
Income (loss) from continuing operations	0	10,606	(10,618)	(10,918)	(10,930)
Loss from discontinued operations, net of income tax expense	0	0	(2,242)	0	(2,242)
Net income (loss)	$ 0	$ 10,606	$ (12,860)	$ (10,918)	$ (13,172)

Condensed Consolidated Statements of Cash Flows:

Year Ended December 31, 2008 (Successor)	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
			(In Thousands)		
Net cash (used in) provided by operating activities	$ (48,378)	$ (646)	$ 144,961	$ 0	$ 95,937
Cash flows from investing activities				0	
Capital expenditures	0	0	(36,546)	0	(36,546)
Proceeds from disposal of assets	0	0	1,719	0	1,719
Proceeds from sale of equity interests of consolidated affiliates	0	0	8,955	0	8,955
Repurchase of equity interests of consolidated affiliates	0	0	(5,767)	0	(5,767)
Decrease in cash related to conversion of consolidated affiliates to equity method affiliates	0	0	(971)	0	(971)
Increase in cash related to conversion of consolidated affiliates to equity method affiliates	0	0	346	0	346
Net change in restricted cash	0	0	4,601	0	4,601
Net settlements on interest rate swaps	(2,871)	0	0	0	(2,871)
Other investing activities, net	0	0	(47)	0	(47)
Business acquisitions, net of cash acquired	0	0	(7,529)		(7,529)
Net cash used in investing activities of discontinued operations	0	0	17,760	0	17,760
Net cash used in investing activities	(2,871)	0	(17,479)	0	(20,350)
Cash flows from financing activities					
Checks issued in excess of bank balance	0	0	(482)	0	(482)
Proceeds from issuance of long-term debt, net of issuance costs	30,000	0	0	0	30,000
Principal payments on notes payable	(3,550)	0	(299)	0	(3,849)
Principal payments under capital lease obligations	0	0	(1,489)	0	(1,489)
Distributions to minority interests of consolidated affiliates	0	0	(68,931)	0	(68,931)
Contributions from minority interests of consolidated affiliates	0	0	579	0	579
Change in intercompany advances	86,077	638	(86,715)	0	0
Net cash used in (provided by) financing activities	112,527	638	(157,337)	0	(44,172)
Change in cash and cash equivalents	61,278	(8)	(29,855)	0	31,415
Cash and cash equivalents at beginning of period	1,079	8	41,308	0	42,395
Cash and cash equivalents of discontinued operations at beginning of period	0	0	828	0	828
Less: Cash and cash equivalents of discontinued operations at end of period	0	0	(16)	0	(16)
Cash and cash equivalents at end of period	$ 62,357	$ 0	$ 12,265	$ 0	$ 74,622

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Condensed Consolidated Statements of Cash Flows (Continued):

Period from June 30, 2007 to December 31, 2007 (Successor)	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
			(In Thousands)		
Net cash (used in) provided by operating activities	$ (12,038)	$ (2,712)	$ 69,030	$ 0	$ 54,280
Cash flows from investing activities					
Capital expenditures	0	0	(13,103)	0	(13,103)
Proceeds from disposal of assets	0	0	0	0	0
Proceeds from sale of equity interests of nonconsolidated affiliates	0	0	400	0	400
Proceeds from sale of equity interests of consolidated affiliates	0	0	8,531	0	8,531
Advances to nonconsolidated affiliates	0	0	(250)	0	(250)
Repurchase of equity interests of consolidated affiliates	0	0	(4,646)	0	(4,646)
Net change in restricted cash	0	0	7,016	0	7,016
Net settlements on interest rate swaps	342	0	0	0	342
Other investing activities, net	0	0	(213)	0	(213)
Business acquisitions	(923,245)	0	0	0	(923,245)
Net cash provided by investing activities of discontinued operations	0	0	20	0	20
Net cash used in investing activities	(922,903)	0	(2,245)	0	(925,148)
Cash flows from financing activities					
Checks issued in excess of bank balance	0	0	1,696	0	1,696
Proceeds from issuance of long-term debt	649,352	0	0	0	649,352
Principal payments on notes payable	(1,775)	0	(10)	0	(1,785)
Principal payments under capital lease obligations	0	0	(473)	0	(473)
Distributions to minority interests of consolidated affiliates	0	0	(32,479)	0	(32,479)
Contributions from minority interest of consolidated affiliates	0	0	229	0	229
Member contributions	286,000	0	0	0	286,000
Change in intercompany advances	(9,056)	2,720	6,336	0	0
Net cash used in financing activities of discontinued operations	0	0	(181)	0	(181)
Net cash provided by (used in) financing activities	924,521	2,720	(24,882)	0	902,359
Change in cash and cash equivalents	(10,420)	8	41,903	0	31,491
Cash and cash equivalents at beginning of period	11,499	0	(575)	0	10,924
Cash and cash equivalents of discontinued operations at beginning of period	0	0	808	0	808
Less: Cash and cash equivalents of discontinued operations at end of period	0	0	(828)	0	(828)
Cash and cash equivalents at end of period	$ 1,079	$ 8	$ 41,308	$ 0	$ 42,395

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Condensed Combined Statements of Cash Flows (Continued):

Period from January 1 to June 29, 2007 (Predecessor)	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
			(In Thousands)		
Net cash (used in) provided by operating activities	$ 0	$ (7,073)	$ 63,781	$ 0	$ 56,708
Cash flows from investing activities					
Capital expenditures	0	(100)	(7,050)	0	(7,150)
Proceeds from disposal of assets	0	0	95	0	95
Proceeds from sale of equity interests of nonconsolidated affiliates	0	1,627	0	0	1,627
Proceeds from sale of equity interests of consolidated affiliates	0	0	4,833	0	4,833
Repurchase of equity interests of nonconsolidated affiliates	0	(3,502)	0	0	(3,502)
Repurchase of equity interests of consolidated affiliates	0	0	(4,472)	0	(4,472)
Capital contribution	0	0	521	0	521
Decrease in cash related to conversion of consolidated affiliated to equity method affiliates	0	(938)	0	0	(938)
Net change in restricted cash	0	0	3,678	0	3,678
Net cash provided by investing activities of discontinued operations	0	0	389	0	389
Net cash used in investing activities	0	(2,913)	(2,006)	0	(4,919)
Cash flows from financing activities					
Checks issued in excess of bank balance	0	0	4,187	0	4,187
Proceeds from issuance of long-term debt	0	0	0	0	0
Principal payments on notes payable	0	0	(1,055)	0	(1,055)
Principal payments under capital lease obligations	0	0	(460)	0	(460)
Distributions to minority interests of consolidated affiliates	0	0	(34,884)	0	(34,884)
Change in inter-company advances	0	9,944	(27,283)	0	(17,339)
Net cash used in financing activities of discontinued operations	0	0	(1,253)	0	(1,253)
Net cash provided by (used in) financing activities	0	9,944	(60,748)	0	(50,804)
Change in cash and cash equivalents	0	(42)	1,027	0	985
Cash and cash equivalents at beginning of period	0	50	11,730	0	11,780
Cash and cash equivalents of discontinued operations at beginning of period	0	0	0	0	0
Less: Cash and cash equivalents of discontinued operations at end of period	0	0	(1,841)	0	(1,841)
Cash and cash equivalents at end of period	$ 0	$ 8	$ 10,916	$ 0	$ 10,924

Condensed Combined Statements of Cash Flows (Continued):

Year Ended December 31, 2006 (Predecessor)	Surgical Care Affiliates, LLC	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Adjustments	Consolidated Total
			(In Thousands)		
Net cash provided by operating activities	$ 0	$ 2,290	$ 89,599	$ 0	$ 91,889
Cash flows from investing activities					
Capital expenditures	0	0	(22,448)	0	(22,448)
Proceeds from disposal of assets	0	0	1,183	0	1,183
Proceeds from sale of equity interests of nonconsolidated affiliates	0	0	2,997	0	2,997
Proceeds from sale of equity interests of consolidated affiliates	0	0	22,346	0	22,346
Advances to nonconsolidated affiliates		0	(662)	0	(662)
Repurchase of equity interests of nonconsolidated affiliates	0	0	(100)	0	(100)
Repurchase of equity interests of consolidated affiliates	0	0	(9,865)	0	(9,865)
Decrease in cash related to conversion of consolidated affiliates to equity method affiliates	0	0	(1,595)	0	(1,595)
Increase in cash related to conversion of consolidated affiliates to equity method affiliates	0	0	(103)	0	(103)
Net change in restricted cash	0	0	16,224		16,224
Other investing activities, net	0	0	380	0	380
Net cash provided by investing activities of discontinued operations	0	0	23,376	0	23,376
Net cash provided by investing activities	0	0	31,733	0	31,733
Cash flows from financing activities					
Checks issued in excess of bank balance	0	0	(6,836)	0	(6,836)
Proceeds from issuance of long-term debt	0	0	4,747	0	4,747
Principal payments on notes payable	0	0	(2,711)	0	(2,711)
Principal payments under capital lease obligations	0	0	(1,757)	0	(1,757)
Distributions to minority interests of consolidated affiliates	0	0	(61,751)	0	(61,751)
Change in inter-company advances	0	(2,555)	(45,769)	0	(48,324)
Net cash used in financing activities of discontinued operations	0	0	(3,401)	0	(3,401)
Net cash used in financing activities	0	(2,555)	(117,478)	0	(120,033)
Change in cash and cash equivalents	0	(265)	3,854	0	3,589
Cash and cash equivalents at beginning of period	0	315	6,704	0	7,019
Cash and cash equivalents of Discontinued operations at beginning of period	0	0	1,172	0	1,172
Less: Cash and cash equivalents of discontinued operations at end of period	0	0	0	0	0
Cash and cash equivalents at end of period	$ 0	$ 50	$ 11,730	$ 0	$ 11,780

Section X, Economic Feasibility
Criterion 1120.140(a), Reasonableness of Financing Arrangements

Attached at Attachment – 42A is a letter from the Applicants attesting that the total estimated project costs and related costs will be funded in part by borrowing.

SCA

Surgical Care Affiliates

April 12, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Reasonableness of Financing Arrangements

Dear Chairman Galassie:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 and pursuant to 77 Ill. Admin. Code § 1120.140(a) that the total estimated project costs and related costs will be funded in total or in part by borrowing because a portion or all of the cash and cash equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio (current assets divided by current liabilities) of at least 1:5.

The selected form of debt financing the project will be the lowest cost available. Further, the project expenses only involve the cost of constructing tenant improvements for the facility which are less costly than constructing a new building which would house the facility.

Sincerely,

RSL

Richard L. Sharff, Jr.
Executive Vice President & General Counsel
Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P

Subscribed and sworn to me
This 10th day of April, 2012

Bonnie Browning
Notary Public

Attachment 42A

Section X, Economic Feasibility Review Criteria
Criterion 1120.140(b), Conditions of Debt Financing

Attached at Attachment – 42A is a letter from the Applicants documenting that the conditions of debt financing are reasonable.

Section X, Economic Feasibility Review Criteria
Criterion 1120.310(c), Reasonableness of Project and Related Costs

1. The Cost and Gross Square Feet by Department is provided in the table below.

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. $ (A x C)	Mod. $ (B x E)	
Clinical	$270.91		7,955				$2,155,090		$2,155,090
Contingency	$28.43		7,955				$226,174		$226,174
Total - Clinical	299.34		7,955				$2,381,264		$2,381,264
Non-Clinical	$120.39		7,276				$875,979		$875,979
Contingency	$12.64		7,276				$91,933		$91,933
Total – Non-Clinical	$133.03		7,276				$967,912		$967,912
TOTALS	**$219.89**		15,231				**$3,349,176**		**$3,349,176**

* Include the percentage (%) of space for circulation

2. As shown in Table 1120.310(c) below, the project costs are below the State Standard.

Table 1120.310(c)			
	Proposed Project	**State Standard**	**Above/Below State Standard**
Preplanning	$49,770	1.8% x (Construction + Contingency + Equipment) = 1.8% x ($2,165,755 + $215,509 + $1,178,290) = 1.8% x 3,559,554 = $64,072	Below State Standard
New Construction Contracts	$2,165,755/7,955 GSF = $272.25 per GSF	$291 per gross square foot	Below State Standard

Table 1120.310(c)			
	Proposed Project	**State Standard**	**Above/Below State Standard**
Contingencies	$215,509	10% x Construction Costs = 10% x $2,165,755 = $216,576	Below State Standard
Architectural/Engineering Fees	$157,850	7.06% - 10.60% x (Construction + Contingency) = 7.06% - 10.60 x ($2,155,090 + $226,174) = 7.06% - 10.60% x $2,381,264 = $168,117 - $252,414	Below State Standard
Consulting and Other Fees	$298,125	No State Standard	N/A
Moveable Equipment	$1,178,290	$353,802 per Room $353,802 x 4 = $1,415,208	Below State Standard
Net Interest Expense During Construction	$130,738	No State Standard	N/A
Fair Market Value of Leased Space or Equipment	$1,925,829	No State Standard	N/A
Other Costs to be Capitalized	$566,646	No State Standard	N/A

Section X, Economic Feasibility Review Criteria
Criterion 1120.310(d), Projected Operating Costs

Operating Expenses: $ 4,411,211

Procedures: 3,358

Operating Expense per Procedure: $1,313.64

Section X, Economic Feasibility Review Criteria
Criterion 1120.310(e), Total Effect of Project on Capital Costs

Capital Costs: $364,356

Procedures: 3,358

Capital Costs per Procedure: $108.50 per procedure

Section XI, Safety Net Impact Statement

1. The Replacement ASTC will improve access to safety net services to the residents of Lake County and surrounding areas. The Applicants recently enrolled in the Illinois Medical Assistance Program ("Medicaid") and are working with various providers to facilitate referrals of Medicaid patients the Replacement ASTC, so they may also experience the ease, convenience and quality of having surgical procedures performed in an ASTC setting.

2. The relocation of the ASTC will not impact the ability of other providers or other health care facilities to cross-subsidize safety net services. As set forth throughout this application, the Applicants propose to relocate their existing ASTC to a modern state-of-the-art facility to better serve residents of Lake County and surrounding areas. Additionally, Hawthorn Surgery Center recently enrolled in the Medicaid program and is working with various providers to facilitate referrals of Medicaid patients the Replacement ASTC, so they may also experience the advantages of having surgical procedures performed in a high quality ASTC setting.

3. The following table shows the amount of Medicaid and charity care provided over the last three years.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	2008	2009	2010
Inpatient			
Outpatient	0	0	0
Total	0	0	0
Charity (cost in dollars)			
Inpatient			
Outpatient	0	0	0
Total	0	0	0
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient	0	0	0
Total	0	0	0
Medicaid (revenue)			
Inpatient			
Outpatient	0	0	0
Total	0	0	0

Section XII, Charity Care Information

The amount of charity care provided by the applicant for the latest three audited fiscal years is provided in the table below.

CHARITY CARE			
	2008	2009	2010
Net Patient Revenue	**19,435,770**	**21,732,292**	**7,104,404**
Amount of Charity Care (charges)	0	0	0
Cost of Charity Care	0	0	0

Appendix 1
Physician Referral Letters

Copies of the physician referral letters documenting the number of patients referred to health care facilities within the past 12 months and the projected referrals to the Replacement ASTC are attached at Appendix 1.

Suburban Ear, Nose & Throat Specialist, Ltd.
Hawthorn Health Center
1900 Hollister Drive, Suite 220
Libertyville, Illinois 60048

March 31, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a surgeon specializing in otolaryngology (ear, nose, and throat) cases. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. It is my understanding that, given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. Although I anticipate minor changes in my referral patterns, the relocation of Hawthorn Surgery Center will give my patients more flexibility in their selection of treatment location and will allow me to provide high quality care in a modern facility.

During the past twelve months, I performed a total of 712 outpatient surgery cases. Outpatient otolaryngology surgery cases will constitute the majority of my work in the future. I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC (name)	Hospital and Licensed ASTC (number of cases) Most recent 12 months	The number of referrals to Hawthorn Surgery Center First Year After the Proposed Project Opens
Lutheran General Hospital	466	52
Golf Surgical Center	115	10
Highland Park Hospital	40	40
Condell Medical Center	2	2

Hospital / Licensed ASTC (name)	Hospital and Licensed ASTC (number of cases) Most recent 12 months	The number of referrals to Hawthorn Surgery Center First Year After the Proposed Project Opens
Glenbrook Hospital	4	0
Skokie Hospital	4	0
Rush University Medical Center	67	0
Children's Memorial Hospital	14	0
Total	**712**	**104**

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of Hawthorn Surgery Center.

Sincerely,

David L. Walner, M.D.
1900 Hollister Drive, Suite 220
Libertyville, Illinois 60048

Subscribed and sworn to me
This 31st day of March, 2012

Louise E. Gabriel
Notary Public

OFFICIAL SEAL
LOUISE E GABRIEL
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:02/21/13

Suburban Ear, Nose & Throat Specialist, Ltd.
Hawthorn Health Center
1900 Hollister Drive, Suite 220
Libertyville, Illinois 60048

March 31, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a surgeon specializing in otolaryngology (ear, nose, and throat) cases. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. It is my understanding that, given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. Although I anticipate minor changes in my referral patterns, the relocation of Hawthorn Surgery Center will give my patients more flexibility in their selection of treatment location and will allow me to provide high quality care in a modern facility.

During the past twelve months, I performed a total of 238 outpatient surgery cases. Outpatient otolaryngology surgery cases will constitute the majority of my work in the future. I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC (name)	Hospital and Licensed ASTC (number of cases) Most recent 12 months	The number of referrals to Hawthorn Surgery Center First Year After the Proposed Project Opens
Lutheran General Hospital	148	15
Golf Surgical Center	64	10
Highland Park Hospital	18	18
Condell Medical Center	2	2
Glenbrook Hospital	6	0
Total	238	45

146141.1

Suburban Ear, Nose & Throat Specialist, Ltd.
Hawthorn Health Center
1900 Hollister Drive, Suite 220
Libertyville, Illinois 60048

March __, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a surgeon specializing in otolaryngology (ear, nose, and throat) cases. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. It is my understanding that, given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. Although I anticipate minor changes in my referral patterns, the relocation of Hawthorn Surgery Center will give my patients more flexibility in their selection of treatment location and will allow me to provide high quality care in a modern facility.

During the past twelve months, I performed a total of 473 outpatient surgery cases. Outpatient otolaryngology surgery cases will constitute the majority of my work in the future. I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC (name)	**Hospital and Licensed ASTC (number of cases) Most recent 12 months**	**The number of referrals to Hawthorn Surgery Center First Year After the Proposed Project Opens**
Lutheran General Hospital	266	20
Golf Surgical Center	133	11
Highland Park Hospital	6	6
Condell Medical Center	56	56
Glenbrook Hospital	11	0

Skokie Hospital	1	0
Total	**473**	**93**

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of Hawthorn Surgery Center.

Sincerely,

Gregory S. Bussell, M.D.
1900 Hollister Drive, Suite 220
Libertyville, Illinois 60048

Subscribed and sworn to me
This 31st day of March, 2012

Louise E. Gabriel
Notary Public

OFFICIAL SEAL
LOUISE E GABRIEL
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:02/21/13

Suburban Ear, Nose & Throat Specialist, Ltd.
Hawthorn Health Center
1900 Hollister Drive, Suite 220
Libertyville, Illinois 60048

March 31, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a surgeon specializing in otolaryngology (ear, nose, and throat) cases. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. It is my understanding that, given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. Although I anticipate minor changes in my referral patterns, the relocation of Hawthorn Surgery Center will give my patients more flexibility in their selection of treatment location and will allow me to provide high quality care in a modern facility.

During the past twelve months, I performed a total of 70 outpatient surgery cases. Outpatient otolaryngology surgery cases will constitute the majority of my work in the future. I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC (name)	**Hospital and Licensed ASTC (number of cases) Most recent 12 months**	**The number of referrals to Hawthorn Surgery Center First Year After the Proposed Project Opens**
Lutheran General Hospital	54	5
Golf Surgical Center	4	3
Rush University Medical Center	12	0

Total	70	8

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of Hawthorn Surgery Center.

Sincerely,

Katherine K. Hamming, M.D.
900 Hollister Drive, Suite 220
Libertyville, Illinois 60048

Subscribed and sworn to me
This 31st day of March, 2012

Louise E. Gabriel
Notary Public

OFFICIAL SEAL
LOUISE E GABRIEL
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:02/21/13

Lisa M. Schoene, DPM, ATC, FACFAS
351 South Greenleaf Street, Suite C
Park City, Illinois 60085

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a surgeon specializing in Podiatry. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed a total of 11 outpatient surgery cases at Hawthorn Surgery Center. Outpatient podiatric surgery cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC (name)	**Hospital and Licensed ASTC**	**Projected Referrals to Hawthorn after Project Completion**
Hawthorn Surgery Center	11	11
Chicago Same Day Surgery Center	5	0
Lake Forest Hospital	2	0
Total	**18**	**11**

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

351 S. Greenleaf St. Ste C
Park City, IL 60085
Physician Address

Lisa Schoene, D.P.M.
(Printed Name of Physician)

(Signature of Physician)

Subscribed and sworn to me
This 6 day of March, 2012

Official Seal
Francine Rippberger
Notary Public State of Illinois
My Commission Expires 10/27/2014

Notary Public

Paul Herer, D.M.D, M.S.
195 South Rand Road #110
Lake Zurich, Illinois 60047

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a pediatric dentist. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed a total of 18 outpatient surgery cases at Hawthorn Surgery Center. Outpatient dental surgery cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC	Hospital and Licensed ASTC	Projected Referrals to Hawthorn after Project Completion
Hawthorn Surgery Center	18	18
Total	**18**	**18**

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

195 S. Rand Rd #110
Lake Zurich, IL 60047
Physician Address

Paul Herer, D.M.D., M.S.
(Printed Name of Physician)

(Signature of Physician)

Subscribed and sworn to me
This 6 day of March, 2012

Notary Public

Official Seal
Francine Rippberger
Notary Public State of Illinois
My Commission Expires 10/27/2014

ILLINOIS BONE AND JOINT INSTITUTE
720 FLORSHEIM DRIVE
LIBERTYVILLE, ILLINOIS 60048

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a surgeon specializing in orthopedics. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed a total of 125 outpatient surgery cases at Hawthorn Surgery Center. Outpatient orthopedic surgery cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC	Hospital and Licensed ASTC	Projected Referrals to Hawthorn after Project Completion
Hawthorn Surgery Center	125	125
Lake Forest Hospital	49	0
Advocate Condell Hospital	22	0
Total	**196**	**125**

147423.1

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

720 FLORSHEIM DR
Physician Address LIBERTYVILLE, IL 60048

Peter Hoepfner, M.D.
(Printed Name of Physician)

(Signature of Physician)

Subscribed and sworn to me
This 7 day of MARCH, 2012

Notary Public

OFFICIAL SEAL
CLARA JOYCE
Notary Public - State of Illinois
My Commission Expires May 30, 2014

ILLINOIS BONE AND JOINT INSTITUTE
720 FLORSHEIM DRIVE
LIBERTYVILLE, ILLINOIS 60048

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a surgeon specializing in orthopedics. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed a total of 246 outpatient surgery cases at Hawthorn Surgery Center. Outpatient orthopedic surgery cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC	Hospital and Licensed ASTC	Projected Referrals to Hawthorn after Project Completion
Hawthorn Surgery Center	246	246
Lake Forest Hospital	178	0
Advocate Condell Hospital	17	0
St. Joseph Hospital	14	0
Resurrection Hospital	1	0
Advocate Illinois Masonic Hospital	2	0
Total	**458**	**246**

147424.1

Mr. Dale Galassie
February 27, 2012
Page 2

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

720 FLORSHEIM DR
Physician Address LIBERTYVILLE, IL 60048

Anand Vora, M.D.
(Printed Name of Physician)

(Signature of Physician)

Subscribed and sworn to me
This 7 day of 2012, 2012

Notary Public

OFFICIAL SEAL
CLARA JOYCE
Notary Public - State of Illinois
My Commission Expires May 30, 2014

Robert C. Dugan, M.D.
350 South Greenleaf Avenue, Suite 405
Gurnee, Illinois 60031

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a surgeon specializing in orthopedics. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed a total of 76 outpatient surgery cases at Hawthorn Surgery Center. Outpatient orthopedic surgery cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC	Hospital and Licensed ASTC	Projected Referrals to Hawthorn after Project Completion
Hawthorn Surgery Center	76	76
Victory Memorial Hospital	134	0
Lake Forest Hospital	1	0
Total	**211**	**76**

147420.1

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

350 S. Greenleaf #405
Gurnee, IL 60031
Physician Address

Robert Dugan, M.D.
(Printed Name of Physician)

(Signature of Physician)

Subscribed and sworn to me
This 19th day of March, 2012

Notary Public

OFFICIAL SEAL
ISABEL C VILLARREAL
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:06/02/15

ILLINOIS BONE AND JOINT INSTITUTE
720 FLORSHEIM DRIVE
LIBERTYVILLE, ILLINOIS 60048

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a surgeon specializing in orthopedics. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed 1 outpatient surgery case at Hawthorn Surgery Center. Outpatient orthopedic surgery cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC	Hospital and Licensed ASTC	Projected Referrals to Hawthorn after Project Completion
Hawthorn Surgery Center	1	1
Lake Forest Hospital	91	0
Total	**92**	**1**

Mr. Dale Galassie
February 27, 2012
Page 2

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

720 FLORSHEIM DR
Physician Address LIBERTYVILLE, IL 60048

Burt Schell, M.D.
(Printed Name of Physician)

(Signature of Physician)

Subscribed and sworn to me
This 6 day of MARCH, 2012

Notary Public

OFFICIAL SEAL
CLARA JOYCE
Notary Public - State of Illinois
My Commission Expires May 30, 2014

ILLINOIS BONE AND JOINT INSTITUTE
720 FLORSHEIM DRIVE
LIBERTYVILLE, ILLINOIS 60048

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a surgeon specializing in orthopedics. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed a total of 14 outpatient surgery cases at Hawthorn Surgery Center. Outpatient orthopedic surgery cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC	Hospital and Licensed ASTC	Projected Referrals to Hawthorn after Project Completion
Hawthorn Surgery Center	14	14
Lake Forest Hospital	51	0
Advocate Condell Hospital	2	0
Total	**67**	**14**

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

720 FLORSHEIM DR
Physician Address LIBERTYVILLE, IL 60048

Peter Thadani, M.D.
(Printed Name of Physician)

Peter Thadani
(Signature of Physician)

Subscribed and sworn to me
This 7 day of MARCH 2012

Notary Public

OFFICIAL SEAL
CLARA JOYCE
Notary Public - State of Illinois
My Commission Expires May 30, 2014

ILLINOIS BONE AND JOINT INSTITUTE
720 FLORSHEIM DRIVE
LIBERTYVILLE, ILLINOIS 60048

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a surgeon specializing in orthopedics. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed a total of 296 outpatient surgery cases at Hawthorn Surgery Center. Outpatient orthopedic surgery cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC	Hospital and Licensed ASTC	Projected Referrals to Hawthorn after Project Completion
Hawthorn Surgery Center	296	296
Lake Forest Hospital	69	0
Advocate Condell Hospital	2	0
Total	**367**	**296**

Mr. Dale Galassie
February 27, 2012
Page 2

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

720 FLORSHEIM DR
Physician Address LIBERTYVILLE, IL 60048

Christ Pavlatos, M.D.
(Printed Name of Physician)

(Signature of Physician)

Subscribed and sworn to me
This 5 day of MARCH, 2012

Notary Public

OFFICIAL SEAL
CLARA JOYCE
Notary Public - State of Illinois
My Commission Expires May 30, 2014

ILLINOIS BONE AND JOINT INSTITUTE
720 FLORSHEIM DRIVE
LIBERTYVILLE, ILLINOIS 60048

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a surgeon specializing in orthopedics. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed a total of 531 outpatient surgery cases at Hawthorn Surgery Center. Outpatient orthopedic surgery cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC	**Hospital and Licensed ASTC**	**Projected Referrals to Hawthorn after Project Completion**
Hawthorn Surgery Center	531	531
Lake Forest Hospital	493	0
Northwestern Grayslake Surgical Center	34	0
Total	**1,058**	**531**

147432.1

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

720 FLORSHEIM DR.
Physician Address LIBERTYVILLE, IL 60048

Roger Chams, M.D.
(Printed Name of Physician)

(Signature of Physician)

Subscribed and sworn to me
This 5 day of MARCH, 2012

Notary Public

OFFICIAL SEAL
CLARA JOYCE
Notary Public - State of Illinois
My Commission Expires May 30, 2014

ILLINOIS BONE AND JOINT INSTITUTE
720 FLORSHEIM DRIVE
LIBERTYVILLE, ILLINOIS 60048

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a surgeon specializing in orthopedics. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed a total of 43 outpatient surgery cases at Hawthorn Surgery Center. Outpatient orthopedic surgery cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC	Hospital and Licensed ASTC	Projected Referrals to Hawthorn after Project Completion
Hawthorn Surgery Center	43	43
Lake Forest Hospital	98	0
Advocate Condell Hospital	3	0
Total	**144**	**43**

Mr. Dale Galassie
February 27, 2012
Page 2

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

720 FLORSHEIM DR
Physician Address LIBERTYVILLE, IL 60048

Stanford Tack, M.D.
(Printed Name of Physician)

(Signature of Physician)

Subscribed and sworn to me
This 5 day of MARCH, 2012

Notary Public

OFFICIAL SEAL
CLARA JOYCE
Notary Public - State of Illinois
My Commission Expires May 30, 2014

CRAIG S. WILLIAMS, M.D.
9000 WAUKEGAN ROAD
MORTON GROVE, ILLINOIS 60053

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a surgeon specializing in orthopedics. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed a total of 119 outpatient surgery cases at Hawthorn Surgery Center. Outpatient orthopedic surgery cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC	Hospital and Licensed ASTC	Projected Referrals to Hawthorn after Project Completion
Hawthorn Surgery Center	119	119
Advocate Condell Hospital	1	0
Glenbrook Hospital	1	0
Golf Surgical Center	4	0
Illinois Sports Med & Ortho Surgery Center	190	0
Advocate Lutheran General Hospital	35	0
Lake Forest Hospital	30	0
Highland Park Hospital	15	0
Total	**395**	**119**

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

9000 Waukegan Rd
Morton Grove, IL 60053

Physician Address

Craig Williams, M.D.
(Printed Name of Physician)

(Signature of Physician)

Subscribed and sworn to me
This 8 day of March, 2012

Notary Public

Official Seal
Francine Rippberger
Notary Public State of Illinois
My Commission Expires 10/27/2014

GREENLEAF ORTHOPAEDIC ASSOCIATES
105 NORTH GREENLEAF STREET
GURNEE, ILLINOIS 60031

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a surgeon specializing in orthopedics. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed a total of 6 outpatient surgery cases at Hawthorn Surgery Center. Outpatient orthopedic surgery cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC	Hospital and Licensed ASTC	Projected Referrals to Hawthorn after Project Completion
Hawthorn Surgery Center	6	6
Lake Forest Hospital	11	0
Advocate Condell Hospital	15	0
Northwestern Grayslake Surgical Center	12	0
Total	**44**	**6**

147438.1

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

105 N. Greenleaf St
Gurnee, IL 60031
Physician Address

Hany Elrashidy, M.D.
(Printed Name of Physician)

(Signature of Physician)

Subscribed and sworn to me
This 6 day of March, 2012

Notary Public

Official Seal
Francine Rippberger
Notary Public State of Illinois
My Commission Expires 10/27/2014

GREENLEAF ORTHOPAEDIC ASSOCIATES
105 NORTH GREENLEAF STREET
GURNEE, ILLINOIS 60031

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a surgeon specializing in orthopedics. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed a total of 78 outpatient surgery cases at Hawthorn Surgery Center. Outpatient orthopedic surgery cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC	Hospital and Licensed ASTC	Projected Referrals to Hawthorn after Project Completion
Hawthorn Surgery Center	78	78
Lake Forest Hospital	11	0
Advocate Condell Hospital	177	0
Total	**266**	**78**

147439.1

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

105 N. Greenleaf St
Gurnee, IL 60031
Physician Address

Thomas Baier, M.D.
(Printed Name of Physician)

(Signature of Physician)

Subscribed and sworn to me
This 6 day of March, 2012

Official Seal
Francine Rippberger
Notary Public State of Illinois
My Commission Expires 10/27/2014

Notary Public

GREENLEAF ORTHOPAEDIC ASSOCIATES
105 NORTH GREENLEAF STREET
GURNEE, ILLINOIS 60031

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a surgeon specializing in orthopedics. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed a total of 5 outpatient surgery cases at Hawthorn Surgery Center. Outpatient orthopedic surgery cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC	Hospital and Licensed ASTC	Projected Referrals to Hawthorn after Project Completion
Hawthorn Surgery Center	5	5
Lake Forest Hospital	4	0
Advocate Condell Hospital	178	0
Total	**187**	**5**

Mr. Dale Galassie
February 27, 2012
Page 2

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

105 N. Greenleaf St
Gurnee, IL 60031
Physician Address

Roger Collins, M.D.
(Printed Name of Physician)

(Signature of Physician)

Subscribed and sworn to me
This 6 day of March, 2012

Notary Public

Official Seal
Francine Rippberger
Notary Public State of Illinois
My Commission Expires 10/27/2014

Illinois Pain Center
185 Milwaukee Avenue, Suite 230
Lincolnshire, Illinois 60069

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am an anesthesiologist specializing in pain management. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed a total of 62 outpatient procedures at Hawthorn Surgery Center. Outpatient pain management cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC (name)	Hospital and Licensed ASTC	Projected Referrals to Hawthorn after Project Completion
Hawthorn Surgery Center	62	62
Advocate Condell Hospital	11	0
Total	**73**	**62**

147443.1

Mr. Dale Galassie
February 27, 2012
Page 2

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

185 Milwaukee Ave Ste 230
Lincolnshire, IL 60069
Physician Address

Richard Caner, M.D.
(Printed Name of Physician)

(Signature of Physician)

Subscribed and sworn to me
This 6 day of March, 2012

Notary Public

Official Seal
Francine Rippberger
Notary Public State of Illinois
My Commission Expires 10/27/2014

Center for Pain Control, P.C.
1800 Hollister Drive, Suite 206
Libertyville, Illinois 60048

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am an anesthesiologist specializing in pain management. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed a total of 23 outpatient procedures at Hawthorn Surgery Center. Outpatient pain management cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC (name)	Hospital and Licensed ASTC	Projected Referrals to Hawthorn after Project Completion
Hawthorn Surgery Center	23	23
Total	**23**	**23**

147445.1

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

1800 Hollister Dr., Suite 206, Libertyville, IL 60048
Physician Address

Yuliya Kin-Kartsimas, M.D.
(Printed Name of Physician)

Yuliya Kartsimas MD
(Signature of Physician)

Subscribed and sworn to me
This 1 day of March, 2012

MARY F MONAGHAN
OFFICIAL SEAL
Notary Public, State of Illinois
My Commission Expires
June 05, 2013

Mary F.
Notary Public

Park Ridge Anesthesiology Associates
1875 West Dempster Street, Suite 405
Park Ridge, Illinois 60068

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am an anesthesiologist specializing in pain management. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed a total of 270 outpatient procedures at Hawthorn Surgery Center. Outpatient pain management cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC (name)	**Hospital and Licensed ASTC**	**Projected Referrals to Hawthorn after Project Completion**
Hawthorn Surgery Center	270	270
Advocate Lutheran General Hospital	259	0
Total	**529**	**270**

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

1875 West Dempster
Park Ridge, IL 60068
Physician Address

Simon Adanin, D.O.
(Printed Name of Physician)

(Signature of Physician)

Subscribed and sworn to me
This 1 day of March, 2012

Notary Public

Official Seal
Francine Rippberger
Notary Public State of Illinois
My Commission Expires 10/27/2014

Park Ridge Anesthesiology Associates
1875 West Dempster Street, Suite 405
Park Ridge, Illinois 60068

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am an anesthesiologist specializing in pain management. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed a total of 57 outpatient procedures at Hawthorn Surgery Center. Outpatient pain management cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC (name)	Hospital and Licensed ASTC	Projected Referrals to Hawthorn after Project Completion
Hawthorn Surgery Center	57	57
Advocate Lutheran General Hospital	200	0
Total	**257**	**57**

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

1875 West Dempster Park Ridge IL 60068
Physician Address

Jason Hennes, M.D.
(Printed Name of Physician)

(Signature of Physician)

Subscribed and sworn to me
This 5th day of March, 2012

Notary Public

Official Seal
Francine Rippberger
Notary Public State of Illinois
My Commission Expires 10/27/2014

ILLINOIS BONE AND JOINT INSTITUTE, LLC
LAKE SHORE ORTHOPAEDICS
350 SOUTH GREENLEAF AVENUE, SUITE 405
GURNEE, ILLINOIS 60031

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a surgeon specializing in orthopedics. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed a total of 91 outpatient surgery cases at Hawthorn Surgery Center. Outpatient orthopedic surgery cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC	Hospital and Licensed ASTC	Projected Referrals to Hawthorn after Project Completion
Hawthorn Surgery Center	91	91
Victory Memorial Hospital	85	0
Lake Forest Hospital	92	0
Total	**268**	**91**

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

350 S. Greenleaf #405
Gurnee, IL 60031
Physician Address

Tomas Nemickas, M.D.
(Printed Name of Physician)

(Signature of Physician)

Subscribed and sworn to me
This 6th day of March, 2012

Notary Public

OFFICIAL SEAL
ISABEL C VILLARREAL
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:06/02/15

ILLINOIS BONE AND JOINT INSTITUTE, LLC
LAKE SHORE ORTHOPAEDICS
350 SOUTH GREENLEAF AVENUE, SUITE 405
GURNEE, ILLINOIS 60031

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a surgeon specializing in orthopedics. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed a total of 552 outpatient surgery cases at Hawthorn Surgery Center. Outpatient orthopedic surgery cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC	Hospital and Licensed ASTC	Projected Referrals to Hawthorn after Project Completion
Hawthorn Surgery Center	552	552
Victory Memorial Hospital	152	0
Lake Forest Hospital	95	0
Total	**799**	**552**

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

350 S. Greenleaf #405
Gurnee, IL 60031
Physician Address

Serafin DeLeon, M.D.
(Printed Name of Physician)

(Signature of Physician)

Subscribed and sworn to me
This 6th day of March, 2012

Notary Public

OFFICIAL SEAL
ISABEL C VILLARREAL
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:06/02/15

ILLINOIS BONE AND JOINT INSTITUTE, LLC
LAKE SHORE ORTHOPAEDICS
350 SOUTH GREENLEAF AVENUE, SUITE 405
GURNEE, ILLINOIS 60031

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a surgeon specializing in orthopedics. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed a total of 106 outpatient surgery cases at Hawthorn Surgery Center. Outpatient orthopedic surgery cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC	Hospital and Licensed ASTC	Projected Referrals to Hawthorn after Project Completion
Hawthorn Surgery Center	106	106
Victory Memorial Hospital	118	0
Lake Forest Hospital	48	0
Total	**272**	**106**

147454.1

Mr. Dale Galassie
February 27, 2012
Page 2

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

350 S. Greenleaf #405
Gurnee, IL 60031
Physician Address

Edward Logue, M.D.
(Printed Name of Physician)

(Signature of Physician)

Subscribed and sworn to me
This 6th day of March, 2012

Notary Public

OFFICIAL SEAL
ISABEL C VILLARREAL
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:08/02/15

ILLINOIS BONE AND JOINT INSTITUTE, LLC
LAKE SHORE ORTHOPAEDICS
350 SOUTH GREENLEAF AVENUE, SUITE 405
GURNEE, ILLINOIS 60031

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a surgeon specializing in orthopedics. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed a total of 87 outpatient surgery cases at Hawthorn Surgery Center. Outpatient orthopedic surgery cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC	Hospital and Licensed ASTC	Projected Referrals to Hawthorn after Project Completion
Hawthorn Surgery Center	87	87
Victory Memorial Hospital	75	0
Lake Forest Hospital	45	0
Total	**207**	**87**

147455.1

Mr. Dale Galassie
February 27, 2012
Page 2

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

350 S. Greenleaf #405
Gurnee, IL 60031
Physician Address

Edward Hamming, M.D.
(Printed Name of Physician)

(Signature of Physician)

Subscribed and sworn to me
This 6th day of March, 2012

Notary Public

OFFICIAL SEAL
ISABEL C VILLARREAL
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:06/02/15

ILLINOIS BONE AND JOINT INSTITUTE, LLC
LAKE SHORE ORTHOPAEDICS
350 SOUTH GREENLEAF AVENUE, SUITE 405
GURNEE, ILLINOIS 60031

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a surgeon specializing in orthopedics. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed a total of 180 outpatient surgery cases at Hawthorn Surgery Center. Outpatient orthopedic surgery cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC	Hospital and Licensed ASTC	Projected Referrals to Hawthorn after Project Completion
Hawthorn Surgery Center	180	180
Victory Memorial Hospital	52	0
Lake Forest Hospital	48	0
Total	**200**	**180**

147457.1

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

350 S. Greenleaf #405
Gurnee, IL 60031
Physician Address

Bruce Summerville, M.D.
(Printed Name of Physician)

MD
(Signature of Physician)

Subscribed and sworn to me
This 6th day of March, 2012

Notary Public

OFFICIAL SEAL
ISABEL C VILLARREAL
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES 06/02/15

Libertyville Ankle and Foot Clinic
1017 West Park Avenue #A
Libertyville, Illinois 60048

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a surgeon specializing in podiatry. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed a total of 34 outpatient surgery cases at Hawthorn Surgery Center. Outpatient podiatric surgery cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC (name)	Hospital and Licensed ASTC	Projected Referrals to Hawthorn after Project Completion
Hawthorn Surgery Center	34	34
Alexian Brothers Medical Center	3	0
Belmont Harlem Surgery Center	25	0
Total	**62**	**34**

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

1017 Park Ave
Libertyville, IL 60048
Physician Address

Scott Jacobsen, D.P.M.
(Printed Name of Physician)

(Signature of Physician)

Subscribed and sworn to me
This 9 day of March, 2012

Notary Public

Official Seal
Francine Rippberger
Notary Public State of Illinois
My Commission Expires 10/27/2014

MIDWEST CENTER FOR WOMEN'S HEALTHCARE
6 EAST PHILLIP ROAD, SUITE 1114
VERNON HILLS, ILLINOIS 60061

February 27, 2012

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Mr. Galassie:

I am a surgeon specializing in gynecology. I am writing in support of the relocation of Hawthorn Surgery Center to Lakeview Parkway and Center Drive in Vernon Hills, Illinois.

Hawthorn Surgery Center has been at its current location for thirty-two years. Given the age and design of the existing the facility, it is difficult to accommodate all of the necessary surgical equipment and to utilize state-of-the-art technology. A new facility will allow me to provide my patients high quality care in a modern facility.

In 2011, I performed a total of 3 outpatient surgery cases at Hawthorn Surgery Center. Outpatient gynecologic surgery cases will constitute the majority of my work in the future.

In 2011, I referred cases to the following hospitals and surgery centers. With the relocation of Hawthorn Surgery Center, I expect to refer my cases as noted below. Projected patient volume shall come from the proposed geographic service area of the Hawthorn Surgery Center.

Hospital / Licensed ASTC	Hospital and Licensed ASTC	Projected Referrals to Hawthorn after Project Completion
Hawthorn Surgery Center	3	3
Advocate Condell Hospital	77	0
Total	**80**	**3**

Mr. Dale Galassie
February 27, 2012
Page 2

These referrals have not been used to support another pending or approved certificate of need application.

The information in this letter is true and correct to the best of my knowledge.

I support the proposed relocation of the Hawthorn Surgery Center.

Sincerely,

6 Phillips Rd. Ste 1114, Vernon Hills, IL. 60061
Physician Address

James Milam, M.D.
(Printed Name of Physician)

James L Milam MD
(Signature of Physician)

Subscribed and sworn to me
This 17 day of APRIL, 2012

Notary Public

Official Seal
Francine Rippberger
Notary Public State of Illinois
My Commission Expires 10/27/2014

Appendix 2
Request for Impact Statement

A copy of the letter sent to area surgical facilities regarding the Project's impact on their workload is attached at Appendix 2.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Ali Nili
Administrator
Ashton Center for Day Surgery
1800 Mcdonough Rd, Suite 100
Hoffman Estates, IL 60192

Dear Mr. Nili:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

Ann M. Coon

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Mark Mayo
Administrator
25 East Same Day Surgery
25 East Washington, Suite 300
Chicago, IL 60602

Dear Mr. Mayo:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Dr. Severko Hrywnak
Administrator
Advanced Ambulatory Surgical Center
2333 North Harlem Ave
Chicago, IL 60707

Dear Dr. Hrywnak:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Aimee Dillard
Administrator
Advantage Health Care, Ltd.
203 E. Irving Park Rd
Wood Dale, IL 60191

Dear Ms. Dillard:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Brinsley Lewis
Chief Executive Officer
Adventist GlenOaks Hospital
701 Winthrop Ave
Glendale Heights, IL 60139

Dear Mr. Lewis:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

Ann M Coon

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Dr. Ann Errichetti
President
Advocate Condell Medical Center
801 South Milwaukee Avenue
Libertyville, IL 60048

Dear Dr. Errichetti:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Karen Lambert
President
Advocate Good Shephard Hospital
1301 S Barrington Rd
Barrington, IL 60010

Dear Ms. Lambert:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

Ann M Coon

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Susan Nordstrom Lopez
President
Advocate Illinois Masonic Medical Center
836 West Wellington Ave
Chicago, IL 60657

Dear Ms. Nordstrom Lopez:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates. LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Ali Nili
Administrator
Aiden Center for Day Surgery, LLC
1580 W. Lake Street
Addison, IL 60101

Dear Mr. Nili:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Diana Maracich
Administrator
Albany Medical Surgical Center
5086 North Elston Ave
Chicago, IL 60630

Dear Ms. Maracich:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Francine McGouey
Chief Executive Officer
Alexian Brothers Behavioral Health Hospital
1650 Moon Lake Blvd
Hoffman Estates, IL 60169

Dear Ms. McGouey:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. John Werrbach
President
Alexian Brothers Medical Center
800 West Biesterfield Rd
Elk Grove Village, IL 60007

Dear Mr. Werrbach:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Lori Callahan
Administrator
Algonquin Rd Surgery Center, LLC
2550 W. Algonquin Rd
Lake in the Hills, IL 60156

Dear Ms. Callahan:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Inga Ferdkoff
Administrator
Ambulatory Surgicenter of Downers Grove, LTD.
4333 Main St
Downers Grove, IL 60515

Dear Ms. Ferdkoff:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Dr. Renlin Xia
Administrator
American Women's Medical Group
2744 North Western Ave
Chicago, IL 60647

Dear Dr. Xia:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
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We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Vera Schmidt
Administrator
Apollo Health Center
2750 South River Road
Des Plaines, IL 60018

Dear Ms. Schmidt:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. C. Alan Eaks
President & CEO
Aurora Chicago Lakeshore Hospital, LLC
4840 N. Marine Dr
Chicago, IL 60640

Dear Mr. Eaks:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Faith McHale
Administrator
Belmont/Harlem Surgery Center, LLC
3101 North Harlem Ave
Chicago, IL 60634

Dear Ms. McHale:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Roxanne Harcourt
Chief Executive Officer
Streamwood Hospital
1400 E. Irving Park Rd
Streamwood, IL 60107

Dear Ms. Harcourt:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

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2010	2,721	3,991
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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

Ann M Carr

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Michael Eesley
Chief Executive Officer
Centegra Hospital Woodstock
3701Doty Rd
Woodstock, IL 60098

Dear Mr. Eesley:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Michael Eesley
Chief Executive Officer
Centegra Hospital McHenry
4201 Medical Center Dr
McHenry, IL 60050

Dear Mr. Eesley:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Jennifer Broucek
Administrator
Chicago Prostate Cancer Surgery Center
815 Pasquinelli
Westmont, IL 60559

Dear Ms. Broucek:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

Hawthorn Surgery Center
1900 Hollister Road, Suite 100
Libertyville, Illinois 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Patrick Magoon
President
Children's Memorial Hospital
2300 Childrens Plaza
Chicago, IL 60614

Dear Mr. Magoon:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

Ann M. Cooper

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Kristen DiCicco
Administrator
Children's Outpatient Services at Westchester
2301 Enterprise Dr
Westchester, IL 60154

Dear Ms. DiCicco:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Dr. Renlin Xia
Administrator
Fullerton Kimball Medical & Surgical Center
3412 West Fullerton Ave
Chicago, IL 60647

Dear Dr. Xia:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Nancy Bradley
Administrator
Dimensions Medical Center, LTD.
1455 Golf Rd, Suite 108
Des Plaines, IL 60016

Dear Ms. Bradley:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Erik Baier
Administrator
DMG Surgical Center
Technology Dr
Lombard, IL 60148

Dear Mr. Baier:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that thc relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Dr. Charles S. Sandor
Administrator
Dupage Eye Surgery Center LLC
2015 North Main St
Wheaton, IL 60187

Dear Dr. Sandor:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Administrator
Elmhurst Medical & Surgical Center P.C.
340 West Butterfield Rd, Suite 1B
Elmhurst, IL 60126

Dear Administrator :

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
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We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville, Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Leo F. Fronza
President
Elmhurst Memorial Hospital
155 East Brush Hill Road
Elmhurst, IL 60126

Dear Mr. Fronza:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Tina Mentz
Administrator
Elmhurst Outpatient Surgery Center, LLC
1200 South York Rd, Suite 1400
Elmhurst, IL 60126

Dear Ms. Mentz:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Mark Mayo
Administrator
Elmwood Park Same Day Surgery, LLC
1614 North Harlem Ave
Elmwood Park, IL 60707

Dear Mr. Mayo:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

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Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Jeffrey Hillebrand
Chief Operating Officer
Evanston Hospital
2650 Ridge Ave
Evanston, IL 60201

Dear Mr. Hillebrand:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Dr. Brian D. Smith
Administrator
Eye Surgery Center of Hinsdale, LLC.
950 North York Road, Suite 203
Hinsdale, IL 60521

Dear Dr. Smith:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

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2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Lowell Scott Weil, Sr.
Administrator
Foot & Ankle Surgical Center
1455 Golf Rd, Suite 134
Des Plaines, IL 60016

Dear Mr. Weil, Sr.:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

Ann K Coe

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Dan Hale
Chief Executive Officer
Foster G. McGaw Hospital
2160 S. 1st Ave
Maywood, IL 60153

Dear Mr. Hale:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Salam Okasha
Administrator
Fullerton Surgery Center
4849 West Fullerton
Chicago, IL 60639

Dear Mr. Okasha:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Jeffrey Hillebrand
Chief Operating Officer
Glenbrook Hospital
2100 Pfingsten Rd
Glenview, IL 60025

Dear Mr. Hillebrand:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. David Fox
President
Advocate Good Samaritan Hospital
3815 Highland Ave
Downers Grove, IL 60515

Dear Mr. Fox:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Kenneth Fishbain
Chief Operating Officer
Gottlieb Memorial Hospital d/b/a Loyola Health System at Gottlieb
701 West North Ave
Melrose Park, IL 60160

Dear Mr. Fishbain:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Joe Jafari
Administrator
Grand Avenue Surgical Center
17 West Grand Avenue
Chicago, IL 60654

Dear Mr. Jafari:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Linda Butler
Administrator
Grand Oaks Surgical Center, S.C.
1800 Hollister Drive
Libertyville, IL 60048

Dear Ms. Butler:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Donna Havemann
Practice Manager
Hart Road Pain and Spine Institute
600 Hart Road
Barrington, IL 60010

Dear Ms. Havemann:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Jeffrey Hillebrand
Chief Operating Officer
Highland Park Hospital
777 Park Avenue West
Highland Park, IL 60035

