

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

RECEIVED

FEB 13 2013

HEALTH FACILITIES &
SERVICES REVIEW BOARD

1. INFORMATION FOR EXISTING FACILITY

Current Facility Name Lake Forest Endoscopy Center
Address 1475 East Belvidere Road, Suite 303
City Grayslake Zip Code 60030 County Lake
Name of current licensed entity for the facility Lake Forest Endoscopy Center, LLC
Does the current licensee: own this facility OR lease this facility (if leased, check if sublease)
Type of ownership of the current licensed entity (check one of the following:) Sole Proprietorship
Not-for-Profit Corporation For Profit Corporation Partnership Governmental
X Limited Liability Company Other, specify
Illinois State Senator for the district where the facility is located: Sen. Suzi Schmidt
State Senate District Number 31 Mailing address of the State Senator 37908 N. Fairfield Rd,
Lake Villa, IL 60046
Illinois State Representative for the district where the facility is located: Rep. Sandy Cole
State Representative District Number 62 Mailing address of the State Representative 34121 N. Illinois Rt 45,
Unit #3, Grayslake, IL 60030

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

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

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

5. NAME OF APPLICANT (complete this information for each co-applicant and insert after this page).
Exact Legal Name of Applicant See Attachment Application Section 5
Address
City, State & Zip Code
Type of ownership of the current licensed entity (check one of the following:) Sole Proprietorship
Not-for-Profit Corporation For Profit Corporation Partnership Governmental
Limited Liability Company Other, specify

6. NAME OF LEGAL ENTITY THAT WILL BE THE LICENSEE/OPERATING ENTITY OF THE FACILITY NAMED IN THE APPLICATION AS A RESULT OF THIS TRANSACTION.
Exact Legal Name of Entity to be Licensed Northwestern Lake Forest Hospital
Address 660 North Westmoreland Road
City, State & Zip Code Lake Forest, IL 60045
Type of ownership of the current licensed entity (check one of the following:) Sole Proprietorship
X Not-for-Profit Corporation For Profit Corporation Partnership Governmental
Limited Liability Company Other, specify

7. BUILDING/SITE OWNERSHIP. NAME OF LEGAL ENTITY THAT WILL OWN THE "BRICKS AND MORTAR" (BUILDING) OF THE FACILITY NAMED IN THIS APPLICATION IF DIFFERENT FROM THE OPERATING/LICENSED ENTITY
Exact Legal Name of Entity That Will Own the Site Northwestern Lake Forest Hospital
Address 660 North Westmoreland Road
City, State & Zip Code Lake Forest, IL 60045
Type of ownership of the current licensed entity (check one of the following:) Sole Proprietorship
X Not-for-Profit Corporation For Profit Corporation Partnership Governmental
Limited Liability Company Other, specify

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

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

9. APPLICATION FEE. Submit the application fee in the form of a check or money order for \$2,500 payable to the Illinois Department of Public Health and append as **ATTACHMENT #1**.

10. FUNDING. Indicate the type and source of funds which will be used to acquire the facility (e.g., mortgage through Health Facilities Authority; cash gift from parent company, etc.) and append as **ATTACHMENT #2**.

11. ANTICIPATED ACQUISITION PRICE: \$ 5,502,000

12. FAIR MARKET VALUE OF THE FACILITY: \$ See Attachment Application Section 12
(to determine fair market value, refer to 77 IAC 1130.140)

13. DATE OF PROPOSED TRANSACTION: See Attachment Application Section 13

14. NARRATIVE DESCRIPTION. Provide a narrative description explaining the transaction, and append it to the application as **ATTACHMENT #3**.

15. BACKGROUND OF APPLICANT (co-applicants must also provide this information). Corporations and Limited Liability Companies must provide a current Certificate of Good Standing from the Illinois Secretary of State. Partnerships must provide the name and address of each partner and specify whether each is a general or limited partner. Append this information to the application as **ATTACHMENT #4**.

16. TRANSACTION DOCUMENTS. Provide a copy of the document(s) which detail the terms and conditions of the proposed transaction (purchase, lease, stock transfer, etc). Applicants should note that the document(s) submitted should reflect the applicant's (and co-applicant's, if applicable) involvement in the transaction. The document must be signed by both parties and contain language stating that the transaction is contingent upon approval of the Illinois Health Facilities Planning Board. Append this document(s) to the application as **ATTACHMENT #5**.

17. FINANCIAL INFORMATION (co-applicants must also provide this information). Per 77 IAC 1130.520(b)(3), an applicant must demonstrate it has sufficient funds to finance the acquisition **and** to operate the facility for 36 months by providing evidence of a bond rating of "A" or better (that must be less than two years old) from Fitch, Moody or Standard and Poor's rating agencies or evidence of compliance with the financial viability review criteria (as applicable) to the type of facility being acquired (as specified at 77 IAC 1120). Append as **ATTACHMENT #6**.

18. PRIMARY CONTACT PERSON. Individual representing the applicant to whom all correspondence and inquiries pertaining to this application are to be directed. (Note: other persons representing the applicant not named below will need written authorization from the applicant stating that such persons are also authorized to represent the applicant in relationship to this application).