Dear Mr. Hillebrand:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
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We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Fernando Gruta
Administrator
Hinsdale Hospital
120 North Oak St
Hinsdale, IL 60521

Dear Mr. Gruta:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Dr. Ramon A. Garcia
Administrator
Hispanic American Endoscopy Center, LLC
3536 W. Fullerton Avenue
Chicago, IL 60647

Dear Dr. Garcia:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Patricia J. Wade
Administrator
Hoffman Estates Surgery Center, LLC
1555 Barrington Road, Suite 0400
Hoffman Estates, IL 60194

Dear Ms. Wade:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

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2010	2,721	3,991
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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. John Baird
Chief Executive Officer
Holy Family Medical Center
100 North River Rd
Des Plaines, IL 60016

Dear Mr. Baird:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Fernando Gruta
Administrator
Hinsdale Surgical Center, LLC
908 N. Elm St, Suite 401
Hinsdale, IL 605213600

Dear Mr. Gruta:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

Ann M. Coon

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Donna Kersting
Administrator
Illinois Hand & Upper Extremity Center
515 West Algonquin Road
Arlington Heights, IL 60005

Dear Ms. Kersting:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Lawrence J. Parrish
Administrator
Illinois Sports Medicine & Orthopedic Surgery Center, LLC
9000 Waukegan Rd., Suite 120
Morton Grove, IL 60053

Dear Mr. Parrish:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Sylvia Edwards
Chief Operating Officer
John H. Stroger, Jr Hospital of Cook County
1901 West Harrison St
Chicago, IL 60612

Dear Ms. Edwards:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Alexander Tosiou
Administrator
Lake Forest Endoscopy Center, LLC
1475 East Belvidere Road, Suite 303
Grayslake, IL 60030

Dear Mr. Tosiou:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Yvette Barnabas
Administrator
Lakeshore Surgery Center, LLC
7200 North Western Ave
Chicago, IL 60645

Dear Ms. Barnabas:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Dr. Nicholas Lygizos
Administrator
Golf Surgical Center L.L.C.
8901 Golf Rd
Des Plaines, IL 60016

Dear Dr. Lygizos:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible; at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Steven C. Drucker
President
Loretto Hospital
645 South Central
Chicago, IL 60644

Dear Mr. Drucker:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Jeff Meigs
Chief Financial Officer
Louis A. Weiss Memorial Hospital
4646 N. Marine Dr
Chicago, IL 60640

Dear Mr. Meigs:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Geoffrey J. Abbott
Administrator
Loyola Surgery Center
1 South 224 Summit, Suite 201
Oakbrook Terrace, IL 60181

Dear Mr. Abbott:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Daniel J. Post
Administrator
Loyola University Amb Surg Ctr Loyola Outpatient Ctr
2160 South First Ave, Bldg. 150, Room 4109
Maywood, IL 60153

Dear Mr. Post:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
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We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Anthony Armada
President
Advocate Lutheran General Hospital
1775 Dempster St
Park Ridge, IL 60068

Dear Mr. Armada:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

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Year	**Surgeries**	**Surgery Hours**
2010	2,721	3,991
2011	3,086	4,357

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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Teresa Maganzini
Administrator
Maryville Academy/Scott A. Nolan Ctr
555 Wilson Lane
Des Plaines, IL 60016

Dear Ms. Maganzini:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

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Year	Surgeries	Surgery Hours
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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

Ann M. Coon

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Joseph Chandy
Methodist Hospital of Chicago
5025 North Paulina St
Chicago, IL 60640

Dear Mr. Chandy:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville, Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Ronald Ladniak
Administrator
Midwest Center for Day Surgery
3811 Highland Ave
Downers Grove, IL 60515

Dear Mr. Ladniak:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Anne Meisner
President
Midwestern Regional Medical Center
2520 Elisha Ave
Zion, IL 60099

Dear Ms. Meisner:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Kimberly Zidonis
Administrator
North Shore Surgical Center
3725 W. Touhy
Lincolnwood, IL 60712

Dear Ms. Zidonis:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Jeffrey Hillebrand
Chief Operating Officer
Skokie Hospital
9600 Gross Point Rd
Skokie, IL 60076

Dear Mr. Hillebrand:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Roxanne Matias
Administrator
Northwest Community Day Surgery Center
675 West Kirchoff Rd
Arlington Heights, IL 60005

Dear Ms. Matias:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Bruce Crowther
President
Northwest Community Hospital
800 West Central Rd
Arlington Heights, IL 60005

Dear Mr. Crowther:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Karolynn Welu-Kuecker
Administrator
Northwest Surgicare
1100 West Central Rd
Arlington Heights, IL 60005

Dear Ms. Welu-Kuecker:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Thomas J. McAfee
President & CEO
Northwestern Lake Forest Hospital
660 North Westmoreland Rd
Lake Forest, IL 60045

Dear Mr. McAfee:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Dean M. Harrison
President
Northwestern Memorial Hospital
251 East Huron St
Chicago, IL 60611

Dear Mr. Harrison:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Jose R. Sanchez
President
Norwegian-American Hospital, Inc.
1044 North Francisco Ave
Chicago, IL 60622

Dear Mr. Sanchez:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Kelly Spillane
Administrator
Novamed Surg Ctr of River Forest, LLC
7427 West Lake St
River Forest, IL 60305

Dear Ms. Spillane:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. John Calta
Administrator
Novamed Surgery Center of Chicago Northshore, LLC
3034 West Peterson Ave
Chicago, IL 60659

Dear Mr. Calta:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Ali Nili
Administrator
Oak Brook Surgical Centre, Inc.
2425 West 22nd St, Suite 101
Oak Brook, IL 60521

Dear Mr. Nili:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Sandra Bruce
President
Our Lady of the Resurrection Medical Center
5645 West Addison St
Chicago, IL 60634

Dear Ms. Bruce:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

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2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Tess Sagaidoro
Administrator
Petersen Medical Surgi-Center
6024 N Oakley Ave
Chicago, IL 60659

Dear Ms. Sagaidoro:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Melody Winter-Jabeck
Administrator
Ravine Way Surgery Center
2350 Ravine Way, Suite 500
Glenview, IL 60025

Dear Ms. Winter-Jabeck:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Peggy Kirk
Senior Vice President, Clinical Operations
Rehabilitation Institute of Chicago
345 East Superior St
Chicago, IL 60611

Dear Ms. Kirk:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Sister Donna Marie Wolowicki
Chief Executive Officer
Resurrection Medical Center
7435 West Talcott Ave
Chicago, IL 60631

Dear Sister Wolowicki:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Dr. Daniel Ritacca
Administrator
Ritacca Laser Center, Ltd.
230 Center Drive
Vernon Hills, IL 60061

Dear Dr. Ritacca:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Jonette Marino
Administrator
River North Same Day Surgery Center, LLC
One East Erie, Suite 300
Chicago, IL 60611

Dear Ms. Marino:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Carey Carlock
Chief Executive Officer
Riveredge Hospital
8311 West Roosevelt Rd
Forest Park, IL 60130

Dear Ms. Carlock:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Ken Pawola
Chief Operating Officer
RML Health Providers Limited Partnership d/b/a RML Chicago
3435 W. Van Buren
Chicago, IL 60624

Dear Mr. Pawola:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Philippe Espinosa
Administrator
Rogers Park One Day Surgery Center, Inc.
7616 N. Paulina
Chicago, IL 60626

Dear Mr. Espinosa:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Bruce Elegant
Chief Executive Officer
Rush Oak Park Hospital, Inc.
520 South Maple Ave
Oak Park, IL 60304

Dear Mr. Elegant:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Barbara L. Ramsey
Administrator
Rush Surgicenter at the Professional Bldg. LTD. Partnership
1725 West Harrison, Suite 556
Chicago, IL 60612

Dear Ms. Ramsey:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Peter W. Butler
President
Rush University Medical Center
1653 West Congress Parkway
Chicago, IL 60612

Dear Mr. Butler:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Edward J. Novak
President
Sacred Heart Hospital
3240 West Franklin Blvd
Chicago, IL 60624

Dear Mr. Novak:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

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2011	3,086	4,357

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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Dr. Roberta Luskin-Hawk
Chief Executive Officer
Saint Joseph Hospital
2900 North Lake Shore Dr
Chicago, IL 60657

Dear Dr. Luskin-Hawk:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Margaret McDermott
Chief Executive Officer
Saint Elizabeth Hospital
1431 North Claremont Ave
Chicago, IL 60622

Dear Ms. McDermott:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC·
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Margaret McDermott
Chief Executive Officer
Saint Mary of Nazareth Hospital
2233 West Division St
Chicago, IL 60622

Dear Ms. McDermott:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Richard B. Floyd
President
Sherman Hospital
1425 North Randall Road
Elgin, IL 60123

Dear Mr. Floyd:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Terry Wheat
Administrator
Shirner's Hospital for Children
2211 N Oak Park Ave
Elmwood Park, IL 60707

Dear Terry:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Dr. Sarmed G. Elias
Administrator
Six Corners Same Day Surgery , LLC
4211 N. Cicero Ave, Suite 400
Chicago, IL 60641

Dear Dr. Elias:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Dr. David Chua
Manager
South Loop Endoscopy & Wellness Center
2336 South Wabash Avenue
Chicago, IL 60616

Dear Dr. Chua:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Edward M. Goldberg
President
St. Alexius Medical Center
1555 Barrington Rd
Hoffman Estates, IL 60194

Dear Mr. Goldberg:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Jeff Murphy
Chief Executive Officer
St. Francis Hospital of Evanston
355 Ridge Ave
Evanston, IL 60202

Dear Mr. Murphy:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

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On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Mark Newton
President & CEO
Swedish Covenant Hospital
5145 North California Ave
Chicago, IL 60625

Dear Mr. Newton:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Mark Newton
President & CEO
Swedish Covenant Surgery Center
North California Avenue & West Foster Avenue
Chicago, IL 60625

Dear Mr. Newton:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Jack Shapiro
Chief Executive Officer
Kindred Chicago Central Hospital
4058 West Melrose St
Chicago, IL 60641

Dear Mr. Shapiro:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Larry Foster
Chief Executive Officer
Kindred Hospital Chicago
2544 W. Montrose Ave
Chicago, IL 60618

Dear Mr. Foster:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

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Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Timothy Page
Chief Executive Officer
Kindred Hospital Chicago
365 East North Ave
Northlake, IL 60164

Dear Mr. Page:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

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Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

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On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Dr. Ronald Bloom
Administrator
The Glen Endoscopy Center, LLC
2551 Compass Rd., Suite 115
Glenview, IL 60025

Dear Dr. Bloom:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

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2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

a uc

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Dr. Evert Kirch
Administrator
Lake Bluff Illinois Endoscopy ASC, LLC
101 South Waukegan Rd, Suite 980
Lake Bluff, IL 60044

Dear Dr. Kirch:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Guita Griffiths
Administrator
The Surgery Center at 900 North Michigan Ave, L.L.C.
60 East Delaware Ave 15th Floor
Chicago, IL 606111400

Dear Ms. Griffiths:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

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Sincerely,

a u C

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Frank A. Solare
Chief Executive Officer
Thorek Memorial Hospital
850 West Irving Park Rd
Chicago, IL 60613

Dear Mr. Solare:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

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Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Steven Airhart
President & CEO
UHS Hartgrove
5730 West Roosevelt Road
Chicago, IL 60644

Dear Mr. Airhart:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

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Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

a u c

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. John J. DeNardo
Chief Executive Officer
University of Illinois Hospital
1740 West Taylor, Suite 1400
Chicago, IL 60612

Dear Mr. DeNardo:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

Year	Surgeries	Surgery Hours
2010	2,721	3,991
2011	3,086	4,357

We do not anticipate the project will significantly impact access the health care delivery system for residents of the area or significantly impact other area health care facilities as Hawthorn Surgery Center will accommodate its patient base at another nearby location. The Illinois Health Facilities and Services Review Board requires us to inform you of these plans and offer you the opportunity to provide an impact statement from your facility. A response is not required.

Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Patricia Shehorn
Chief Executive Officer
West Suburban Medical Center
3 Erie Court
Oak Park, IL 60302

Dear Ms. Shehorn:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

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2010	2,721	3,991
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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Patricia Shehorn
Chief Executive Officer
Westlake Hospital
1225 Lake St
Melrose Park, IL 60160

Dear Ms. Shehorn:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

a uc

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Edward Ortiz
Administrator
Gold Coast Surgicenter
845 N Michigan Ave
Chicago, IL 60611

Dear Mr. Ortiz:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

This is a relocation of an existing multi-specialty ASTC and does not involve the addition of any operating rooms. The new ASTC will consist of three operating rooms and 1 procedure room in 15,231 gross square feet. The cost of the proposed project will be approximately $10,278,706. Hawthorn Surgery Center's utilization over the past two years is provided in the table below. We anticipate utilization will be approximately 3,355 cases at the new ASTC. Discontinuation and relocation will occur on or before December 31, 2015.

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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Barbara Martin
President & CEO
Vista Medical Center East
1324 North Sheridan Rd
Waukegan, IL 60085

Dear Ms. Martin:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

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Please send your response within fifteen days of receipt of this letter to Julie Bell by email, if possible, at Julie.Bell@scasurgery.com. Otherwise, you can mail it to her attention at Hawthorn Surgery Center, 1900 Hollister Road, Suite 100, Libertyville,

Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

a u c

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Barbara Martin
President & CEO
Vista Medical Center West
2615 Washington St
Waukegan, IL 60085

Dear Ms. Martin:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

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Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Ms. Barbara Martin
President & CEO
Vista Surgery Center
1050 Red Oak Lane
Lindenhurst, IL 60046

Dear Ms. Martin:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

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Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. Ronald Ladniak
Administrator
Westmont Surgery Center
530 N. Cass Ave
Westmont, IL 60559

Dear Mr. Ladniak:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

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Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

HAWTHORN SURGERY CENTER
1900 HOLLISTER ROAD, SUITE 100
LIBERTYVILLE, ILLINOIS 60048

April 17, 2012

CERTIFIED MAIL/RETURN RECEIPT

Mr. F. Bruce Cohen
Chief Operating Officer
United Therapy-LaGrange
1111 East Touhy Avenue, Suite 240
Des Plaines, IL 60018

Dear Mr. Cohen:

I am writing on behalf of Hawthorn Place Outpatient Surgery Center, L.P. d/b/a Hawthorn Surgery Center to inform you of the proposed relocation of Hawthorn Surgery Center, an existing multi-specialty ambulatory surgical treatment center ("ASTC") from 1900 Hollister Drive, Suite 100, Libertyville, Illinois to Lakeview Parkway and Center Drive in Vernon Hills, Illinois. The new ASTC will be located approximately 1.5 miles or 3 minutes from the existing ASTC.

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Illinois 60048. If we do not receive a response from you within fifteen days, it will be assumed that you agree that the relocation of the surgery center will not have an adverse impact on your facility.

Sincerely,

[signature]

On behalf of

Surgical Care Affiliates, LLC
Hawthorn Place Outpatient Surgery Center, L.P.

Appendix 3
Facility List

The list of facilities contacted is provided in the table below.

First Name	Last Name	Position	Facility Name	Facility Address	City	State	Zip Code
Ali	Nili	Administrator	Ashton Center for Day Surgery	1800 Mcdonough Rd, Suite 100	Hoffman Estates	IL	60192
Severko	Hrywnak	Administrator	Advanced Ambulatory Surgical Center	2333 North Harlem Ave	Chicago	IL	60707
Aimee	Dillard	Administrator	Advantage Health Care, Ltd.	203 E. Irving Park Rd	Wood Dale	IL	60191
Brinsley	Lewis	Chief Executive Officer	Adventist GlenOaks Hospital	701 Winthrop Ave	Glendale Heights	IL	60139
Ann	Errichetti	President	Advocate Condell Medical Center	801 South Milwaukee Avenue	Libertyville	IL	60048
Karen	Lambert	President	Advocate Good Shepherd Hospital	1301 S Barrington Rd	Barrington	IL	60010
Ali	Nili	Administrator	Aiden Center for Day Surgery, LLC	1580 W. Lake Street	Addison	IL	60101
Diana	Maracich	Administrator	Albany Medical Surgical Center	5086 North Elston Ave	Chicago	IL	60630
Francine	McGouey	Chief Executive Officer	Alexian Brothers Behavioral Health Hospital	1650 Moon Lake Blvd	Hoffman Estates	IL	60169
John	Werrbach	President	Alexian Brothers Medical Center	800 West Biesterfield Rd	Elk Grove Village	IL	60007
Lori	Callahan	Administrator	Algonquin Rd Surgery Center, LLC	2550 W. Algonquin Rd	Lake in the Hills	IL	60156
Renlin	Xia	Administrator	American Women's Medical Group	2744 North Western Ave	Chicago	IL	60647
Vera	Schmidt	Administrator	Apollo Health Center	2750 South River Road	Des Plaines	IL	60018
Faith	McHale	Administrator	Belmont/Harlem Surgery Center, LLC	3101 North Harlem Ave	Chicago	IL	60634
Roxanne	Harcourt	Chief Executive Officer	Streamwood Hospital	1400 E. Irving Park Rd	Streamwood	IL	60107
Michael	Eesley	Chief Executive Officer	Centegra Hospital McHenry	4201 Medical Center Dr	McHenry	IL	60050
Kristen	DiCicco	Administrator	Children's Outpatient Services at Westchester	2301 Enterprise Dr	Westchester	IL	60154

First Name	Last Name	Position	Facility Name	Facility Address	City	State	Zip Code
Renlin	Xia	Administrator	Fullerton Kimball Medical & Surgical Center	3412 West Fullerton Ave	Chicago	IL	60647
Nancy	Bradley	Administrator	Dimensions Medical Center, LTD.	1455 Golf Rd, Suite 108	Des Plaines	IL	60016
Jeffrey	Hillebrand	Chief Operating Officer	Evanston Hospital	2650 Ridge Ave	Evanston	IL	60201
Lowell	Weil, Sr.	Administrator	Foot & Ankle Surgical Center	1455 Golf Rd, Suite 134	Des Plaines	IL	60016
Salam	Okasha	Administrator	Fullerton Surgery Center	4849 West Fullerton	Chicago	IL	60639
Jeffrey	Hillebrand	Chief Operating Officer	Glenbrook Hospital	2100 Pfingsten Rd	Glenview	IL	60025
Kenneth	Fishbain	Chief Operating Officer	Gottlieb Memorial Hospital d/b/a Loyola Health System at Gottlieb	701 West North Ave	Melrose Park	IL	60160
Linda	Butler	Administrator	Grand Oaks Surgical Center, S.C.	1800 Hollister Drive	Libertyville	IL	60048
Donna	Havemann	Practice Manager	Hart Road Pain and Spine Institute	600 Hart Road	Barrington	IL	60010
Jeffrey	Hillebrand	Chief Operating Officer	Highland Park Hospital	777 Park Avenue West	Highland Park	IL	60035
Ramon	Garcia	Administrator	Hispanic American Endoscopy Center, LLC	3536 W. Fullerton Avenue	Chicago	IL	60647
Patricia	Wade	Administrator	Hoffman Estates Surgery Center, LLC	1555 Barrington Road, Suite 0400	Hoffman Estates	IL	60194
John	Baird	Chief Executive Officer	Holy Family Medical Center	100 North River Rd	Des Plaines	IL	60016
Fernando	Gruta	Administrator	Hinsdale Surgical Center, LLC	908 N. Elm St, Suite 401	Hinsdale	IL	605213600
Donna	Kersting	Administrator	Illinois Hand & Upper Extremity Center	515 West Algonquin Road	Arlington Heights	IL	60005
Lawrence	Parrish	Administrator	Illinois Sports Medicine & Orthopedic Surgery Center, LLC	9000 Waukegan Rd., Suite 120	Morton Grove	IL	60053
Alexander	Tosiou	Administrator	Lake Forest Endoscopy Center, LLC	1475 East Belvidere Road, Suite 303	Grayslake	IL	60030
Yvette	Barnabas	Administrator	Lakeshore Surgery Center, LLC.	7200 North Western Ave	Chicago	IL	60645

Appendix 3

First Name	Last Name	Position	Facility Name	Facility Address	City	State	Zip Code
Nicholas	Lygizos	Administrator	Golf Surgical Center L.L.C.	8901 Golf Rd	Des Plaines	IL	60016
Anthony	Armada	President	Advocate Lutheran General Hospital	1775 Dempster St	Park Ridge	IL	60068
Teresa	Maganzini	Administrator	Maryville Academy/Scott A. Nolan Ctr	555 Wilson Lane	Des Plaines	IL	60016
Anne	Meisner	President	Midwestern Regional Medical Center	2520 Elisha Ave	Zion	IL	60099
Kimberly	Zidonis	Administrator	North Shore Surgical Center	3725 W. Touhy	Lincolnwood	IL	60712
Jeffrey	Hillebrand	Chief Operating Officer	Skokie Hospital	9600 Gross Point Rd	Skokie	IL	60076
Roxanne	Matias	Administrator	Northwest Community Day Surgery Center	675 West Kirchoff Rd	Arlington Heights	IL	60005
Bruce	Crowther	President	Northwest Community Hospital	800 West Central Rd	Arlington Heights	IL	60005
Karolynn	Welu-Kuecker	Administrator	Northwest Surgicare	1100 West Central Rd	Arlington Heights	IL	60005
Thomas	McAfee	President & CEO	Northwestern Lake Forest Hospital	660 North Westmoreland Rd	Lake Forest	IL	60045
John	Catta	Administrator	Novamed Surgery Center of Chicago Northshore, LLC	3034 West Peterson Ave	Chicago	IL	60659
Sandra	Bruce	President	Our Lady of the Resurrection Medical Center	5645 West Addison St	Chicago	IL	60634
Tess	Sagaidoro	Administrator	Petersen Medical Surgi-Center	6024 N Oakley Ave	Chicago	IL	60659
Melody	Winter-Jabeck	Administrator	Ravine Way Surgery Center	2350 Ravine Way, Suite 500	Glenview	IL	60025
Donna Marie	Wolowicki	Chief Executive Officer	Resurrection Medical Center	7435 West Talcott Ave	Chicago	IL	60631
Daniel	Ritacca	Administrator	Ritacca Laser Center, Ltd.	230 Center Drive	Vernon Hills	IL	60061
Philippe	Espinosa	Administrator	Rogers Park One Day Surgery Center, Inc.	7616 N. Paulina	Chicago	IL	60626
Margaret	McDermott	Chief Executive Officer	Saint Elizabeth Hospital	1431 North Claremont Ave	Chicago	IL	60622
Samed	Elias	Administrator	Six Corners Same Day Surgery , LLC	4211 N. Cicero Ave, Suite 400	Chicago	IL	60641
Edward	Goldberg	President	St. Alexius Medical Center	1555 Barrington Rd	Hoffman Estates	IL	60194

Appendix 3

First Name	Last Name	Position	Facility Name	Facility Address	City	State	Zip Code
Jeff	Murphy	Chief Executive Officer	St. Francis Hospital of Evanston	355 Ridge Ave	Evanston	IL	60202
Mark	Newton	President & CEO	Swedish Covenant Hospital	5145 North California Ave	Chicago	IL	60625
Mark	Newton	President & CEO	Swedish Covenant Surgery Center	North California Avenue & West Foster Avenue	Chicago	IL	60625
Jack	Shapiro	Chief Executive Officer	Kindred Chicago Central Hospital	4058 West Melrose St	Chicago	IL	60641
Larry	Foster	Chief Executive Officer	Kindred Hospital Chicago	2544 W. Montrose Ave	Chicago	IL	60618
Timothy	Page	Chief Executive Officer	Kindred Hospital Chicago	365 East North Ave	Northlake	IL	60164
Ronald	Bloom	Administrator	The Glen Endoscopy Center, LLC	2551 Compass Rd., Suite 115	Glenview	IL	60025
Evert	Kirch	Administrator	Lake Bluff Illinois Endoscopy ASC, LLC	101 South Waukegan Rd, Suite 980	Lake Bluff	IL	60044
Barbara	Martin	President & CEO	Vista Medical Center East	1324 North Sheridan Rd	Waukegan	IL	60085
Barbara	Martin	President & CEO	Vista Medical Center West	2615 Washington St	Waukegan	IL	60085
Barbara	Martin	President & CEO	Vista Surgery Center	1050 Red Oak Lane	Lindenhurst	IL	60046
Bruce	Cohen	Chief Operating Officer	United Therapy-LaGrange	1111 East Touhy Avenue, Suite 240	Des Plaines	IL	60018

Appendix 4
Time and Distance

Attached as Appendix 4 are MapQuest printouts with the time and distance to each facility within 30 minutes normal travel time of Hawthorn Surgery Center.

mapquest

Notes

Trip to:

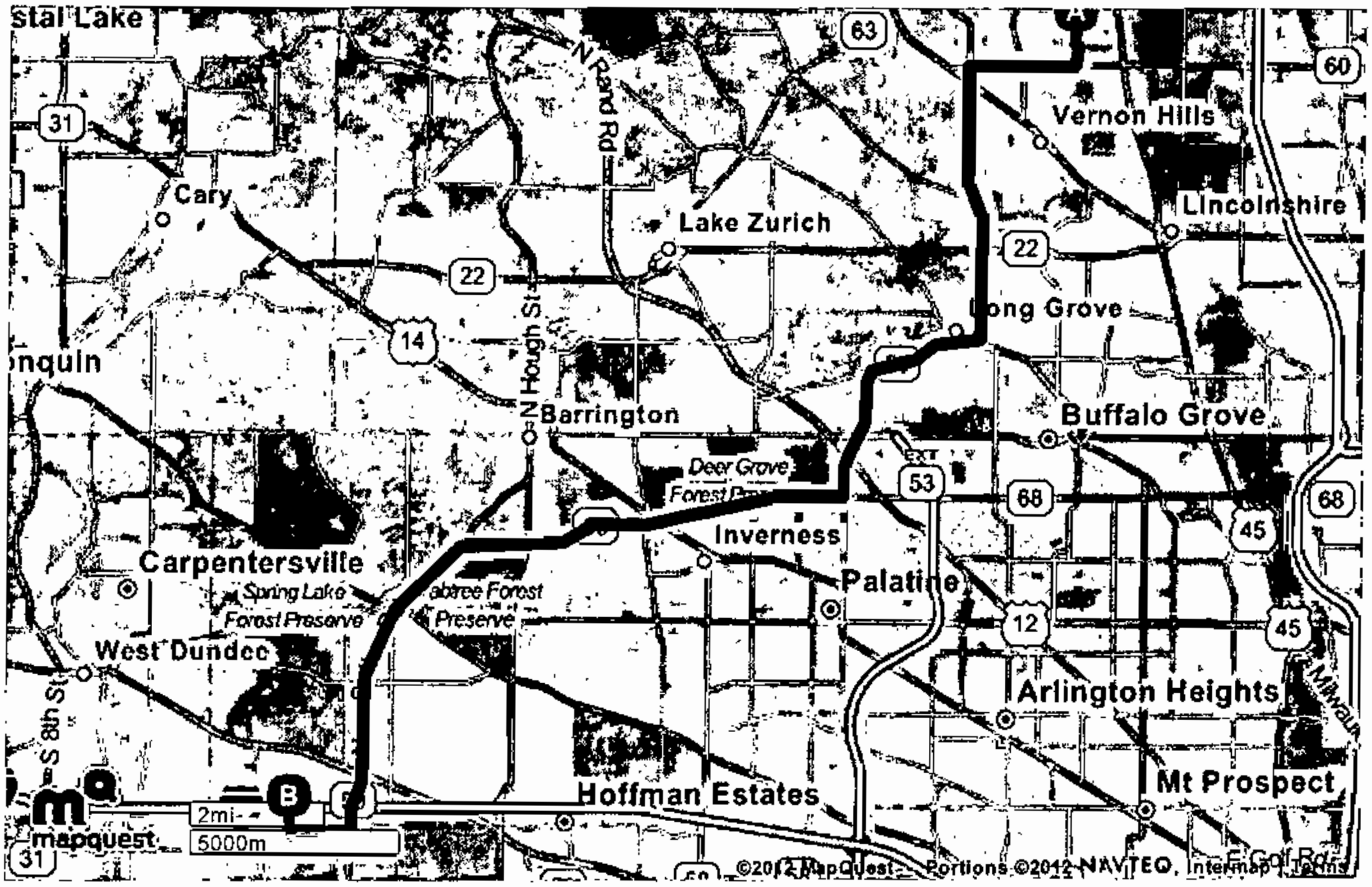
1800 McDonough Rd
Hoffman Estates, IL 60192-4566
23.40 miles / 38 minutes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
60	2. Take the 2nd **right** onto **E Townline Rd / IL-60**. Map	**1.8 Mi** *2.0 Mi Total*
45	3. Turn **left** onto **S Lake St / US-45**. Map	**0.3 Mi** *2.3 Mi Total*
SOUTH 83	4. Stay **straight** to go onto **IL-83 S**. Map	**4.2 Mi** *6.5 Mi Total*
53	5. Turn **slight right** onto **IL-53**. Map	**3.5 Mi** *10.0 Mi Total*
	6. Stay **straight** to go onto **N Hicks Rd**. Map	**0.7 Mi** *10.6 Mi Total*
68	7. Turn **right** onto **E Dundee Rd / IL-68**. Map	**6.5 Mi** *17.1 Mi Total*
SOUTH 59	8. Turn **slight left** onto **New Sutton Rd / IL-68 / IL-59**. Continue to follow **New Sutton Rd / IL-59 S**. Map	**5.3 Mi** *22.4 Mi Total*
	9. Turn **right** onto **Shoe Factory Rd**. Map	**1.0 Mi** *23.3 Mi Total*
	10. Turn **left** onto **McDonough Rd**. Map	**0.06 Mi** *23.4 Mi Total*
	11. **1800 MCDONOUGH RD** is on the **right**. Map	

1800 McDonough Rd, Hoffman Estates, IL 60192-4566

Total Travel Estimate: **23.40 miles - about 38 minutes**



613

mapquest

Trip to:

203 E Irving Park Rd
Wood Dale, IL 60191-2045
29.18 miles / 41 minutes

Notes

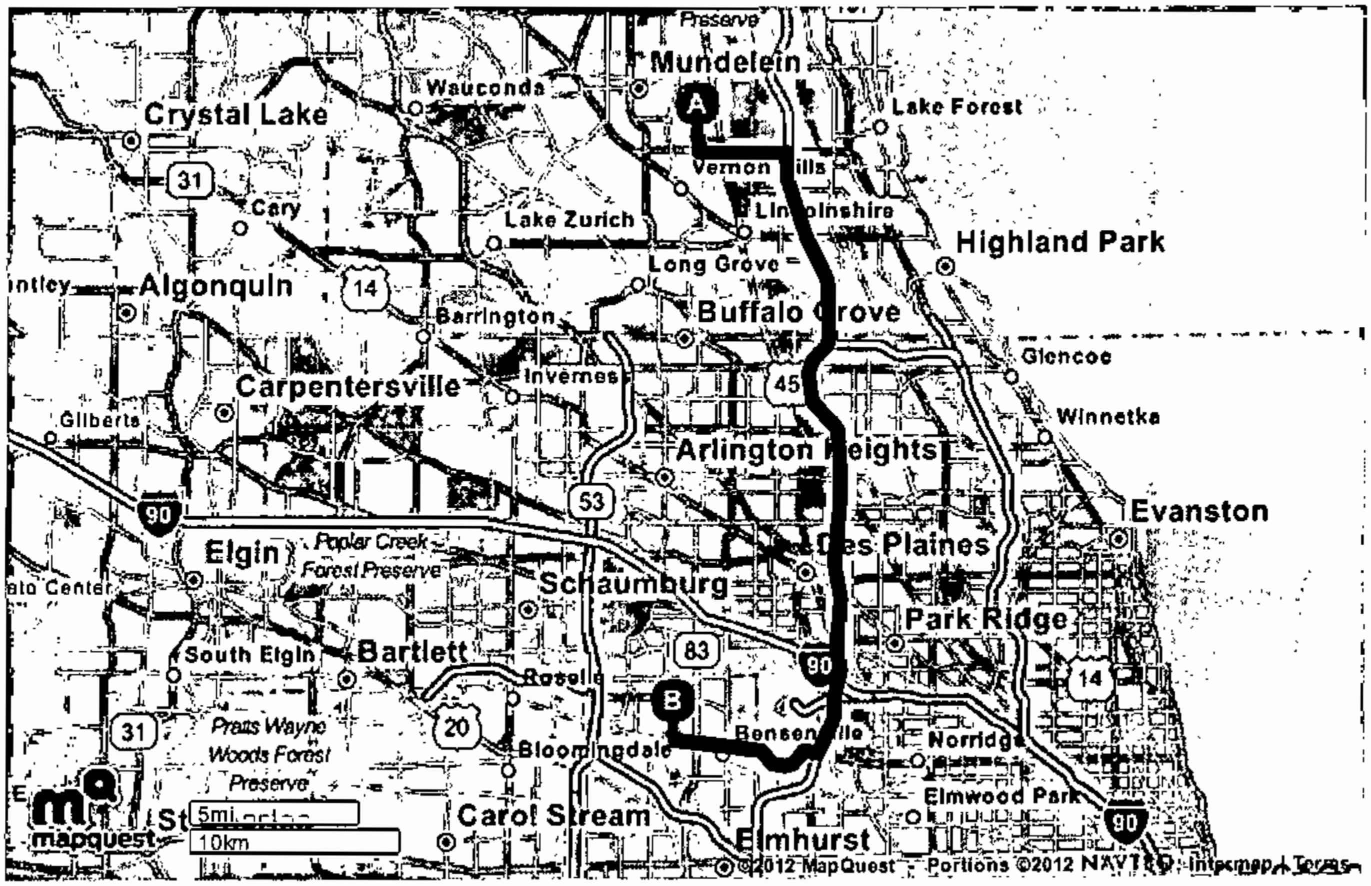
Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
60	2. Take the 2nd **left** onto **E Townline Rd / IL-60**. Map	**2.9 Mi** *3.1 Mi Total*
EAST 94	3. Merge onto **I-94 E** toward **Indiana** (Portions toll). Map	**6.1 Mi** *9.3 Mi Total*
SOUTH 294	4. Keep **right** to take **I-294 S** toward **Indiana-O'Hare** (Portions toll). Map	**14.3 Mi** *23.6 Mi Total*
WEST 19	5. Merge onto **Irving Park Rd / IL-19 W**. Map	**5.6 Mi** *29.2 Mi Total*
	6. **203 E IRVING PARK RD** is on the **right**. Map	

203 E Irving Park Rd, Wood Dale, IL 60191-2045

614

Total Travel Estimate: **29.18 miles - about 41 minutes**



mapquest

Trip to:

701 Winthrop Ave

Glendale Heights, IL 60139-1405

29.38 miles / 43 minutes

Notes

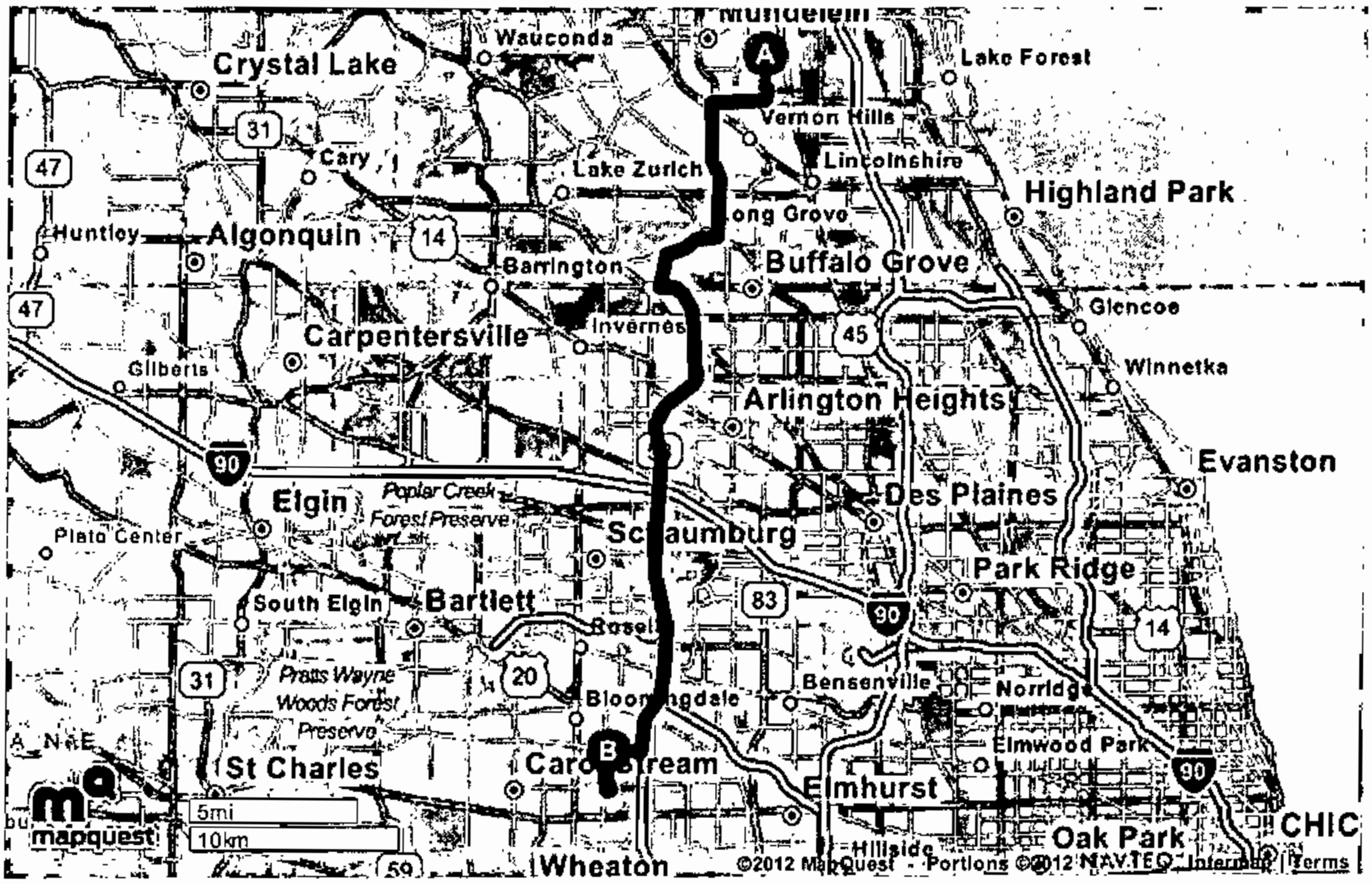
Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
2. Take the 2nd **right** onto **E Townline Rd / IL-60**. Map	**1.8 Mi**	*2.0 Mi Total*
3. Turn **left** onto **S Lake St / US-45**. Map	**0.3 Mi**	*2.3 Mi Total*
4. Stay **straight** to go onto **IL-83 S**. Map	**4.2 Mi**	*6.5 Mi Total*
5. Turn **slight right** onto **IL-53**. Map	**3.1 Mi**	*9.6 Mi Total*
6. Turn **left** onto **Lake Cook Rd**. Map	**0.4 Mi**	*10.0 Mi Total*
7. Take the **IL-53 S** ramp toward **West Suburbs**. Map	**0.4 Mi**	*10.4 Mi Total*
8. Merge onto **IL-53-EXT S**. Map	**1.2 Mi**	*11.6 Mi Total*
9. **IL-53-EXT S** becomes **IL-53 S**. Map	**9.6 Mi**	*21.2 Mi Total*
10. Stay **straight** to go onto **I-290 E**. Map	**2.5 Mi**	*23.7 Mi Total*
11. Keep **left** to take **I-355 S** via **EXIT 7** toward **Joliet**. Map	**2.5 Mi**	*26.2 Mi Total*
12. Take the **Army Trail Rd** exit. Map	**0.4 Mi**	*26.6 Mi Total*
13. Keep **right** to take the ramp toward **Bloomingdale / Glendale Hts**. Map	**0.03 Mi**	*26.6 Mi Total*
14. Merge onto **Army Trail Rd**. Map	**1.2 Mi**	*27.8 Mi Total*
15. Turn **left** onto **Glen Ellyn Rd**. Map	**1.4 Mi**	*29.2 Mi Total*
16. Turn **left** onto **Winthrop Ave**. Map	**0.1 Mi**	*29.4 Mi Total*

17. **701 WINTHROP AVE** is on the **right**. Map

B **701 Winthrop Ave**, Glendale Heights, IL 60139-1405

Total Travel Estimate: **29.38 miles - about 43 minutes**



mapquest

Trip to:

801 S Milwaukee Ave

Libertyville, IL 60048-3204

3.14 miles / 5 minutes

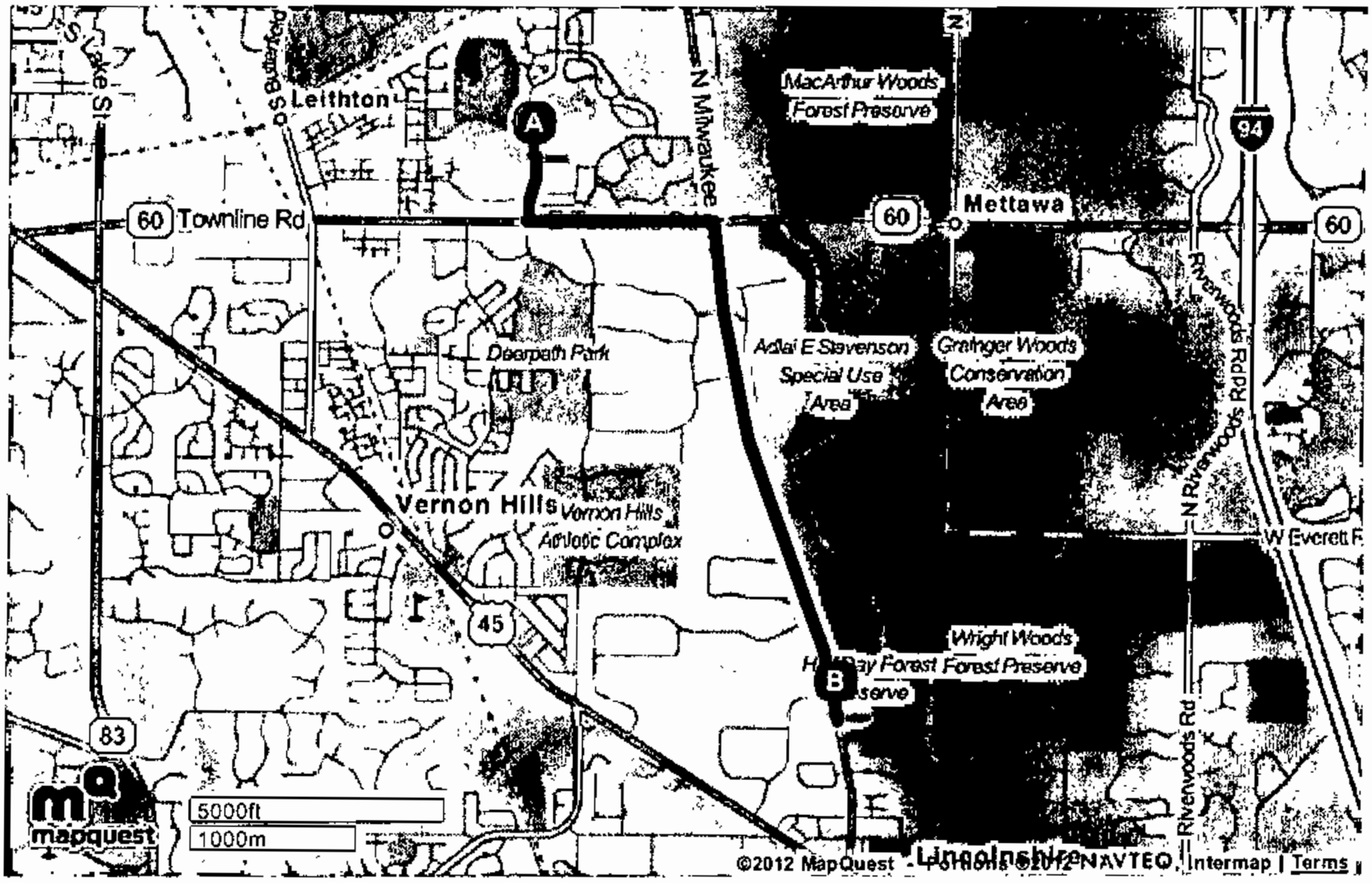
Notes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

		1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
	60	2. Take the 2nd **left** onto **E Townline Rd / IL-60**. Map	**0.8 Mi** *1.0 Mi Total*
	21	3. Turn **right** onto **N Milwaukee Ave / IL-21**. Map	**2.1 Mi** *3.1 Mi Total*
		4. **801 S MILWAUKEE AVE** is on the **left**. Map	

801 S Milwaukee Ave, Libertyville, IL 60048-3204

Total Travel Estimate: **3.14 miles - about 5 minutes**



620

mapquest

Notes

Trip to:

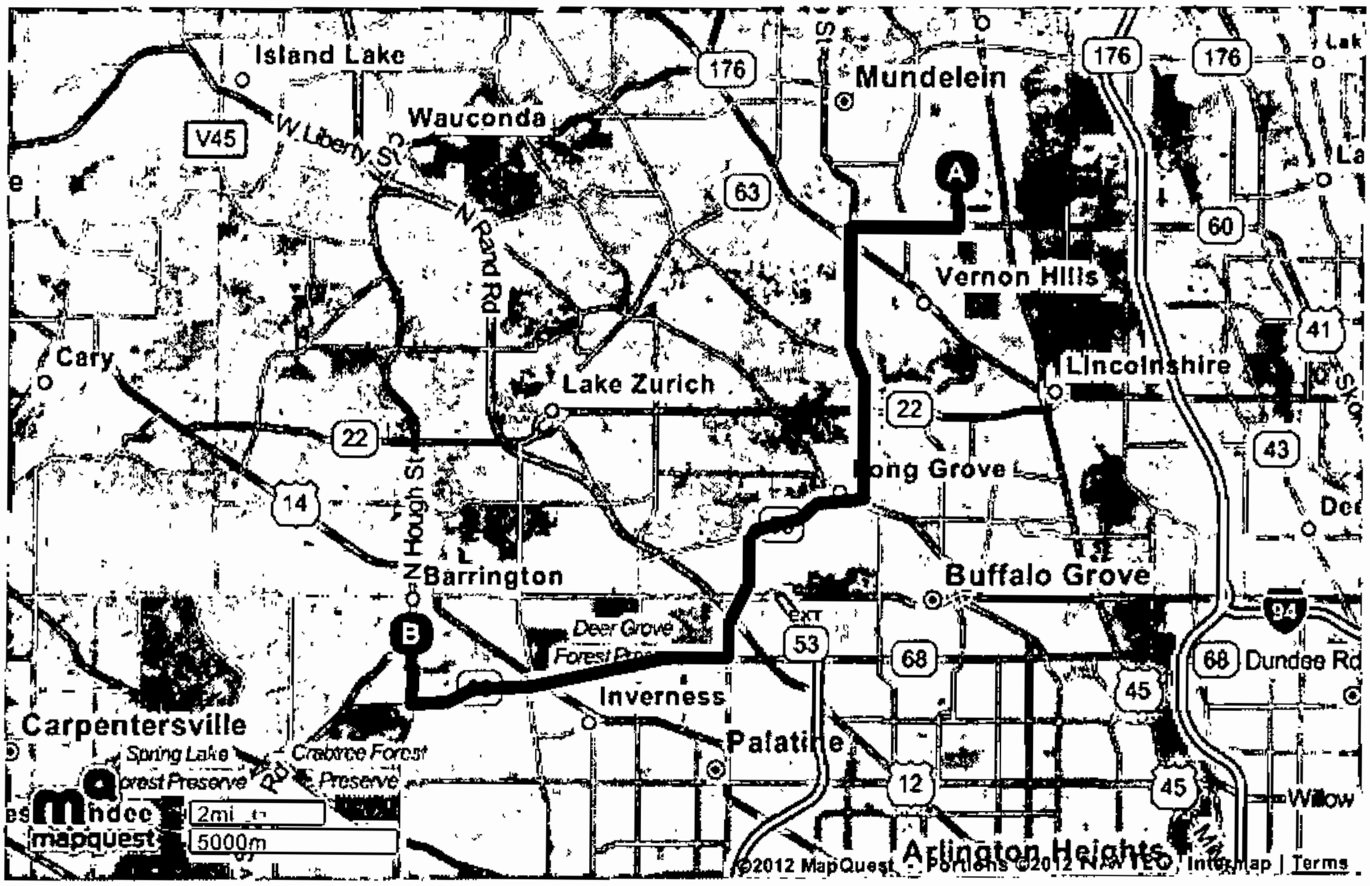
1301 S Barrington Rd
Barrington, IL 60010-5276
16.50 miles / 28 minutes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
60	2. Take the **2nd right** onto **E Townline Rd / IL-60**. Map	**1.8 Mi** *2.0 Mi Total*
45	3. Turn **left** onto **S Lake St / US-45**. Map	**0.3 Mi** *2.3 Mi Total*
SOUTH 83	4. Stay **straight** to go onto **IL-83 S**. Map	**4.2 Mi** *6.5 Mi Total*
53	5. Turn **slight right** onto **IL-53**. Map	**3.5 Mi** *10.0 Mi Total*
	6. Stay **straight** to go onto **N Hicks Rd**. Map	**0.7 Mi** *10.6 Mi Total*
68	7. Turn **right** onto **E Dundee Rd / IL-68**. Map	**5.4 Mi** *16.0 Mi Total*
	8. Turn **right** onto **S Barrington Rd**. Map	**0.5 Mi** *16.5 Mi Total*
	9. **1301 S BARRINGTON RD** is on the **right**. Map	

1301 S Barrington Rd, Barrington, IL 60010-5276

Total Travel Estimate: **16.50 miles - about 28 minutes**



mapquest

Trip to:

[1700-1769] W Lake St

Addison, IL 60101

25.56 miles / 38 minutes

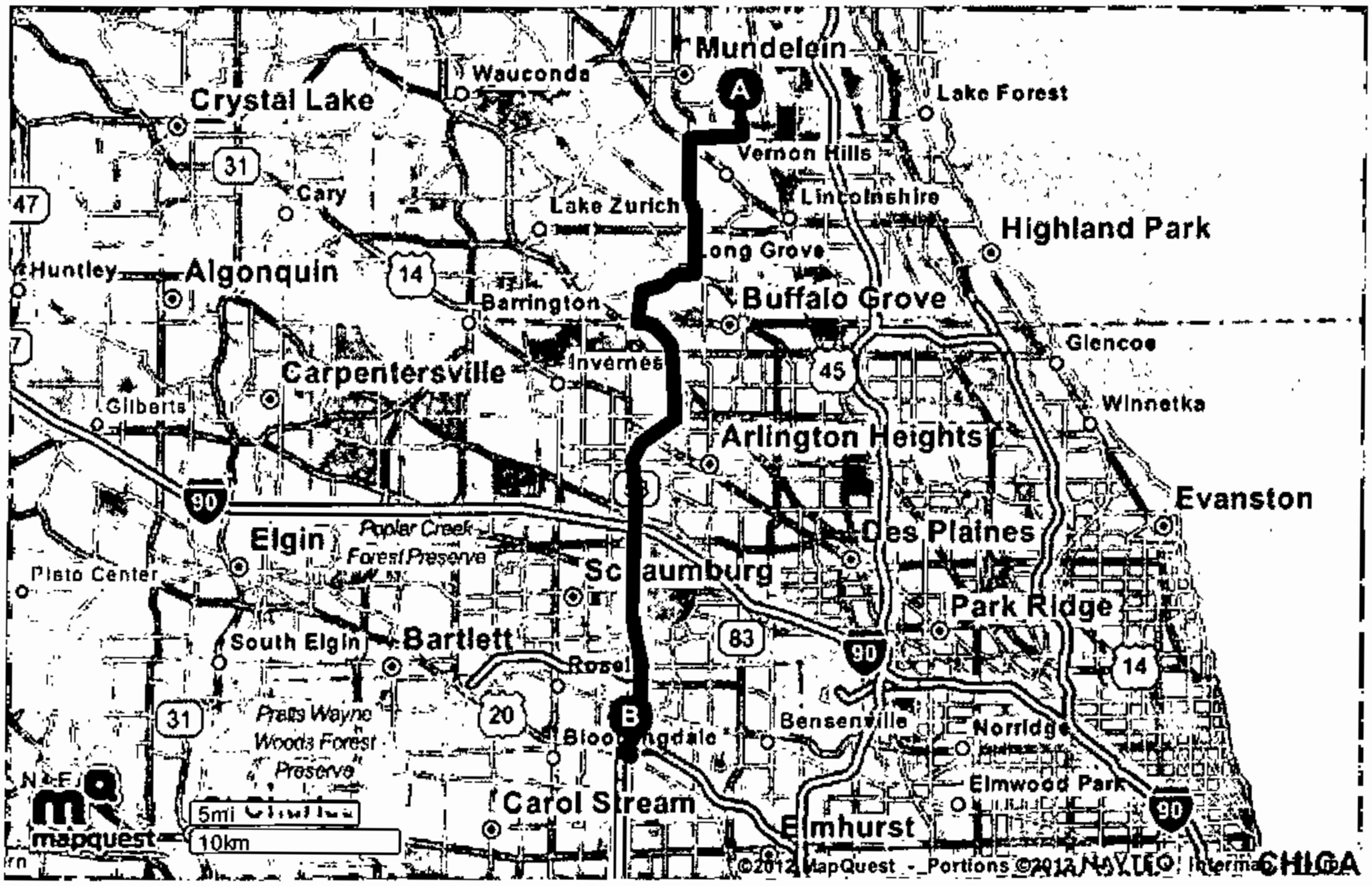
Notes

A **Lakeview Pkwy & Center Dr**, Vernon Hills, IL 60061

		1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
	60	2. Take the 2nd **right** onto **E Townline Rd / IL-60**. Map	**1.8 Mi** *2.0 Mi Total*
	45	3. Turn **left** onto **S Lake St / US-45**. Map	**0.3 Mi** *2.3 Mi Total*
	SOUTH 83	4. Stay **straight** to go onto **IL-83 S**. Map	**4.2 Mi** *6.5 Mi Total*
	53	5. Turn **slight right** onto **IL-53**. Map	**3.1 Mi** *9.6 Mi Total*
		6. Turn **left** onto **Lake Cook Rd**. Map	**0.4 Mi** *10.0 Mi Total*
RAMP		7. Take the **IL-53 S** ramp toward **West Suburbs**. Map	**0.4 Mi** *10.4 Mi Total*
	SOUTH 53 EXT	8. Merge onto **IL-53-EXT S**. Map	**1.2 Mi** *11.6 Mi Total*
	SOUTH 53	9. **IL-53-EXT S** becomes **IL-53 S**. Map	**9.6 Mi** *21.2 Mi Total*
	EAST 290	10. Stay **straight** to go onto **I-290 E**. Map	**2.5 Mi** *23.7 Mi Total*
7 EXIT	SOUTH 355	11. Keep **left** to take **I-355 S** via **EXIT 7** toward **Joliet**. Map	**0.8 Mi** *24.5 Mi Total*
EXIT		12. Take the **US-20 / Lake St** exit. Map	**0.7 Mi** *25.2 Mi Total*
RAMP		13. Keep **left** to take the ramp toward **Addison**. Map	**0.04 Mi** *25.2 Mi Total*
	EAST 20	14. Turn **left** onto **US-20 E / Lake St / Ulysses S Grant Memorial Hwy**. Map	**0.3 Mi** *25.6 Mi Total*
		15. **[1700-1769] W LAKE ST**. Map	

B **[1700-1769] W Lake St**, Addison, IL 60101

Total Travel Estimate: **25.56 miles - about 38 minutes**



mapquest

Notes

Trip to:

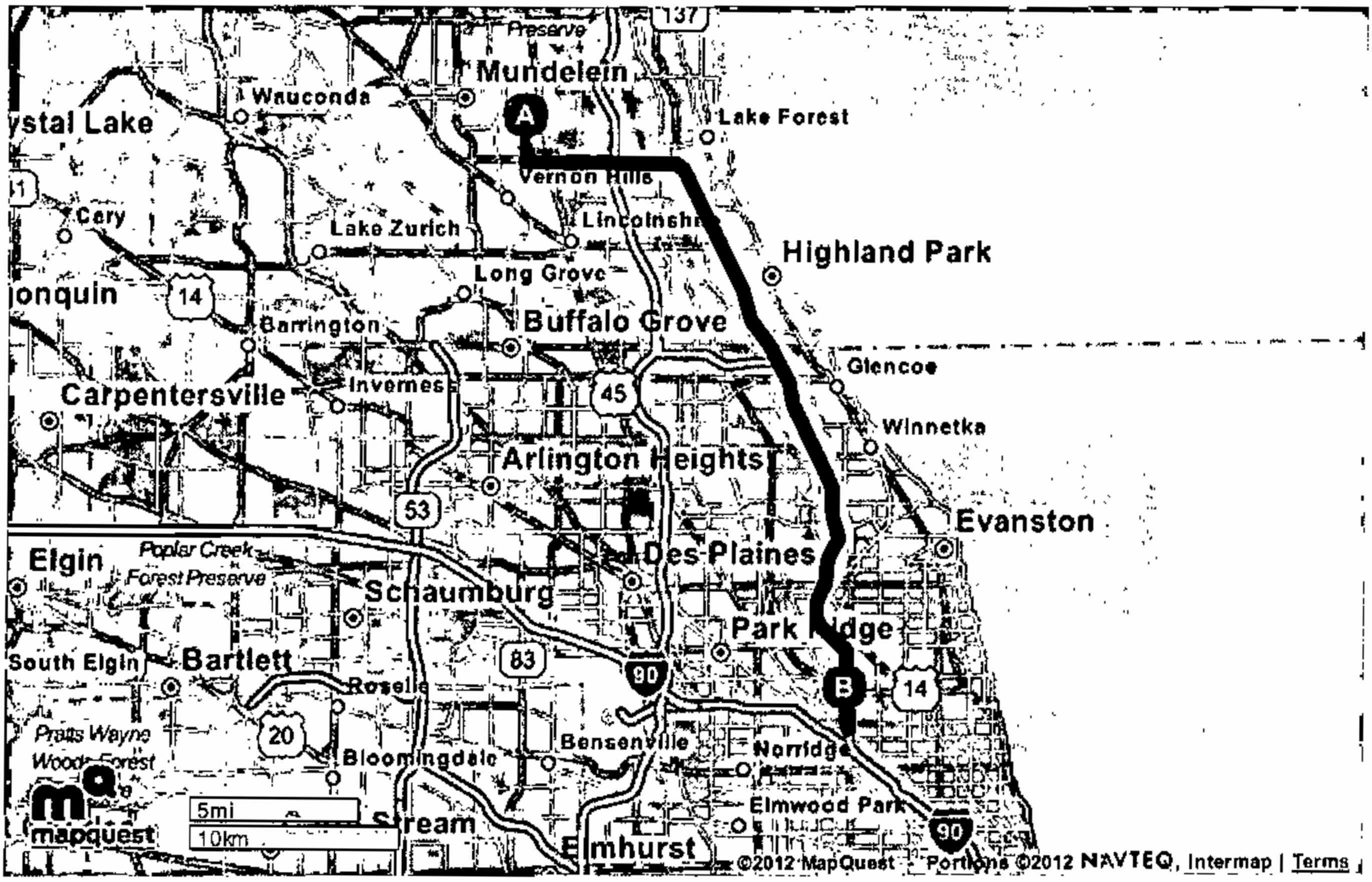
5086 N Elston Ave
Chicago, IL 60630-2427
25.83 miles / 35 minutes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
2. Take the 2nd **left** onto **E Townline Rd / IL-60 E**. Map	**5.0 Mi**	*5.2 Mi Total*
3. Turn **right** onto **US-41 S / S Skokie Hwy**. Continue to follow **US-41 S**. Map	**11.9 Mi**	*17.1 Mi Total*
4. Stay **straight** to go onto **I-94 E / Edens Expy E**. Map	**7.9 Mi**	*25.0 Mi Total*
5. Take the **IL-50 S / Cicero Ave** exit, **EXIT 41C**. Map	**0.2 Mi**	*25.2 Mi Total*
6. Turn **slight right** onto **N Cicero Ave / IL-50**. Map	**0.6 Mi**	*25.8 Mi Total*
7. Turn **sharp right** onto **N Elston Ave**. Map	**0.06 Mi**	*25.8 Mi Total*
8. **5086 N ELSTON AVE** is on the **left**. Map		

5086 N Elston Ave, Chicago, IL 60630-2427

Total Travel Estimate: **25.83 miles - about 35 minutes**



mapquest

Notes

Trip to:

1650 Moon Lake Blvd

Hoffman Estates, IL 60169-1010

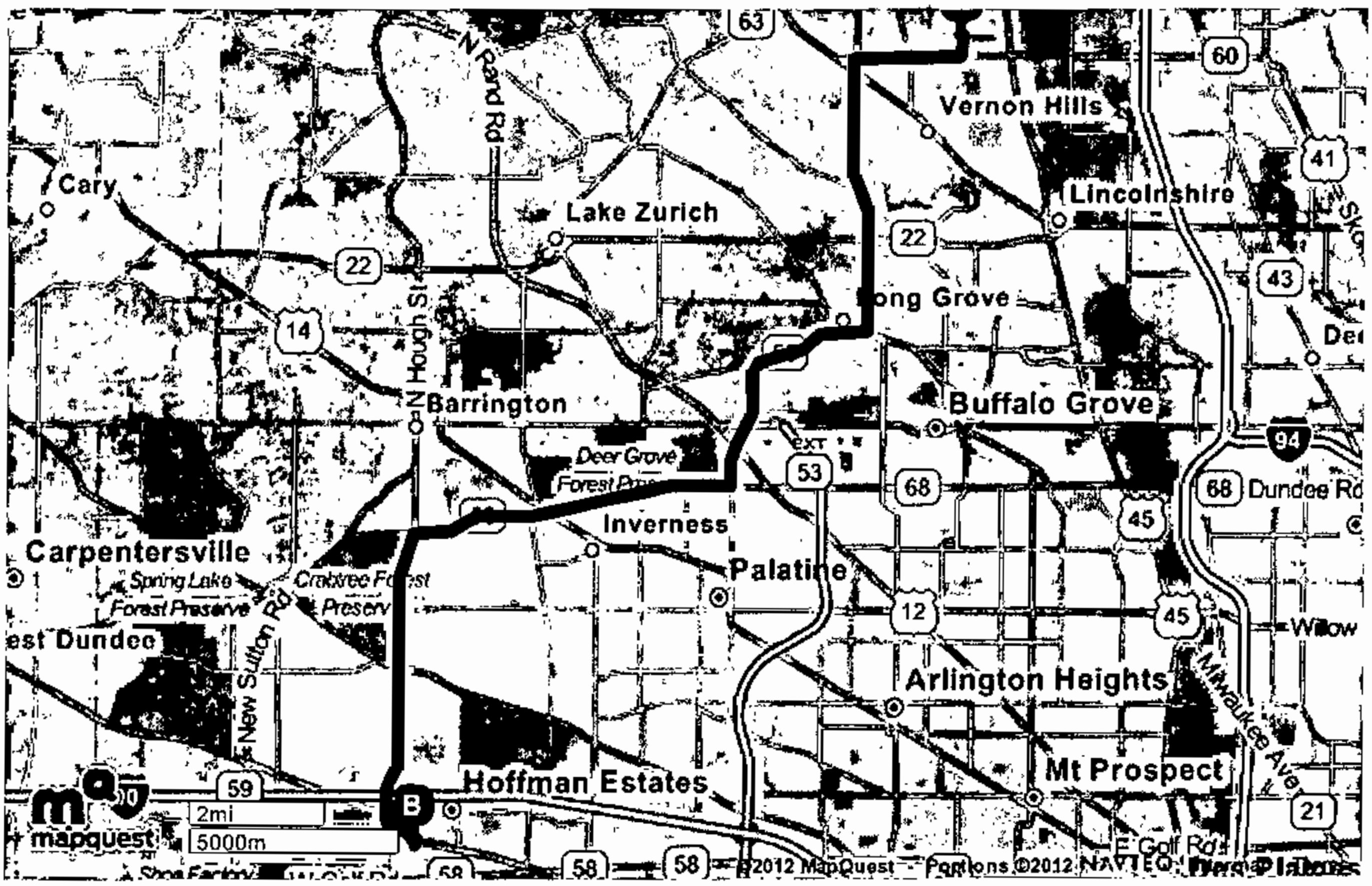
21.47 miles / 36 minutes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
60	2. Take the 2nd **right** onto **E Townline Rd / IL-60**. Map	**1.8 Mi** *2.0 Mi Total*
45	3. Turn **left** onto **S Lake St / US-45**. Map	**0.3 Mi** *2.3 Mi Total*
SOUTH 83	4. Stay **straight** to go onto **IL-83 S**. Map	**4.2 Mi** *6.5 Mi Total*
53	5. Turn **slight right** onto **IL-53**. Map	**3.5 Mi** *10.0 Mi Total*
	6. Stay **straight** to go onto **N Hicks Rd**. Map	**0.7 Mi** *10.6 Mi Total*
68	7. Turn **right** onto **E Dundee Rd / IL-68**. Map	**5.4 Mi** *16.0 Mi Total*
	8. Turn **left** onto **S Barrington Rd**. Map	**4.8 Mi** *20.8 Mi Total*
EAST 72	9. Turn **left** onto **IL-72 E / W Higgins Rd**. Map	**0.6 Mi** *21.4 Mi Total*
	10. Turn **right** onto **Moon Lake Blvd**. Map	**0.1 Mi** *21.5 Mi Total*
	11. **1650 MOON LAKE BLVD** is on the **right**. Map	

1650 Moon Lake Blvd, Hoffman Estates, IL 60169-1010

Total Travel Estimate: **21.47 miles - about 36 minutes**



mapquest

Trip to:

800 Biesterfield Rd

Elk Grove Village, IL 60007-3361

22.21 miles / 33 minutes

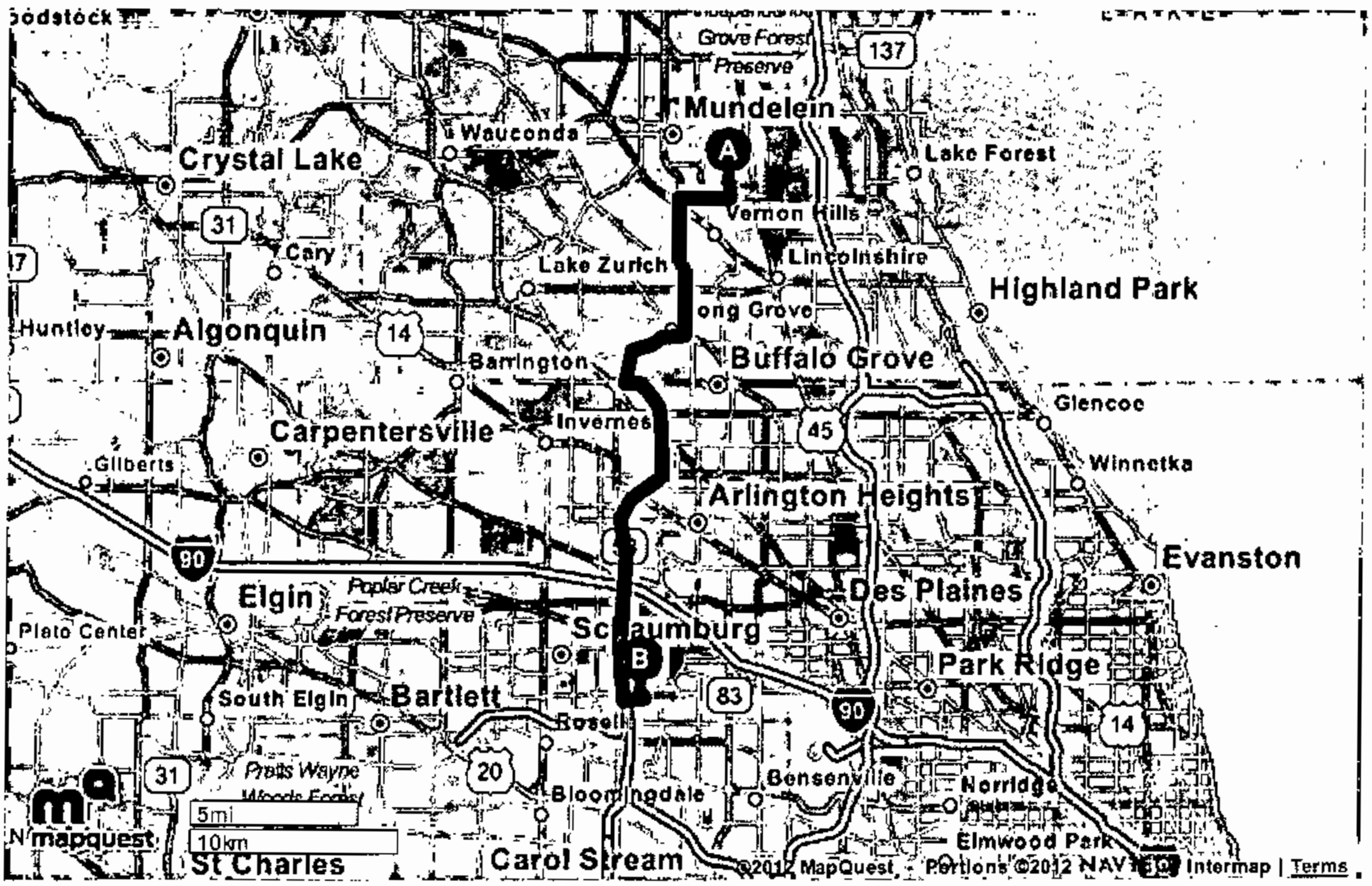
Notes

A **Lakeview Pkwy & Center Dr**, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
60	2. Take the 2nd **right** onto **E Townline Rd / IL-60**. Map	**1.8 Mi**	*2.0 Mi Total*
45	3. Turn **left** onto **S Lake St / US-45**. Map	**0.3 Mi**	*2.3 Mi Total*
SOUTH 83	4. Stay **straight** to go onto **IL-83 S**. Map	**4.2 Mi**	*6.5 Mi Total*
53	5. Turn **slight right** onto **IL-53**. Map	**3.1 Mi**	*9.6 Mi Total*
6. Turn **left** onto **Lake Cook Rd**. Map	**0.4 Mi**	*10.0 Mi Total*
RAMP	7. Take the **IL-53 S** ramp toward **West Suburbs**. Map	**0.4 Mi**	*10.4 Mi Total*
SOUTH 53 EXT	8. Merge onto **IL-53-EXT S**. Map	**1.2 Mi**	*11.6 Mi Total*
SOUTH 53	9. **IL-53-EXT S** becomes **IL-53 S**. Map	**9.6 Mi**	*21.2 Mi Total*
4 EXIT	10. Take the **IL-53 S / Biesterfield Rd** exit, **EXIT 4**. Map	**0.2 Mi**	*21.4 Mi Total*
11. Turn **left** onto **Biesterfield Rd**. Map	**0.7 Mi**	*22.1 Mi Total*
12. Make a **U-turn** onto **Biesterfield Rd**. Map	**0.1 Mi**	*22.2 Mi Total*
13. **800 BIESTERFIELD RD** is on the **right**. Map		

B **800 Biesterfield Rd**, Elk Grove Village, IL 60007-3361

Total Travel Estimate: **22.21 miles - about 33 minutes**



mapquest mQ

Trip to:

2550 W Algonquin Rd

Lake In the Hills, IL 60156-3503

26.60 miles / 44 minutes

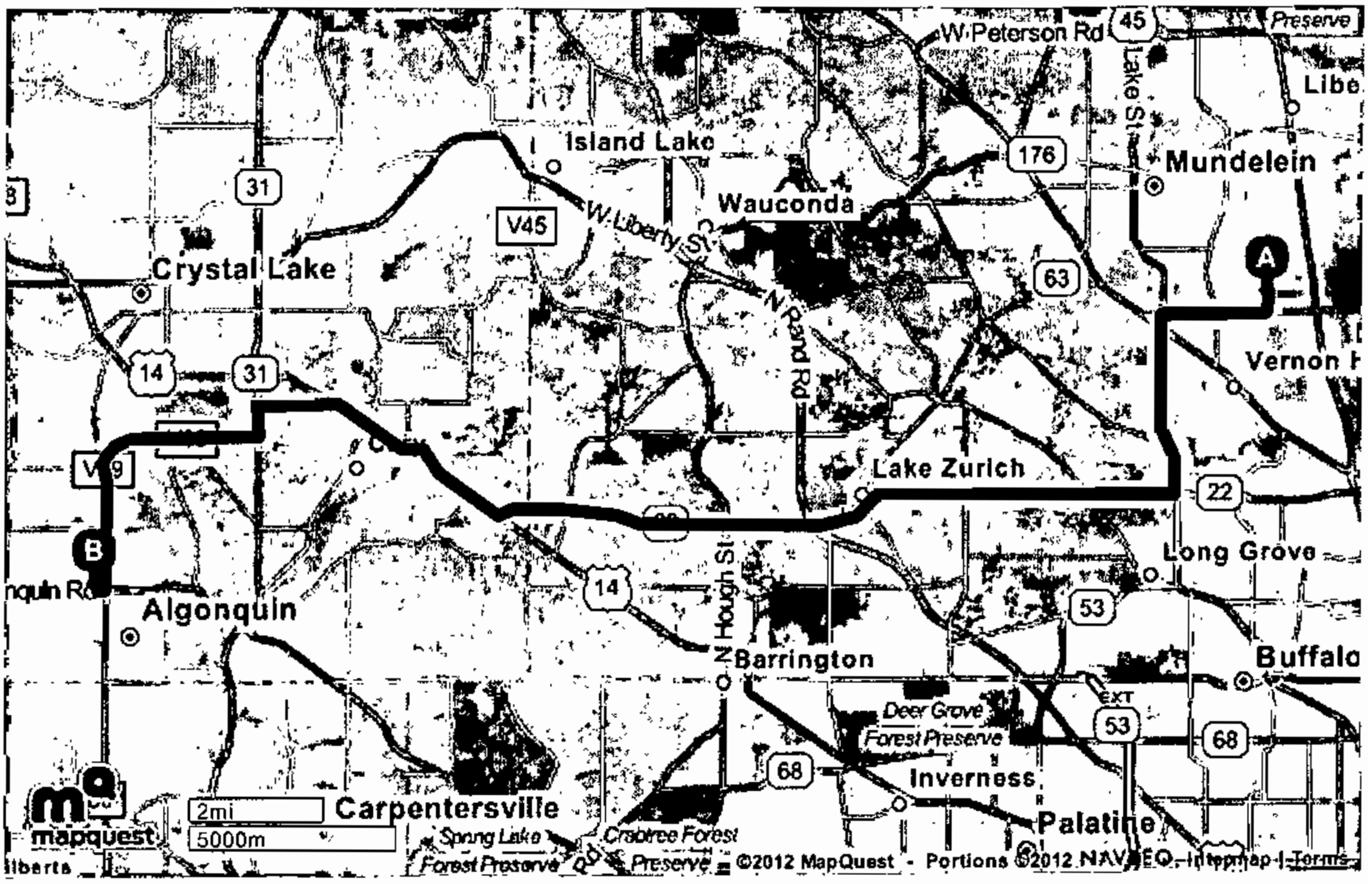
Notes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
60	2. Take the 2nd **right** onto **E Townline Rd / IL-60**. Map	**1.8 Mi** *2.0 Mi Total*
45	3. Turn **left** onto **S Lake St / US-45**. Map	**0.3 Mi** *2.3 Mi Total*
SOUTH 83	4. Stay **straight** to go onto **IL-83 S**. Map	**2.8 Mi** *5.0 Mi Total*
WEST 22	5. Turn **right** onto **IL-22 W**. Map	**11.5 Mi** *16.5 Mi Total*
14	6. Turn **right** onto **US-14 / Northwest Hwy**. Continue to follow **US-14**. Map	**2.0 Mi** *18.5 Mi Total*
14	7. Turn **slight right** onto **Crystal St / US-14**. Continue to follow **US-14**. Map	**1.3 Mi** *19.8 Mi Total*
	8. Turn **slight left** onto **Three Oaks Rd**. Map	**1.3 Mi** *21.1 Mi Total*
31	9. Turn **left** onto **IL-31**. Map	**0.5 Mi** *21.7 Mi Total*
	10. Take the 2nd **right** onto **James R Rakow Rd / CR-A45**. Continue to follow **James R Rakow Rd**. Map	**2.6 Mi** *24.3 Mi Total*
	11. **James R Rakow Rd** becomes **Randall Rd**. Map	**2.2 Mi** *26.5 Mi Total*
	12. Turn **right** onto **Algonquin Rd**. Map	**0.1 Mi** *26.6 Mi Total*
	13. **2550 W ALGONQUIN RD** is on the **right**. Map	

2550 W Algonquin Rd, Lake In the Hills, IL 60156-3503

Total Travel Estimate: **26.60 miles - about 44 minutes**



mapquest

Notes

Trip to:

2744 N Western Ave

Chicago, IL 60647-2017

30.39 miles / 41 minutes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
EAST 60	2. Take the 2nd **left** onto **E Townline Rd / IL-60 E**. Map	**5.0 Mi** *5.2 Mi Total*
SOUTH 41	3. Turn **right** onto **US-41 S / S Skokie Hwy**. Continue to follow **US-41 S**. Map	**11.9 Mi** *17.1 Mi Total*
EAST 94	4. Stay **straight** to go onto **I-94 E / Edens Expy E**. Continue to follow **I-94 E**. Map	**12.6 Mi** *29.7 Mi Total*
46A EXIT	5. Take the **California Ave** exit, **EXIT 46A**. Map	**0.1 Mi** *29.8 Mi Total*
	6. Turn **slight right** onto **N California Ave**. Map	**0.04 Mi** *29.9 Mi Total*
	7. Take the 1st **left** onto **W Diversey Ave**. Map	**0.5 Mi** *30.4 Mi Total*
	8. Turn **right** onto **N Western Ave**. Map	**0.04 Mi** *30.4 Mi Total*
	9. **2744 N WESTERN AVE** is on the **right**. Map	

2744 N Western Ave, Chicago, IL 60647-2017

Total Travel Estimate: **30.39 miles - about 41 minutes**

634

mapquest

Notes

Trip to:

2750 S River Rd

Des Plaines, IL 60018-4103

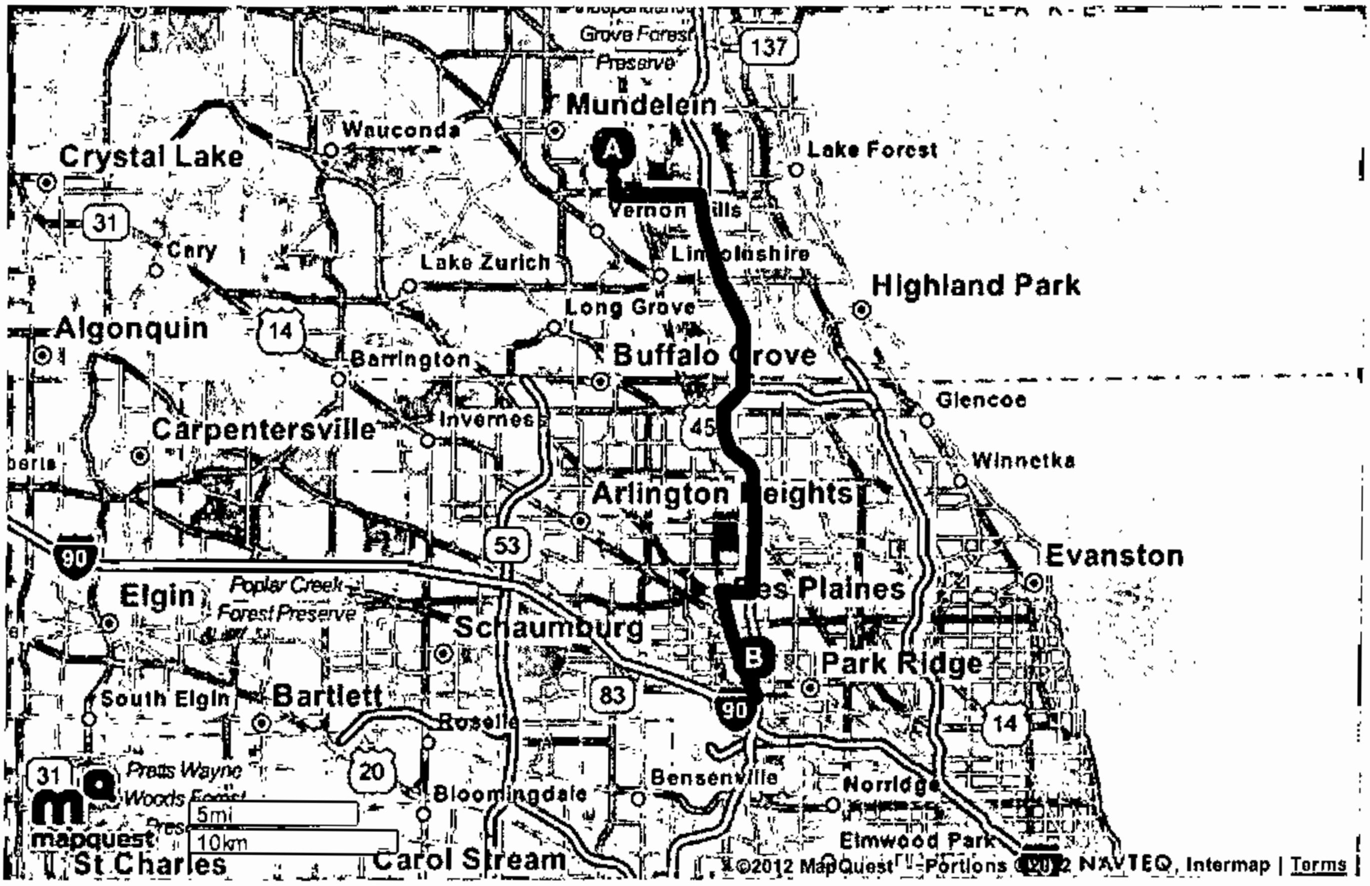
21.64 miles / 34 minutes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
60	2. Take the 2nd **left** onto **E Townline Rd / IL-60**. Map	**2.9 Mi** *3.1 Mi Total*
EAST 94	3. Merge onto **I-94 E** toward **Indiana** (Portions toll). Map	**6.1 Mi** *9.3 Mi Total*
SOUTH 294	4. Keep **right** to take **I-294 S** toward **Indiana-O'Hare** (Portions toll). Map	**7.2 Mi** *16.4 Mi Total*
EXIT	5. Take the exit toward **IL-58 / Golf Rd**. Map	**0.5 Mi** *16.9 Mi Total*
	6. Turn **left** onto **E River Rd**. Map	**0.1 Mi** *17.0 Mi Total*
58	7. Take the 1st **right** onto **E Golf Rd / IL-58**. Map	**1.0 Mi** *18.0 Mi Total*
	8. Take the 1st **left** onto **N Des Plaines River Rd / US-45 / N River Rd**. Continue to follow **N Des Plaines River Rd**. Map	**3.2 Mi** *21.2 Mi Total*
	9. **N Des Plaines River Rd** becomes **S River Rd**. Map	**0.5 Mi** *21.6 Mi Total*
	10. **2750 S RIVER RD** is on the **right**. Map	

2750 S River Rd, Des Plaines, IL 60018-4103

Total Travel Estimate: **21.64 miles - about 34 minutes**



mapquest

Trip to:

3101 N Harlem Ave

Chicago, IL 60634-4532

27.86 miles / 42 minutes

Notes

A **Lakeview Pkwy & Center Dr**, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
60 — 2. Take the 2nd **left** onto **E Townline Rd / IL-60**. Map	**2.9 Mi**	*3.1 Mi Total*
EAST 94 — 3. Merge onto **I-94 E** toward **Indiana** (Portions toll). Map	**6.1 Mi**	*9.3 Mi Total*
SOUTH 294 — 4. Keep **right** to take **I-294 S** toward **Indiana-O'Hare** (Portions toll). Map	**11.8 Mi**	*21.1 Mi Total*
EAST 90 — 5. Merge onto **I-90 E** toward **Kennedy Expy / Chicago** (Portions toll). Map	**3.3 Mi**	*24.4 Mi Total*
81A EXIT — 6. Take **EXIT 81A** toward **IL-43 / Harlem Ave**. Map	**0.2 Mi**	*24.6 Mi Total*
EAST 72 — 7. Stay **straight** to go onto **W Higgins Ave / IL-72 E**. Map	**0.2 Mi**	*24.8 Mi Total*
43 — 8. Turn **right** onto **N Harlem Ave / IL-43**. Map	**3.1 Mi**	*27.9 Mi Total*
9. **3101 N HARLEM AVE** is on the **left**. Map		

B **3101 N Harlem Ave**, Chicago, IL 60634-4532

Total Travel Estimate: **27.86 miles - about 42 minutes**

mapquest

Trip to:

1400 E Irving Park Rd
Streamwood, IL 60107-3201
25.04 miles / 42 minutes

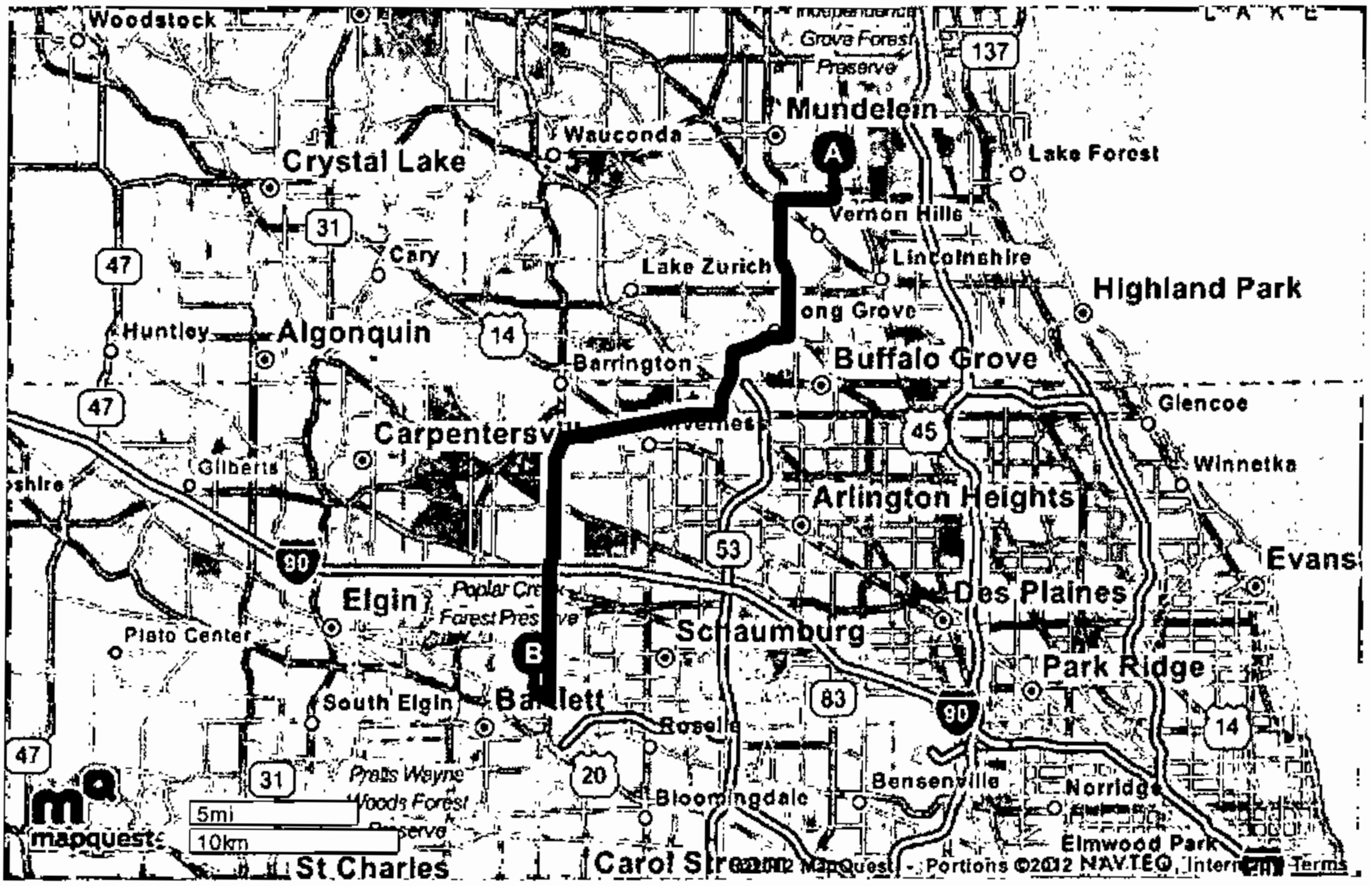
Notes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky.** Map	**0.2 Mi** *0.2 Mi Total*
60	2. Take the 2nd **right** onto **E Townline Rd / IL-60**. Map	**1.8 Mi** *2.0 Mi Total*
45	3. Turn **left** onto **S Lake St / US-45**. Map	**0.3 Mi** *2.3 Mi Total*
SOUTH 83	4. Stay **straight** to go onto **IL-83 S**. Map	**4.2 Mi** *6.5 Mi Total*
53	5. Turn **slight right** onto **IL-53**. Map	**3.5 Mi** *10.0 Mi Total*
	6. Stay **straight** to go onto **N Hicks Rd**. Map	**0.7 Mi** *10.6 Mi Total*
68	7. Turn **right** onto **E Dundee Rd / IL-68**. Map	**5.4 Mi** *16.0 Mi Total*
	8. Turn **left** onto **S Barrington Rd**. Map	**8.6 Mi** *24.6 Mi Total*
19	9. Turn **right** onto **Irving Park Rd / IL-19**. Map	**0.4 Mi** *25.0 Mi Total*
	10. **1400 E IRVING PARK RD**. Map	

1400 E Irving Park Rd, Streamwood, IL 60107-3201

Total Travel Estimate: **25.04 miles - about 42 minutes**



640

mapquest

Notes

Trip to:

4201 W Medical Center Dr

McHenry, IL 60050-8409

20.66 miles / 35 minutes

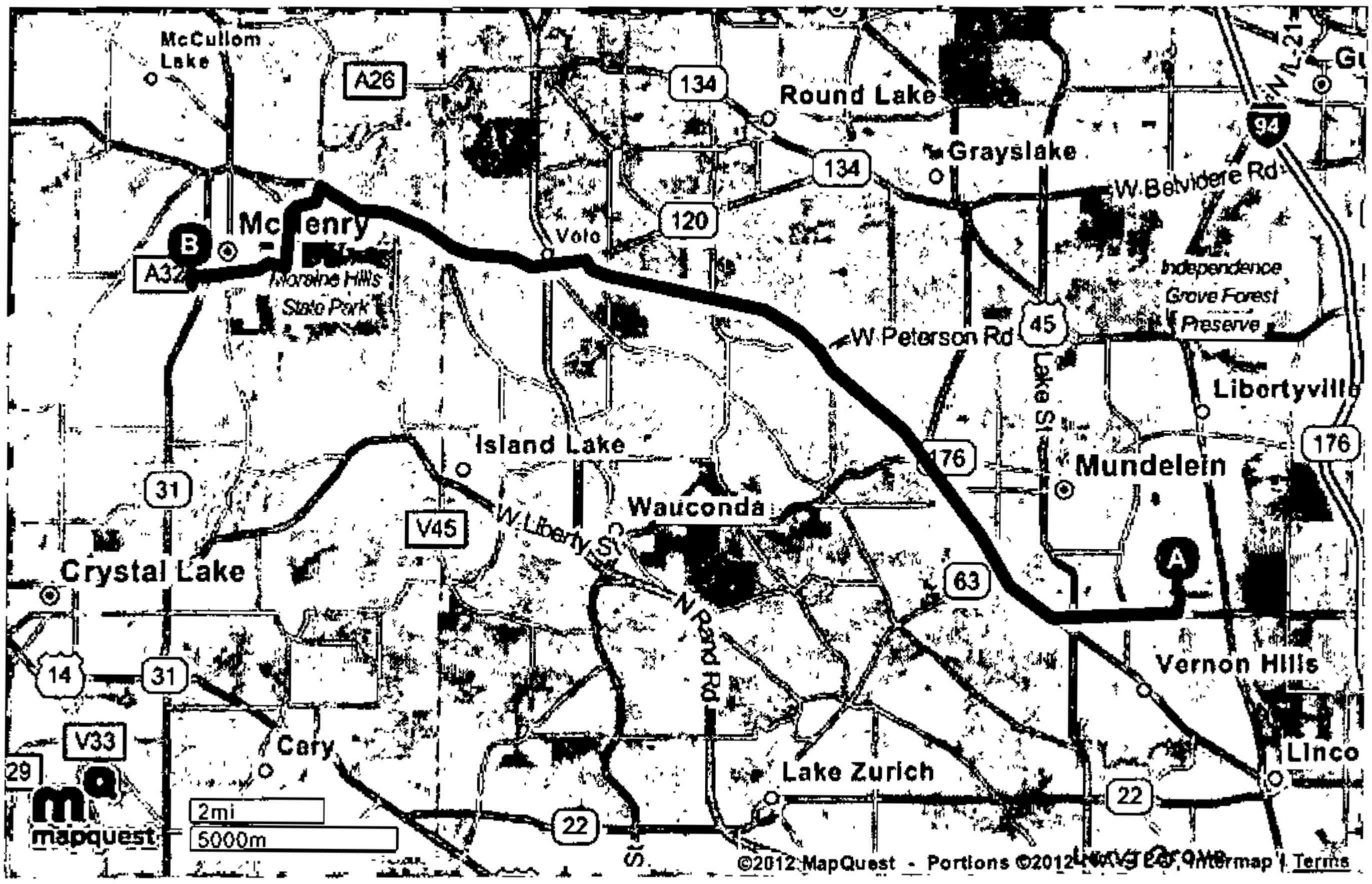
Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
60	2. Take the 2nd **right** onto **E Townline Rd / IL-60**. Map	**2.1 Mi** *2.3 Mi Total*
60	3. Turn **right** onto **IL-83 / IL-60**. Continue to follow **IL-60**. Map	**10.2 Mi** *12.6 Mi Total*
120	4. Turn **left** onto **IL-120 / Belvidere Rd**. Continue to follow **IL-120**. Map	**4.7 Mi** *17.3 Mi Total*
	5. Turn **left** onto **Chapel Hill Rd / CR-V40**. Map	**0.7 Mi** *18.0 Mi Total*
	6. **Chapel Hill Rd / CR-V40** becomes **N River Rd / CR-V45**. Map	**0.9 Mi** *18.9 Mi Total*
	7. Turn **right** onto **Charles J Miller Rd**. Map	**1.4 Mi** *20.3 Mi Total*
	8. **Charles J Miller Rd** becomes **Bull Valley Rd / CR-A32**. Map	**0.3 Mi** *20.5 Mi Total*
	9. Turn **left** onto **Lawrence Pky**. Map	**0.1 Mi** *20.7 Mi Total*
	10. Take the 1st **right** onto **W Medical Center Dr**. Map	**0.01 Mi** *20.7 Mi Total*
	11. **4201 W MEDICAL CENTER DR** is on the **left**. Map	

4201 W Medical Center Dr, McHenry, IL 60050-8409

641

Total Travel Estimate: **20.66 miles - about 35 minutes**



642

mapquest

Notes

Trip to:

2301 Enterprise Dr
Westchester, IL 60154-5802
33.59 miles / 44 minutes

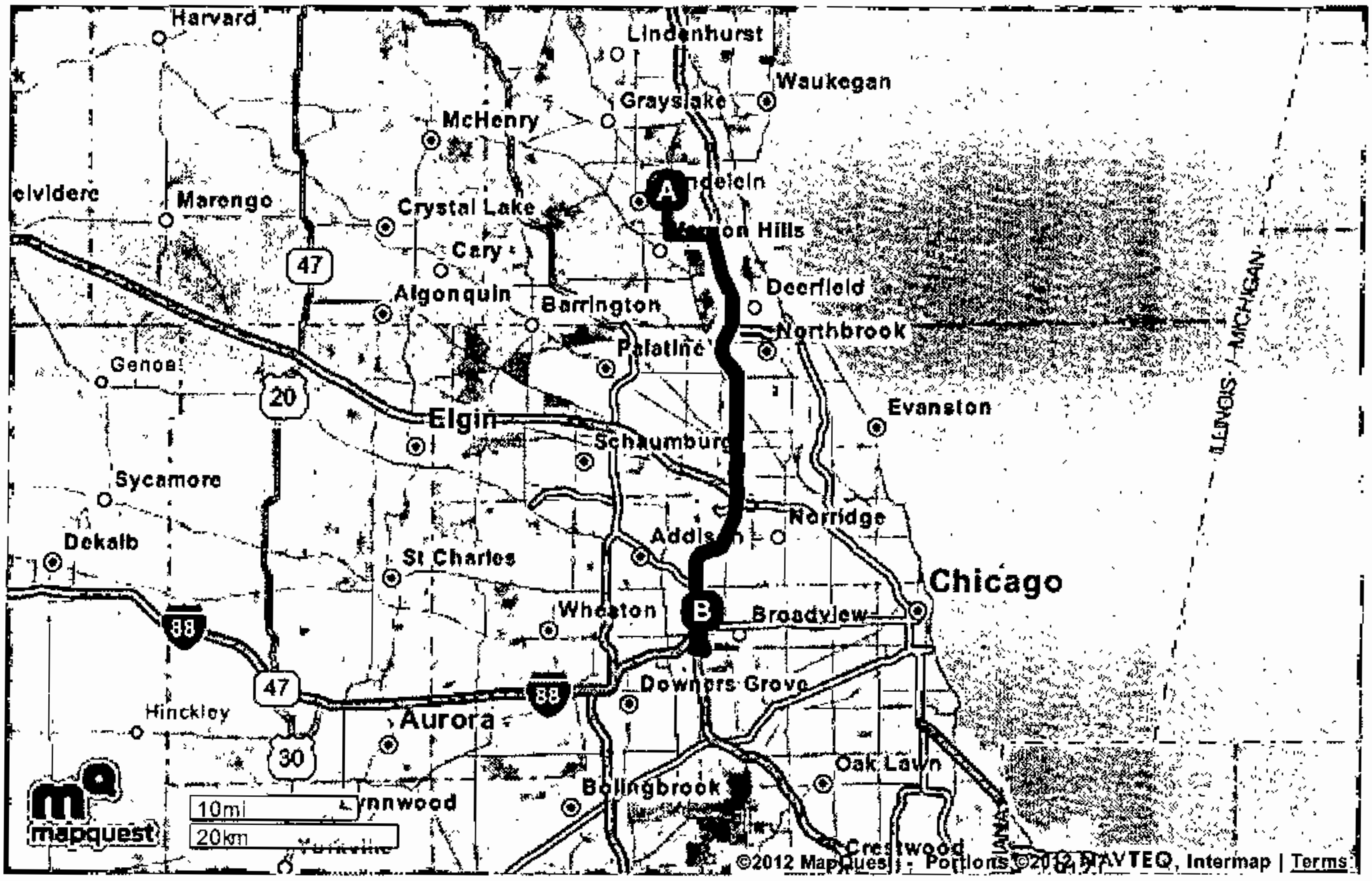
A **Lakeview Pkwy & Center Dr**, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
60	2. Take the 2nd **left** onto **E Townline Rd / IL-60**. Map	**2.9 Mi** *3.1 Mi Total*
EAST 94	3. Merge onto **I-94 E** toward **Indiana** (Portions toll). Map	**6.1 Mi** *9.3 Mi Total*
SOUTH 294	4. Keep **right** to take **I-294 S** toward **Indiana-O'Hare** (Portions toll). Map	**23.4 Mi** *32.7 Mi Total*
EXIT	5. Take the **Cermak Rd / 22nd Street** exit. Map	**0.1 Mi** *32.8 Mi Total*
	6. Keep **right** at the fork to go on **Cermak Rd / W 22nd St**. Map	**0.6 Mi** *33.4 Mi Total*
	7. Turn **right** onto **Enterprise Dr**. Map	**0.1 Mi** *33.6 Mi Total*
	8. **2301 ENTERPRISE DR** is on the **left**. Map	

B **2301 Enterprise Dr**, Westchester, IL 60154-5802

643

Total Travel Estimate: **33.59 miles - about 44 minutes**



mapquest

Trip to:

3412 W Fullerton Ave

Chicago, IL 60647-2416

31.15 miles / 43 minutes

Notes

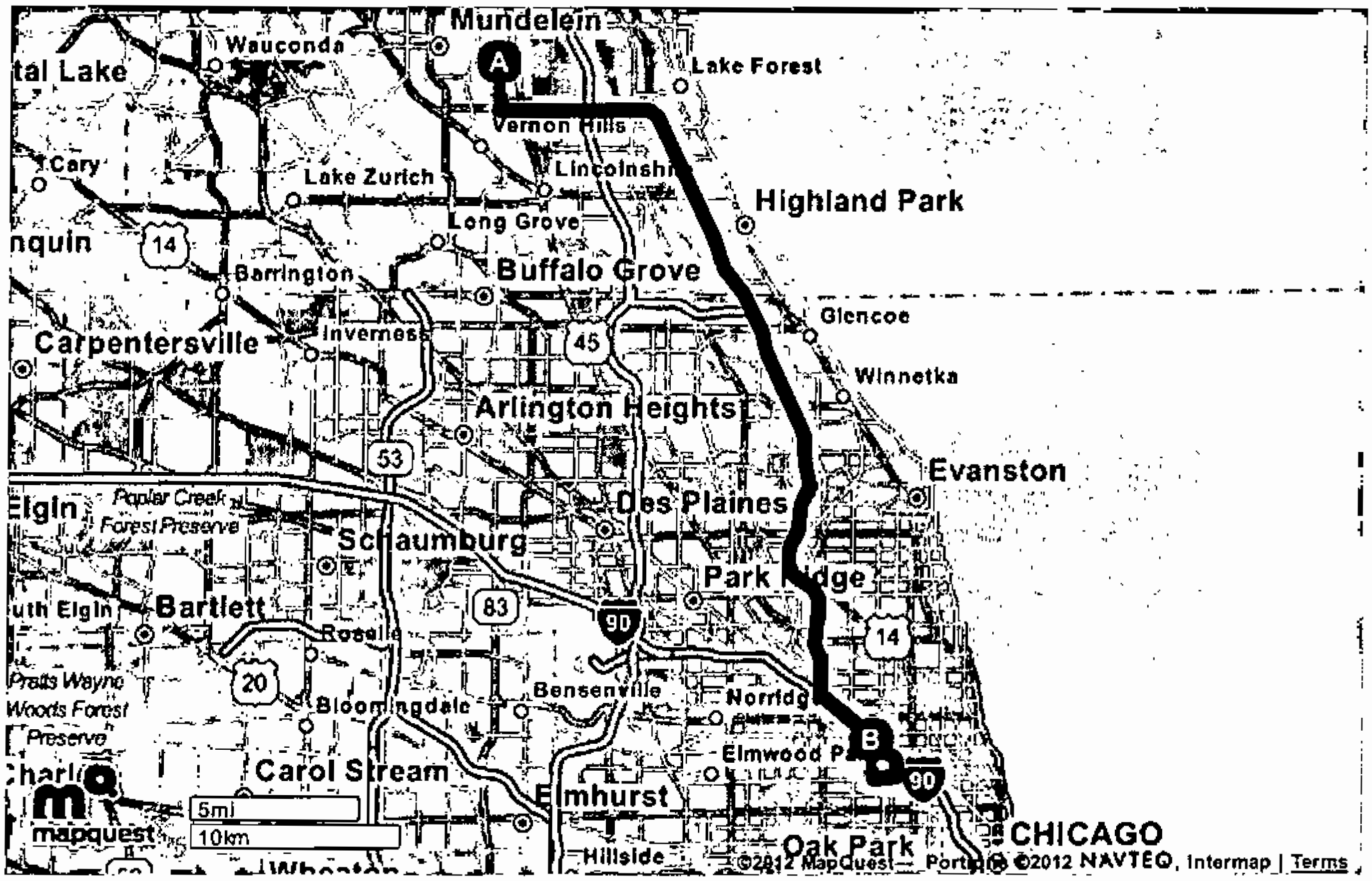
Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
EAST 60	2. Take the 2nd **left** onto **E Townline Rd / IL-60 E**. Map	**5.0 Mi** *5.2 Mi Total*
SOUTH 41	3. Turn **right** onto **US-41 S / S Skokie Hwy**. Continue to follow **US-41 S**. Map	**11.9 Mi** *17.1 Mi Total*
EAST 94	4. Stay **straight** to go onto **I-94 E / Edens Expy E**. Continue to follow **I-94 E**. Map	**12.6 Mi** *29.7 Mi Total*
46A EXIT	5. Take the **California Ave** exit, **EXIT 46A**. Map	**0.1 Mi** *29.8 Mi Total*
	6. Turn **slight right** onto **N California Ave**. Map	**0.5 Mi** *30.4 Mi Total*
	7. Turn **right** onto **W Fullerton Ave**. Map	**0.8 Mi** *31.1 Mi Total*
	8. **3412 W FULLERTON AVE** is on the **right**. Map	