Name: Bridget Orth

Address: 251 East Huron Street

City, State & Zip Code: Chicago, IL 60611

Telephone (312) 926-8650

Ext. _____

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

Name: Earl Barnes

Address: 251 East Huron Street

City, State & Zip Code: Chicago, IL 60611

Telephone (312) 926-2236

Ext. _____

20. CERTIFICATION

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

Signature of Authorized Officer See Attachment Application Section 20

Typed or Printed Name of Authorized Officer _____

Title of Authorized Officer: _____

Address: _____

City, State & Zip Code: _____

Telephone _____

Date: _____

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

**APPENDIX A
FACILITY BED AND DIALYSIS STATION CAPACITY AND CATEGORIES OF SERVICE**

Complete the following for the facility for which the change of ownership is requested. The facility's bed and dialysis station capacity must be consistent with the State Board's Inventory of Health Care Facilities.

FACILITY NAME Lake Forest Endoscopy Center (LFEC) CITY: Grayslake

1. Indicate (by placing an "X") the type of facility for which the change of ownership is requested:

- Hospital; Long-term Care Facility; Dialysis Facility; Ambulatory Surgical Treatment Center.

2. Provide the bed capacity by category of service:

SERVICE	# of Beds	SERVICE	# of Beds
Medical/Surgical	_____	Nursing Care	_____
Obstetrics	_____	Shelter Care	_____
Pediatrics	_____	DD Adults*	_____
Intensive Care	_____	DD Children**	_____
Acute Mental Illness	_____	Chronic Mental Illness	_____
Rehabilitation	_____	Children's Medical Care	_____
Neonatal Intensive Care	_____	Children's Respite Care	_____

*Includes ICF/DD 16 and fewer bed facilities; **Includes skilled pediatric 22 years and under

3. Chronic Renal Dialysis: Enter the number of ESRD stations: _____

4. Indicate (by placing an "X") those categories of service for which the facility is approved.

- | | |
|--------------------------------------|---|
| _____ Cardiac Catheterization | _____ Open Heart Surgery |
| _____ Subacute Care Hospital Model | _____ Kidney Transplantation |
| _____ Selected Organ Transplantation | _____ Postsurgical Recovery Care Center Model |

5. Non-Hospital Based Ambulatory Surgery and Ambulatory Surgical Treatment Centers

Indicate (by placing an "X") if the facility is a limited or multi-specialty facility and indicate the surgical specialties provided.

- | | |
|--|--------------------------|
| _____ Cardiovascular | _____ Ophthalmology |
| _____ Dermatology | _____ Oral/Maxillofacial |
| <input checked="" type="checkbox"/> Gastroenterology | _____ Orthopedic |
| _____ General/Other (includes any procedure that is not included in the other specialties) | _____ Otolaryngology |
| _____ Neurological | _____ Plastic Surgery |
| _____ Obstetrics/Gynecology | _____ Podiatry |
| | _____ Thoracic |
| | _____ Urology |

1. INFORMATION FOR EXISTING FACILITY

Current Facility Name: Lake Forest Endoscopy Center, LLC
Address: 1475 East Belvidere Road, Suite 303, Grayslake, IL 60030
County: Lake
Current Licensed Entity: Lake Forest Endoscopy Center, LLC

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

Neither Northwestern Lake Forest Hospital (NLFH) nor Lake Forest Endoscopy Center (LFEC) has any outstanding permits.

3. FACILITY'S BED OR DIALYSIS STATION CAPACITY BY CATEGORY OF SERVICE

LFEC is not licensed for inpatient beds or dialysis stations.

4. FACILITY'S OTHER CATEGORIES OF SERVICE

LFEC is a non-hospital based, limited specialty ambulatory surgery Center (ASTC) with 2 procedure rooms used for gastro-intestinal procedures.

5a. NAME OF APPLICANT

Exact Legal Name of Applicant Northwestern Memorial HealthCare
Address 251 East Huron Street
City, State & Zip Code Chicago, IL 60611
Type of ownership of the current licensed entity (check one of the following:) Sole Proprietorship
 Not-for-Profit Corporation For Profit Corporation Partnership Governmental
 Limited Liability Company Other, specify _____

5b. NAME OF APPLICANT

Exact Legal Name of Applicant Northwestern Lake Forest Hospital
Address 660 North Westmoreland Drive
City, State & Zip Code Lake Forest, IL 60045
Type of ownership of the current licensed entity (check one of the following:) Sole Proprietorship
 Not-for-Profit Corporation For Profit Corporation Partnership Governmental
 Limited Liability Company Other, specify _____

5c. NAME OF APPLICANT

Exact Legal Name of Applicant Lake Forest Endoscopy Center, LLC
Address 1475 East Belvidere Road, Suite 303
City, State & Zip Code Grayslake, IL 60030
Type of ownership of the current licensed entity (check one of the following:) Sole Proprietorship
 Not-for-Profit Corporation For Profit Corporation Partnership Governmental
 Limited Liability Company Other, specify _____