3412 W Fullerton Ave, Chicago, IL 60647-2416

645

Total Travel Estimate: **31.15 miles - about 43 minutes**



mapquest

Trip to:

1455 E Golf Rd

Des Plaines, IL 60016-1250

18.22 miles / 26 minutes

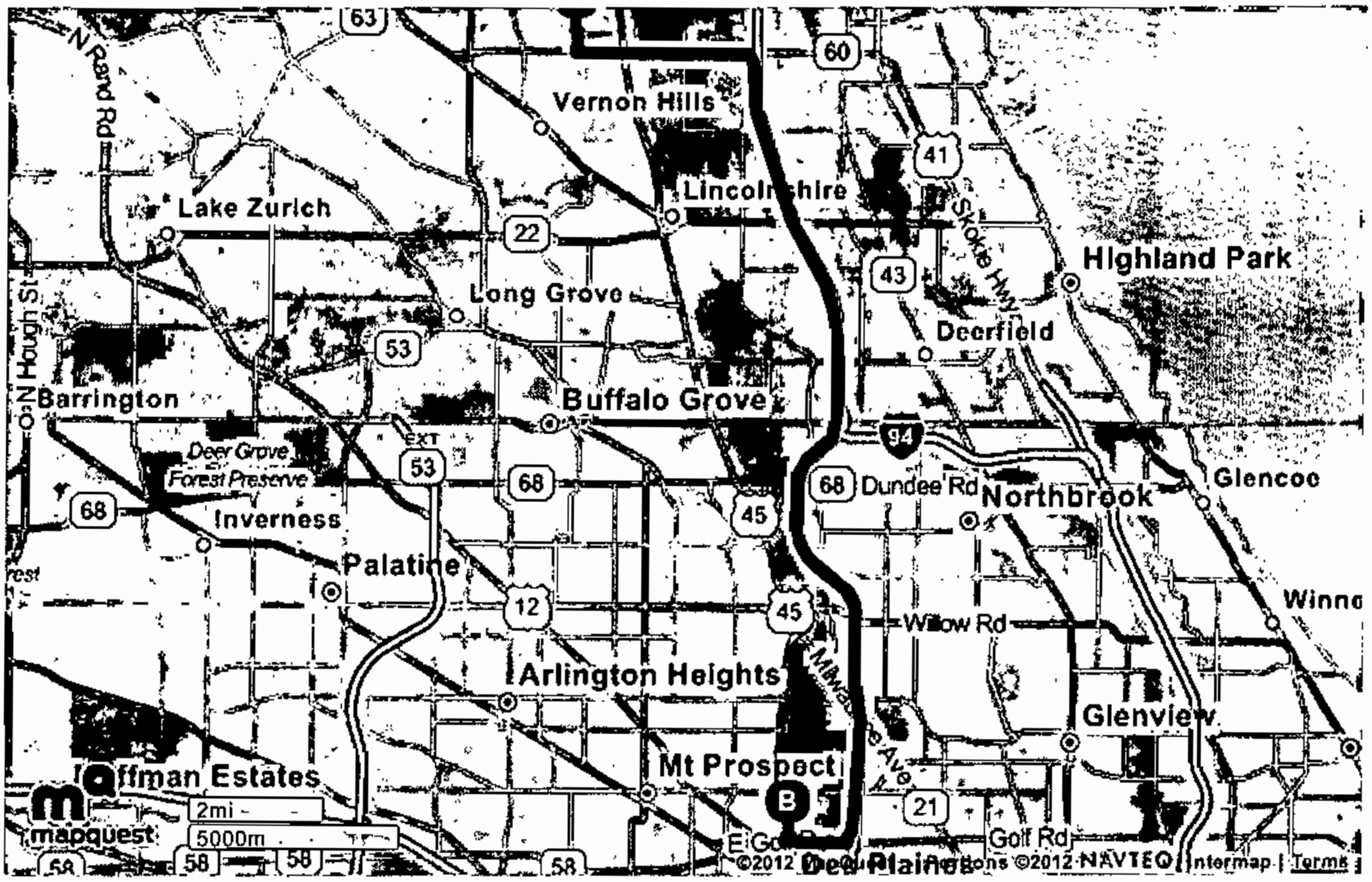
Notes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
60	2. Take the 2nd **left** onto **E Townline Rd / IL-60**. Map	**2.9 Mi** *3.1 Mi Total*
EAST 94	3. Merge onto **I-94 E** toward **Indiana** (Portions toll). Map	**6.1 Mi** *9.3 Mi Total*
SOUTH 294	4. Keep **right** to take **I-294 S** toward **Indiana-O'Hare** (Portions toll). Map	**7.2 Mi** *16.4 Mi Total*
EXIT	5. Take the exit toward **IL-58 / Golf Rd**. Map	**0.5 Mi** *16.9 Mi Total*
	6. Turn **left** onto **E River Rd**. Map	**0.1 Mi** *17.0 Mi Total*
58	7. Take the 1st **right** onto **E Golf Rd / IL-58**. Map	**1.1 Mi** *18.1 Mi Total*
58	8. Make a **U-turn** onto **E Golf Rd / IL-58**. Map	**0.1 Mi** *18.2 Mi Total*
	9. **1455 E GOLF RD** is on the **right**. Map	

1455 E Golf Rd, Des Plaines, IL 60016-1250

Total Travel Estimate: **18.22 miles - about 26 minutes**



648

mapquest

Trip to:

2650 Ridge Ave
Evanston, IL 60201-1718
22.09 miles / 37 minutes

Notes

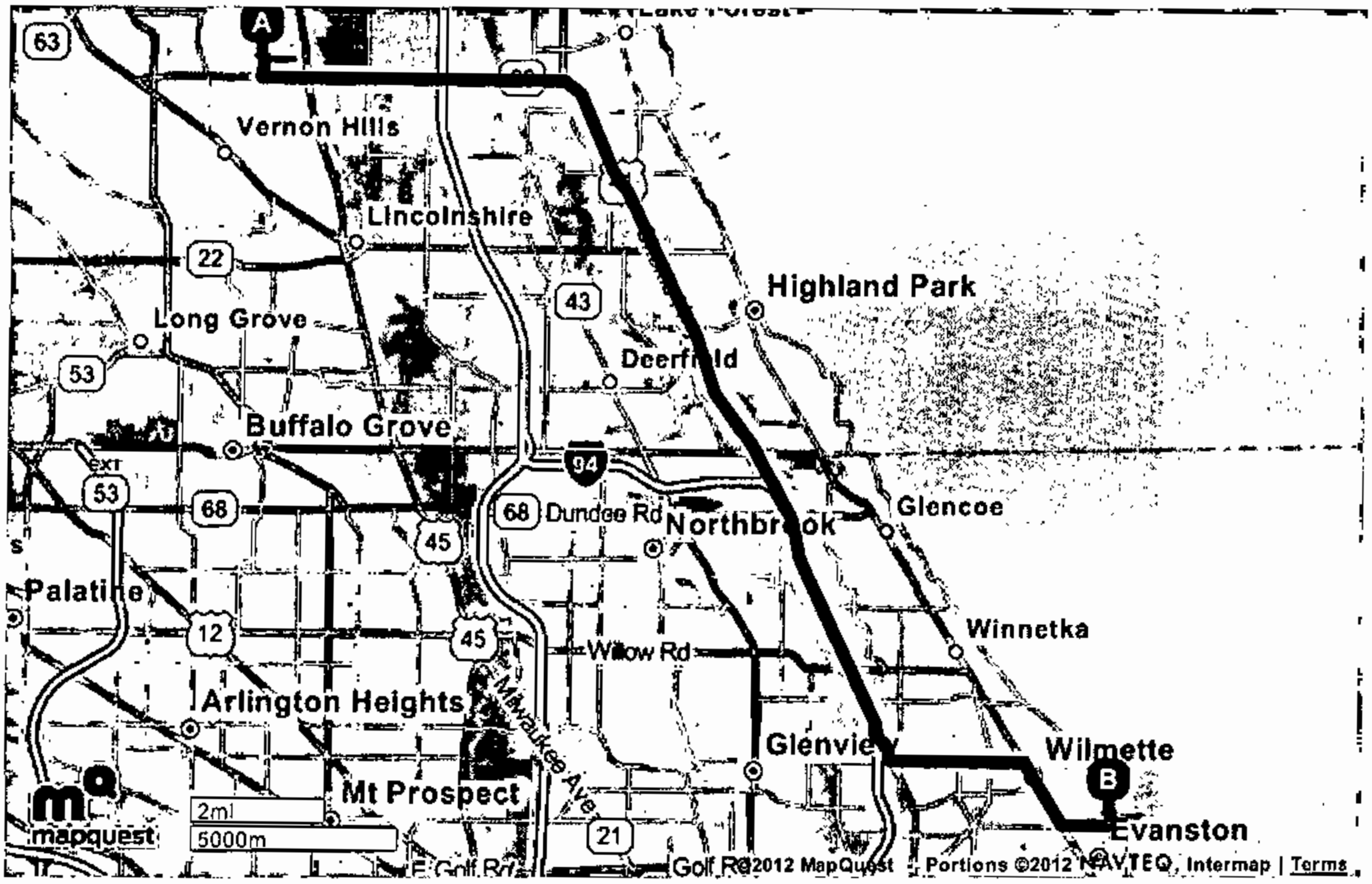
Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
2. Take the 2nd **left** onto **E Townline Rd / IL-60 E**. Map	**5.0 Mi**	*5.2 Mi Total*
3. Turn **right** onto **US-41 S / S Skokie Hwy**. Continue to follow **US-41 S**. Map	**11.9 Mi**	*17.1 Mi Total*
4. Take the **US-41 S / Skokie Rd** exit, **EXIT 34A**. Map	**0.4 Mi**	*17.5 Mi Total*
5. Turn **slight right** onto **US-41 / Skokie Rd**. Map	**0.3 Mi**	*17.8 Mi Total*
6. Take the 1st **left** onto **Lake Ave**. Map	**2.2 Mi**	*20.0 Mi Total*
7. Turn **right** onto **Green Bay Rd**. Map	**1.2 Mi**	*21.2 Mi Total*
8. Turn **left** onto **Central St**. Map	**0.8 Mi**	*22.0 Mi Total*
9. Turn **left** onto **Ridge Ave**. Map	**0.10 Mi**	*22.1 Mi Total*
10. **2650 RIDGE AVE** is on the **left**. Map		

2650 Ridge Ave, Evanston, IL 60201-1718

649

Total Travel Estimate: **22.09 miles - about 37 minutes**



mapquest

Trip to:

1455 E Golf Rd

Des Plaines, IL 60016-1250

18.22 miles / 26 minutes

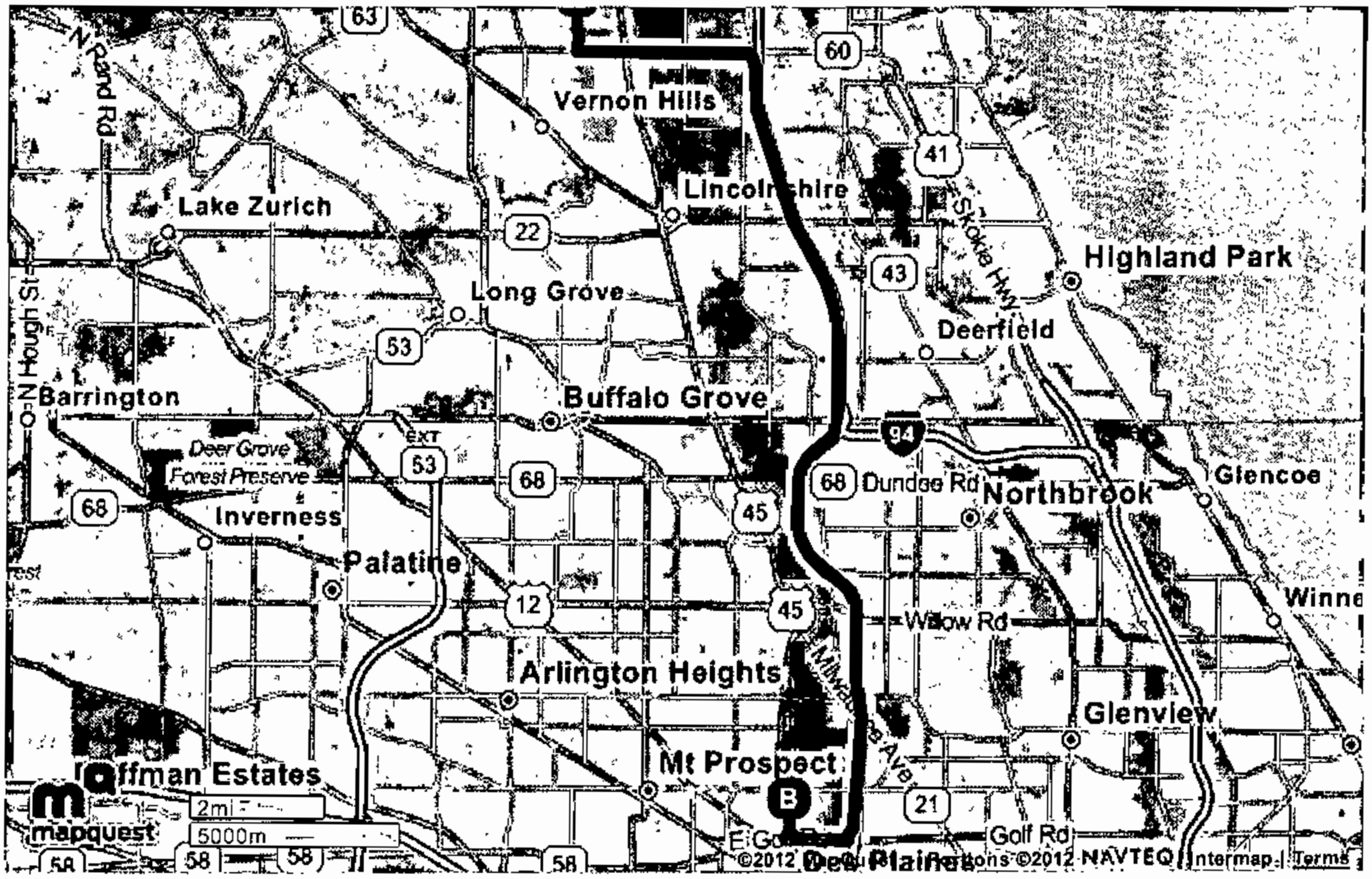
Notes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
60	2. Take the 2nd **left** onto **E Townline Rd / IL-60**. Map	**2.9 Mi** *3.1 Mi Total*
EAST 94	3. Merge onto **I-94 E** toward **Indiana** (Portions toll). Map	**6.1 Mi** *9.3 Mi Total*
SOUTH 294	4. Keep **right** to take **I-294 S** toward **Indiana-O'Hare** (Portions toll). Map	**7.2 Mi** *16.4 Mi Total*
EXIT	5. Take the exit toward **IL-58 / Golf Rd**. Map	**0.5 Mi** *16.9 Mi Total*
	6. Turn **left** onto **E River Rd**. Map	**0.1 Mi** *17.0 Mi Total*
58	7. Take the 1st **right** onto **E Golf Rd / IL-58**. Map	**1.1 Mi** *18.1 Mi Total*
58	8. Make a **U-turn** onto **E Golf Rd / IL-58**. Map	**0.1 Mi** *18.2 Mi Total*
	9. **1455 E GOLF RD** is on the **right**. Map	

1455 E Golf Rd, Des Plaines, IL 60016-1250

Total Travel Estimate: **18.22 miles - about 26 minutes**



mapquest

Notes

Trip to:

4849 W Fullerton Ave

Chicago, IL 60639-2503
29.27 miles / 44 minutes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
EAST 60	2. Take the 2nd **left** onto **E Townline Rd / IL-60 E**. Map	**5.0 Mi** *5.2 Mi Total*
SOUTH 41	3. Turn **right** onto **US-41 S / S Skokie Hwy**. Continue to follow **US-41 S**. Map	**11.9 Mi** *17.1 Mi Total*
EAST 94	4. Stay **straight** to go onto **I-94 E / Edens Expy E**. Map	**9.1 Mi** *26.2 Mi Total*
43A EXIT	5. Take the **Wilson Ave** exit, **EXIT 43A**. Map	**0.2 Mi** *26.4 Mi Total*
	6. Turn **right** onto **W Wilson Ave**. Map	**0.02 Mi** *26.4 Mi Total*
50	7. Take the 1st **left** onto **N Cicero Ave / IL-50**. Map	**2.8 Mi** *29.2 Mi Total*
	8. Turn **right** onto **W Fullerton Ave**. Map	**0.07 Mi** *29.3 Mi Total*
	9. **4849 W FULLERTON AVE** is on the **left**. Map	

4849 W Fullerton Ave, Chicago, IL 60639-2503

Total Travel Estimate: **29.27 miles - about 44 minutes**

mapquest

Trip to:

2100 Pfingsten Rd
Glenview, IL 60026-1301
15.29 miles / 24 minutes

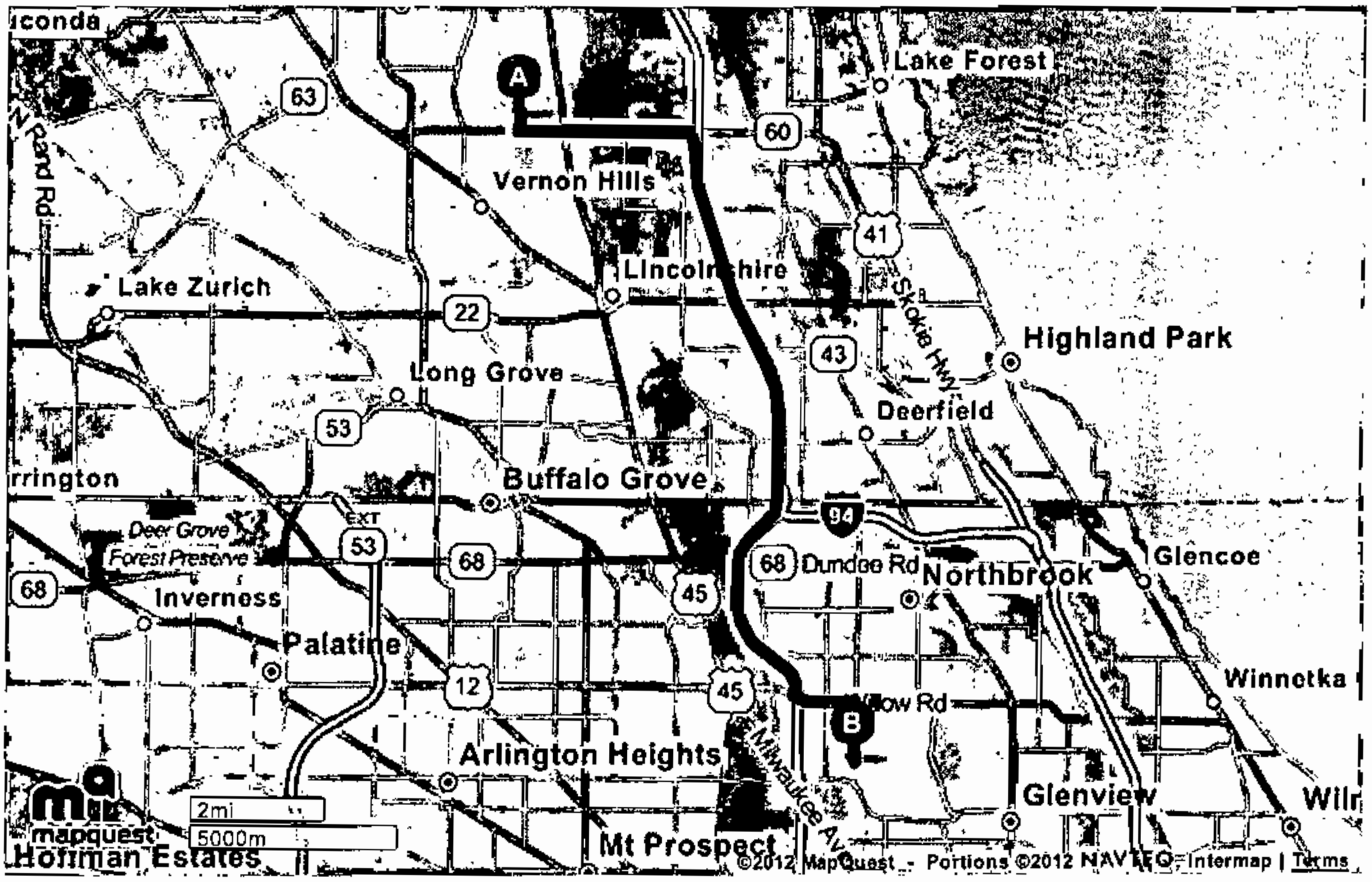
Notes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
60	2. Take the 2nd **left** onto **E Townline Rd / IL-60**. Map	**2.9 Mi** *3.1 Mi Total*
EAST 94	3. Merge onto **I-94 E** toward **Indiana** (Portions toll). Map	**6.1 Mi** *9.3 Mi Total*
SOUTH 294	4. Keep **right** to take **I-294 S** toward **Indiana-O'Hare** (Portions toll). Map	**3.6 Mi** *12.9 Mi Total*
EXIT	5. Take the **Willow Rd** exit. Map	**0.4 Mi** *13.2 Mi Total*
RAMP	6. Keep **left** to take the ramp toward **Northbrook / Glenview**. Map	**0.03 Mi** *13.3 Mi Total*
	7. Turn **left** onto **Willow Rd**. Map	**1.0 Mi** *14.3 Mi Total*
	8. Turn **right** onto **Pfingsten Rd**. Map	**1.0 Mi** *15.3 Mi Total*
	9. **2100 PFINGSTEN RD** is on the **right**. Map	

2100 Pfingsten Rd, Glenview, IL 60026-1301

Total Travel Estimate: **15.29 miles - about 24 minutes**



656

mapquest

Trip to:

701 W North Ave
Melrose Park, IL 60160-1612
29.21 miles / 43 minutes

Notes

A **Lakeview Pkwy & Center Dr**, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
60 2. Take the 2nd **left** onto **E Townline Rd / IL-60**. Map	**2.9 Mi**	*3.1 Mi Total*
EAST 94 3. Merge onto **I-94 E** toward **Indiana** (Portions toll). Map	**6.1 Mi**	*9.3 Mi Total*
SOUTH 294 4. Keep **right** to take **I-294 S** toward **Indiana-O'Hare** (Portions toll). Map	**14.3 Mi**	*23.6 Mi Total*
EAST 19 5. Merge onto **Irving Park Rd / IL-19 E**. Map	**1.8 Mi**	*25.4 Mi Total*
6. Turn **right** onto **Des Plaines River Rd**. Map	**2.9 Mi**	*28.3 Mi Total*
171 7. Turn **slight right** onto **N 1st Ave / IL-171**. Map	**0.5 Mi**	*28.8 Mi Total*
WEST 64 8. Turn **right** onto **W North Ave / IL-64 W**. Map	**0.4 Mi**	*29.2 Mi Total*
9. **701 W NORTH AVE** is on the **right**. Map		

B **701 W North Ave**, Melrose Park, IL 60160-1612

Total Travel Estimate: **29.21 miles - about 43 minutes**

658

mapquest

Notes

Trip to:

1800 Hollister Dr

Libertyville, IL 60048-5263

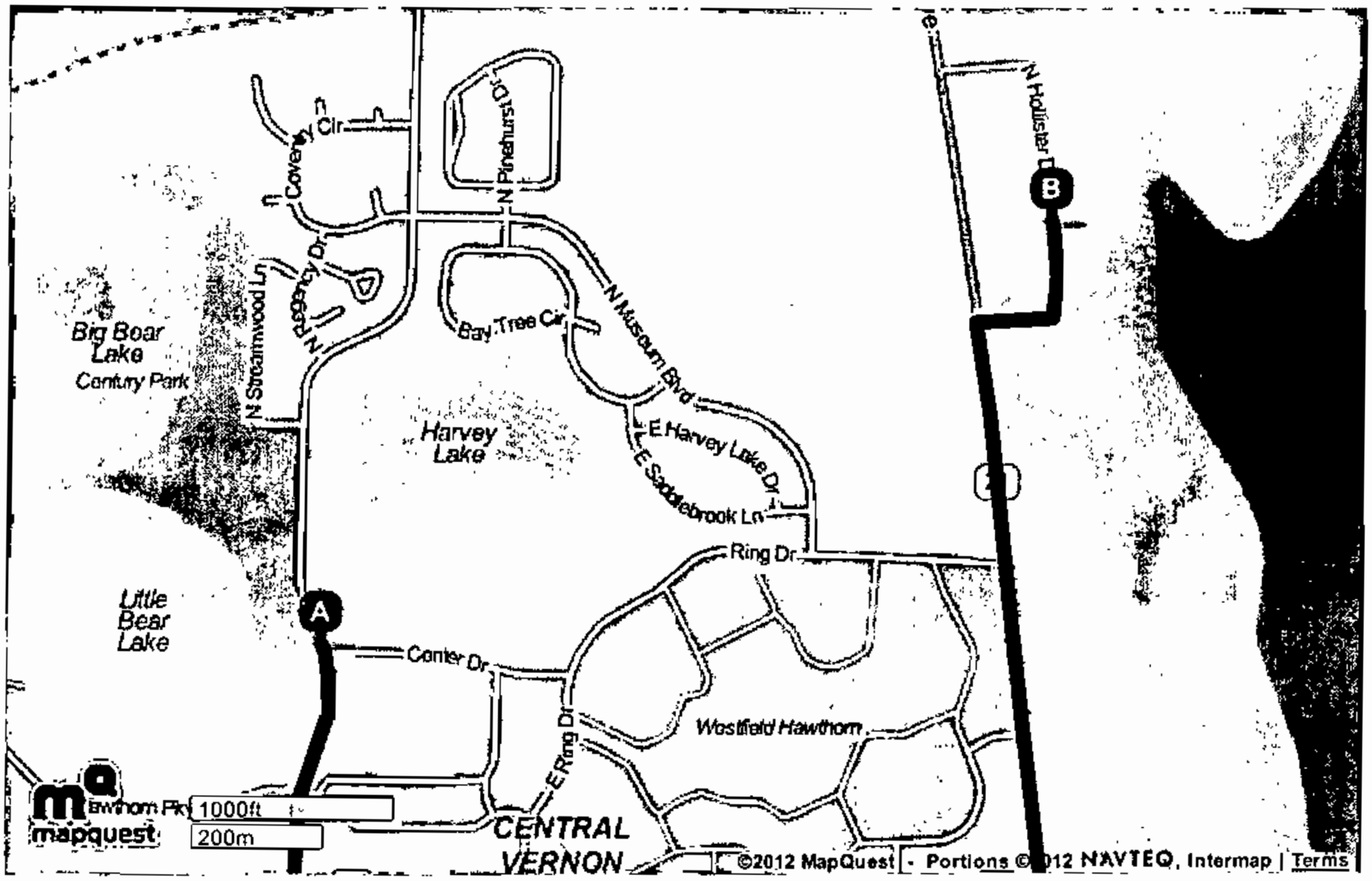
1.78 miles / 3 minutes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
60	2. Take the 2nd **left** onto **E Townline Rd / IL-60**. Map	**0.8 Mi** *1.0 Mi Total*
21	3. Turn **left** onto **N Milwaukee Ave / IL-21**. Map	**0.6 Mi** *1.6 Mi Total*
	4. Take the 1st **right** onto **Hollister Dr**. Map	**0.2 Mi** *1.8 Mi Total*
	5. **1800 HOLLISTER DR** is on the **right**. Map	

1800 Hollister Dr, Libertyville, IL 60048-5263

Total Travel Estimate: **1.78 miles - about 3 minutes**



mapquest

Notes

Trip to:

600 Hart Rd

Barrington, IL 60010-2623

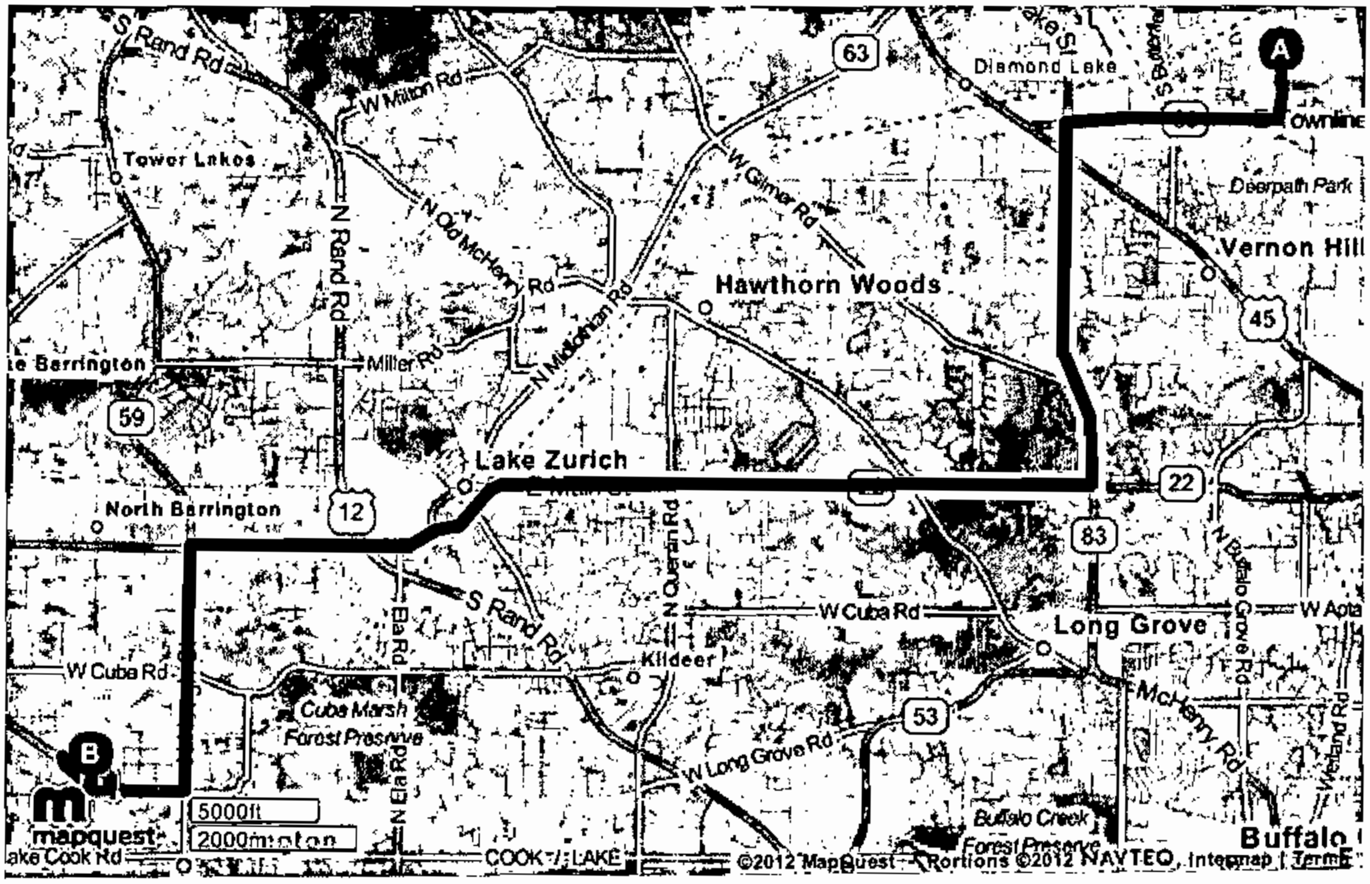
16.16 miles / 29 minutes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
2. Take the 2nd **right** onto **E Townline Rd / IL-60**. Map	**1.8 Mi**	*2.0 Mi Total*
3. Turn **left** onto **S Lake St / US-45**. Map	**0.3 Mi**	*2.3 Mi Total*
4. Stay **straight** to go onto **IL-83 S**. Map	**2.8 Mi**	*5.0 Mi Total*
5. Turn **right** onto **IL-22 W**. Map	**7.7 Mi**	*12.7 Mi Total*
6. Turn **left** onto **IL-59 / N Hough St**. Map	**2.0 Mi**	*14.7 Mi Total*
7. Turn **right** onto **W Northwest Hwy / US-14 W**. Map	**1.1 Mi**	*15.8 Mi Total*
8. Turn **left** onto **Hart Rd**. Map	**0.4 Mi**	*16.2 Mi Total*
9. **600 HART RD** is on the **right**. Map		

600 Hart Rd, Barrington, IL 60010-2623

Total Travel Estimate: **16.16 miles - about 29 minutes**



mapquest

Trip to:

777 Park Ave W

Highland Park, IL 60035-2433

10.18 miles / 16 minutes

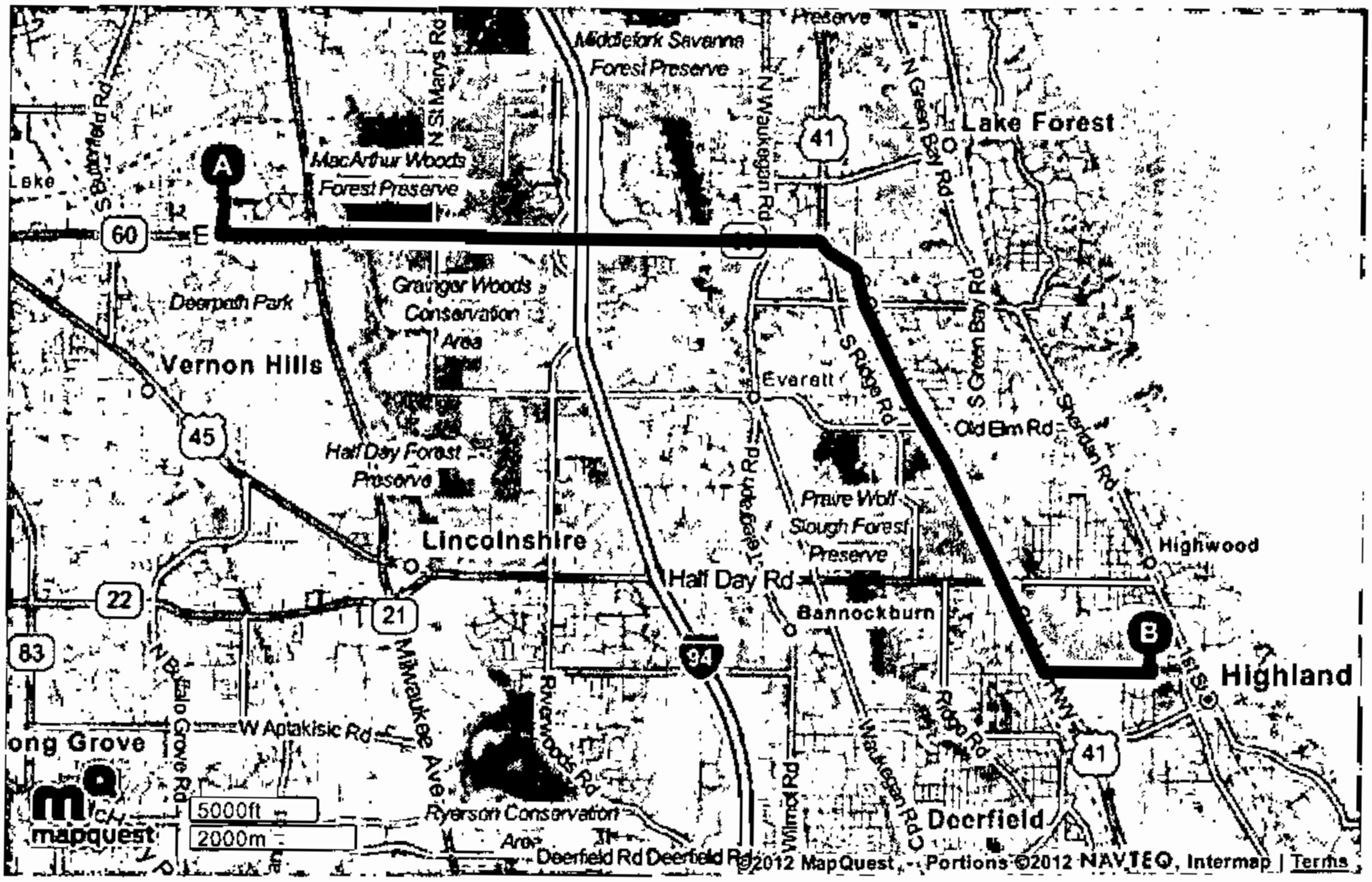
Notes

A **Lakeview Pkwy & Center Dr**, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
EAST 60 2. Take the 2nd **left** onto **E Townline Rd / IL-60 E**. Map	**5.0 Mi**	*5.2 Mi Total*
SOUTH 41 3. Turn **right** onto **US-41 S / S Skokie Hwy**. Map	**4.1 Mi**	*9.3 Mi Total*
4. Turn **left** onto **Park Ave W**. Map	**0.9 Mi**	*10.2 Mi Total*
5. **777 PARK AVE W** is on the **left**. Map		

B **777 Park Ave W**, Highland Park, IL 60035-2433

Total Travel Estimate: **10.18 miles - about 16 minutes**



664

mapquest

Trip to:

3536 W Fullerton Ave

Chicago, IL 60647-2443

31.32 miles / 44 minutes

Notes

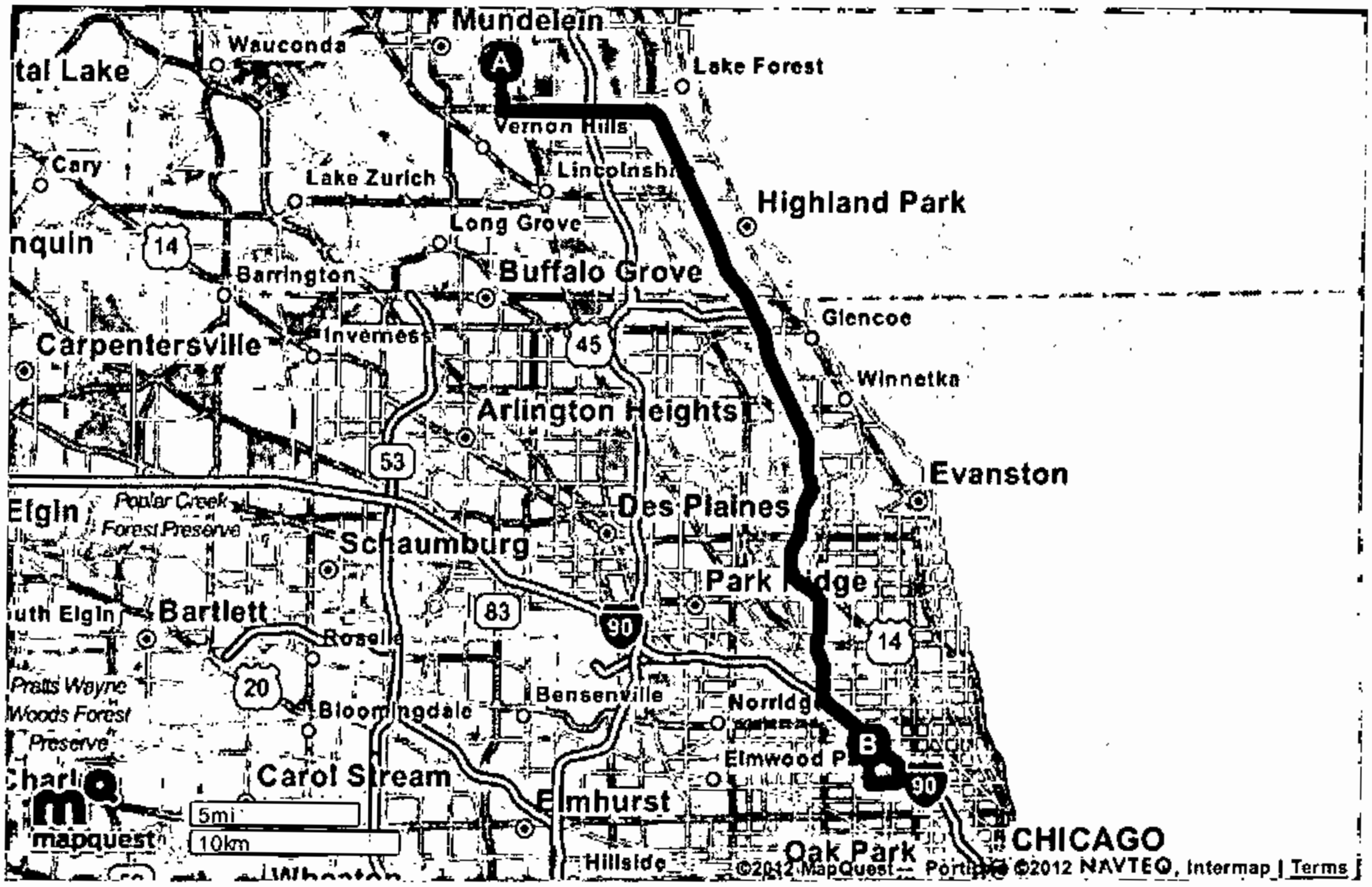
Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
2. Take the 2nd **left** onto **E Townline Rd / IL-60 E**. Map	**5.0 Mi**	*5.2 Mi Total*
3. Turn **right** onto **US-41 S / S Skokie Hwy**. Continue to follow **US-41 S**. Map	**11.9 Mi**	*17.1 Mi Total*
4. Stay **straight** to go onto **I-94 E / Edens Expy E**. Continue to follow **I-94 E**. Map	**12.6 Mi**	*29.7 Mi Total*
5. Take the **California Ave** exit, **EXIT 46A**. Map	**0.1 Mi**	*29.8 Mi Total*
6. Turn **slight right** onto **N California Ave**. Map	**0.5 Mi**	*30.4 Mi Total*
7. Turn **right** onto **W Fullerton Ave**. Map	**1.0 Mi**	*31.3 Mi Total*
8. **3536 W FULLERTON AVE** is on the **right**. Map		

3536 W Fullerton Ave, Chicago, IL 60647-2443

665

Total Travel Estimate: **31.32 miles - about 44 minutes**



mapquest

Notes

Trip to:

1555 Barrington Rd

Hoffman Estates, IL 60169-1019

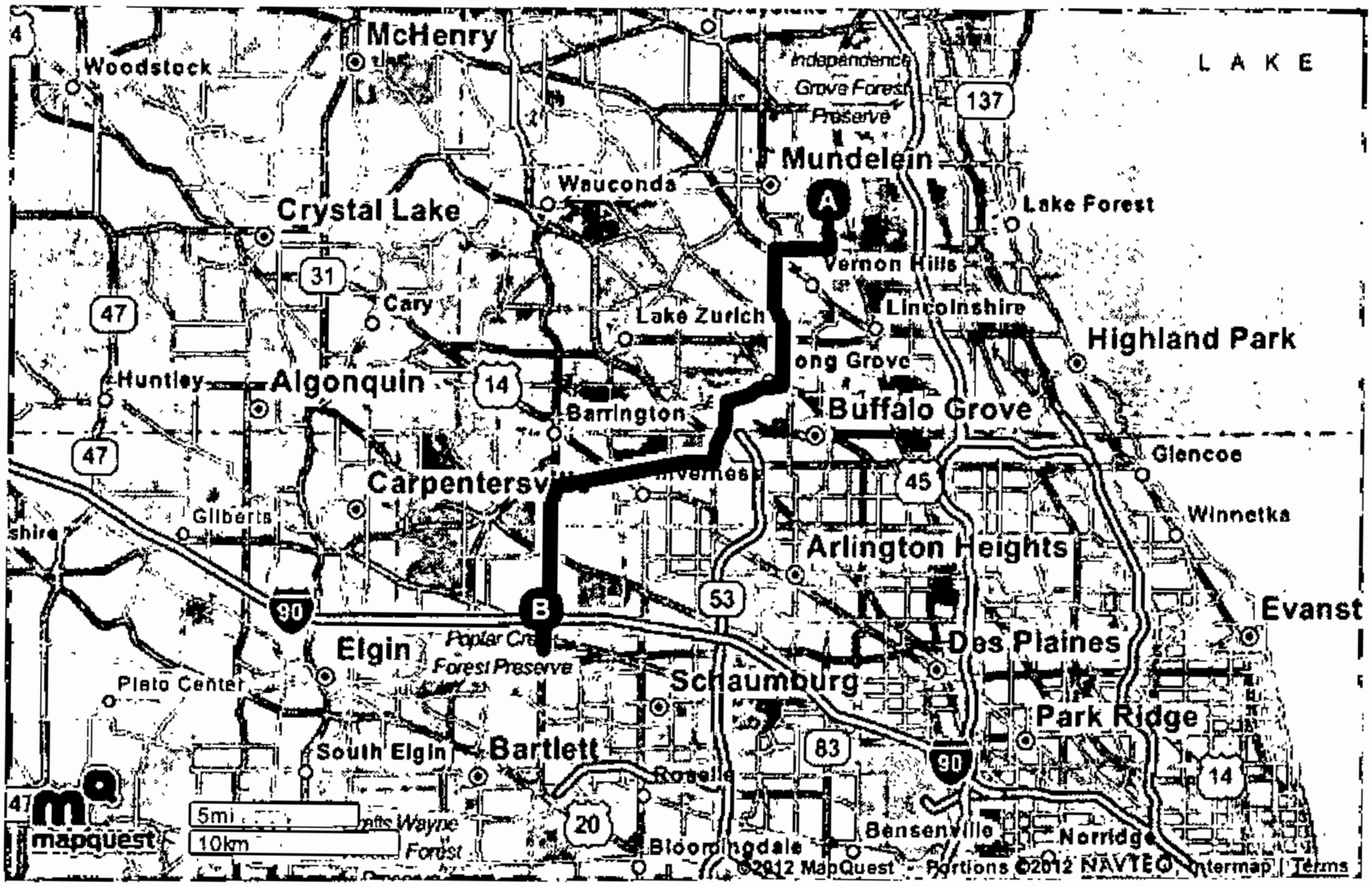
21.39 miles / 36 minutes

A **Lakeview Pkwy & Center Dr**, Vernon Hills, IL 60061

		1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
	60	2. Take the 2nd **right** onto **E Townline Rd / IL-60**. Map	**1.8 Mi** *2.0 Mi Total*
	45	3. Turn **left** onto **S Lake St / US-45**. Map	**0.3 Mi** *2.3 Mi Total*
	SOUTH 83	4. Stay **straight** to go onto **IL-83 S**. Map	**4.2 Mi** *6.5 Mi Total*
	53	5. Turn **slight right** onto **IL-53**. Map	**3.5 Mi** *10.0 Mi Total*
		6. Stay **straight** to go onto **N Hicks Rd**. Map	**0.7 Mi** *10.6 Mi Total*
	68	7. Turn **right** onto **E Dundee Rd / IL-68**. Map	**5.4 Mi** *16.0 Mi Total*
		8. Turn **left** onto **S Barrington Rd**. Map	**5.4 Mi** *21.4 Mi Total*
		9. Make a **U-turn** onto **Barrington Rd**. Map	**0.01 Mi** *21.4 Mi Total*
		10. **1555 BARRINGTON RD** is on the **right**. Map	

B **1555 Barrington Rd**, Hoffman Estates, IL 60169-1019

Total Travel Estimate: **21.39 miles - about 36 minutes**



mapquest

Trip to:

100 N River Rd
Des Plaines, IL 60016-1209
18.06 miles / 25 minutes

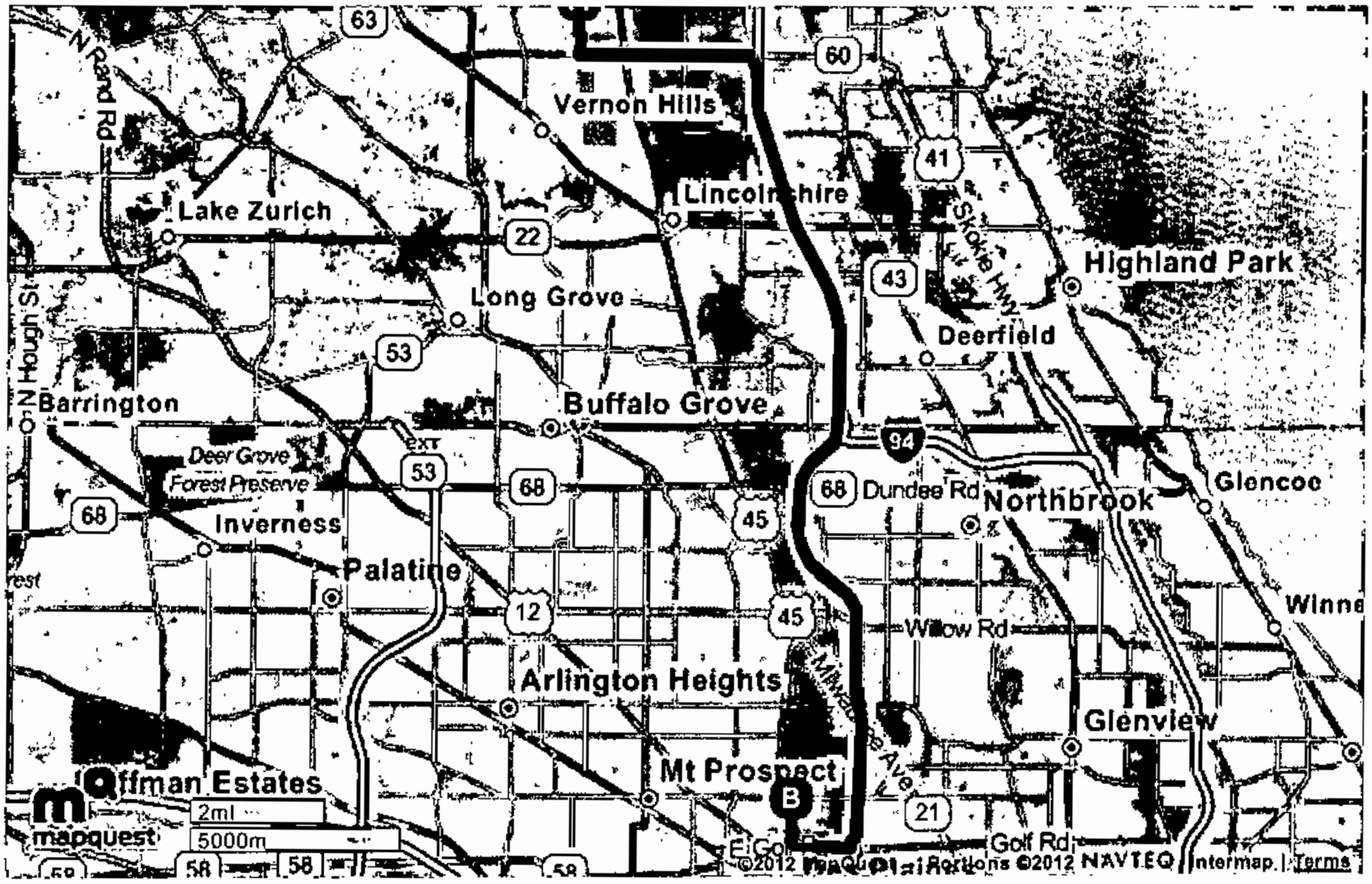
Notes

A **Lakeview Pkwy & Center Dr**, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
60	2. Take the 2nd **left** onto **E Townline Rd / IL-60**. Map	**2.9 Mi** *3.1 Mi Total*
EAST 94	3. Merge onto **I-94 E** toward **Indiana** (Portions toll). Map	**6.1 Mi** *9.3 Mi Total*
SOUTH 294	4. Keep **right** to take **I-294 S** toward **Indiana-O'Hare** (Portions toll). Map	**7.2 Mi** *16.4 Mi Total*
EXIT	5. Take the exit toward **IL-58 / Golf Rd**. Map	**0.5 Mi** *16.9 Mi Total*
	6. Turn **left** onto **E River Rd**. Map	**0.1 Mi** *17.0 Mi Total*
58	7. Take the 1st **right** onto **E Golf Rd / IL-58**. Map	**1.0 Mi** *18.0 Mi Total*
45	8. Take the 2nd **right** onto **N Des Plaines River Rd / US-45 / N River Rd**. Map	**0.10 Mi** *18.1 Mi Total*
	9. **100 N RIVER RD** is on the **left**. Map	

B **100 N River Rd**, Des Plaines, IL 60016-1209

Total Travel Estimate: **18.06 miles - about 25 minutes**



670

mapquest

Trip to:

908 N Elm St

Hinsdale, IL 60521-3635

35.14 miles / 45 minutes

Notes

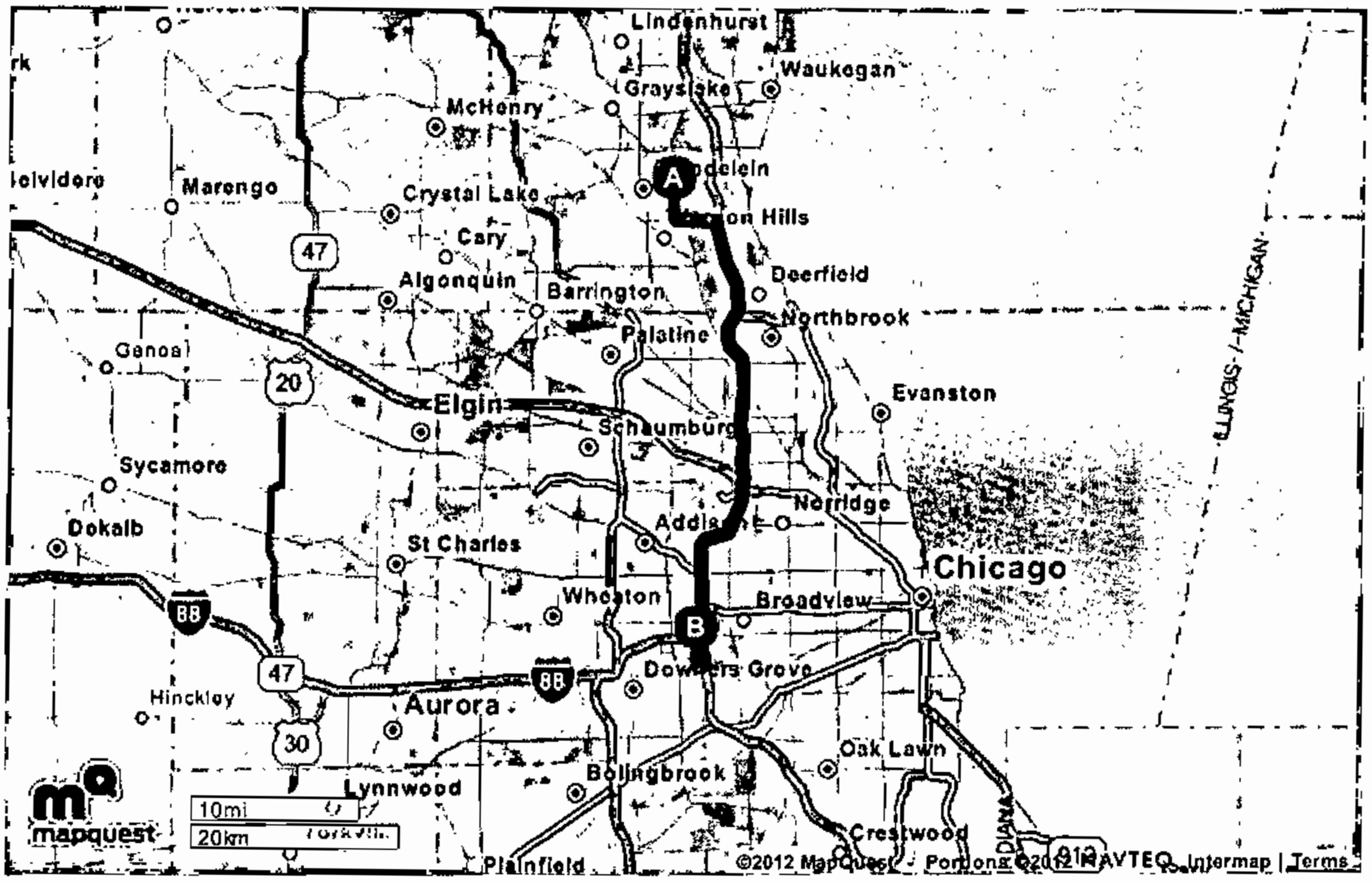
Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

		1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
	60	2. Take the 2nd **left** onto **E Townline Rd / IL-60**. Map	**2.9 Mi** *3.1 Mi Total*
	EAST 94	3. Merge onto **I-94 E** toward **Indiana** (Portions toll). Map	**6.1 Mi** *9.3 Mi Total*
	SOUTH 294	4. Keep **right** to take **I-294 S** toward **Indiana-O'Hare** (Portions toll). Map	**25.2 Mi** *34.5 Mi Total*
EXIT		5. Take the **US-34 W / Ogden Ave** exit. Map	**0.4 Mi** *34.9 Mi Total*
	34	6. Turn **slight right** onto **E Ogden Ave / US-34**. Map	**0.2 Mi** *35.1 Mi Total*
		7. Turn **right** onto **N Elm St**. Map	**0.01 Mi** *35.1 Mi Total*
		8. **908 N ELM ST** is on the **left**. Map	

908 N Elm St, Hinsdale, IL 60521-3635

671

Total Travel Estimate: **35.14 miles - about 45 minutes**



mapquest

Trip to:

515 W Algonquin Rd

Arlington Heights, IL 60005-4439

19.82 miles / 32 minutes

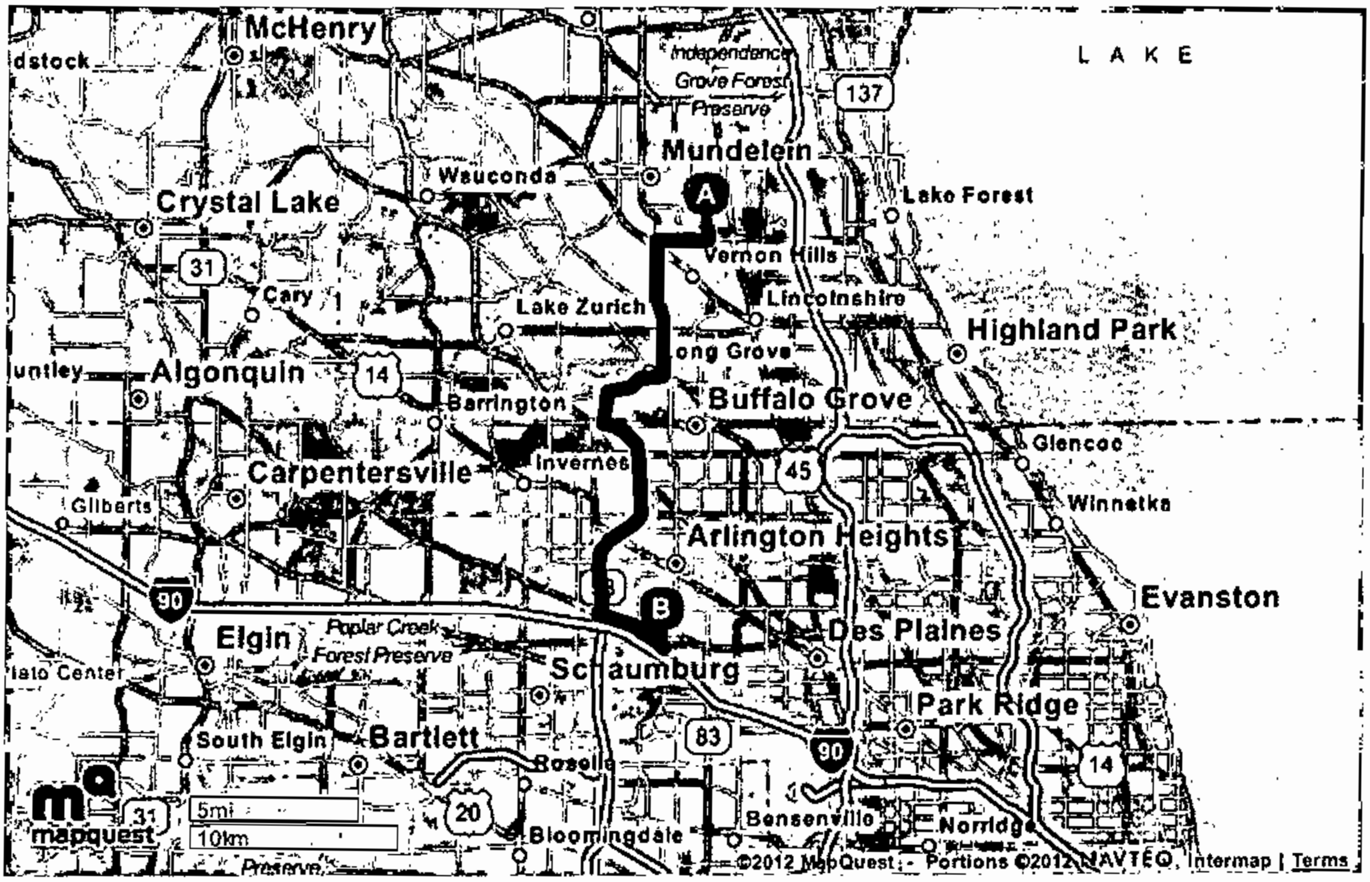
Notes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
2. Take the 2nd **right** onto **E Townline Rd / IL-60**. Map	**1.8 Mi**	*2.0 Mi Total*
3. Turn **left** onto **S Lake St / US-45**. Map	**0.3 Mi**	*2.3 Mi Total*
4. Stay **straight** to go onto **IL-83 S**. Map	**4.2 Mi**	*6.5 Mi Total*
5. Turn **slight right** onto **IL-53**. Map	**3.1 Mi**	*9.6 Mi Total*
6. Turn **left** onto **Lake Cook Rd**. Map	**0.4 Mi**	*10.0 Mi Total*
RAMP 7. Take the **IL-53 S** ramp toward **West Suburbs**. Map	**0.4 Mi**	*10.4 Mi Total*
8. Merge onto **IL-53-EXT S**. Map	**1.2 Mi**	*11.6 Mi Total*
9. **IL-53-EXT S** becomes **IL-53 S**. Map	**5.0 Mi**	*16.6 Mi Total*
EXIT 10. Take the **I-90** exit toward **Rockford / Chicago**. Map	**0.3 Mi**	*16.9 Mi Total*
EXIT 11. Take the **IL-62 / Algonquin Rd** exit. Map	**0.3 Mi**	*17.3 Mi Total*
12. Keep **left** at the fork to go on **IL-62**. Map	**2.5 Mi**	*19.8 Mi Total*
13. **515 W ALGONQUIN RD** is on the **right**. Map		

515 W Algonquin Rd, Arlington Heights, IL 60005-4439

Total Travel Estimate: **19.82 miles - about 32 minutes**



mapquest

Trip to:

9000 Waukegan Rd

Morton Grove, IL 60053-2127

19.32 miles / 32 minutes

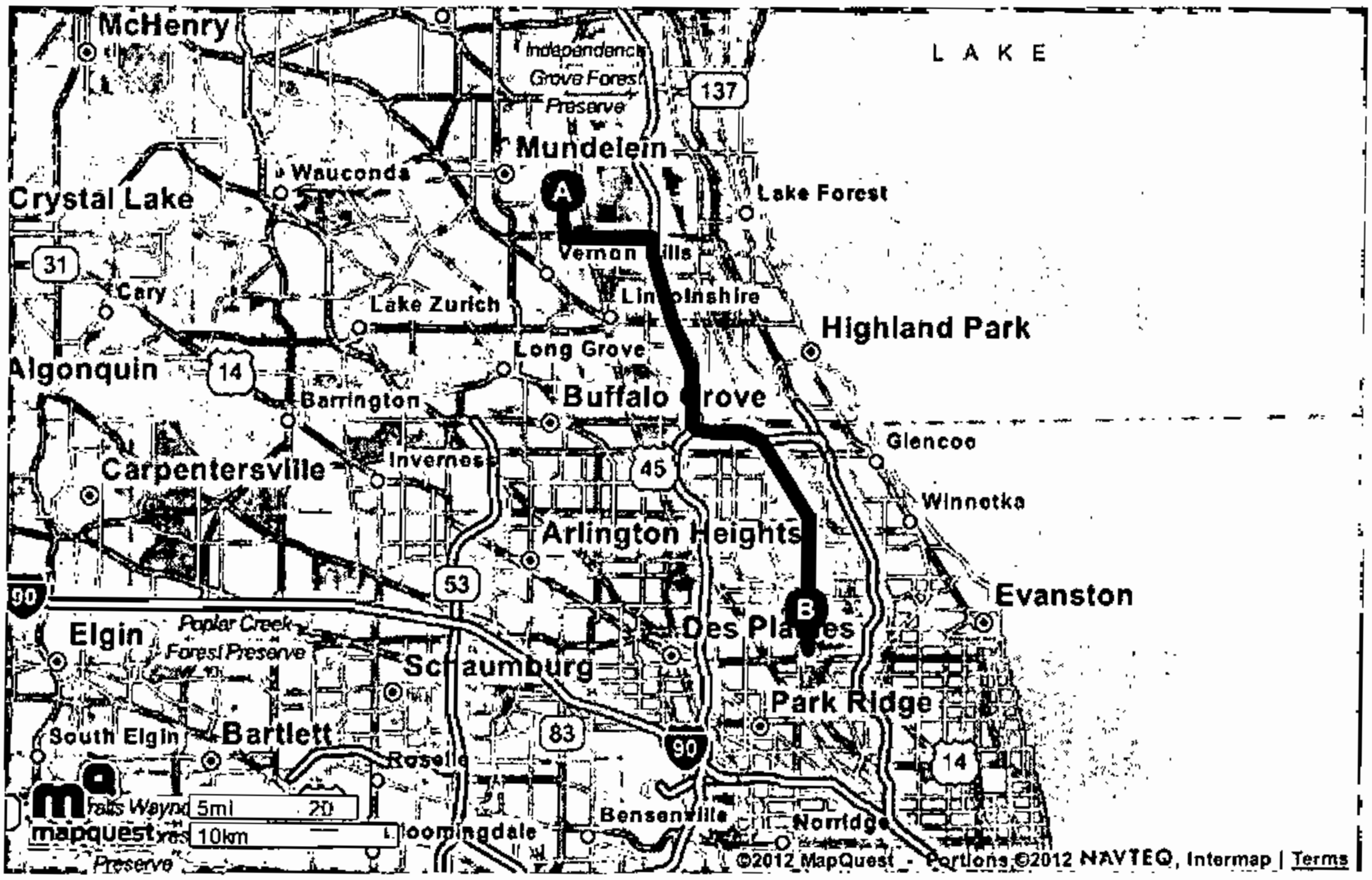
Notes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
60 — 2. Take the 2nd **left** onto **E Townline Rd / IL-60**. Map	**2.9 Mi**	*3.1 Mi Total*
EAST 94 — 3. Merge onto **I-94 E** toward **Indiana** (Portions toll). Map	**7.1 Mi**	*10.2 Mi Total*
EAST 94 — 4. Keep **right** at the fork to go on **I-94 E / Edens Expy Spur E** (Portions toll). Map	**1.6 Mi**	*11.8 Mi Total*
EXIT — 5. Take the **IL-43 / Waukegan Rd** exit. Map	**0.3 Mi**	*12.1 Mi Total*
43 — 6. Turn **slight right** onto **IL-43 / Waukegan Rd**. Map	**7.3 Mi**	*19.3 Mi Total*
7. **9000 WAUKEGAN RD** is on the **right**. Map		

9000 Waukegan Rd, Morton Grove, IL 60053-2127

Total Travel Estimate: **19.32 miles - about 32 minutes**



mapquest

Trip to:

1475 E Belvidere Rd
Grayslake, IL 60030-2012
9.25 miles / 17 minutes

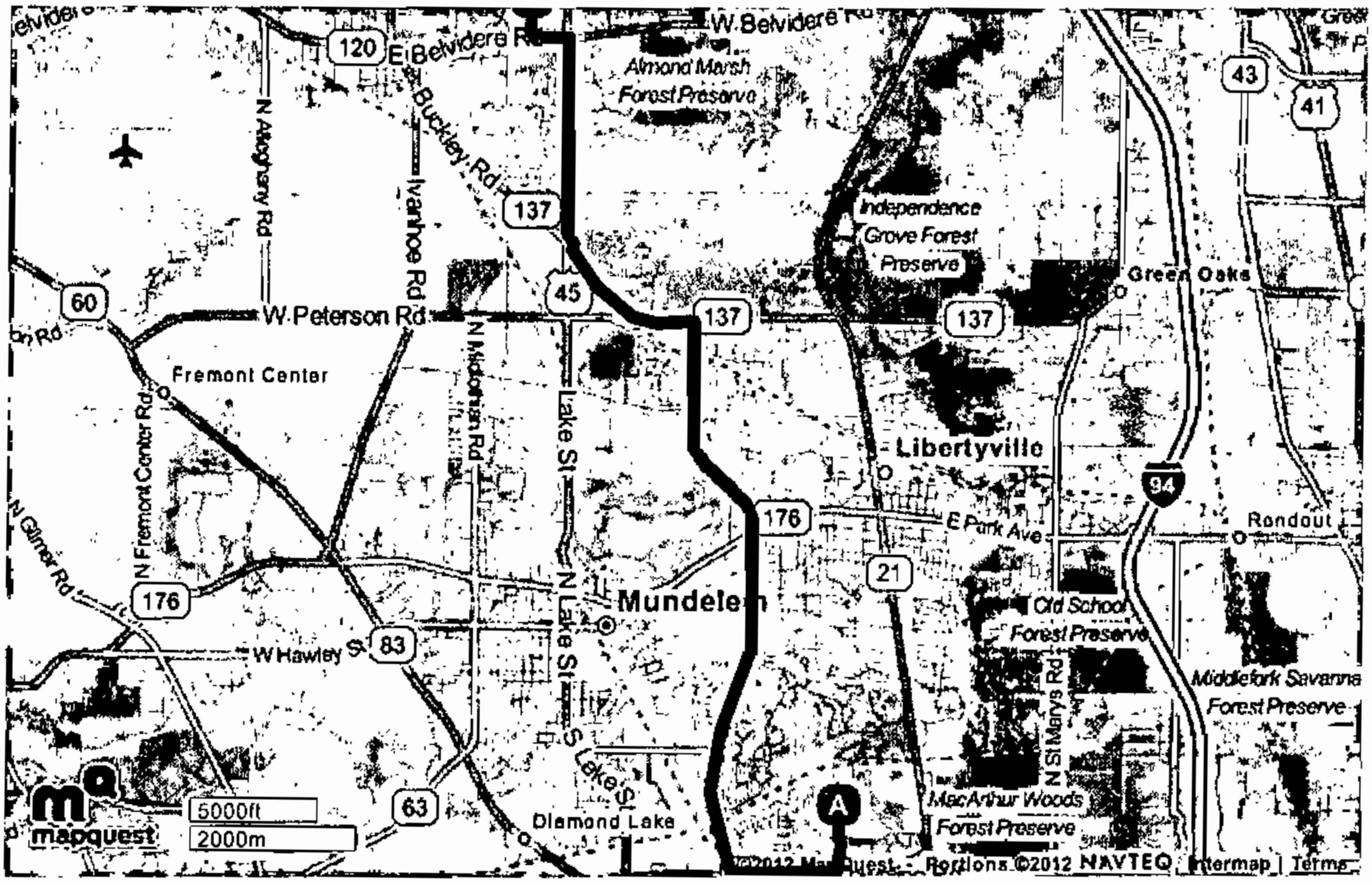
Notes

A **Lakeview Pkwy & Center Dr**, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
60	2. Take the 2nd **right** onto **E Townline Rd / IL-60**. Map	**0.9 Mi** *1.1 Mi Total*
	3. Turn **right** onto **S Butterfield Rd**. Map	**4.8 Mi** *5.9 Mi Total*
WEST 137	4. Turn **left** onto **Peterson Rd / IL-137 W**. Continue to follow **IL-137 W**. Map	**1.3 Mi** *7.2 Mi Total*
NORTH 45	5. Merge onto **US-45 N**. Map	**1.8 Mi** *8.9 Mi Total*
120	6. Turn **left** onto **IL-120 / E Belvidere Rd**. Map	**0.3 Mi** *9.3 Mi Total*
	7. **1475 E BELVIDERE RD**. Map	

B **1475 E Belvidere Rd**, Grayslake, IL 60030-2012

Total Travel Estimate: **9.25 miles - about 17 minutes**



678

mapquest

Trip to:

7200 N Western Ave

Chicago, IL 60645-1812

26.40 miles / 40 minutes

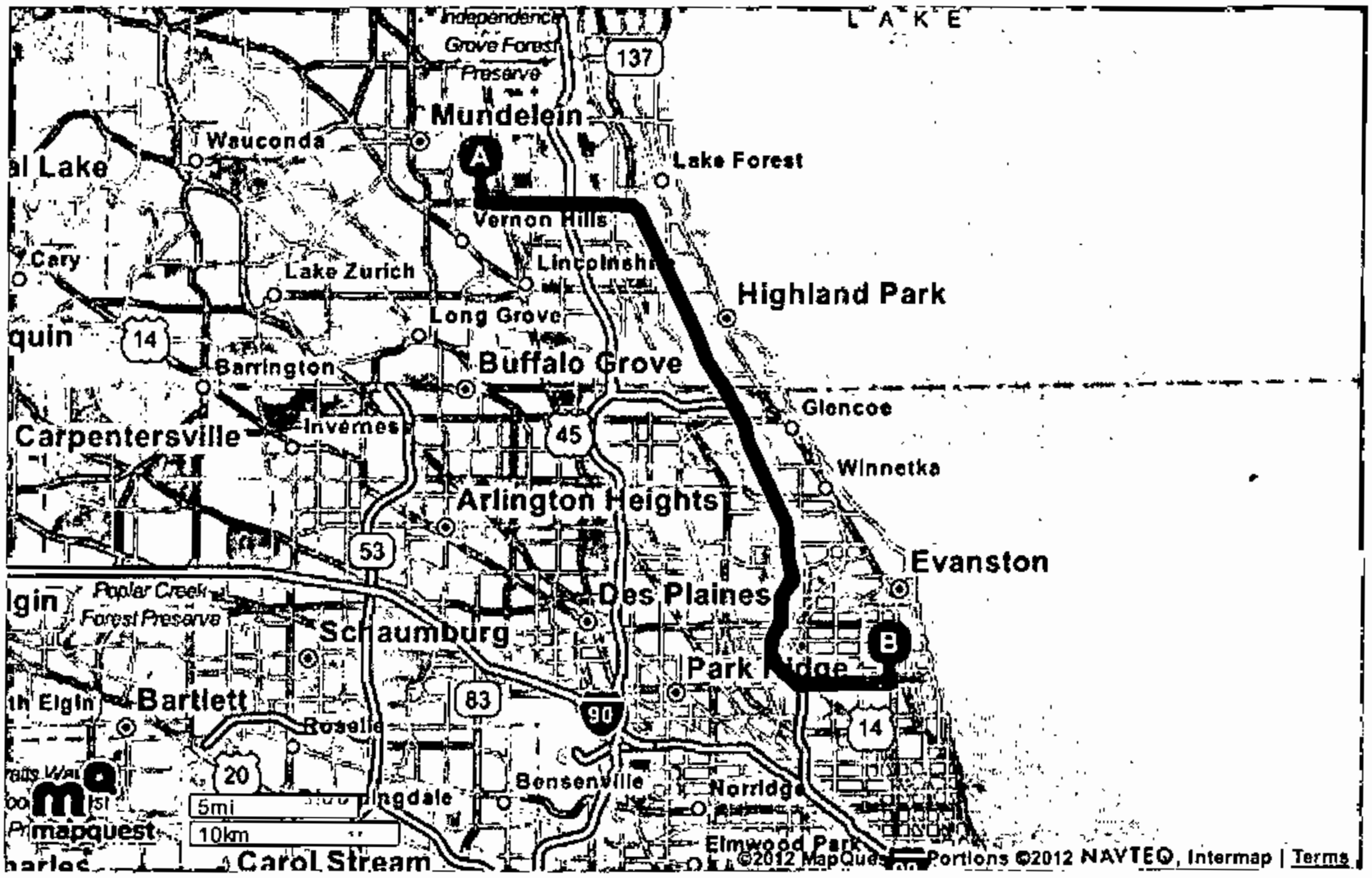
Notes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
2. Take the 2nd **left** onto **E Townline Rd / IL-60 E**. Map	**5.0 Mi**	*5.2 Mi Total*
3. Turn **right** onto **US-41 S / S Skokie Hwy**. Continue to follow **US-41 S**. Map	**11.9 Mi**	*17.1 Mi Total*
4. Stay **straight** to go onto **I-94 E / Edens Expy E**. Map	**5.9 Mi**	*23.0 Mi Total*
5. Take the **East Touhy Ave** exit, **EXIT 39B**. Map	**0.2 Mi**	*23.3 Mi Total*
6. Turn **slight right** onto **Touhy Ave**. Map	**3.1 Mi**	*26.4 Mi Total*
7. Turn **left** onto **N Western Ave**. Map	**0.02 Mi**	*26.4 Mi Total*
8. **7200 N WESTERN AVE** is on the **left**. Map		

7200 N Western Ave, Chicago, IL 60645-1812

Total Travel Estimate: **26.40 miles - about 40 minutes**



680

mapquest

Trip to:

[9001-9099] Golf Rd

Des Plaines, IL 60016

17.96 miles / 26 minutes

Notes

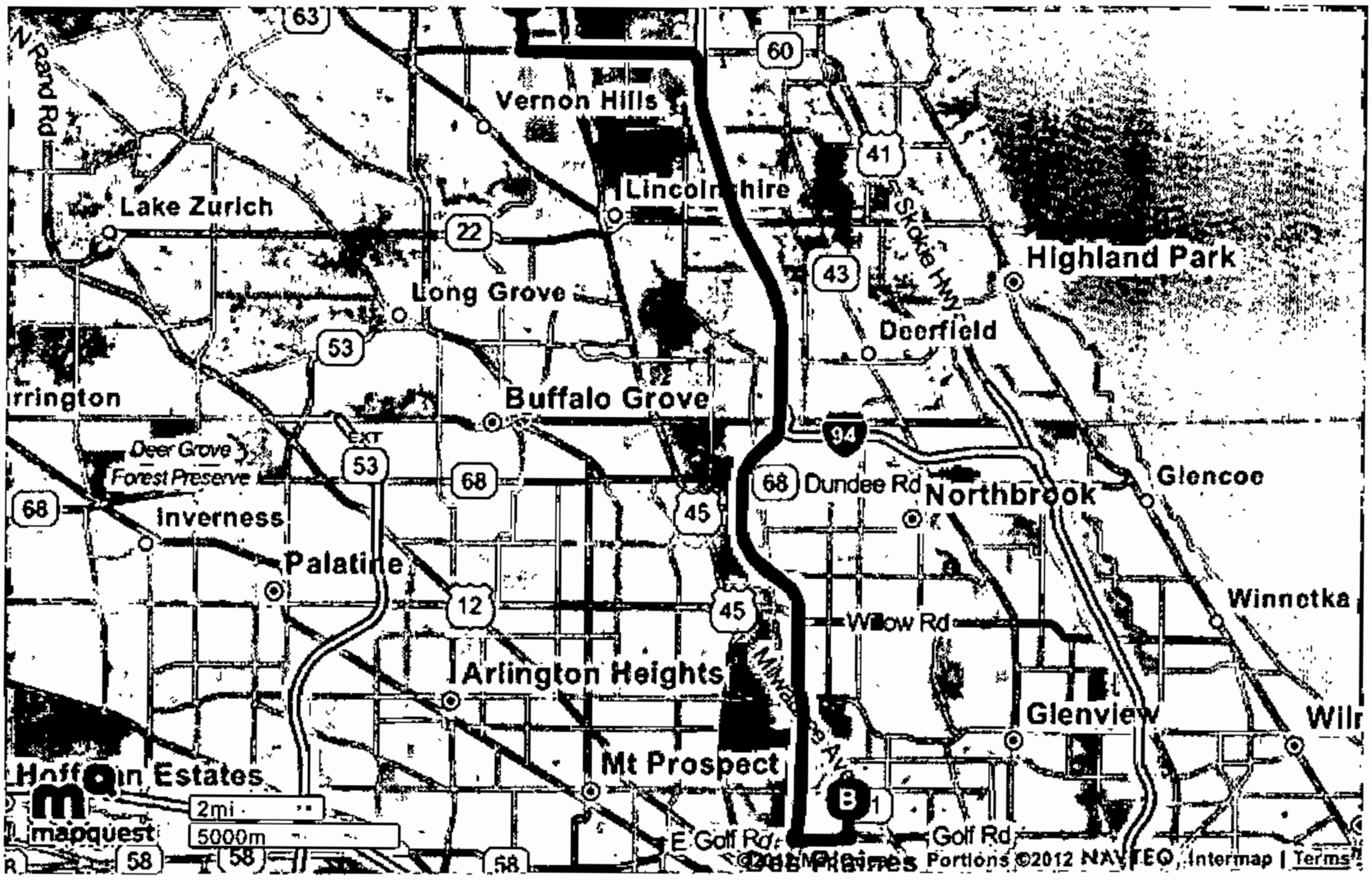
A **Lakeview Pkwy & Center Dr**, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
60	2. Take the 2nd **left** onto **E Townline Rd / IL-60**. Map	**2.9 Mi** *3.1 Mi Total*
EAST 94	3. Merge onto **I-94 E** toward **Indiana** (Portions toll). Map	**6.1 Mi** *9.3 Mi Total*
SOUTH 294	4. Keep **right** to take **I-294 S** toward **Indiana-O'Hare** (Portions toll). Map	**7.2 Mi** *16.4 Mi Total*
EXIT	5. Take the exit toward **IL-58 / Golf Rd**. Map	**0.5 Mi** *16.9 Mi Total*
	6. Turn **left** onto **E River Rd**. Map	**0.1 Mi** *17.0 Mi Total*
58	7. Take the 1st **left** onto **IL-58 / E Golf Rd**. Map	**0.9 Mi** *18.0 Mi Total*
	8. **[9001-9099] GOLF RD**. Map	

B **[9001-9099] Golf Rd**, Des Plaines, IL 60016

681

Total Travel Estimate: **17.96 miles - about 26 minutes**



mapquest

Trip to:

1775 Dempster St

Park Ridge, IL 60068-1143

19.10 miles / 29 minutes

Notes

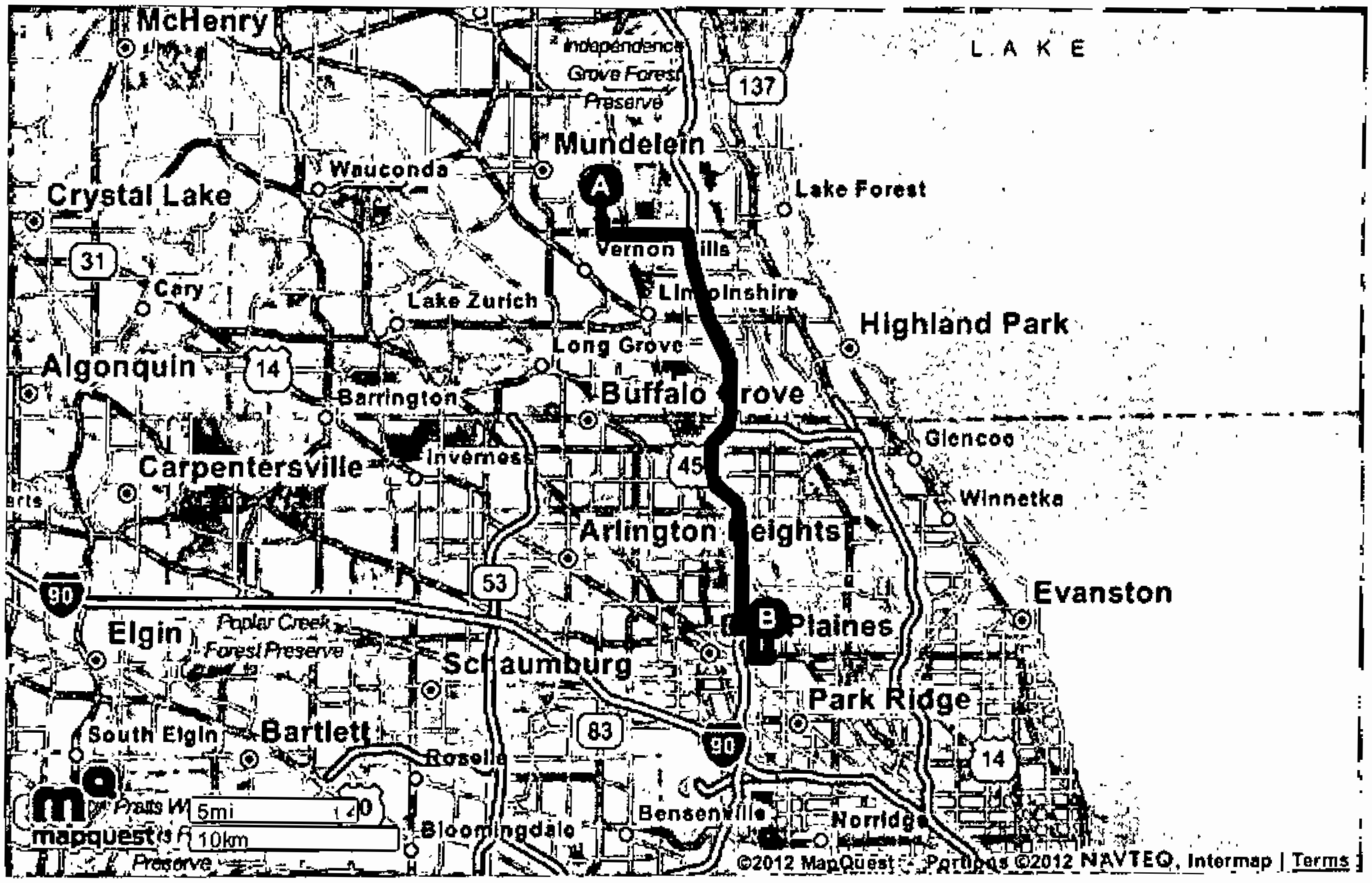
Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky.** Map	**0.2 Mi** *0.2 Mi Total*
60	2. Take the 2nd **left** onto **E Townline Rd / IL-60.** Map	**2.9 Mi** *3.1 Mi Total*
EAST 94	3. Merge onto **I-94 E** toward **Indiana** (Portions toll). Map	**6.1 Mi** *9.3 Mi Total*
SOUTH 294	4. Keep **right** to take **I-294 S** toward **Indiana-O'Hare** (Portions toll). Map	**7.2 Mi** *16.4 Mi Total*
EXIT	5. Take the exit toward **IL-58 / Golf Rd.** Map	**0.5 Mi** *16.9 Mi Total*
	6. Turn **left** onto **E River Rd.** Map	**0.1 Mi** *17.0 Mi Total*
58	7. Take the 1st **left** onto **IL-58 / E Golf Rd.** Map	**0.5 Mi** *17.5 Mi Total*
	8. Turn **right** onto **Potter Rd.** Map	**1.0 Mi** *18.5 Mi Total*
14	9. Turn **left** onto **Dempster St / US-14.** Map	**0.6 Mi** *19.1 Mi Total*
	10. **1775 DEMPSTER ST** is on the **right.** Map	

1775 Dempster St, Park Ridge, IL 60068-1143

683

Total Travel Estimate: **19.10 miles - about 29 minutes**



mapquest

Trip to:

555 Wilson Ln

Des Plaines, IL 60016-4729

18.19 miles / 26 minutes

Notes

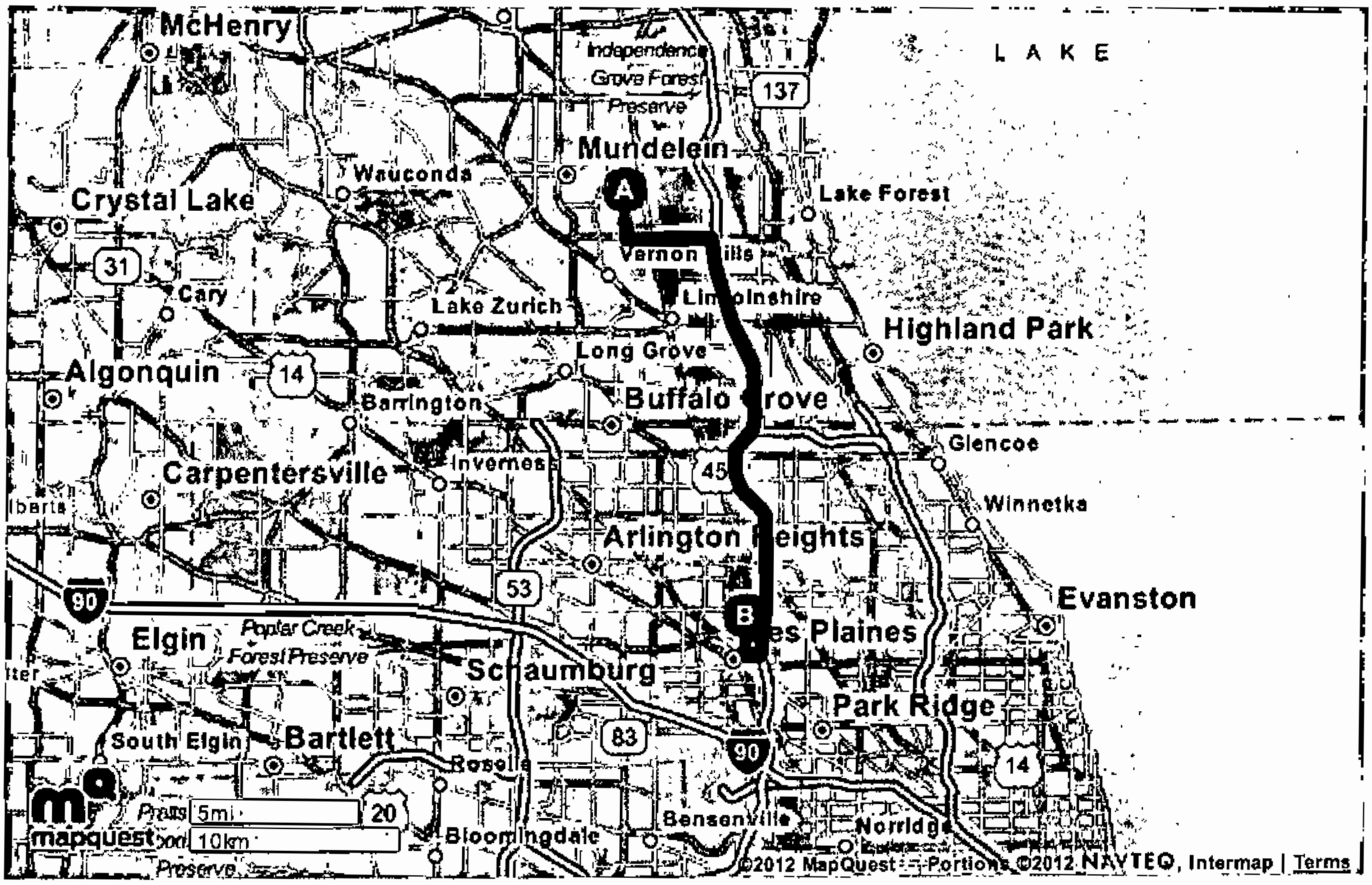
A **Lakeview Pkwy & Center Dr**, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
2. Take the 2nd **left** onto **E Townline Rd / IL-60**. Map	**2.9 Mi**	*3.1 Mi Total*
3. Merge onto **I-94 E** toward **Indiana** (Portions toll). Map	**6.1 Mi**	*9.3 Mi Total*
4. Keep **right** to take **I-294 S** toward **Indiana-O'Hare** (Portions toll). Map	**7.2 Mi**	*16.4 Mi Total*
5. Take the exit toward **IL-58 / Golf Rd**. Map	**0.5 Mi**	*16.9 Mi Total*
6. Turn **left** onto **E River Rd**. Map	**0.1 Mi**	*17.0 Mi Total*
7. **E River Rd** becomes **Bender Rd**. Map	**0.7 Mi**	*17.7 Mi Total*
8. Turn **right** onto **W Ballard Rd**. Map	**0.3 Mi**	*18.0 Mi Total*
9. Turn **right** onto **Rand Rd**. Map	**0.1 Mi**	*18.1 Mi Total*
10. Turn **left** onto **Wilson Ln**. Map	**0.07 Mi**	*18.2 Mi Total*
11. **555 WILSON LN** is on the **left**. Map		

B **555 Wilson Ln**, Des Plaines, IL 60016-4729

685

Total Travel Estimate: **18.19 miles - about 26 minutes**



mapquest

Notes

Trip to:

2520 Elisha Ave

Zion, IL 60099-2676

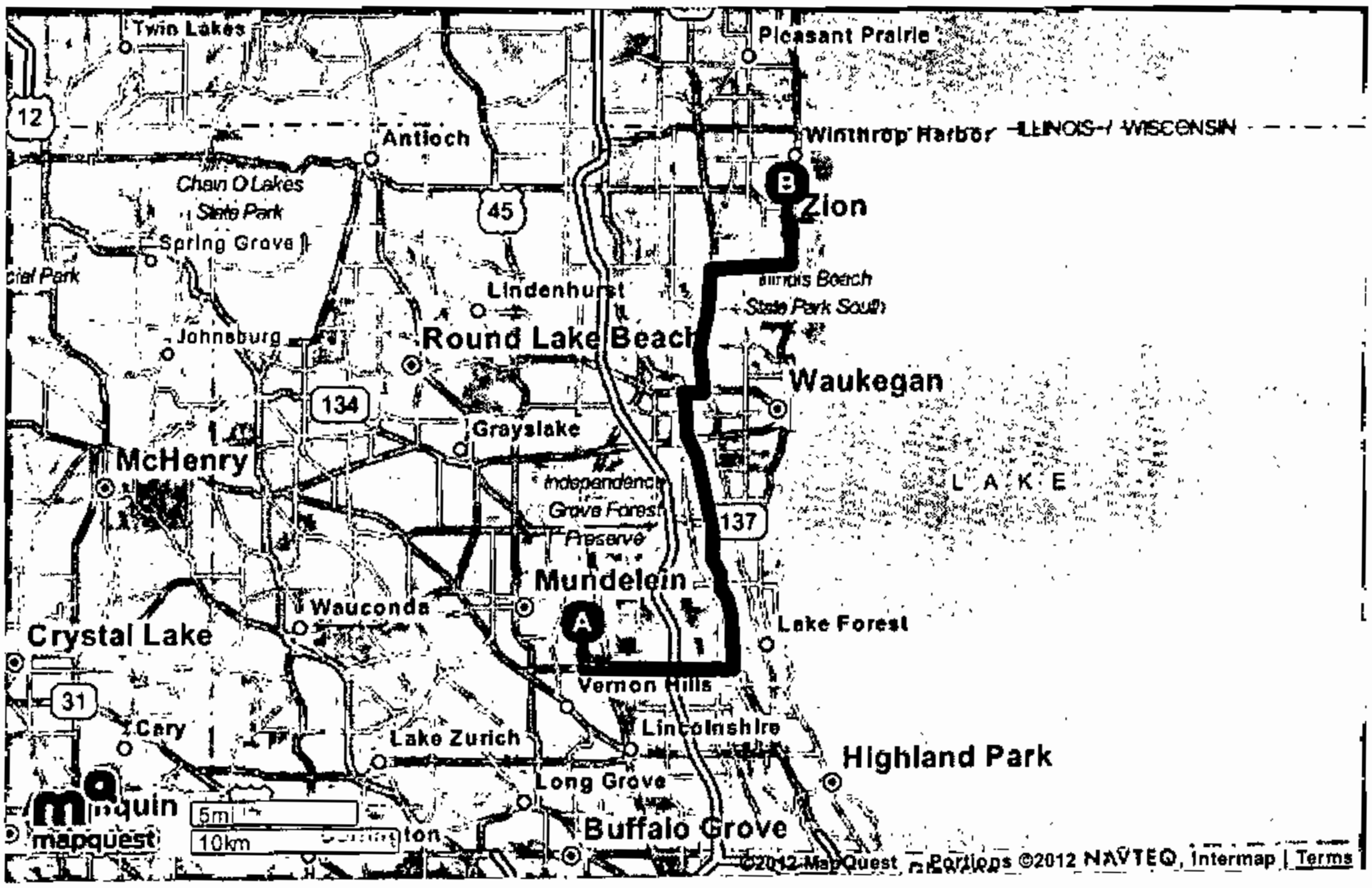
23.43 miles / 39 minutes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
EAST 60	2. Take the 2nd **left** onto **E Townline Rd / IL-60 E**. Map	**5.0 Mi** *5.3 Mi Total*
NORTH 41	3. Turn **left** onto **US-41 N / N Skokie Hwy**. Map	**9.2 Mi** *14.4 Mi Total*
RAMP	4. Take the **IL-132 / Grand Ave / Grandville Ave** ramp. Map	**0.2 Mi** *14.6 Mi Total*
	5. Turn **slight right**. Map	**0.03 Mi** *14.6 Mi Total*
132	6. Take the 1st **right** onto **Grand Ave / IL-132**. Map	**0.7 Mi** *15.3 Mi Total*
131	7. Turn **left** onto **IL-131 / Green Bay Rd**. Map	**4.1 Mi** *19.4 Mi Total*
	8. Turn **right** onto **W Wadsworth Rd**. Map	**2.6 Mi** *22.0 Mi Total*
137	9. Turn **left** onto **Sheridan Rd / IL-137**. Map	**1.2 Mi** *23.3 Mi Total*
	10. Turn **left** onto **26th St**. Map	**0.07 Mi** *23.3 Mi Total*
	11. Take the 1st **right** onto **Elisha Ave**. Map	**0.10 Mi** *23.4 Mi Total*
	12. **2520 ELISHA AVE** is on the **left**. Map	

2520 Elisha Ave, Zion, IL 60099-2676

Total Travel Estimate: **23.43 miles - about 39 minutes**



688

mapquest

Trip to:

3725 W Touhy Ave
Lincolnwood, IL 60712-2603
24.77 miles / 36 minutes

Notes

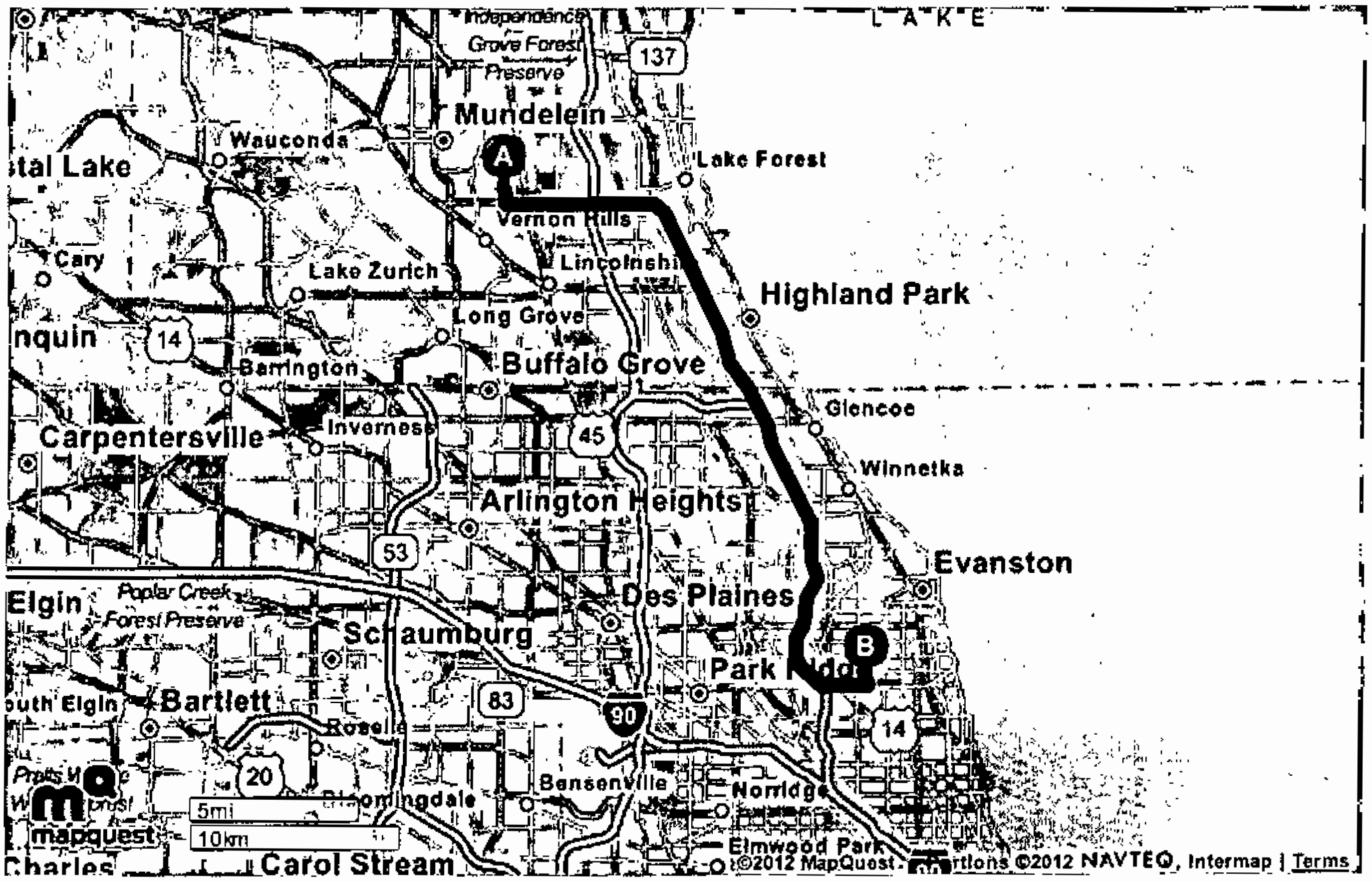
Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
EAST 60	2. Take the 2nd **left** onto **E Townline Rd / IL-60 E**. Map	**5.0 Mi** *5.2 Mi Total*
SOUTH 41	3. Turn **right** onto **US-41 S / S Skokie Hwy**. Continue to follow **US-41 S**. Map	**11.9 Mi** *17.1 Mi Total*
EAST 94	4. Stay **straight** to go onto **I-94 E / Edens Expy E**. Map	**5.9 Mi** *23.0 Mi Total*
39B EXIT	5. Take the **East Touhy Ave** exit, **EXIT 39B**. Map	**0.2 Mi** *23.3 Mi Total*
	6. Turn **slight right** onto **Touhy Ave**. Map	**1.5 Mi** *24.8 Mi Total*
	7. **3725 W TOUHY AVE** is on the **right**. Map	

3725 W Touhy Ave, Lincolnwood, IL 60712-2603

689

Total Travel Estimate: **24.77 miles - about 36 minutes**



690

mapquest

Trip to:

9600 Gross Point Rd

Skokie, IL 60076-1214

19.91 miles / 30 minutes

Notes

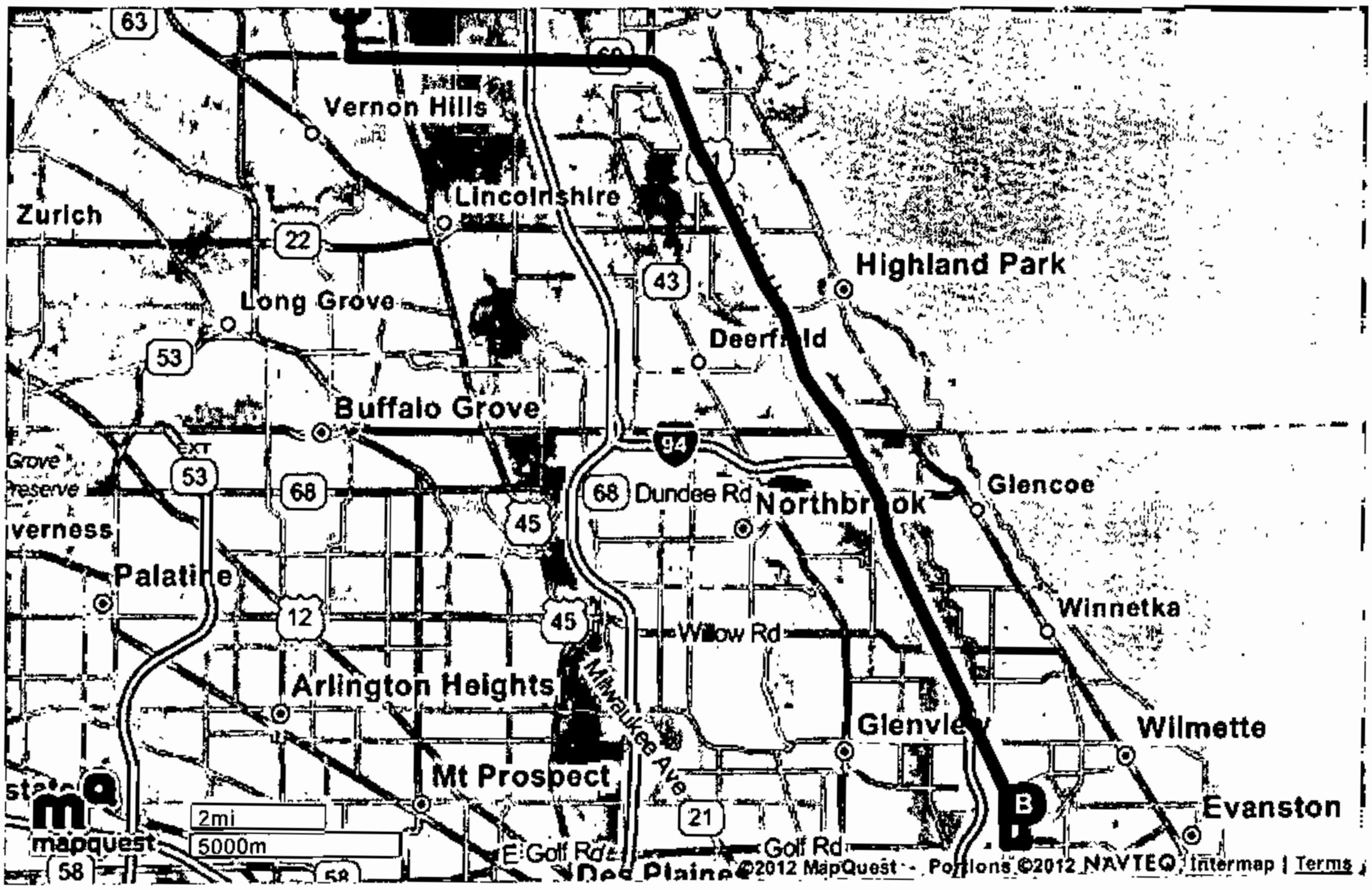
Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
2. Take the 2nd **left** onto **E Townline Rd / IL-60 E**. Map	**5.0 Mi**	*5.2 Mi Total*
3. Turn **right** onto **US-41 S / S Skokie Hwy**. Continue to follow **US-41 S**. Map	**11.9 Mi**	*17.1 Mi Total*
4. Take the **US-41 S / Skokie Rd** exit, **EXIT 34A**. Map	**0.4 Mi**	*17.5 Mi Total*
5. Turn **slight right** onto **US-41 / Skokie Rd**. Continue to follow **US-41**. Map	**2.0 Mi**	*19.6 Mi Total*
6. Turn **left** onto **Golf Rd**. Map	**0.4 Mi**	*19.9 Mi Total*
7. Take the 3rd **left** onto **Gross Point Rd**. Map		
8. **9600 GROSS POINT RD** is on the **left**. Map		

9600 Gross Point Rd, Skokie, IL 60076-1214

691

Total Travel Estimate: **19.91 miles - about 30 minutes**



692

mapquest

Notes

Trip to:

675 W Kirchhoff Rd

Arlington Heights, IL 60005-2371

14.98 miles / 30 minutes

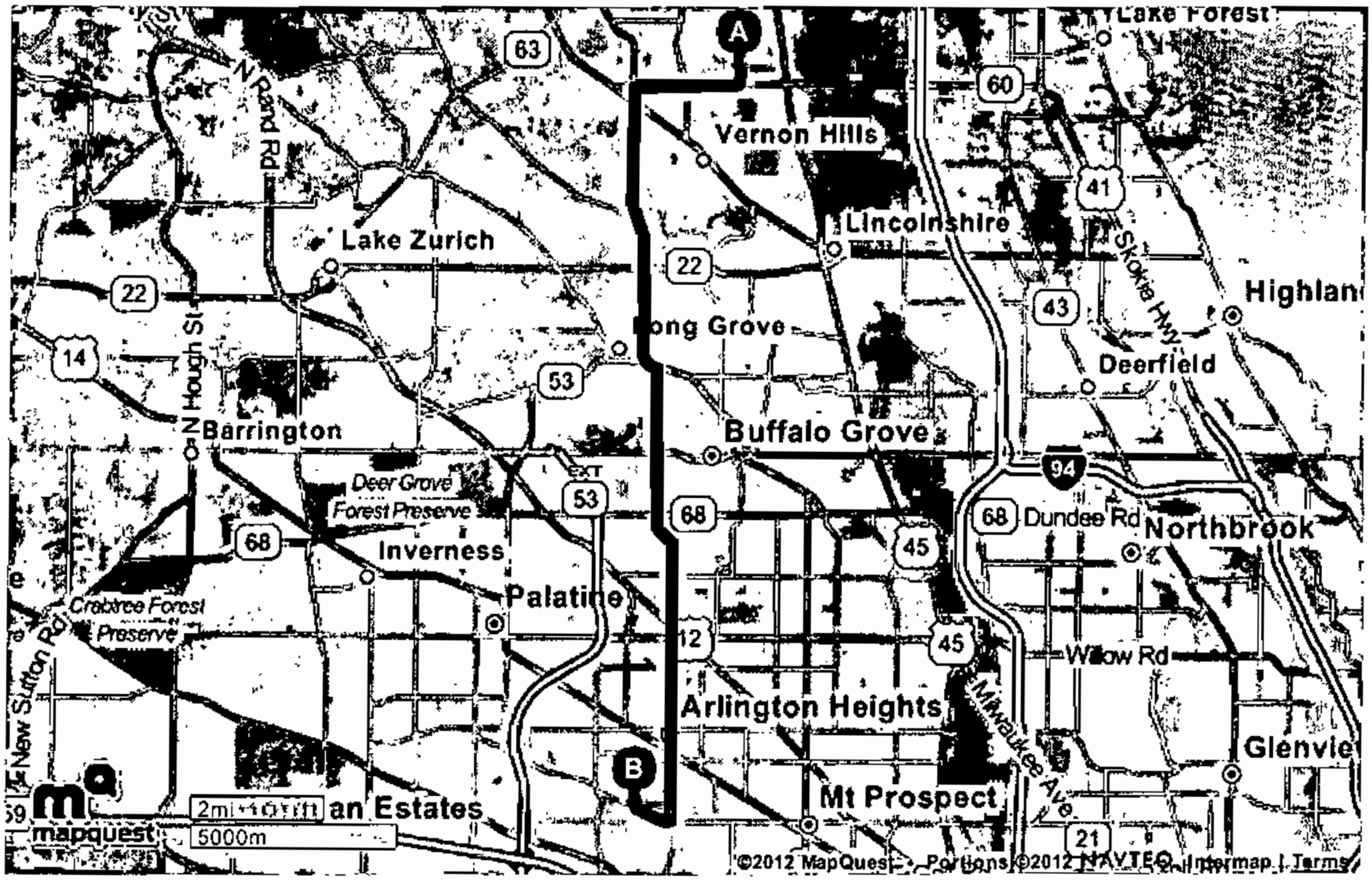
Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
60	2. Take the 2nd **right** onto **E Townline Rd / IL-60**. Map	**1.8 Mi** *2.0 Mi Total*
45	3. Turn **left** onto **S Lake St / US-45**. Map	**0.3 Mi** *2.3 Mi Total*
SOUTH 83	4. Stay **straight** to go onto **IL-83 S**. Map	**4.5 Mi** *6.8 Mi Total*
	5. Turn **slight right** onto **N Arlington Heights Rd**. Map	**7.6 Mi** *14.3 Mi Total*
	6. Turn **right** onto **E Central Rd**. Map	**0.1 Mi** *14.5 Mi Total*
	7. Turn **slight right** onto **W Kirchhoff Rd**. Map	**0.5 Mi** *15.0 Mi Total*
	8. **675 W KIRCHHOFF RD** is on the left. Map	

675 W Kirchhoff Rd, Arlington Heights, IL 60005-2371

693

Total Travel Estimate: **14.98 miles - about 30 minutes**



694

mapquest

Trip to:

800 W Central Rd

Arlington Heights, IL 60005-2349

14.91 miles / 30 minutes

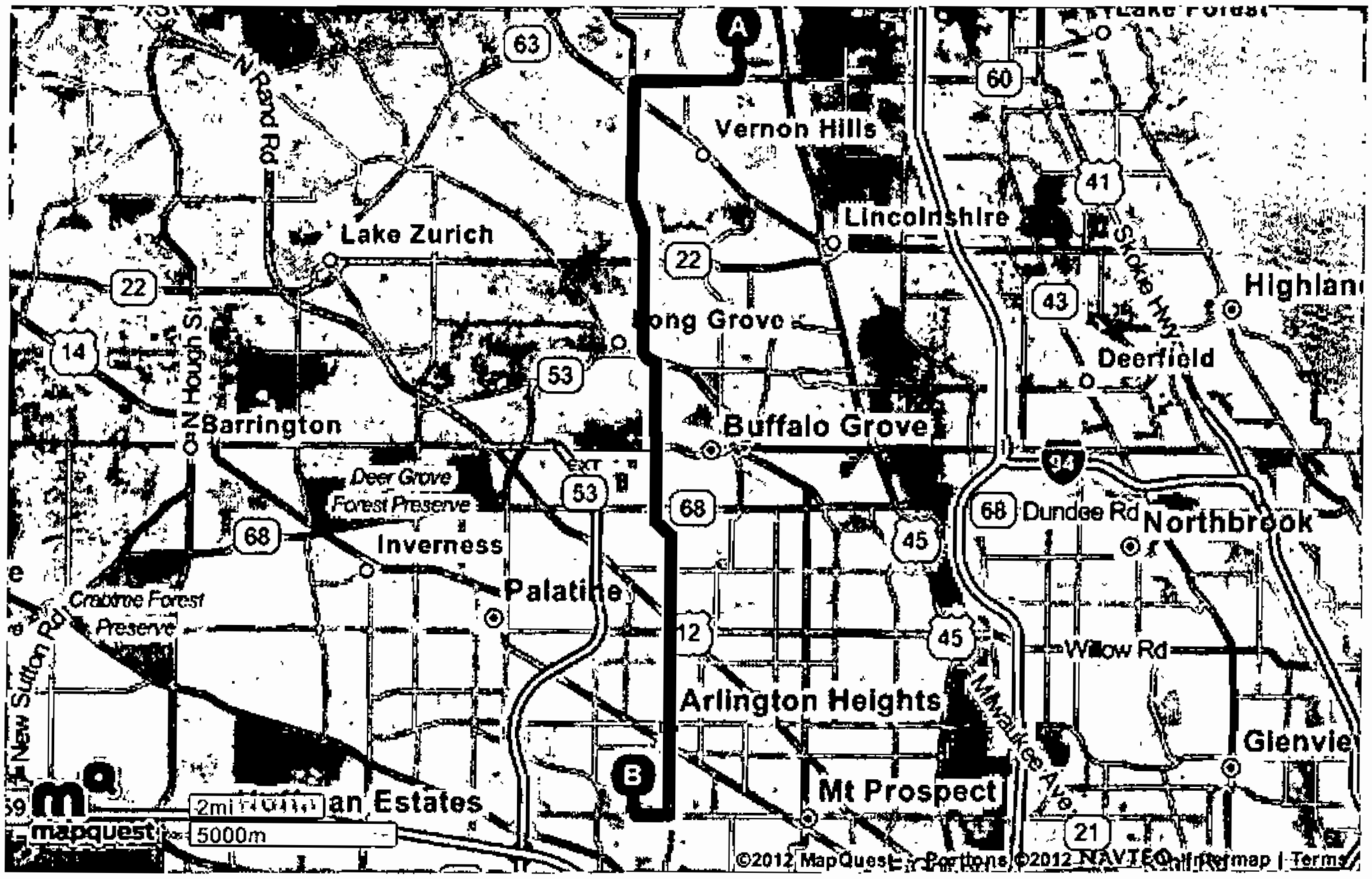
Notes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
60 2. Take the 2nd **right** onto **E Townline Rd / IL-60**. Map	**1.8 Mi**	*2.0 Mi Total*
45 3. Turn **left** onto **S Lake St / US-45**. Map	**0.3 Mi**	*2.3 Mi Total*
SOUTH 83 4. Stay **straight** to go onto **IL-83 S**. Map	**4.5 Mi**	*6.8 Mi Total*
5. Turn **slight right** onto **N Arlington Heights Rd**. Map	**7.6 Mi**	*14.3 Mi Total*
6. Turn **right** onto **E Central Rd**. Map	**0.6 Mi**	*14.9 Mi Total*
7. **800 W CENTRAL RD** is on the **right**. Map		

800 W Central Rd, Arlington Heights, IL 60005-2349

Total Travel Estimate: **14.91 miles - about 30 minutes**



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mapquest

Trip to:

1100 W Central Rd
Arlington Heights, IL 60005-2402
15.14 miles / 30 minutes

Notes

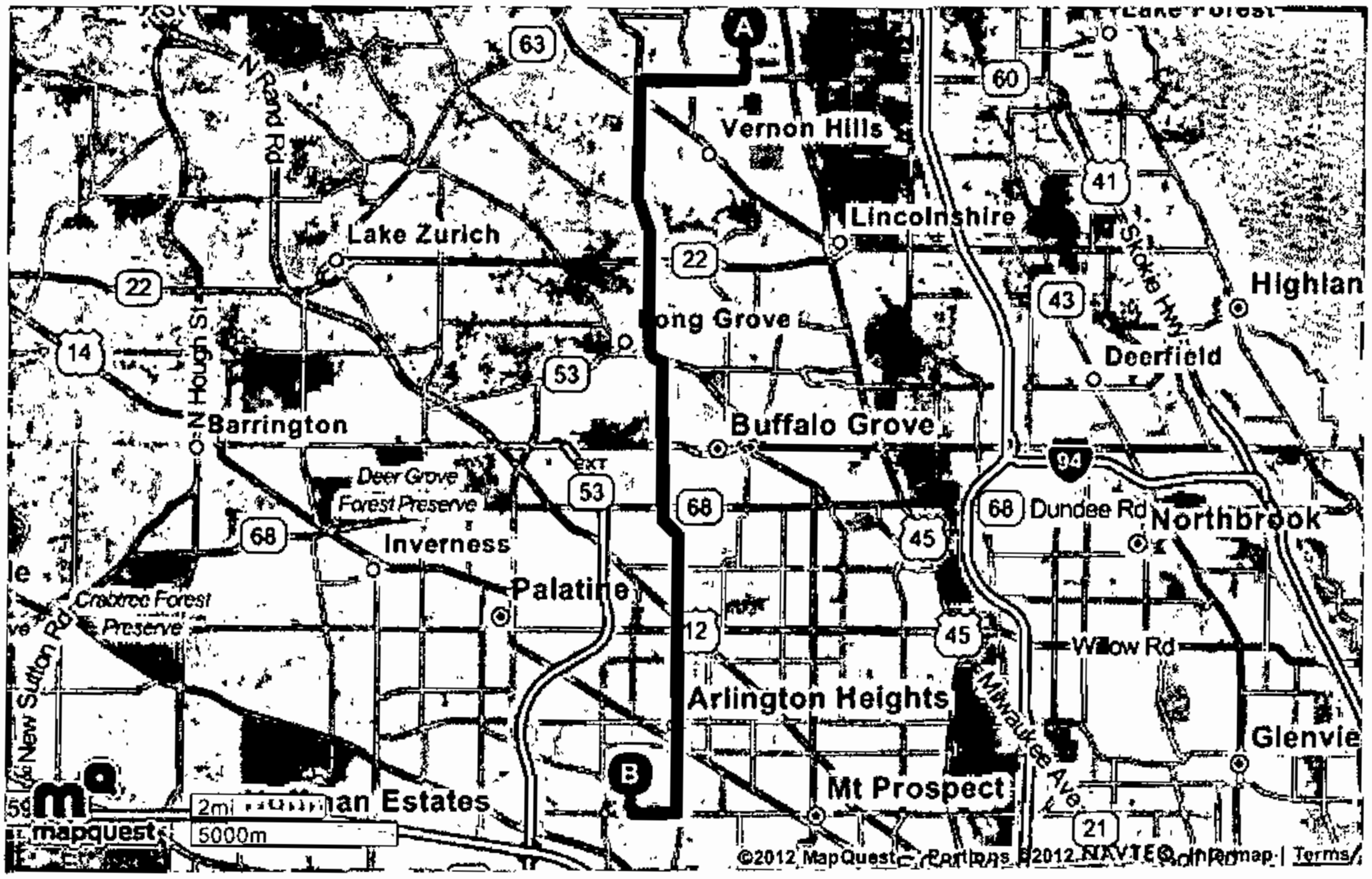
Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
60	2. Take the 2nd **right** onto **E Townline Rd / IL-60**. Map	**1.8 Mi** *2.0 Mi Total*
45	3. Turn **left** onto **S Lake St / US-45**. Map	**0.3 Mi** *2.3 Mi Total*
SOUTH 83	4. Stay **straight** to go onto **IL-83 S**. Map	**4.5 Mi** *6.8 Mi Total*
	5. Turn **slight right** onto **N Arlington Heights Rd**. Map	**7.6 Mi** *14.3 Mi Total*
	6. Turn **right** onto **E Central Rd**. Map	**0.8 Mi** *15.1 Mi Total*
	7. **1100 W CENTRAL RD** is on the **right**. Map	

1100 W Central Rd, Arlington Heights, IL 60005-2402

697

Total Travel Estimate: **15.14 miles - about 30 minutes**



698

mapquest

Trip to:

660 N Westmoreland Rd
Lake Forest, IL 60045-1659
5.97 miles / 11 minutes

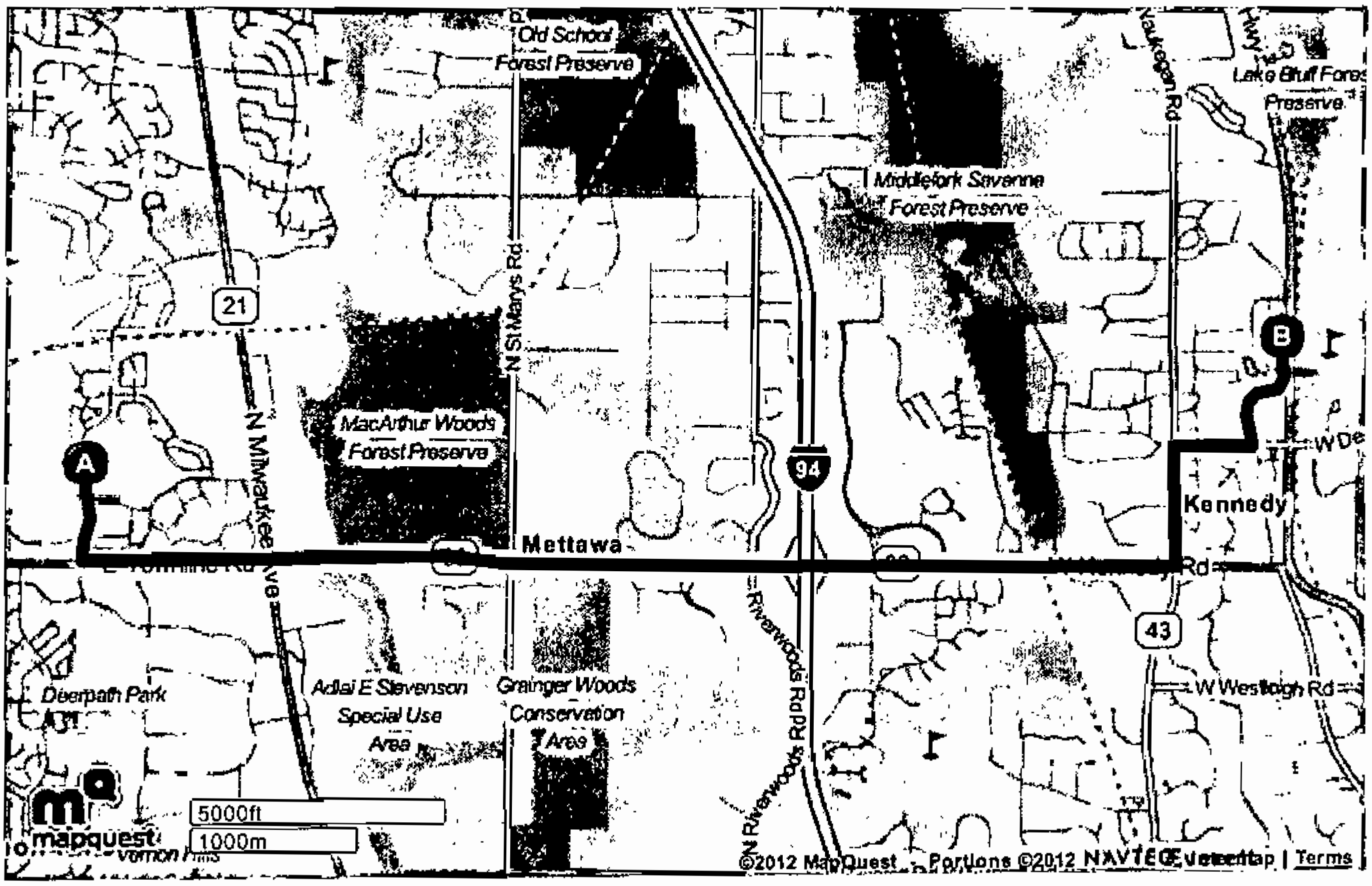
Notes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
2. Take the 2nd **left** onto **E Townline Rd / IL-60 E**. Map	**4.5 Mi**	*4.8 Mi Total*
3. Turn **left** onto **N Waukegan Rd / IL-43**. Map	**0.5 Mi**	*5.3 Mi Total*
4. Take the 2nd **right** onto **W Deerpath Rd**. Map	**0.3 Mi**	*5.6 Mi Total*
5. Take the 2nd **left** onto **N Westmoreland Rd**. Map	**0.4 Mi**	*6.0 Mi Total*
6. **660 N WESTMORELAND RD** is on the **left**. Map		

660 N Westmoreland Rd, Lake Forest, IL 60045-1659

Total Travel Estimate: **5.97 miles - about 11 minutes**



mapquest

Trip to:

3034 W Peterson Ave

Chicago, IL 60659-3729

26.16 miles / 39 minutes

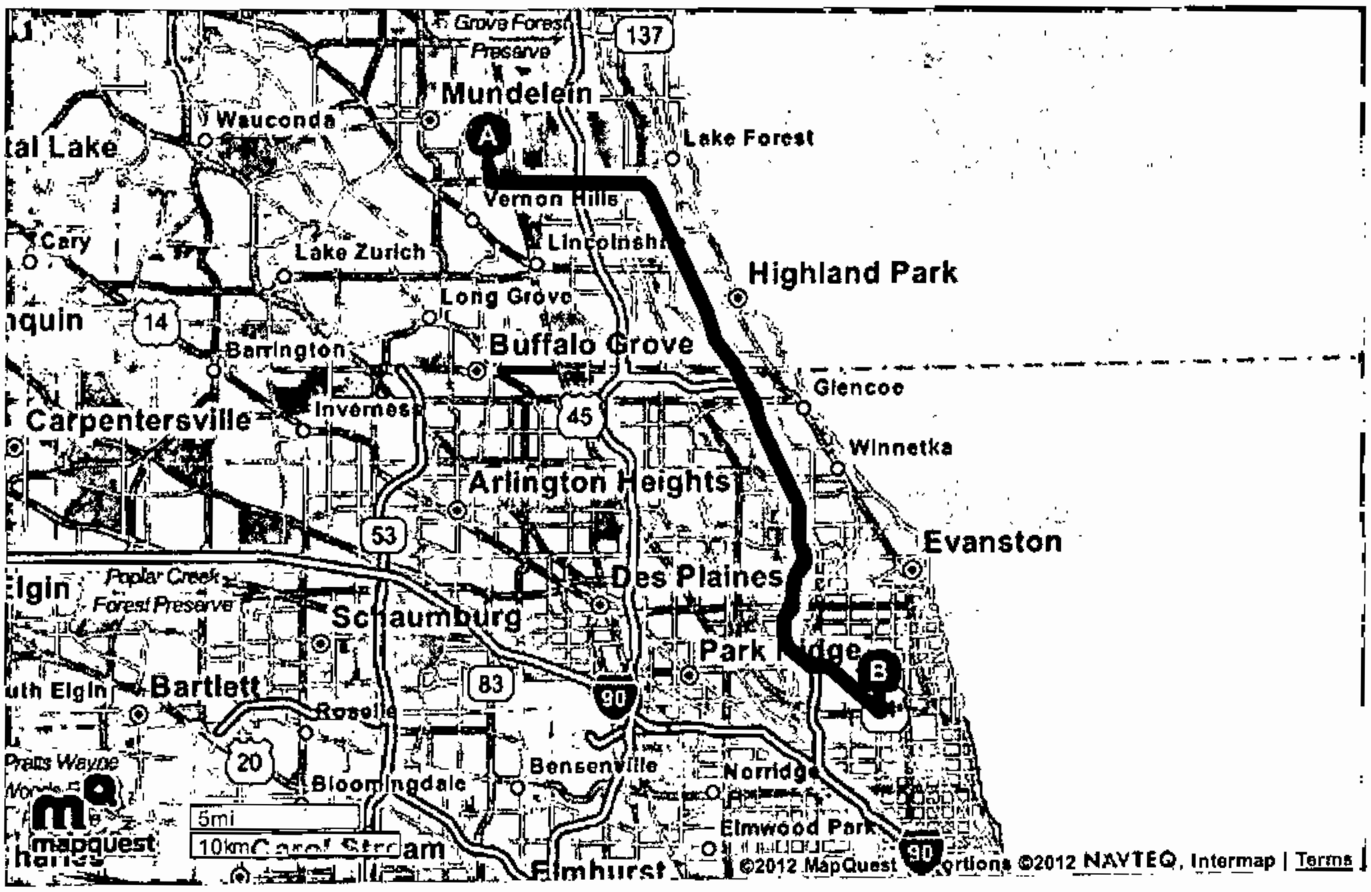
Notes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
EAST 60	2. Take the 2nd **left** onto **E Townline Rd / IL-60 E**. Map	**5.0 Mi** *5.2 Mi Total*
SOUTH 41	3. Turn **right** onto **US-41 S / S Skokie Hwy**. Continue to follow **US-41 S**. Map	**11.9 Mi** *17.1 Mi Total*
EAST 94	4. Stay **straight** to go onto **I-94 E / Edens Expy E**. Map	**5.9 Mi** *23.0 Mi Total*
39B EXIT	5. Take the **East Touhy Ave** exit, **EXIT 39B**. Map	**0.2 Mi** *23.3 Mi Total*
	6. Turn **slight right** onto **Touhy Ave**. Map	**0.6 Mi** *23.9 Mi Total*
41	7. Turn **slight right** onto **N Lincoln Ave / US-41**. Map	**2.2 Mi** *26.1 Mi Total*
14	8. Turn **slight left** onto **W Peterson Ave / US-14**. Map	**0.09 Mi** *26.2 Mi Total*
	9. **3034 W PETERSON AVE** is on the **left**. Map	

3034 W Peterson Ave, Chicago, IL 60659-3729

Total Travel Estimate: **26.16 miles - about 39 minutes**



702

mapquest

Trip to:

5645 W Addison St

Chicago, IL 60634-4403

28.76 miles / 42 minutes

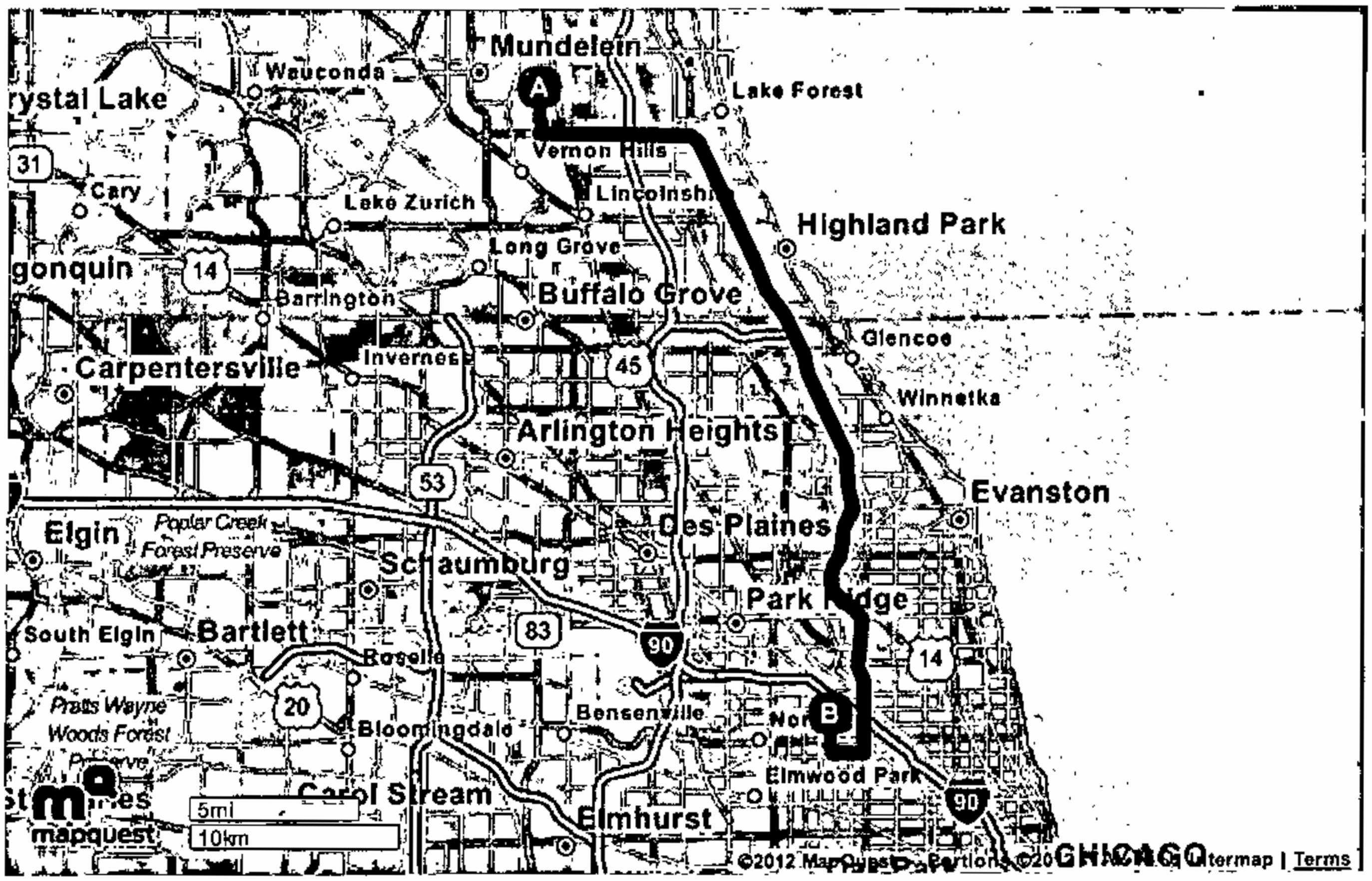
Notes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	0.2 Mi	*0.2 Mi Total*
2. Take the 2nd **left** onto **E Townline Rd / IL-60 E**. Map	5.0 Mi	*5.2 Mi Total*
3. Turn **right** onto **US-41 S / S Skokie Hwy**. Continue to follow **US-41 S**. Map	11.9 Mi	*17.1 Mi Total*
4. Stay **straight** to go onto **I-94 E / Edens Expy E**. Map	9.1 Mi	*26.2 Mi Total*
5. Take the **Wilson Ave** exit, **EXIT 43A**. Map	0.2 Mi	*26.4 Mi Total*
6. Turn **right** onto **W Wilson Ave**. Map	0.02 Mi	*26.4 Mi Total*
7. Take the 1st **left** onto **N Cicero Ave / IL-50**. Map	1.3 Mi	*27.7 Mi Total*
8. Turn **right** onto **W Addison St**. Map	1.1 Mi	*28.8 Mi Total*
9. **5645 W ADDISON ST** is on the **left**. Map		

5645 W Addison St, Chicago, IL 60634-4403

Total Travel Estimate: **28.76 miles - about 42 minutes**



mapquest

Notes

Trip to:

6024 N Oakley Ave
Chicago, IL 60659-5237
27.15 miles / 42 minutes

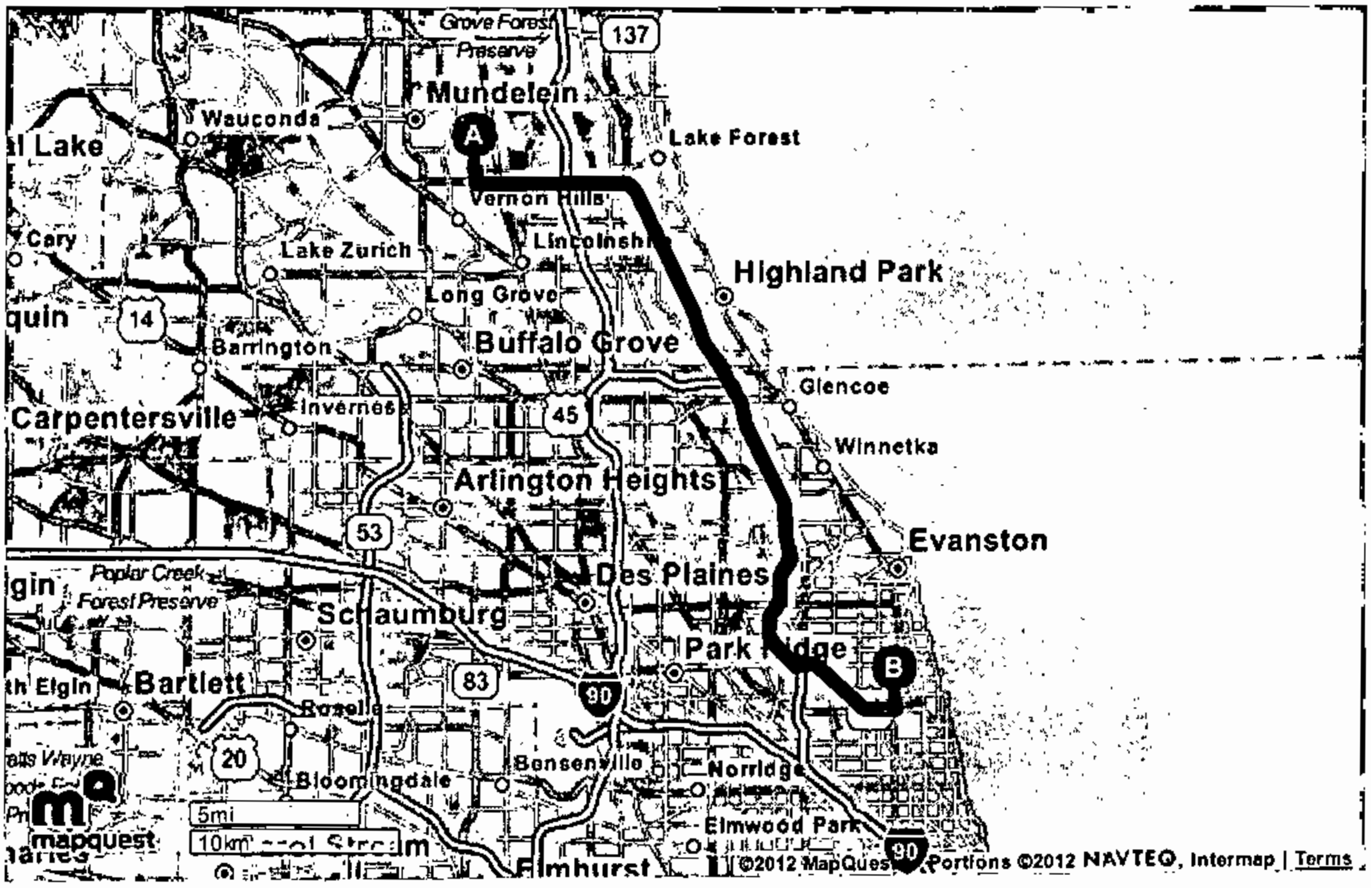
Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
2. Take the 2nd **left** onto **E Townline Rd / IL-60 E**. Map	**5.0 Mi**	*5.2 Mi Total*
3. Turn **right** onto **US-41 S / S Skokie Hwy**. Continue to follow **US-41 S**. Map	**11.9 Mi**	*17.1 Mi Total*
4. Stay **straight** to go onto **I-94 E / Edens Expy E**. Map	**5.9 Mi**	*23.0 Mi Total*
5. Take the **East Touhy Ave** exit, **EXIT 39B**. Map	**0.2 Mi**	*23.3 Mi Total*
6. Turn **slight right** onto **Touhy Ave**. Map	**0.6 Mi**	*23.9 Mi Total*
7. Turn **slight right** onto **N Lincoln Ave / US-41**. Map	**2.2 Mi**	*26.1 Mi Total*
8. Turn **slight left** onto **W Peterson Ave / US-14**. Map	**1.0 Mi**	*27.1 Mi Total*
9. Turn **left** onto **N Oakley Ave**. Map	**0.05 Mi**	*27.2 Mi Total*
10. **6024 N OAKLEY AVE** is on the left. Map		

6024 N Oakley Ave, Chicago, IL 60659-5237

705

Total Travel Estimate: **27.15 miles - about 42 minutes**



mapquest

Notes

Trip to:

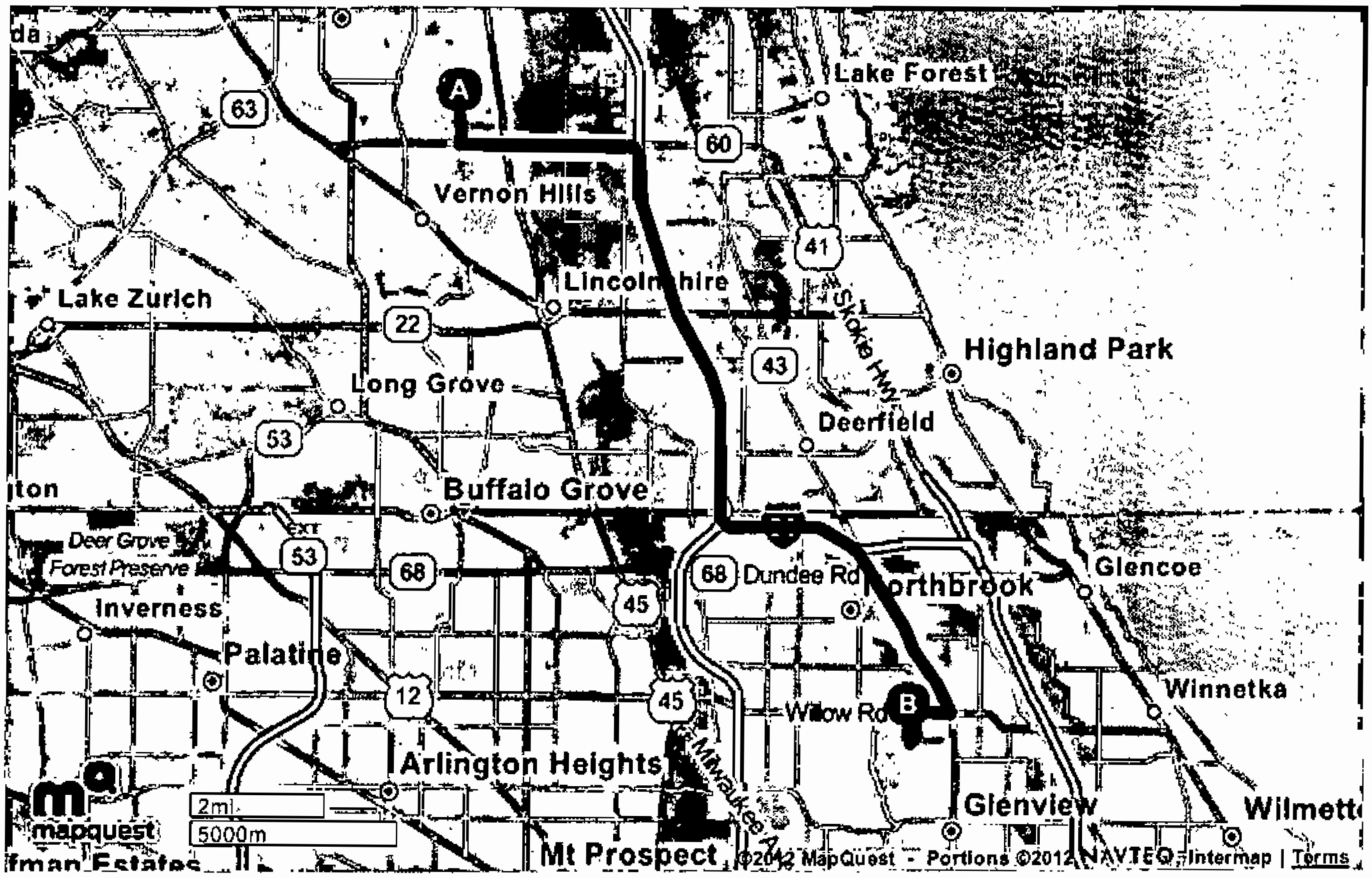
2350 Ravine Way
Glenview, IL 60025-7621
16.30 miles / 25 minutes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
60	2. Take the 2nd **left** onto **E Townline Rd / IL-60**. Map	**2.9 Mi** *3.1 Mi Total*
EAST 94	3. Merge onto **I-94 E** toward **Indiana** (Portions toll). Map	**7.1 Mi** *10.2 Mi Total*
EAST 94	4. Keep **right** at the fork to go on **I-94 E / Edens Expy Spur E** (Portions toll). Map	**1.6 Mi** *11.8 Mi Total*
EXIT	5. Take the **IL-43 / Waukegan Rd** exit. Map	**0.3 Mi** *12.1 Mi Total*
43	6. Turn **slight right** onto **IL-43 / Waukegan Rd**. Map	**3.1 Mi** *15.1 Mi Total*
	7. Turn **right** onto **Willow Rd**. Map	**0.6 Mi** *15.7 Mi Total*
	8. Turn **left** onto **Ravine Way**. Map	**0.6 Mi** *16.3 Mi Total*
	9. **2350 RAVINE WAY** is on the **right**. Map	

2350 Ravine Way, Glenview, IL 60025-7621

Total Travel Estimate: **16.30 miles - about 25 minutes**



mapquest

Trip to:

7435 W Talcott Ave

Chicago, IL 60631-3707

25.49 miles / 35 minutes

Notes

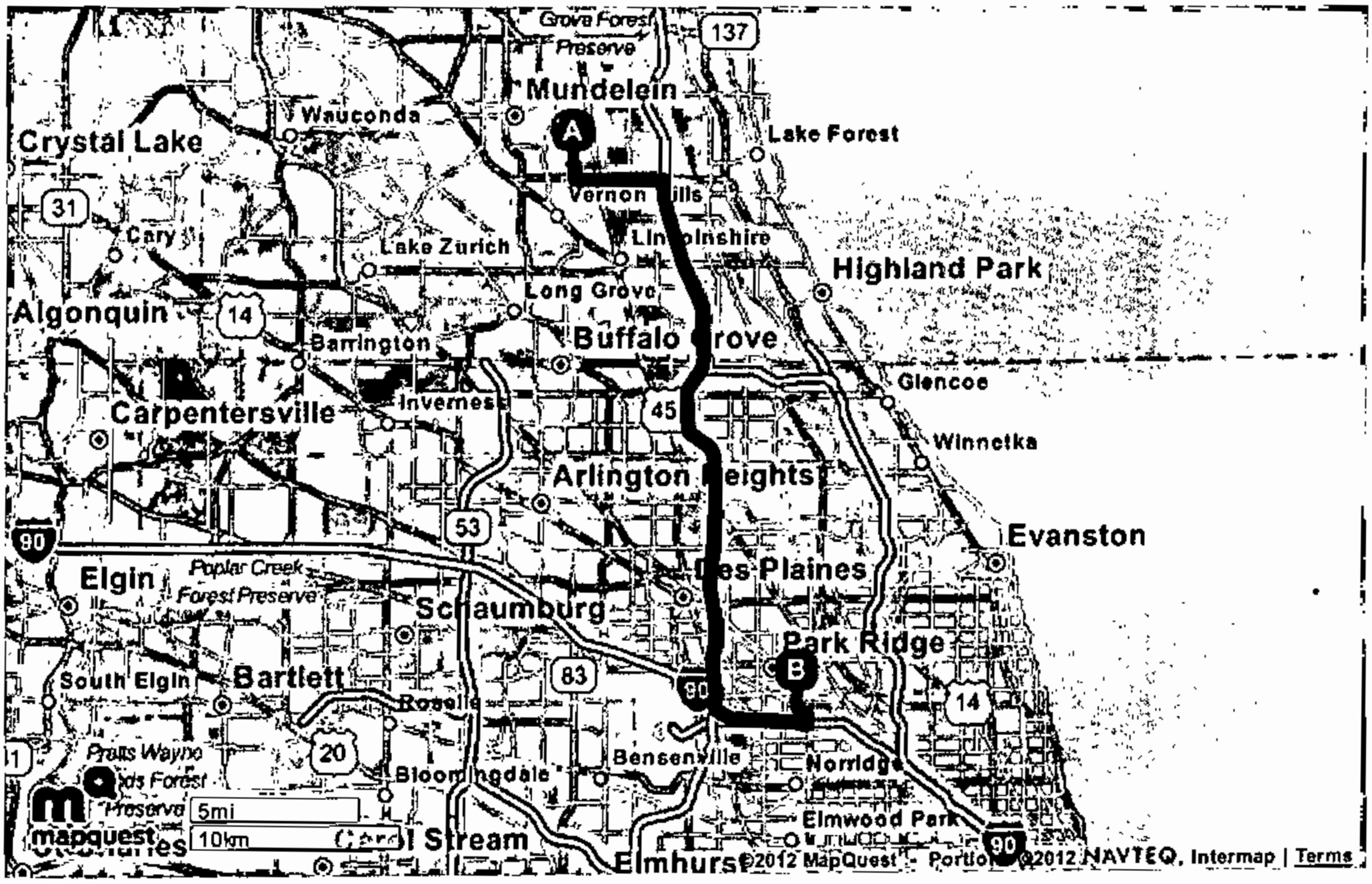
Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
2. Take the 2nd **left** onto **E Townline Rd / IL-60**. Map	**2.9 Mi**	*3.1 Mi Total*
3. Merge onto **I-94 E** toward **Indiana** (Portions toll). Map	**6.1 Mi**	*9.3 Mi Total*
4. Keep **right** to take **I-294 S** toward **Indiana-O'Hare** (Portions toll). Map	**11.8 Mi**	*21.1 Mi Total*
5. Merge onto **I-90 E** toward **Kennedy Expy / Chicago** (Portions toll). Map	**3.3 Mi**	*24.4 Mi Total*
6. Take **EXIT 81A** toward **IL-43 / Harlem Ave.** Map	**0.2 Mi**	*24.6 Mi Total*
7. Stay **straight** to go onto **W Higgins Ave / IL-72 E**. Map	**0.2 Mi**	*24.8 Mi Total*
8. Turn **left** onto **N Harlem Ave / IL-43**. Map	**0.3 Mi**	*25.1 Mi Total*
9. Turn **left** onto **W Talcott Ave**. Map	**0.4 Mi**	*25.5 Mi Total*
10. **7435 W TALCOTT AVE** is on the **left**. Map		

7435 W Talcott Ave, Chicago, IL 60631-3707

709

Total Travel Estimate: **25.49 miles - about 35 minutes**



mapquest

Trip to:

230 Center Dr

Vernon Hills, IL 60061-1584

0.06 miles /

Notes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

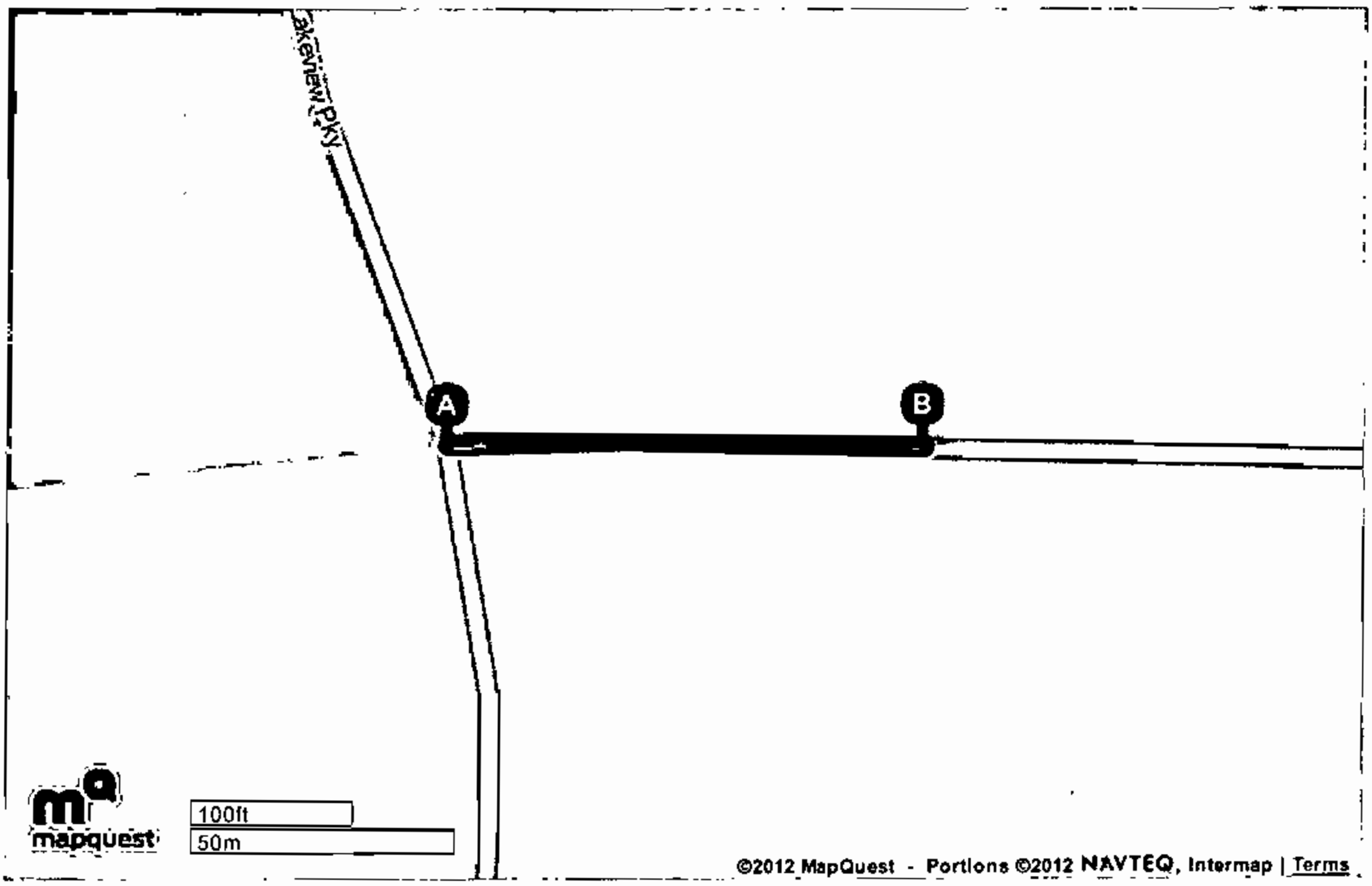
1. Start out going **east** on **Center Dr.** Map — **0.06 Mi** *0.06 Mi Total*

2. **230 CENTER DR** is on the **left.** Map

230 Center Dr, Vernon Hills, IL 60061-1584

711

Total Travel Estimate: **0.06 miles - about**



mapquest

Trip to:

7616 N Paulina St

Chicago, IL 60626-1018

26.97 miles / 43 minutes

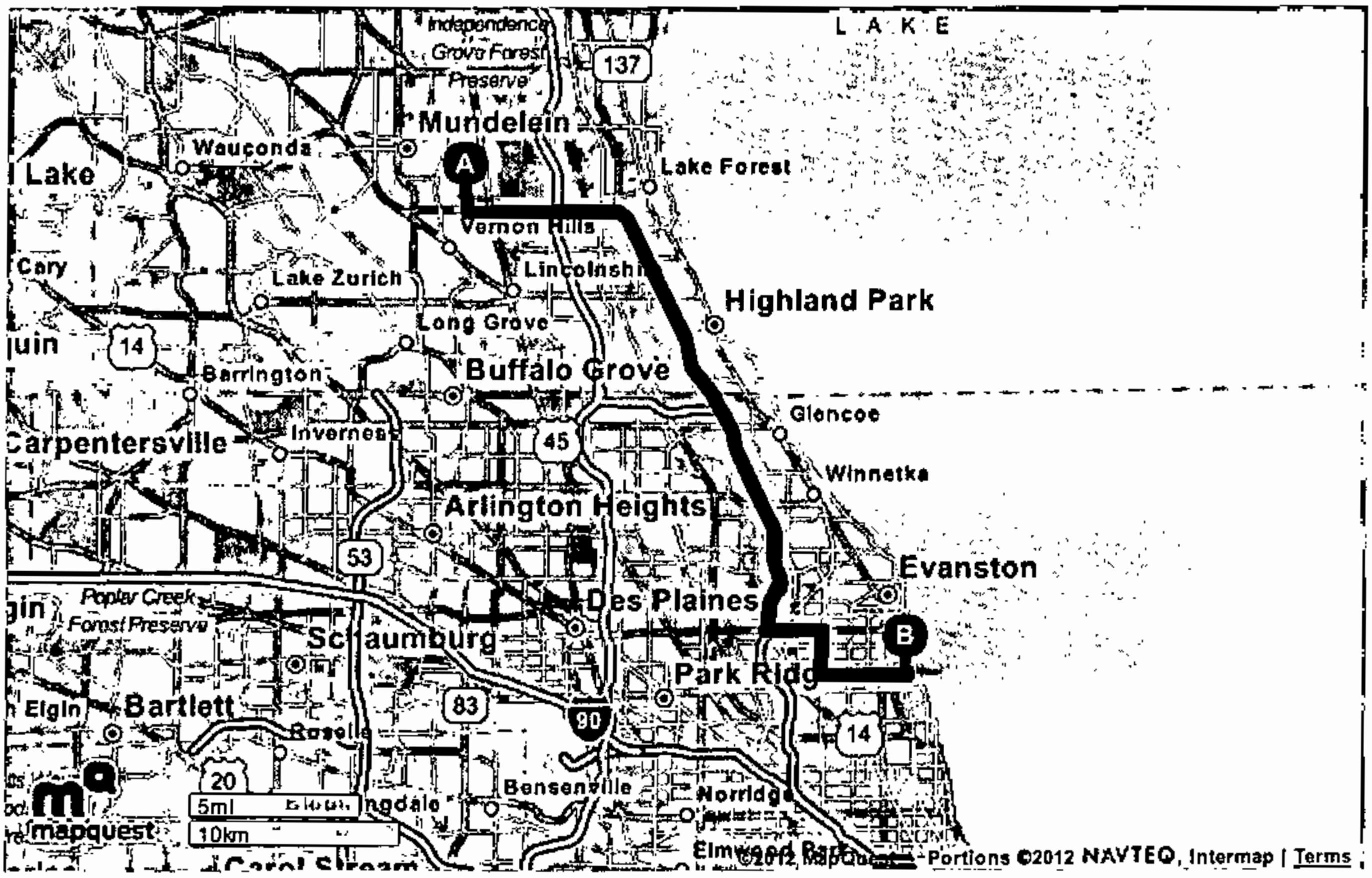
Notes

A **Lakeview Pkwy & Center Dr**, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
EAST 60 2. Take the 2nd **left** onto **E Townline Rd / IL-60 E**. Map	**5.0 Mi**	*5.2 Mi Total*
SOUTH 41 3. Turn **right** onto **US-41 S / S Skokie Hwy**. Continue to follow **US-41 S**. Map	**11.9 Mi**	*17.1 Mi Total*
EAST 94 4. Stay **straight** to go onto **I-94 E / Edens Expy E**. Map	**3.4 Mi**	*20.5 Mi Total*
37B EXIT 5. Merge onto **Dempster St** via **EXIT 37B**. Map	**2.0 Mi**	*22.6 Mi Total*
6. Turn **right** onto **Crawford Ave**. Map	**1.5 Mi**	*24.1 Mi Total*
7. Turn **left** onto **W Howard St**. Map	**2.8 Mi**	*26.9 Mi Total*
8. Turn **left** onto **N Paulina St**. Map	**0.02 Mi**	*27.0 Mi Total*
9. **7616 N PAULINA ST** is on the **left**. Map		

B **7616 N Paulina St**, Chicago, IL 60626-1018

Total Travel Estimate: **26.97 miles - about 43 minutes**



714

mapquest

Trip to:

1431 N Claremont Ave

Chicago, IL 60622-1702

32.15 miles / 45 minutes

Notes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
2. Take the 2nd **left** onto **E Townline Rd / IL-60 E**. Map	**5.0 Mi**	*5.2 Mi Total*
3. Turn **right** onto **US-41 S / S Skokie Hwy**. Continue to follow **US-41 S**. Map	**11.9 Mi**	*17.1 Mi Total*
4. Stay **straight** to go onto **I-94 E / Edens Expy E**. Continue to follow **I-94 E**. Map	**13.4 Mi**	*30.5 Mi Total*
5. Take the **Fullerton Ave** exit, **EXIT 47A**. Map	**0.2 Mi**	*30.7 Mi Total*
6. Keep **right** at the fork to go on **W Fullerton Ave**. Map	**0.2 Mi**	*30.9 Mi Total*
7. Turn **left** onto **N Western Ave**. Map	**1.1 Mi**	*32.0 Mi Total*
8. Turn **left** onto **W Le Moyne St**. Map	**0.06 Mi**	*32.1 Mi Total*
9. Take the 1st **right** onto **N Claremont Ave**. Map	**0.06 Mi**	*32.1 Mi Total*
10. **1431 N CLAREMONT AVE** is on the **left**. Map		

1431 N Claremont Ave, Chicago, IL 60622-1702

Total Travel Estimate: **32.15 miles - about 45 minutes**

716

mapquest

Trip to:

4211 N Cicero Ave
Chicago, IL 60641-1651
26.91 miles / 37 minutes

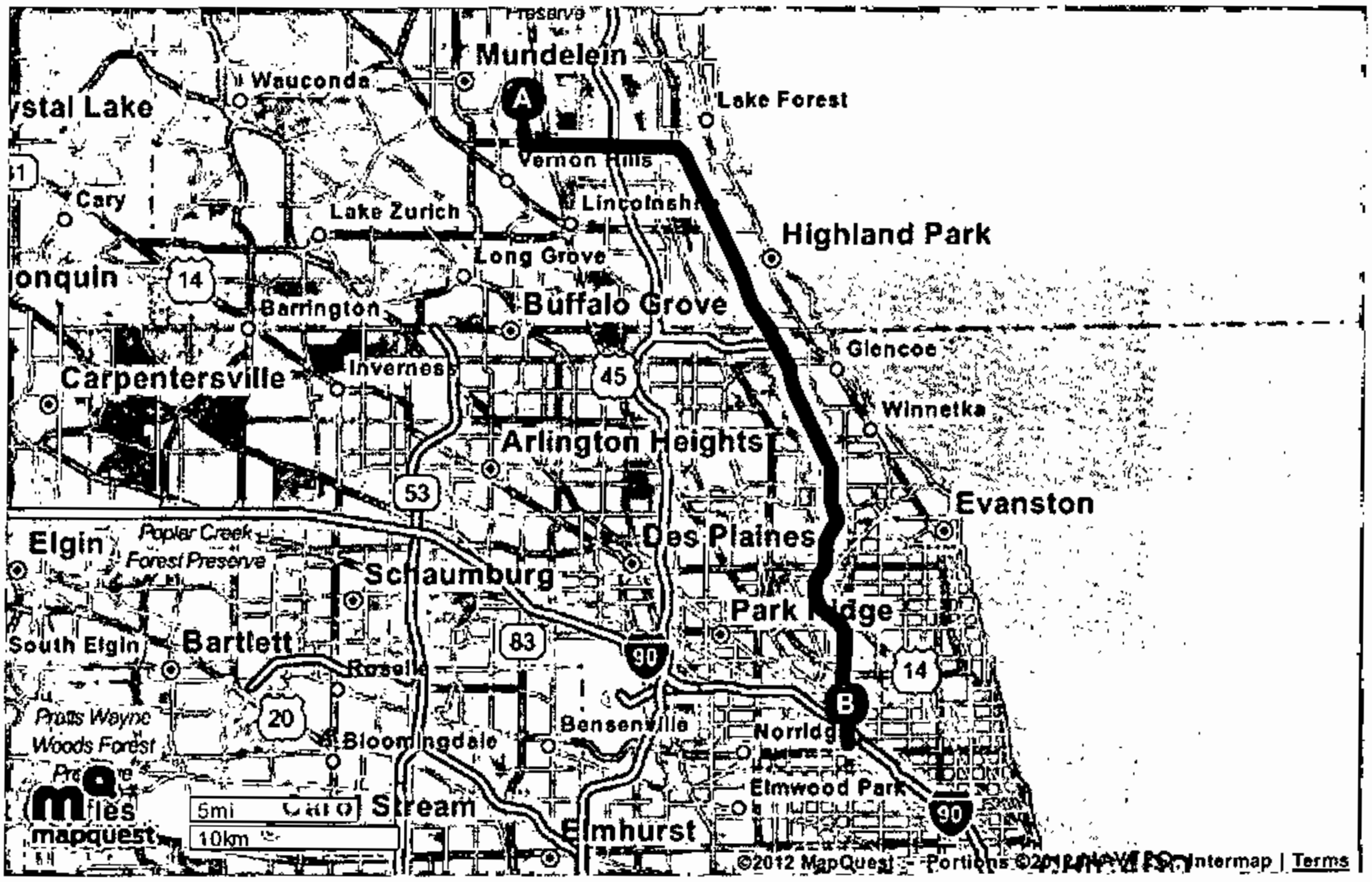
Notes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
2. Take the 2nd **left** onto **E Townline Rd / IL-60 E**. Map	**5.0 Mi** *5.2 Mi Total*
3. Turn **right** onto **US-41 S / S Skokie Hwy**. Continue to follow **US-41 S**. Map	**11.9 Mi** *17.1 Mi Total*
4. Stay **straight** to go onto **I-94 E / Edens Expy E**. Map	**9.1 Mi** *26.2 Mi Total*
5. Take the **Wilson Ave** exit, **EXIT 43A**. Map	**0.2 Mi** *26.4 Mi Total*
6. Turn **right** onto **W Wilson Ave**. Map	**0.02 Mi** *26.4 Mi Total*
7. Take the 1st **left** onto **N Cicero Ave / IL-50**. Map	**0.5 Mi** *26.9 Mi Total*
8. **4211 N CICERO AVE** is on the **left**. Map	

4211 N Cicero Ave, Chicago, IL 60641-1651

Total Travel Estimate: **26.91 miles - about 37 minutes**



718

mapquest

Trip to:

1555 Barrington Rd

Hoffman Estates, IL 60169-1019

21.39 miles / 36 minutes

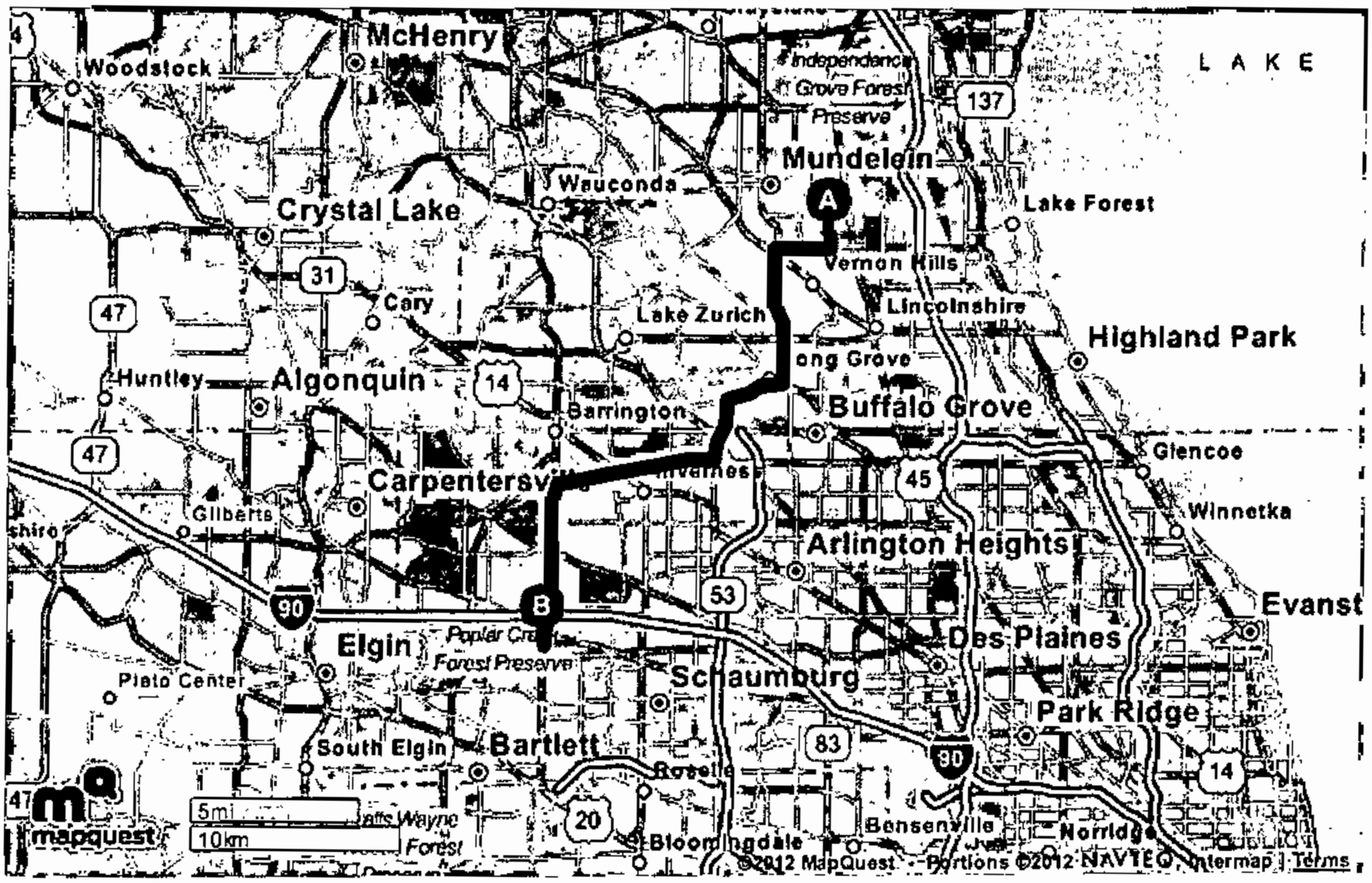
Notes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
2. Take the 2nd **right** onto **E Townline Rd / IL-60**. Map	**1.8 Mi**	*2.0 Mi Total*
3. Turn **left** onto **S Lake St / US-45**. Map	**0.3 Mi**	*2.3 Mi Total*
4. Stay **straight** to go onto **IL-83 S**. Map	**4.2 Mi**	*6.5 Mi Total*
5. Turn **slight right** onto **IL-53**. Map	**3.5 Mi**	*10.0 Mi Total*
6. Stay **straight** to go onto **N Hicks Rd**. Map	**0.7 Mi**	*10.6 Mi Total*
7. Turn **right** onto **E Dundee Rd / IL-68**. Map	**5.4 Mi**	*16.0 Mi Total*
8. Turn **left** onto **S Barrington Rd**. Map	**5.4 Mi**	*21.4 Mi Total*
9. Make a **U-turn** onto **Barrington Rd**. Map	**0.01 Mi**	*21.4 Mi Total*
10. **1555 BARRINGTON RD** is on the **right**. Map		

1555 Barrington Rd, Hoffman Estates, IL 60169-1019

Total Travel Estimate: **21.39 miles - about 36 minutes**



mapquest

Trip to:

355 Ridge Ave
Evanston, IL 60202-3328
25.81 miles / 41 minutes

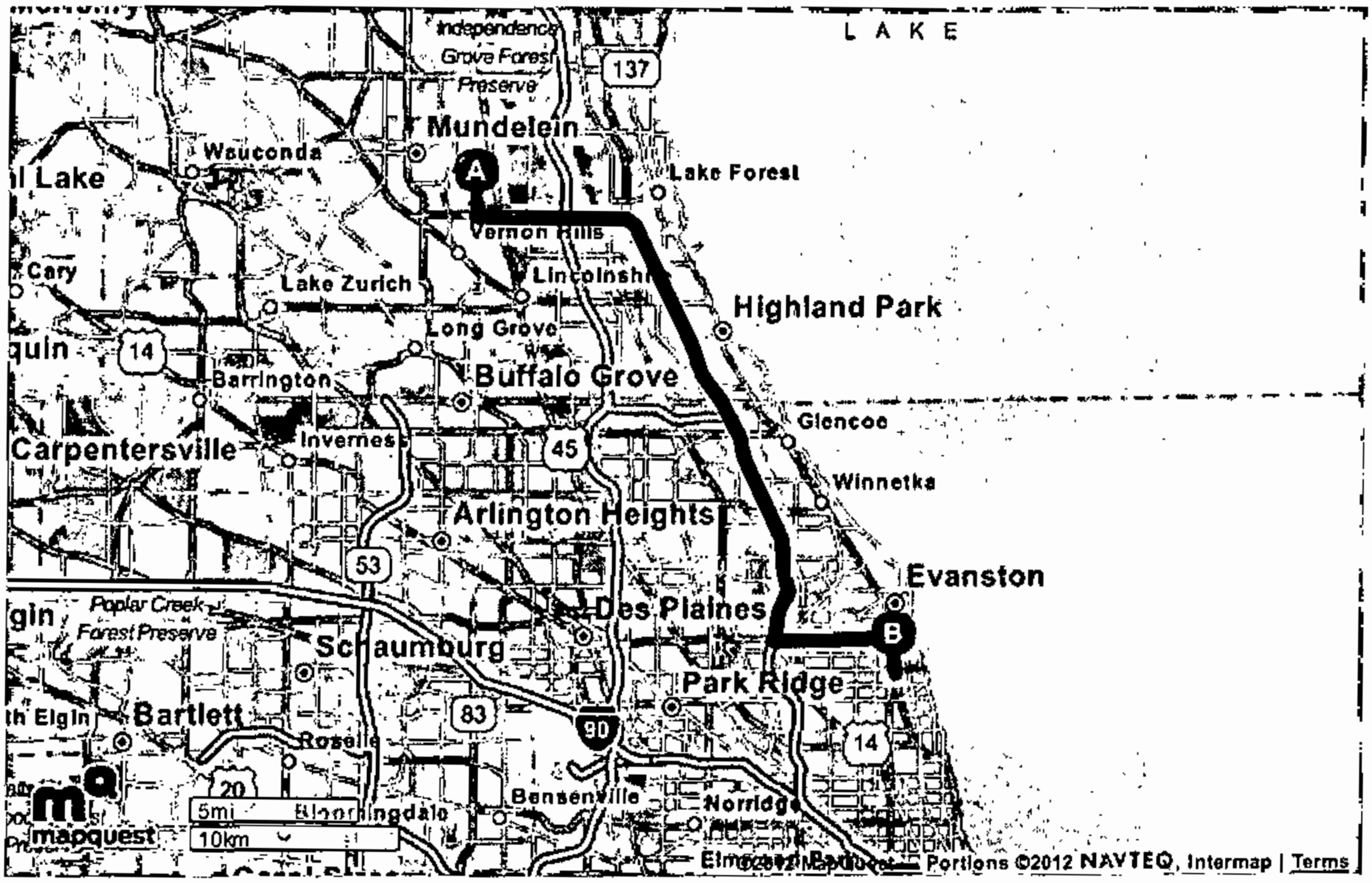
Notes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
2. Take the 2nd **left** onto **E Townline Rd / IL-60 E**. Map	**5.0 Mi**	*5.2 Mi Total*
3. Turn **right** onto **US-41 S / S Skokie Hwy**. Continue to follow **US-41 S**. Map	**11.9 Mi**	*17.1 Mi Total*
4. Stay **straight** to go onto **I-94 E / Edens Expy E**. Map	**3.4 Mi**	*20.5 Mi Total*
5. Merge onto **Dempster St** via **EXIT 37B**. Map	**4.1 Mi**	*24.6 Mi Total*
6. Turn **right** onto **Ridge Ave**. Map	**1.2 Mi**	*25.8 Mi Total*
7. **355 RIDGE AVE** is on the **left**. Map		

355 Ridge Ave, Evanston, IL 60202-3328

Total Travel Estimate: **25.81 miles - about 41 minutes**



mapquest

Trip to:

5145 N California Ave

Chicago, IL 60625-3661

27.35 miles / 42 minutes

Notes

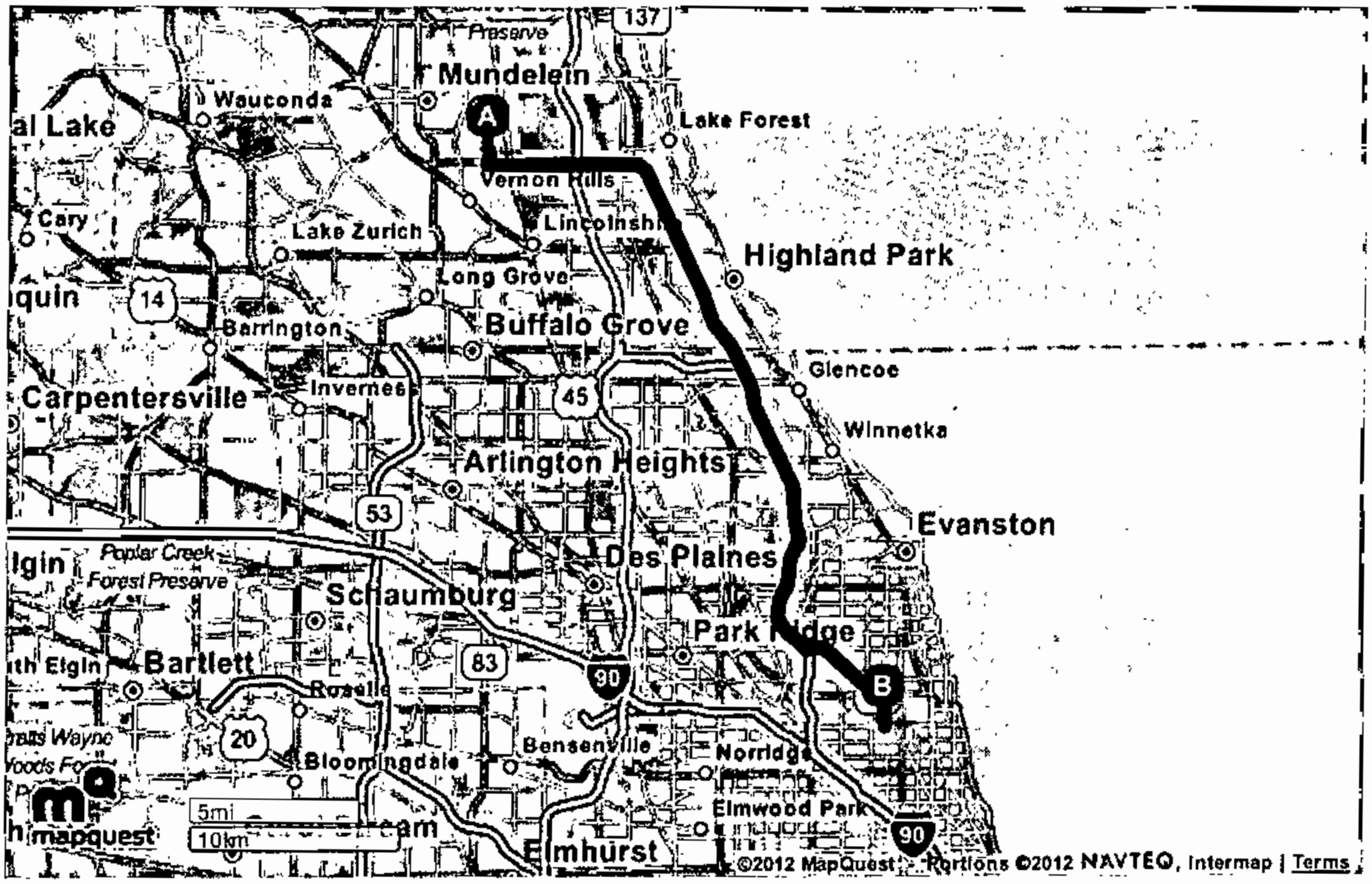
A **Lakeview Pkwy & Center Dr**, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky.** Map	**0.2 Mi** *0.2 Mi Total*
EAST 60	2. Take the 2nd **left** onto **E Townline Rd / IL-60 E.** Map	**5.0 Mi** *5.2 Mi Total*
SOUTH 41	3. Turn **right** onto **US-41 S / S Skokie Hwy.** Continue to follow **US-41 S.** Map	**11.9 Mi** *17.1 Mi Total*
EAST 94	4. Stay **straight** to go onto **I-94 E / Edens Expy E.** Map	**5.9 Mi** *23.0 Mi Total*
39B EXIT	5. Take the **East Touhy Ave** exit, **EXIT 39B.** Map	**0.2 Mi** *23.3 Mi Total*
	6. Turn **slight right** onto **Touhy Ave.** Map	**0.6 Mi** *23.9 Mi Total*
41	7. Turn **slight right** onto **N Lincoln Ave / US-41.** Map	**2.7 Mi** *26.6 Mi Total*
	8. Turn **right** onto **N California Ave.** Map	**0.7 Mi** *27.3 Mi Total*
	9. **5145 N CALIFORNIA AVE** is on the **left.** Map	

B **5145 N California Ave**, Chicago, IL 60625-3661

723

Total Travel Estimate: **27.35 miles - about 42 minutes**



724

mapquest

Trip to:

N California Ave & W Foster Ave
Chicago, IL 60625
27.28 miles / 42 minutes

Notes

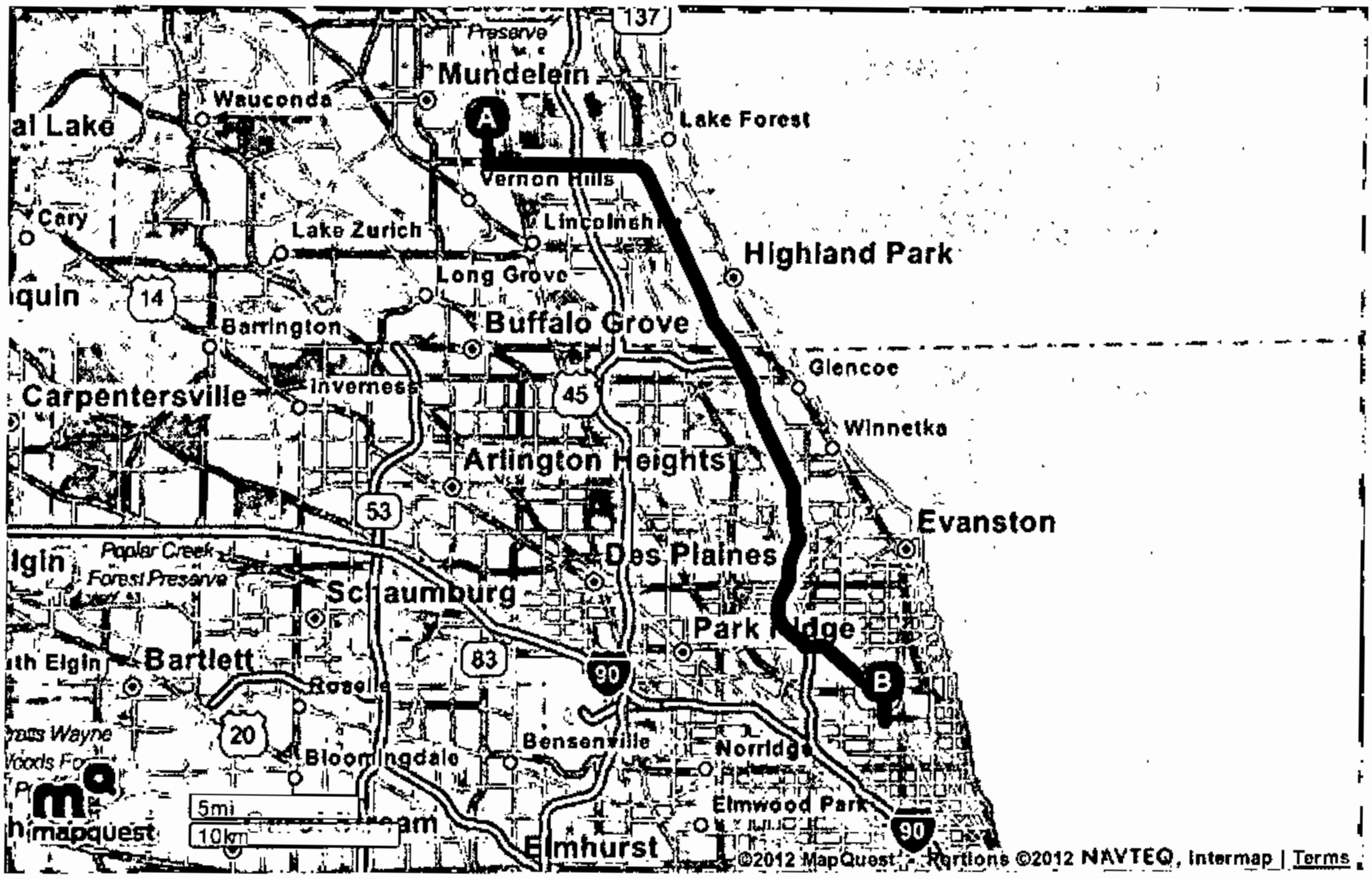
Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
2. Take the 2nd **left** onto **E Townline Rd / IL-60 E**. Map	**5.0 Mi** *5.2 Mi Total*
3. Turn **right** onto **US-41 S / S Skokie Hwy**. Continue to follow **US-41 S**. Map	**11.9 Mi** *17.1 Mi Total*
4. Stay **straight** to go onto **I-94 E / Edens Expy E**. Map	**5.9 Mi** *23.0 Mi Total*
5. Take the **East Touhy Ave** exit, **EXIT 39B**. Map	**0.2 Mi** *23.3 Mi Total*
6. Turn **slight right** onto **Touhy Ave**. Map	**0.6 Mi** *23.9 Mi Total*
7. Turn **slight right** onto **N Lincoln Ave / US-41**. Map	**2.7 Mi** *26.6 Mi Total*
8. Turn **right** onto **N California Ave**. Map	**0.7 Mi** *27.3 Mi Total*
9. **N CALIFORNIA AVE & W FOSTER AVE**. Map	

N California Ave & W Foster Ave, Chicago, IL 60625

725

Total Travel Estimate: **27.28 miles - about 42 minutes**



mapquest

Trip to:

4058 W Melrose St
Chicago, IL 60641-4799
29.37 miles / 41 minutes

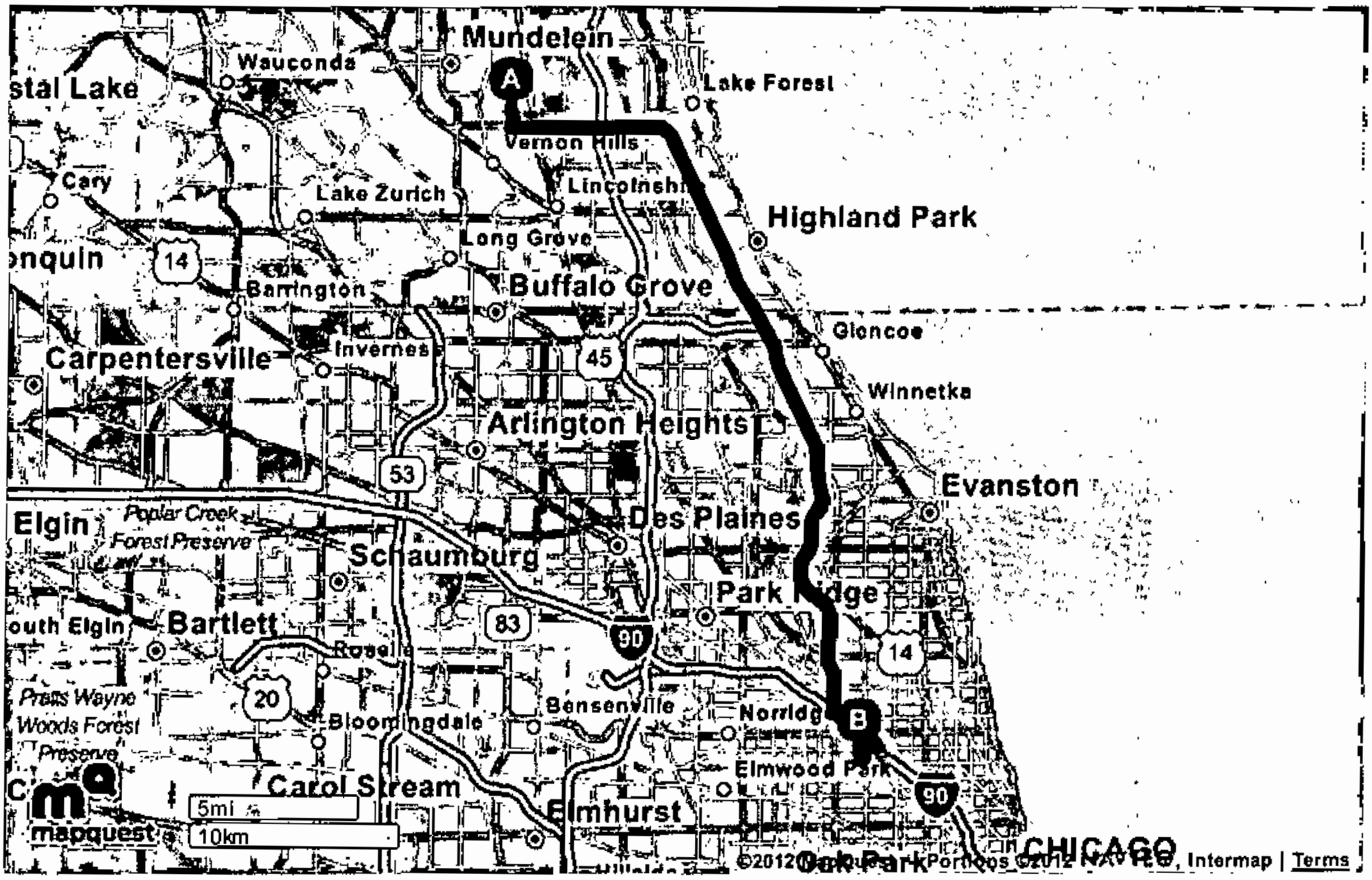
Notes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
EAST 60	2. Take the 2nd **left** onto **E Townline Rd / IL-60 E**. Map	**5.0 Mi** *5.2 Mi Total*
SOUTH 41	3. Turn **right** onto **US-41 S / S Skokie Hwy**. Continue to follow **US-41 S**. Map	**11.9 Mi** *17.1 Mi Total*
EAST 94	4. Stay **straight** to go onto **I-94 E / Edens Expy E**. Continue to follow **I-94 E**. Map	**11.0 Mi** *28.1 Mi Total*
45A EXIT	5. Take the **Addison St** exit, **EXIT 45A**. Map	**0.2 Mi** *28.3 Mi Total*
	6. Turn **right** onto **W Addison St**. Map	**0.4 Mi** *28.7 Mi Total*
	7. Turn **left** onto **N Pulaski Rd**. Map	**0.4 Mi** *29.1 Mi Total*
	8. Turn **right** onto **W School St**. Map	**0.1 Mi** *29.3 Mi Total*
	9. Take the 1st **left** onto **N Karlov Ave**. Map	**0.06 Mi** *29.3 Mi Total*
	10. Take the 1st **left** onto **W Melrose St**. Map	**0.05 Mi** *29.4 Mi Total*
	11. **4058 W MELROSE ST** is on the **left**. Map	

4058 W Melrose St, Chicago, IL 60641-4799

Total Travel Estimate: **29.37 miles - about 41 minutes**



mapquest

Notes

Trip to:

2544 W Montrose Ave
Chicago, IL 60618-1537
29.99 miles / 44 minutes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky.** Map	**0.2 Mi**	*0.2 Mi Total*
2. Take the 2nd **left** onto **E Townline Rd / IL-60 E.** Map	**5.0 Mi**	*5.2 Mi Total*
3. Turn **right** onto **US-41 S / S Skokie Hwy.** Continue to follow **US-41 S.** Map	**11.9 Mi**	*17.1 Mi Total*
4. Stay **straight** to go onto **I-94 E / Edens Expy E.** Continue to follow **I-94 E.** Map	**10.1 Mi**	*27.2 Mi Total*
5. Take the **Keeler Ave** exit, **EXIT 44A**, toward **IL-19 / Irving Park Rd.** Map	**0.3 Mi**	*27.5 Mi Total*
6. Turn **slight left** onto **W Irving Park Rd / IL-19.** Map	**0.2 Mi**	*27.7 Mi Total*
7. Turn **left** onto **N Pulaski Rd.** Map	**0.5 Mi**	*28.2 Mi Total*
8. Turn **right** onto **W Montrose Ave.** Map	**1.8 Mi**	*30.0 Mi Total*
9. **2544 W MONTROSE AVE** is on the **left.** Map		

2544 W Montrose Ave, Chicago, IL 60618-1537

Total Travel Estimate: **29.99 miles - about 44 minutes**

730

mapquest

Trip to:

365 E North Ave
Northlake, IL 60164-2628
27.97 miles / 41 minutes

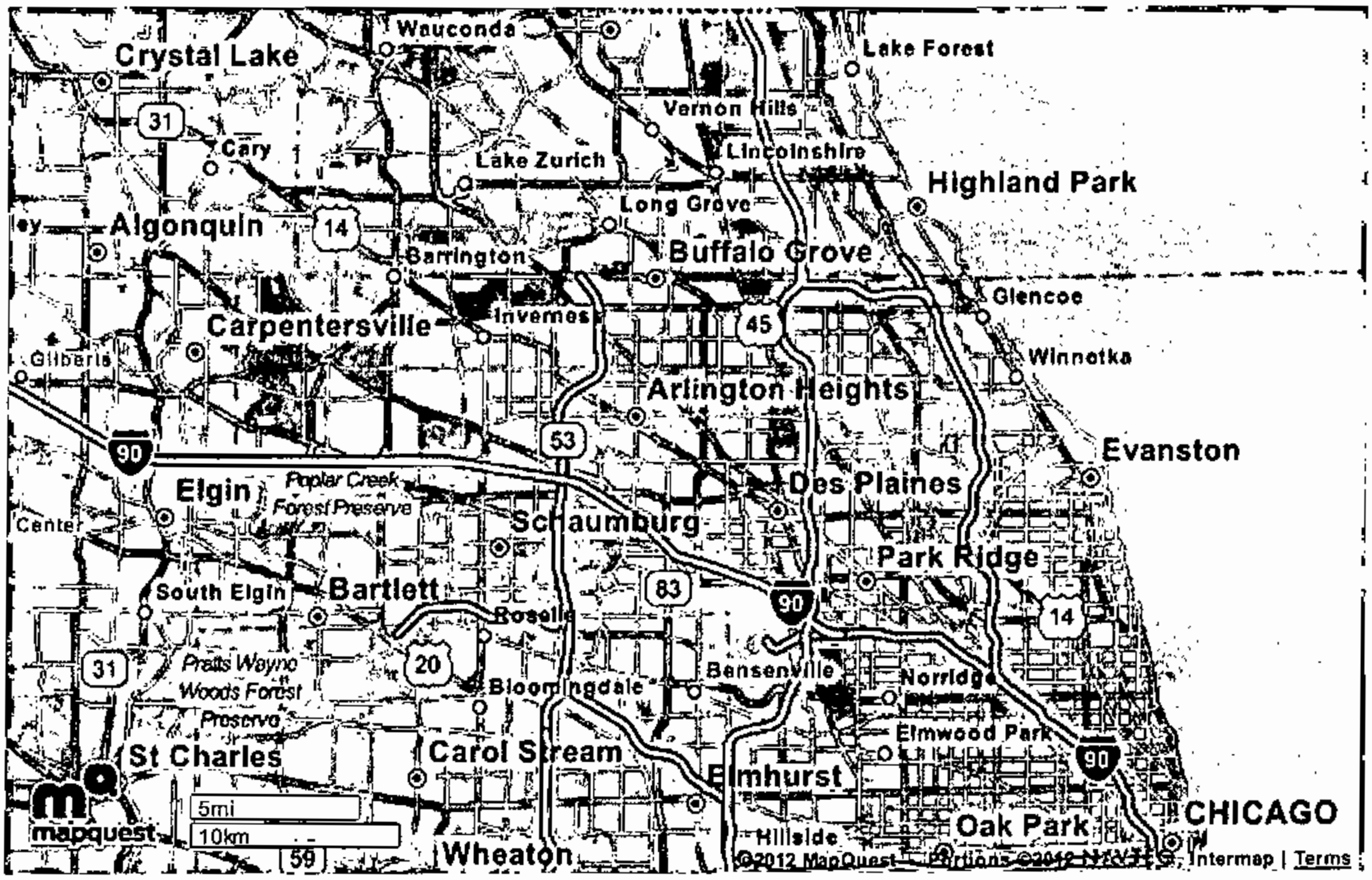
Notes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
60	2. Take the 2nd **left** onto **E Townline Rd / IL-60**. Map	**2.9 Mi** *3.1 Mi Total*
EAST 94	3. Merge onto **I-94 E** toward **Indiana** (Portions toll). Map	**6.1 Mi** *9.3 Mi Total*
SOUTH 294	4. Keep **right** to take **I-294 S** toward **Indiana-O'Hare** (Portions toll). Map	**14.3 Mi** *23.6 Mi Total*
WEST 19	5. Merge onto **Irving Park Rd / IL-19 W**. Map	**0.5 Mi** *24.1 Mi Total*
45	6. Turn **left** onto **US-45 / US-12 / Mannheim Rd**. Map	**3.5 Mi** *27.6 Mi Total*
	7. Turn **right** onto **W North Ave / IL-64**. Map	**0.2 Mi** *27.7 Mi Total*
WEST 64	8. Turn **right** onto **IL-64 W / E North Ave**. Map	**0.2 Mi** *27.9 Mi Total*
	9. Turn **left** onto **Edwards Ave**. Map	**0.02 Mi** *27.9 Mi Total*
	10. Turn **right** onto **E North Ave**. Map	**0.03 Mi** *28.0 Mi Total*
	11. **365 E NORTH AVE** is on the **left**. Map	

365 E North Ave, Northlake, IL 60164-2628

Total Travel Estimate: **27.97 miles - about 41 minutes**



732

mapquest

Trip to:

2551 Compass Rd
Glenview, IL 60026-8045
16.30 miles / 25 minutes

Notes

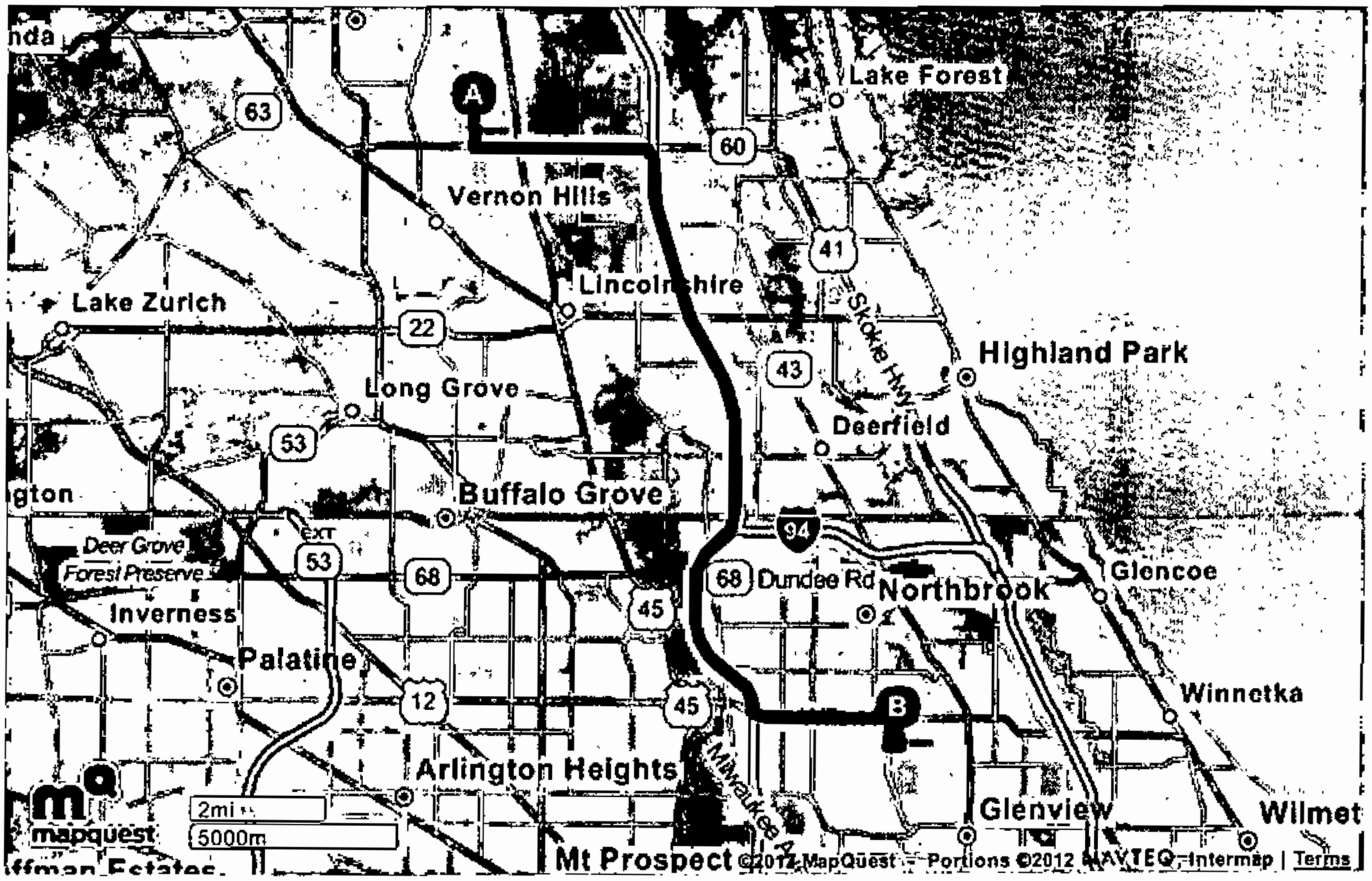
A **Lakeview Pkwy & Center Dr**, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
60	2. Take the 2nd **left** onto **E Townline Rd / IL-60**. Map	**2.9 Mi** *3.1 Mi Total*
EAST 94	3. Merge onto **I-94 E** toward **Indiana** (Portions toll). Map	**6.1 Mi** *9.3 Mi Total*
SOUTH 294	4. Keep **right** to take **I-294 S** toward **Indiana-O'Hare** (Portions toll). Map	**3.6 Mi** *12.9 Mi Total*
EXIT	5. Take the **Willow Rd** exit. Map	**0.4 Mi** *13.2 Mi Total*
RAMP	6. Keep **left** to take the ramp toward **Northbrook / Glenview**. Map	**0.03 Mi** *13.3 Mi Total*
	7. Turn **left** onto **Willow Rd**. Map	**2.3 Mi** *15.6 Mi Total*
	8. Turn **right** onto **Patriot Blvd**. Map	**0.5 Mi** *16.1 Mi Total*
	9. Turn **left** onto **Compass Rd**. Map	**0.2 Mi** *16.3 Mi Total*
	10. **2551 COMPASS RD** is on the **right**. Map	

B **2551 Compass Rd**, Glenview, IL 60026-8045

733

Total Travel Estimate: **16.30 miles - about 25 minutes**



734

mapquest

Trip to:

101 Waukegan Rd

Lake Bluff, IL 60044-3012

7.29 miles / 12 minutes

Notes

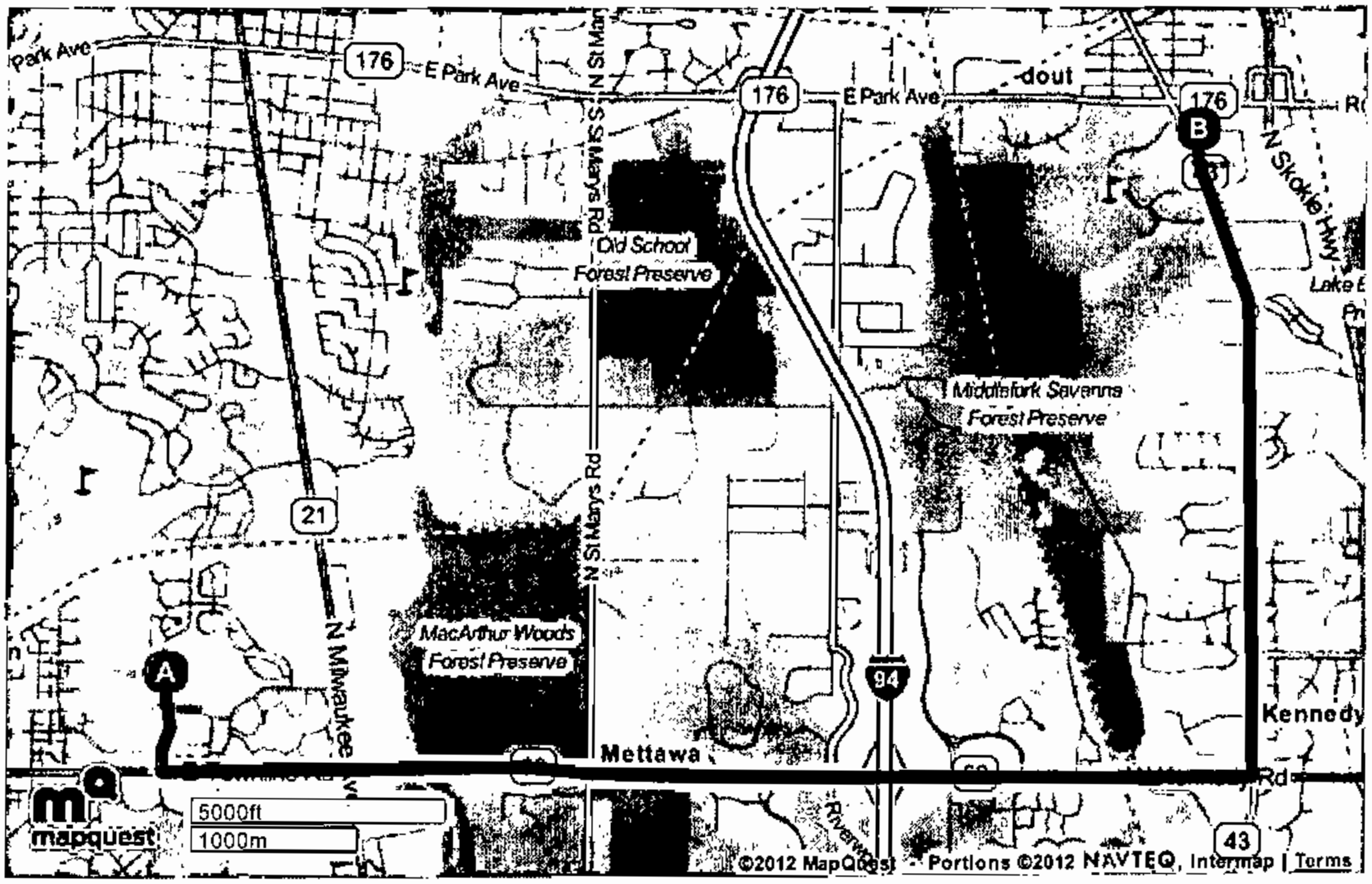
Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
2. Take the 2nd **left** onto **E Townline Rd / IL-60 E**. Map	**4.5 Mi**	*4.8 Mi Total*
3. Turn **left** onto **N Waukegan Rd / IL-43**. Map	**2.5 Mi**	*7.3 Mi Total*
4. **101 WAUKEGAN RD** is on the **right**. Map		

101 Waukegan Rd, Lake Bluff, IL 60044-3012

735

Total Travel Estimate: **7.29 miles - about 12 minutes**



mapquest

Notes

Trip to:

1324 N Sheridan Rd
Waukegan, IL 60085-2161
17.46 miles / 31 minutes

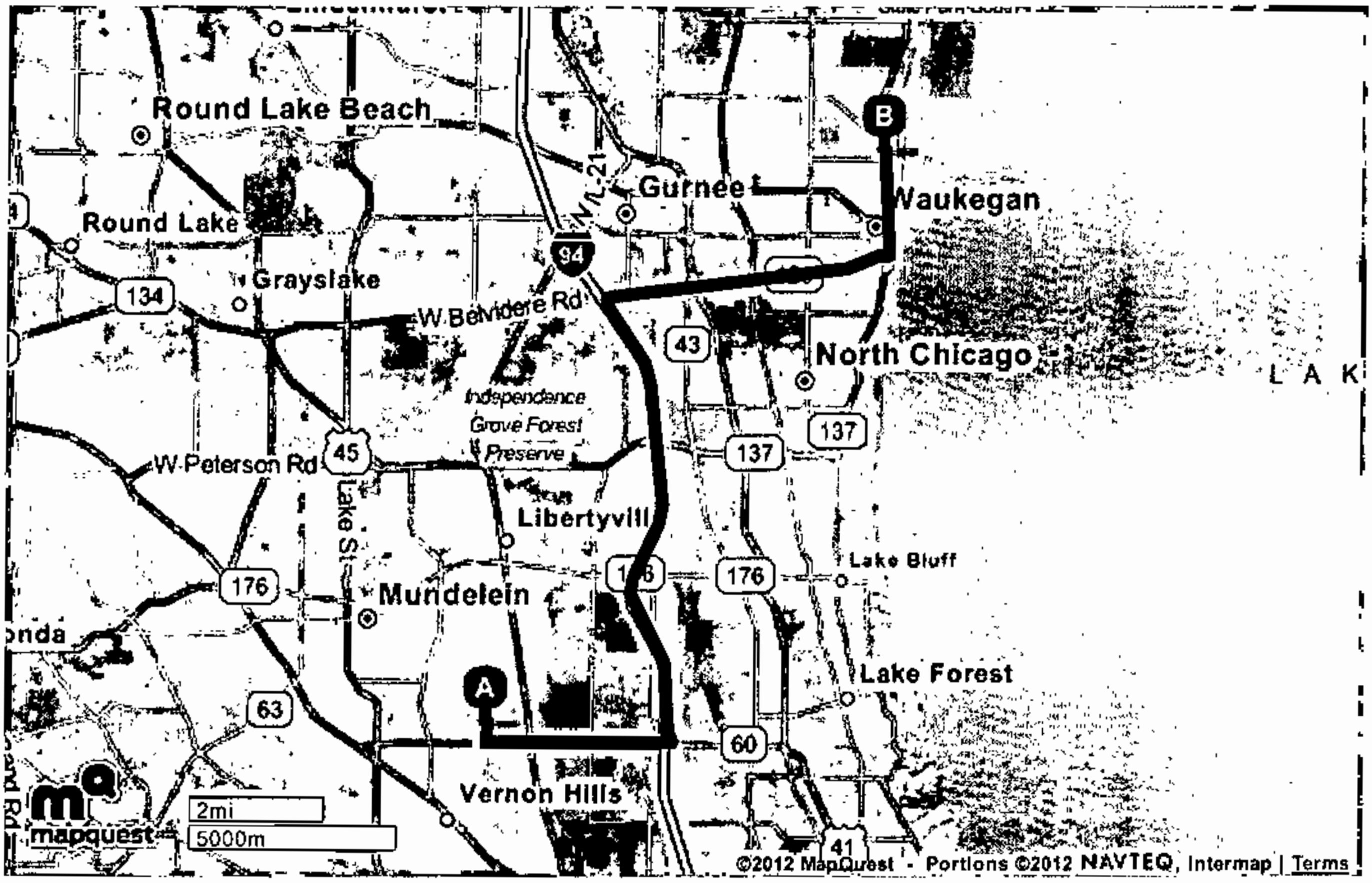
Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
2. Take the 2nd **left** onto **E Townline Rd / IL-60**. Map	**3.1 Mi**	*3.3 Mi Total*
3. Merge onto **I-94 W** via the ramp on the **left** toward **Wisconsin** (Portions toll). Map	**7.6 Mi**	*10.9 Mi Total*
4. Merge onto **IL-120 E**. Map	**4.9 Mi**	*15.8 Mi Total*
5. Turn **left** onto **S Sheridan Rd**. Map	**1.6 Mi**	*17.5 Mi Total*

6. **1324 N SHERIDAN RD** is on the **left**. Map

1324 N Sheridan Rd, Waukegan, IL 60085-2161

Total Travel Estimate: **17.46 miles - about 31 minutes**



mapquest

Notes

Trip to:

2615 Washington St

Waukegan, IL 60085-4980

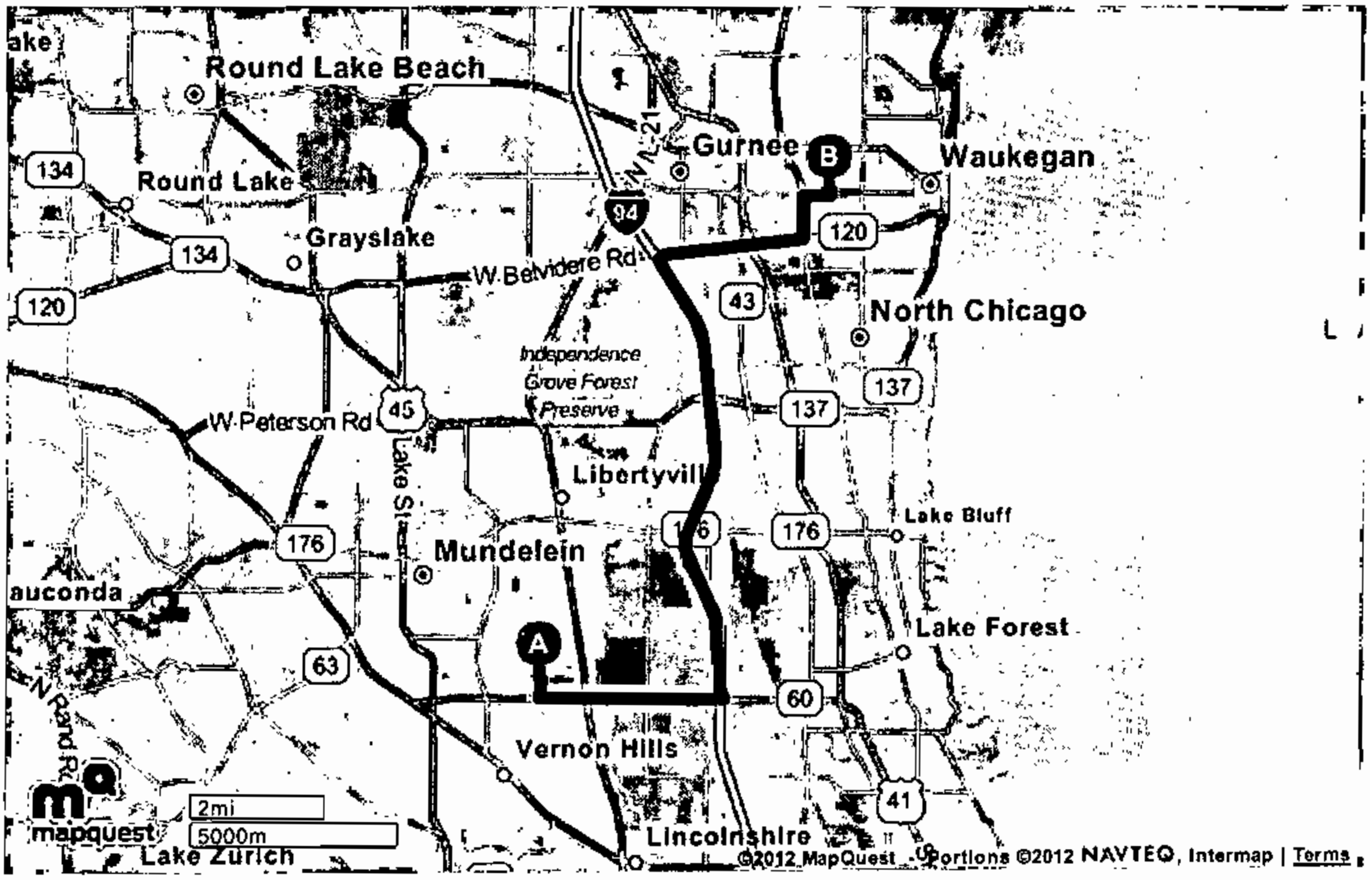
14.65 miles / 23 minutes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

	1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi** *0.2 Mi Total*
60	2. Take the 2nd **left** onto **E Townline Rd / IL-60**. Map	**3.1 Mi** *3.3 Mi Total*
WEST 94	3. Merge onto **I-94 W** via the ramp on the **left** toward **Wisconsin** (Portions toll). Map	**7.6 Mi** *10.9 Mi Total*
EAST 120	4. Merge onto **IL-120 E**. Map	**2.6 Mi** *13.5 Mi Total*
NORTH 131	5. Turn **left** onto **S Green Bay Rd / Green Bay Rd / IL-131**. Continue to follow **S Green Bay Rd / IL-131 N**. Map	**0.7 Mi** *14.2 Mi Total*
	6. Turn **sharp right** onto **Washington St**. Map	**0.4 Mi** *14.7 Mi Total*
	7. **2615 WASHINGTON ST** is on the **right**. Map	

2615 Washington St, Waukegan, IL 60085-4980

Total Travel Estimate: **14.65 miles - about 23 minutes**



740

mapquest

Notes

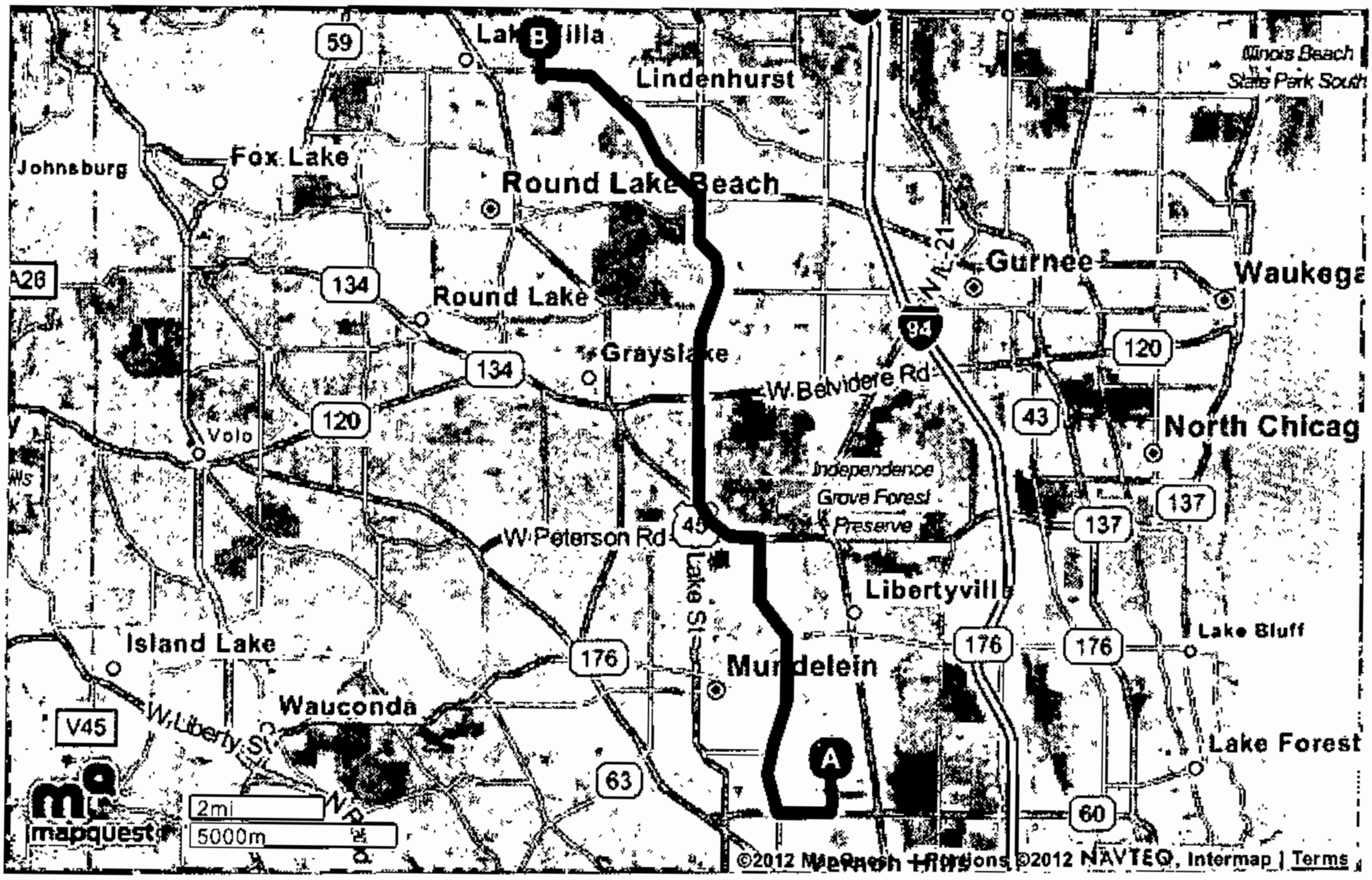
Trip to:
1050 Red Oak Ln
Lindenhurst, IL 60046-4998
16.00 miles / 30 minutes

Lakeview Pkwy & Center Dr, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
2. Take the 2nd **right** onto **E Townline Rd / IL-60**. Map	**0.9 Mi**	*1.1 Mi Total*
3. Turn **right** onto **S Butterfield Rd**. Map	**4.8 Mi**	*5.9 Mi Total*
4. Turn **left** onto **Peterson Rd / IL-137 W**. Continue to follow **IL-137 W**. Map	**1.3 Mi**	*7.2 Mi Total*
5. Merge onto **US-45 N**. Map	**5.2 Mi**	*12.4 Mi Total*
6. Turn **left** onto **IL-132 / Grand Ave**. Map	**3.5 Mi**	*15.9 Mi Total*
7. Turn **left** onto **Victory Dr**. Map	**0.1 Mi**	*16.0 Mi Total*
8. Take the 1st **right** onto **Red Oak Ln**. Map	**0.01 Mi**	*16.0 Mi Total*
9. **1050 RED OAK LN** is on the **left**. Map		

1050 Red Oak Ln, Lindenhurst, IL 60046-4998

Total Travel Estimate: **16.00 miles - about 30 minutes**



742

mapquest

Notes

Trip to:

1111 E Touhy Ave
Des Plaines, IL 60018-5803
23.62 miles / 32 minutes

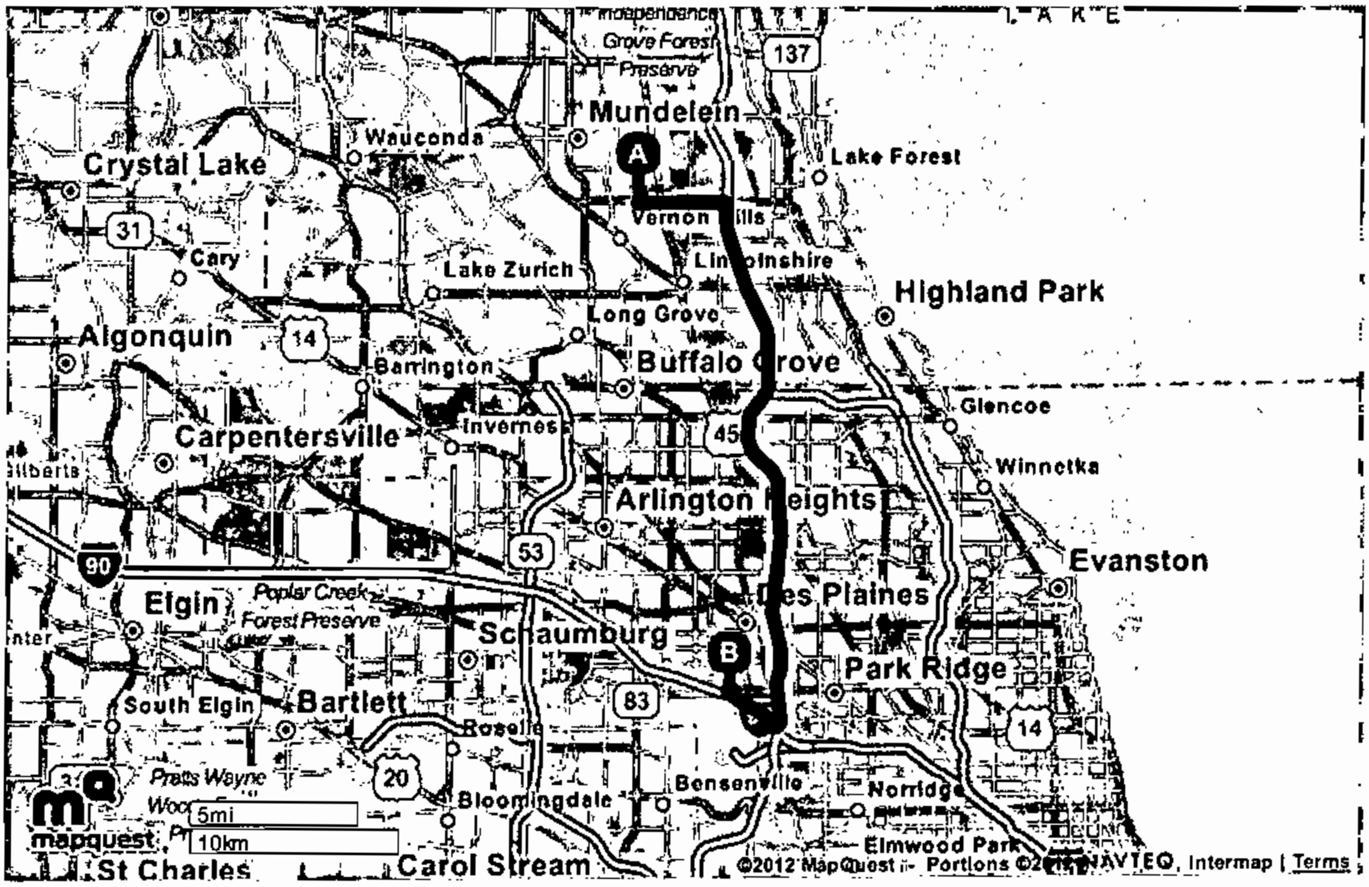
A **Lakeview Pkwy & Center Dr**, Vernon Hills, IL 60061

1. Start out going **south** on **Lakeview Pky** toward **E Hawthorn Pky**. Map	**0.2 Mi**	*0.2 Mi Total*
60 2. Take the 2nd **left** onto **E Townline Rd / IL-60**. Map	**2.9 Mi**	*3.1 Mi Total*
EAST 94 3. Merge onto **I-94 E** toward **Indiana** (Portions toll). Map	**6.1 Mi**	*9.3 Mi Total*
SOUTH 294 4. Keep **right** to take **I-294 S** toward **Indiana-O'Hare** (Portions toll). Map	**11.8 Mi**	*21.1 Mi Total*
WEST 90 5. Merge onto **I-90 W / Jane Addams Memorial Tollway** toward **Rockford** (Portions toll). Map	**1.6 Mi**	*22.7 Mi Total*
EXIT 6. Take the **IL-72** exit toward **Lee St**. Map	**0.3 Mi**	*23.0 Mi Total*
WEST 72 7. Turn **right** onto **IL-72 W / W Higgins Rd**. Map	**0.2 Mi**	*23.2 Mi Total*
72 8. Turn **left** onto **IL-72 / Touhy Ave / E Touhy Ave**. Map	**0.2 Mi**	*23.5 Mi Total*
72 9. Make a **U-turn** onto **IL-72 / Touhy Ave / E Touhy Ave**. Map	**0.2 Mi**	*23.6 Mi Total*
10. **1111 E TOUHY AVE** is on the **right**. Map		

B **1111 E Touhy Ave**, Des Plaines, IL 60018-5803

743

Total Travel Estimate: **23.62 miles - about 32 minutes**



744

Appendix 5
Registered Mail Receipts

Copies of the registered mail receipts are attached at Appendix 5.

7160 3901 9848 6328 5181

TO: Dr. Severko Hrywnak
Administrator
Advanced Ambulatory Surgical Center
2333 North Harlem Ave
Chicago, IL 60707

SENDER: AMCOO

REFERENCE: 067537-430266

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USPS

7160 3901 9848 6328 5846

TO: Ms. Aimee Dillard
Administrator
Advantage Health Care, Ltd.
203 E. Irving Park Rd
Wood Dale, IL 60191

SENDER: AMCOO

REFERENCE: 067537-430266

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STATION E CHICAGO, ILLINOIS
APR 17 2012
USPS

7160 3901 9848 6328 5839

TO: Mr. Brinsley Lewis
Chief Executive Officer
Adventist GlenOaks Hospital
701 Winthrop Ave
Glendale Heights, IL 60139

SENDER: AMCOO

REFERENCE: 067537-430266

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STATION E CHICAGO, ILLINOIS
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USPS

7160 3901 9848 6328 5198

TO: Mr. Mark Mayo
Administrator
25 East Same Day Surgery
25 East Washington, Suite 300
Chicago, IL 60602

SENDER: AMCOO

REFERENCE: 067537-430266

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STATION E CHICAGO, ILLINOIS
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USPS

7160 3901 9848 6328 5204

TO: Mr. Ali Nili
Administrator
Ashton Center for Day Surgery
1800 Mcdonough Rd, Suite 100
Hoffman Estates, IL 60192

SENDER: AMCOO

REFERENCE: 067537-430266

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STATION E CHICAGO, ILLINOIS
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7160 3901 9848 6328 5808

TO: Ms. Susan Nordstrom Lopez
President
Advocate Illinois Masonic Medical Center
836 West Wellington Ave
Chicago, IL 60657

SENDER: AMCOO

REFERENCE: 067537-430266

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STATION E CHICAGO ILLINOIS
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USPS

7160 3901 9848 6328 5792

TO: Mr. Ali Nili
Administrator
Aiden Center for Day Surgery, LLC
1580 W. Lake Street
Addison, IL 60101

SENDER: AMCOO

REFERENCE: 067537-430266

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7160 3901 9848 6328 5822

TO: Dr. Ann Errichetti
President
Advocate Condell Medical Center
801 South Milwaukee Avenue
Libertyville, IL 60048

SENDER: AMCOO

REFERENCE: 067537-430266

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7160 3901 9848 6328 5815

TO: Ms. Karen Lambert
President
Advocate Good Shephard Hospital
1301 S Barrington Rd
Barrington, IL 60010

SENDER: AMCOO

REFERENCE: 067537-430266

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7160 3901 9848 6327 9357

TO: Mr. John Werrbach
President
Alexian Brothers Medical Center
800 West Biesterfield Rd
Elk Grove Village, IL 60007

SENDER: AMCOO

REFERENCE: 067537-430266

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STATION E CHICAGO ILLINOIS
APR 1 7 2012
USPS

7160 3901 9848 6327 9333

TO: Ms. Inga Ferdkoff
Administrator
Ambulatory Surgicenter of Downers Grove, LTD.
4333 Main St
Downers Grove, IL 60515

SENDER: AMCOO

REFERENCE: 067537-430266

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STATION E CHICAGO ILLINOIS
APR 1 7 2012

7160 3901 9848 6327 9371

TO: Ms. Diana Maracich
Administrator
Albany Medical Surgical Center
5086 North Elston Ave
Chicago, IL 60630

SENDER: AMCOO

REFERENCE: 067537-430266

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STATION E CHICAGO ILLINOIS
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7160 3901 9848 6327 9364

TO: Ms. Francine McGouey
Chief Executive Officer
Alexian Brothers Behavioral Health Hospital
1650 Moon Lake Blvd
Hoffman Estates, IL 60169

SENDER: AMCOO

REFERENCE: 067537-430266

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STATION E CHICAGO ILLINOIS
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7160 3901 9848 6327 9319

TO: Ms. Vera Schmidt
Administrator
Apollo Health Center
2750 South River Road
Des Plaines, IL 60018

SENDER: AMCOO

REFERENCE: 067537-430266

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STATION E CHICAGO ILLINOIS
APR 1 7 20
USPS

7160 3901 9848 6327 9302

TO: Mr. C. Alan Eaks
President & CEO
Aurora Chicago Lakeshore Hospital, LLC
4840 N. Marine Dr
Chicago, IL 60640

SENDER: AMCOO

REFERENCE: 067537-430266

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STATION E CHICAGO ILLINOIS
APR 1 7

7160 3901 9848 6327 9340

TO: Ms. Lori Callahan
Administrator
Algonquin Rd Surgery Center, LLC
2550 W. Algonquin Rd
Lake in the Hills, IL 60156

SENDER: AMCOO

REFERENCE: 067537-430266

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STATION E CHICAGO ILLINOIS
APR 1 7 20
USPS

7160 3901 9848 6327 9326

TO: Dr. Renlin Xia
Administrator
American Women's Medical Group
2744 North Western Ave
Chicago, IL 60647

SENDER: AMCOO

REFERENCE: 067537-430266

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STATION E CHICAGO ILLINOIS
APR 1 7 2012
USPS

7160 3901 9848 6327 9272

TO: Mr. Michael Eesley
Chief Executive Officer
Centegra Hospital Woodstock
3701Doty Rd
Woodstock, IL 60098

SENDER: AMCOO

REFERENCE: 067537-430266

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STATION E CHICAGO, ILLINOIS
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USPS

7160 3901 9848 6327 9265

TO: Mr. Michael Eesley
Chief Executive Officer
Centegra Hospital McHenry
4201 Medical Center Dr
McHenry, IL 60050

SENDER: AMCOO

REFERENCE: 067537-430266

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STATION E CHICAGO, ILLINOIS
APR 17 2012
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7160 3901 9848 6327 9289

TO: Ms. Roxanne Harcourt
Chief Executive Officer
Streamwood Hospital
1400 E. Irving Park Rd
Streamwood, IL 60107

SENDER: AMCOO

REFERENCE: 067537-430266

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STATION E CHICAGO, ILLINOIS
APR 17 2012
USPS

7160 3901 9848 6327 9296

TO: Ms. Faith McHale
Administrator
Belmont/Harlem Surgery Center, LLC
3101 North Harlem Ave
Chicago, IL 60634

SENDER: AMCOO

REFERENCE: 067537-430266

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STATION E CHICAGO, ILLINOIS
APR 17 2012
USPS

7160 3901 9848 6328 4825

TO: Dr. Renlin Xia
Administrator
Fullerton Kimball Medical & Surgical Center
3412 West Fullerton Ave
Chicago, IL 60647

SENDER: AMCOO

REFERENCE: 067537-430266

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STATION E CHICAGO, ILLINOIS
USPS

7160 3901 9848 6328 4832

TO: Ms. Kristen DiCicco
Administrator
Children's Outpatient Services at Westchester
2301 Enterprise Dr
Westchester, IL 60154

SENDER: AMCOO

REFERENCE: 067537-430266

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STATION E CHICAGO, ILLINOIS
USPS

7160 3901 9848 6328 4849

TO: Mr. Patrick Magoon
President
Children's Memorial Hospital
2300 Childrens Plaza
Chicago, IL 60614

STATION E CHICAGO, ILLINOIS

SENDER: AMCOO

REFERENCE: 067537-430266

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7160 3901 9848 6327 9258

TO: Ms. Jennifer Broucek
Administrator
Chicago Prostate Cancer Surgery Center
815 Pasquinelli
Westmont, IL 60559

SENDER: AMCOO

REFERENCE: 067537-430266

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7160 3901 9848 6328 4795

TO: Dr. Charles S. Sandor
Administrator
Dupage Eye Surgery Center LLC
2015 North Main St
Wheaton, IL 60187

SENDER: AMCOO

REFERENCE: 067537-430266

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7160 3901 9848 6328 4788

TO: Administrator
Elmhurst Medical & Surgical Center P.C.
340 West Butterfield Rd, Suite 1B
Elmhurst, IL 60126

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SENDER: AMCOO

REFERENCE: 067537-430266

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7160 3901 9848 6328 4818

TO: Ms. Nancy Bradley
Administrator
Dimensions Medical Center, LTD.
1455 Golf Rd, Suite 108
Des Plaines, IL 60016

SENDER: AMCOO

REFERENCE: 067537-430266

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7160 3901 9848 6328 4801

TO: Mr. Erik Baier
Administrator
DMG Surgical Center
Technology Dr
Lombard, IL 60148

SENDER: AMCOO

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7160 3901 9848 6328 4757

TO: Mr. Mark Mayo
Administrator
Elmwood Park Same Day Surgery, LLC
1614 North Harlem Ave
Elmwood Park, IL 60707

SENDER: AMCOO

REFERENCE: 067537-430266

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7160 3901 9848 6328 4740

TO: Mr. Jeffrey Hillebrand
Chief Operating Officer
Evanston Hospital
2650 Ridge Ave
Evanston, IL 60201

SENDER: AMCOO

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7160 3901 9848 6328 4764

TO: Ms. Tina Mentz
Administrator
Elmhurst Outpatient Surgery Center, LLC
1200 South York Rd, Suite 1400
Elmhurst, IL 60126

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7160 3901 9848 6328 4771

TO: Mr. Leo F. Fronza
President
Elmhurst Memorial Hospital
155 East Brush Hill Road
Elmhurst, IL 60126

SENDER: AMCOO

REFERENCE: 067537-430266

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7160 3901 9848 6328 4719

TO: Mr. Dan Hale
Chief Executive Officer
Foster G. McGaw Hospital
2160 S. 1st Ave
Maywood, IL 60153

SENDER: AMCOO

REFERENCE: 067537-430266

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7160 3901 9848 6328 4702

TO: Mr. Salam Okasha
Administrator
Fullerton Surgery Center
4849 West Fullerton
Chicago, IL 60639

SENDER: AMCOO

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7160 3901 9848 6328 4726

TO: Mr. Lowell Scott Weil, Sr.
Administrator
Foot & Ankle Surgical Center
1455 Golf Rd, Suite 134
Des Plaines, IL 60016

SENDER: AMCOO

REFERENCE: 067537-430266

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7160 3901 9848 6328 4733

TO: Dr. Brian D. Smith
Administrator
Eye Surgery Center of Hinsdale, LLC.
950 North York Road, Suite 203
Hinsdale, IL 60521

SENDER: AMCOO

REFERENCE: 067537-430266

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7160 3901 9848 6328 4672

TO: Mr. Kenneth Fishbain
Chief Operating Officer
Gottlieb Memorial Hospital d/b/a Loyola Health System at Gottlieb
701 West North Ave
Melrose Park, IL 60160

SENDER: AMCOO

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7160 3901 9848 6328 4665

TO: Mr. Joe Jafari
Administrator
Grand Avenue Surgical Center
17 West Grand Avenue
Chicago, IL 60654

SENDER: AMCOO

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7160 3901 9848 6328 4689

TO: Mr. David Fox
President
Advocate Good Samaritan Hospital
3815 Highland Ave
Downers Grove, IL 60515

SENDER: AMCOO

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7160 3901 9848 6328 4696

TO: Mr. Jeffrey Hillebrand
Chief Operating Officer
Glenbrook Hospital
2100 Pfingsten Rd
Glenview, IL 60025

SENDER: AMCOO

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7160 3901 9848 6328 4634

TO: Mr. Jeffrey Hillebrand
Chief Operating Officer
Highland Park Hospital
777 Park Avenue West
Highland Park, IL 60035

SENDER: AMCOO

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7160 3901 9848 6328 4627

TO: Mr. Fernando Gruta
Administrator
Hinsdale Hospital
120 North Oak St
Hinsdale, IL 60521

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7160 3901 9848 6328 4658

TO: Ms. Linda Butler
Administrator
Grand Oaks Surgical Center, S.C.
1800 Hollister Drive
Libertyville, IL 60048

SENDER: AMCOO

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7160 3901 9848 6328 4641

TO: Ms. Donna Havemann
Practice Manager
Hart Road Pain and Spine Institute
600 Hart Road
Barrington, IL 60010

SENDER: AMCOO

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7160 3901 9848 6328 4597

TO: Mr. John Baird
Chief Executive Officer
Holy Family Medical Center
100 North River Rd
Des Plaines, IL 60016

SENDER: AMCOO

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7160 3901 9848 6328 4580

TO: Mr. Fernando Gruta
Administrator
Hinsdale Surgical Center, LLC
908 N. Elm St, Suite 401
Hinsdale, IL 605213600

SENDER: AMCOO

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7160 3901 9848 6328 4610

TO: Dr. Ramon A. Garcia
Administrator
Hispanic American Endoscopy Center, LLC
3536 W. Fullerton Avenue
Chicago, IL 60647

SENDER: AMCOO

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7160 3901 9848 6328 4603

TO: Ms. Patricia J. Wade
Administrator
Hoffman Estates Surgery Center, LLC
1555 Barrington Road, Suite 0400
Hoffman Estates, IL 60194

SENDER: AMCOO

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7160 3901 9848 6328 4559

TO: Ms. Sylvia Edwards
Chief Operating Officer
John H. Stroger, Jr Hospital of Cook County
1901 West Harrison St
Chicago, IL 60612

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7160 3901 9848 6328 4542

TO: Mr. Alexander Tosiou
Administrator
Lake Forest Endoscopy Center, LLC
1475 East Belvidere Road, Suite 303
Grayslake, IL 60030

SENDER: AMCOO

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7160 3901 9848 6328 4573

TO: Ms. Donna Kersting
Administrator
Illinois Hand & Upper Extremity Center
515 West Algonquin Road
Arlington Heights, IL 60005

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7160 3901 9848 6328 4566

TO: Mr. Lawrence J. Parrish
Administrator
Illinois Sports Medicine & Orthopedic Surgery Center, LLC
9000 Waukegan Rd., Suite 120
Morton Grove, IL 60053

SENDER: AMCOO

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7160 3901 9848 6328 4511

TO: Mr. Steven C. Drucker
President
Loretto Hospital
645 South Central
Chicago, IL 60644

SENDER: AMCOO

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7160 3901 9848 6328 4504

TO: Mr. Jeff Meigs
Chief Financial Officer
Louis A. Weiss Memorial Hospital
4646 N. Marine Dr
Chicago, IL 60640

SENDER: AMCOO

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7160 3901 9848 6328 4528

TO: Dr. Nicholas Lygizos
Administrator
Golf Surgical Center L.L.C.
8901 Golf Rd
Des Plaines, IL 60016

SENDER: AMCOO

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7160 3901 9848 6328 4535

TO: Ms. Yvette Barnabas
Administrator
Lakeshore Surgery Center, LLC
7200 North Western Ave
Chicago, IL 60645

SENDER: AMCOO

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7160 3901 9848 6328 4474

TO: Mr. Anthony Armada
President
Advocate Lutheran General Hospital
1775 Dempster St
Park Ridge, IL 60068

SENDER: AMCOO

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7196 9008 9111 1499 5659

TO: Mr. Ronald Ladniak
Administrator
Westmont Surgery Center
530 N. Cass Ave
Westmont, IL 60559

SENDER: AMCOO

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7160 3901 9848 6328 4481

TO: Mr. Daniel J. Post
Administrator
Loyola University Amb Surg Ctr Loyola Outpatient Ctr
2160 South First Ave, Bldg. 150, Room 4109
Maywood, IL 60153

SENDER: AMCOO

REFERENCE: 067537-430266

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7160 3901 9848 6328 4498

TO: Mr. Geoffrey J. Abbott
Administrator
Loyola Surgery Center
1 South 224 Summit, Suite 201
Oakbrook Terrace, IL 60181

SENDER: AMCOO

REFERENCE: 067537-430266

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7196 9008 9111 1499 5673

TO: Ms. Barbara Martin
President & CEO
Vista Medical Center West
2615 Washington St
Waukegan, IL 60085

SENDER: AMCOO

REFERENCE: 067537-430266

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7196 9008 9111 1499 5680

TO: Ms. Barbara Martin
President & CEO
Vista Medical Center East
1324 North Sheridan Rd
Waukegan, IL 60085

SENDER: AMCOO

REFERENCE: 067537-430266

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7196 9008 9111 1499 5666

TO: Ms. Barbara Martin
President & CEO
Vista Surgery Center
1050 Red Oak Lane
Lindenhurst, IL 60046

SENDER: AMCOO

REFERENCE: 067537-430266

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7196 9008 9111 1499 5642

TO: Mr. F. Bruce Cohen
Chief Operating Officer
United Therapy-LaGrange
1111 East Touhy Avenue, Suite 240
Des Plaines, IL 60018

SENDER: AMCOO

REFERENCE: 067537-430266

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7196 9008 9111 1499 5727

TO: Mr. John J. DeNardo
Chief Executive Officer
University of Illinois Hospital
1740 West Taylor, Suite 1400
Chicago, IL 60612

SENDER: AMCOO

REFERENCE: 067537-430266

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7196 9008 9111 1499 5710

TO: Ms. Patricia Shehorn
Chief Executive Officer
West Suburban Medical Center
3 Erie Court
Oak Park, IL 60302

SENDER: AMCOO

REFERENCE: 067537-430266

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7196 9008 9111 1499 5703

TO: Ms. Patricia Shehorn
Chief Executive Officer
Westlake Hospital
1225 Lake St
Melrose Park, IL 60160

SENDER: AMCOO

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7196 9008 9111 1499 5697

TO: Mr. Edward Ortiz
Administrator
Gold Coast Surgicenter
845 N Michigan Ave
Chicago, IL 60611

SENDER: AMCOO

REFERENCE: 067537-430266

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7196 9008 9111 1499 5758

TO: Ms. Guita Griffiths
Administrator
The Surgery Center at 900 North Michigan Ave, L.L.C.
60 East Delaware Ave 15th Floor
Chicago, IL 606111400

SENDER: AMCOO

REFERENCE: 067537-430266

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7196 9008 9111 1499 5765

TO: Dr. Evert Kirch
Administrator
Lake Bluff Illinois Endoscopy ASC, LLC
101 South Waukegan Rd, Suite 980
Lake Bluff, IL 60044

SENDER: AMCOO

REFERENCE: 067537-430266

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7196 9008 9111 1499 5741

TO: Mr. Frank A. Solare
Chief Executive Officer
Thorek Memorial Hospital
850 West Irving Park Rd
Chicago, IL 60613

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7196 9008 9111 1499 5734

TO: Mr. Steven Airhart
President & CEO
UHS Hartgrove
5730 West Roosevelt Road
Chicago, IL 60644

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7196 9008 9111 1499 5796

TO: Mr. Larry Foster
Chief Executive Officer
Kindred Hospital Chicago
2544 W. Montrose Ave
Chicago, IL 60618

SENDER: AMCOO

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7196 9008 9111 1499 5802

TO: Mr. Jack Shapiro
Chief Executive Officer
Kindred Chicago Central Hospital
4058 West Melrose St
Chicago, IL 60641

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7196 9008 9111 1499 5772

TO: Dr. Ronald Bloom
Administrator
The Glen Endoscopy Center, LLC
2551 Compass Rd., Suite 115
Glenview, IL 60025

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7196 9008 9111 1499 5789

TO: Mr. Timothy Page
Chief Executive Officer
Kindred Hospital Chicago
365 East North Ave
Northlake, IL 60164

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7196 9008 9111 1499 5833

TO: Mr. Jeff Murphy
Chief Executive Officer
St. Francis Hospital of Evanston
355 Ridge Ave
Evanston, IL 60202

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7196 9008 9111 1499 5840

TO: Mr. Edward M. Goldberg
President
St. Alexius Medical Center
1555 Barrington Rd
Hoffman Estates, IL 60194

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7196 9008 9111 1499 5826

TO: Mr. Mark Newton
President & CEO
Swedish Covenant Hospital
5145 North California Ave
Chicago, IL 60625

SENDER: AMCOO

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STATION E CHICAGO ILLINOIS
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7196 9008 9111 1499 5819

TO: Mr. Mark Newton
President & CEO
Swedish Covenant Surgery Center
North California Avenue & West Foster Avenue
Chicago, IL 60625

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7196 9008 9111 1499 5871

TO: Terry Wheat
Administrator
Shriner's Hospital for Children
2211 N Oak Park Ave
Elmwood Park, IL 60707

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7196 9008 9111 1499 5888

TO: Mr. Richard B. Floyd
President
Sherman Hospital
1425 North Randall Road
Elgin, IL 60123

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7196 9008 9111 1499 5857

TO: Dr. David Chua
Manager
South Loop Endoscopy & Wellness Center
2336 South Wabash Avenue
Chicago, IL 60616

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7196 9008 9111 1499 5864

TO: Dr. Sarmed G. Elias
Administrator
Six Corners Same Day Surgery , LLC
4211 N. Cicero Ave, Suite 400
Chicago, IL 60641

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7196 9008 9111 1499 5918

TO: Dr. Roberta Luskin-Hawk
Chief Executive Officer
Saint Joseph Hospital
2900 North Lake Shore Dr
Chicago, IL 60657

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7196 9008 9111 1499 5925

TO: Mr. Edward J. Novak
President
Sacred Heart Hospital
3240 West Franklin Blvd
Chicago, IL 60624

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7196 9008 9111 1499 5895

TO: Ms. Margaret McDermott
Chief Executive Officer
Saint Mary of Nazareth Hospital
2233 West Division St
Chicago, IL 60622

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7196 9008 9111 1499 5901

TO: Ms. Margaret McDermott
Chief Executive Officer
Saint Elizabeth Hospital
1431 North Claremont Ave
Chicago, IL 60622

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7196 9008 9111 1499 5956

TO: Mr. Bruce Elegant
Chief Executive Officer
Rush Oak Park Hospital, Inc.
520 South Maple Ave
Oak Park, IL 60304

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7196 9008 9111 1499 5963

TO: Mr. Philippe Espinosa
Administrator
Rogers Park One Day Surgery Center, Inc
7616 N. Paulina
Chicago, IL 60626

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7196 9008 9111 1499 5949

TO: Ms. Barbara L. Ramsey
Administrator
Rush Surgicenter at the Professional Bldg. LTD. Partnership
1725 West Harrison, Suite 556
Chicago, IL 60612

SENDER: AMCOO

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7196 9008 9111 1499 5932

TO: Mr. Peter W. Butler
President
Rush University Medical Center
1653 West Congress Parkway
Chicago, IL 60612

SENDER: AMCOO

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7196 9008 9111 1499 5994

TO: Ms. Jonette Marino
Administrator
River North Same Day Surgery Center, LLC
One East Erie, Suite 300
Chicago, IL 60611

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7196 9008 9111 1499 6021

TO: Ms. Peggy Kirk
Senior Vice President, Clinical Operations
Rehabilitation Institute of Chicago
345 East Superior St
Chicago, IL 60611

SENDER: AMCOO

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7196 9008 9111 1499 5970

TO: Mr. Ken Pawola
Chief Operating Officer
RML Health Providers Limited Partnership d/b/a
RML Chicago
3435 W. Van Buren
Chicago, IL 60624

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7196 9008 9111 1499 5987

TO: Ms. Carey Carlock
Chief Executive Officer
Riveredge Hospital
8311 West Roosevelt Rd
Forest Park, IL 60130

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7196 9008 9111 1499 6045

TO: Ms. Tess Sagaidoro,
Administrator
Petersen Medical Surgi-Center
6024 N Oakley Ave
Chicago, IL 60659

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7196 9008 9111 1499 6007

TO: Dr. Daniel Ritacca
Administrator
Ritacca Laser Center, Ltd.
230 Center Drive
Vernon Hills, IL 60061

SENDER: AMCOO

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7196 9008 9111 1499 6038

TO: Ms. Melody Winter-Jabeck
Administrator
Ravine Way Surgery Center
2350 Ravine Way, Suite 500
Glenview, IL 60025

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7196 9008 9111 1499 6014

TO: Sister Donna Marie Wolowicki
Chief Executive Officer
Resurrection Medical Center
7435 West Talcott Ave
Chicago, IL 60631

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7160 3901 9848 6328 4863

TO: Mr. John Calta
Administrator
Novamed Surgery Center of Chicago Northshore, LLC
3034 West Peterson Ave
Chicago, IL 60659

SENDER: AMCOO

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7160 3901 9848 6328 5006

TO: Mr. Ali Nili
Administrator
Oak Brook Surgical Centre, Inc.
2425 West 22nd St, Suite 101
Oak Brook, IL 60521

SENDER: AMCOO

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7196 9008 9111 1499 6052

TO: Ms. Sandra Bruce
President
Our Lady of the Resurrection Medical Center
5645 West Addison St
Chicago, IL 60634

SENDER: AMCOO

REFERENCE: 067537-430266

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7160 3901 9848 6328 4870

TO: Ms. Kelly Spillane
Administrator
Novamed Surg Ctr of River Forest, LLC
7427 West Lake St
River Forest, IL 60305

SENDER: AMCOO

REFERENCE: 067537-430266

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7160 3901 9848 6328 4900

TO: Mr. Thomas J. McAfee
President & CEO
Northwestern Lake Forest Hospital
660 North Westmoreland Rd
Lake Forest, IL 60045

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7160 3901 9848 6328 4894

TO: Mr. Dean M. Harrison
President
Northwestern Memorial Hospital
251 East Huron St
Chicago, IL 60611

SENDER: AMCOO

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7160 3901 9848 6328 4917

TO: Ms. Karolynn Welu-Kuecker
Administrator
Northwest Surgicare
1100 West Central Rd
Arlington Heights, IL 60005

SENDER: AMCOO

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7160 3901 9848 6328 4887

TO: Mr. Jose R. Sanchez
President
Norwegian□American Hospital, Inc.
1044 North Francisco Ave
Chicago, IL 60622

SENDER: AMCOO

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7160 3901 9848 6328 4955

TO: Ms. Kimberly Zidonis
Administrator
North Shore Surgical Center
3725 W. Touhy
Lincolnwood, IL 60712

SENDER: AMCOO

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Administrator
Northwest Community Day Surgery Center
675 West Kirchoff Rd
Arlington Heights, IL 60005

SENDER: AMCOO

REFERENCE: 067537-430266

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TO: Mr. Bruce Crowther
President
Northwest Community Hospital
800 West Central Rd
Arlington Heights, IL 60005

SENDER: AMCOO

REFERENCE: 067537-430266

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7160 3901 9848 6328 4948

TO: Mr. Jeffrey Hillebrand
Chief Operating Officer
Skokie Hospital
9600 Gross Point Rd
Skokie, IL 60076

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7160 3901 9848 6328 4450

TO: Mr. Joseph Chandy
Methodist Hospital of Chicago
5025 North Paulina St
Chicago, IL 60640

SENDER: AMCOO

REFERENCE: 067537-430266

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7160 3901 9848 6328 4467

TO: Ms. Teresa Maganzini
Administrator
Maryville Academy/Scott A. Nolan Ctr
555 Wilson Lane
Des Plaines, IL 60016

SENDER: AMCOO

REFERENCE: 067537-430266

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7160 3901 9848 6328 4979

TO: Mr. Ronald Ladniak
Administrator
Midwest Center for Day Surgery
3811 Highland Ave
Downers Grove, IL 60515

SENDER: AMCOO

REFERENCE: 067537-430266

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7160 3901 9848 6328 4962

TO: Ms. Anne Meisner
President
Midwestern Regional Medical Center
2520 Elisha Ave
Zion, IL 60099

SENDER: AMCOO

REFERENCE: 067537-430266

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After paginating the entire, completed application, indicate in the chart below, the page numbers for the attachments included as part of the project's application for permit:

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3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	
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6	Historic Preservation Act Requirements	
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8	Obligation Document if required	
9	Cost Space Requirements	
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