5d. NAME OF APPLICANT

Exact Legal Name of Applicant Lake Forest Endoscopy Physician Group, LLC
Address 1475 East Belvidere Road, Suite 301
City, State & Zip Code Grayslake, IL 60030
Type of ownership of the current licensed entity (check one of the following:) Sole Proprietorship
 Not-for-Profit Corporation For Profit Corporation Partnership Governmental
 Limited Liability Company Other, specify _____

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

NLFH will become the licensee/operating entity of LFEC as a result of this transaction. Immediately upon approval of this COE application, NLFH will become the operating entity of LFEC and will begin the process with the State of Illinois to legally become the licensee. LFEC, LLC will remain a legal entity until all accounts receivable have been received for services rendered prior to the transaction agreement being signed by NLFH and Lake Forest Endoscopy Physician Group, LLC. Once that process is complete, NLFH will become the licensee/operating entity of LFEC and LFEC, LLC will be dissolved.

7. BUILDING/SITE OWNERSHIP

The LFEC is located within the Grayslake Outpatient Center owned by NLFH.

8. TRANSACTION TYPE.

This transaction will be a purchase resulting in the issuance of a license to an entity different from current licensee.

9. APPLICATION FEE.

Attached is check # 27444 in the amount of \$2,500 payable to the Illinois Department of Public Health for the required application fee.

10. FUNDING. Indicate the type and source of funds which will be used to acquire the facility (e.g., mortgage through Heath Facilities Authority; cash gift from parent company, etc.).

The acquisition of 70% ownership interest will be funded by cash.

11. ANTICIPATED ACQUISITION PRICE.

The anticipated acquisition price is \$5,502,000. The fair market value was determined by a supporting independent valuation (see ATTACHMENT APPLICATION SECTION 12).

12. FAIR MARKET VALUE OF THE FACILITY.

In July, 2012, NMHC engaged Brown Gibbons Lang & Company to conduct a valuation analysis of Lake Forest Endoscopy Center. A fair market value range was determined for LFEC using four valuation methodologies: 1) Income Approach – Discounted Cash Flow Method, 2) Market Approach – Guideline Company Method, 3) Market Approach – Market Transaction Method, and 4) Asset Approach – Net Asset Value method. The fair market value of the concluded business enterprise and stockholders' equity of LFEC was concluded to be in the range of \$4,802,000 million - \$ 5,572,000 million.

13. DATE OF PROPOSED TRANSACTION.

The proposed agreement finalization with the Lake Forest Endoscopy Physician Group will occur immediately following HFSRB approval. NLFH will immediately assume 100% ownership and full operating responsibilities at that time. However, LFEC, LLC will remain a limited liability corporation for a period of 3-12 months in order to ensure proper payment for services up to the finalization of the agreement. NLFH anticipates that it will officially become the licensee no later than September 1, 2013.

14. NARRATIVE DESCRIPTION. Provide a narrative description explaining the transaction.

On July 24, 2007, the State Board approved Project #07-043 for the establishment of Lake Forest Endoscopy Center (LFEC), a limited specialty ASTC, in Grayslake. At the time of the permit issuance, LFEC was comprised of five members: 4 individual physicians (Mark Blitstein, M.D., Trevor Lissoos, M.D., Frank Martini, M.D., Alexander Tosiou, M.D.) and NLFH. The ownership structure was NLFH with 30% ownership and each physician with 17.5% ownership.

In May, 2008, the four physician owners formed an Illinois limited liability company known as Lake Forest Endoscopy Physician Group, LLC. On December 1, 2009, Project #09-038 was approved which transferred the ownership from the individual physicians to the new limited liability company. NLFH's ownership of 30% remained unchanged. At the end of 2009, an additional physician, Tara Troy, M.D., was added to the Lake Forest Endoscopy Physician Group, LLC.

In September, 2012, NLFH was informed by the Lake Forest Endoscopy Physician Group (majority shareholders in LFEC) that they were in the process of selling their group practice and becoming employed by a Northwestern Medical Faculty Foundation (NMFF), a large multi-specialty physician group. As part of the original corporate structure, the Lake Forest Endoscopy Physician Group must allow NLFH the right of first refusal to purchase their 70% share upon dissolution of their physician group.

Today, NLFH, LFEC, and Lake Forest Endoscopy Physician Group, LLC seek approval of this Certificate of Exemption (COE) to exercise this option and allow for the transfer 70% ownership from Lake Forest Endoscopy Physician Group, LLC to NLFH. If this COE is approved, NLFH would have 100% ownership. At the end of this transaction, LFEC would be a wholly owned corporation of NLFH and will be dissolved at the end of the accounts receivable run-out process.

By becoming the sole owner of LFEC, NLFH'S charity care policy and non-profit mission will be in place for LFEC patients. Patients who meet NLFH's charity care guidelines will be provided care regardless of their ability to pay. In addition, LFEC will be in compliance with all regulatory and JCAHO standards that are required.

This transaction is triggered by the changing landscape for physicians who see benefits for both their practices as well as patients by aligning with larger physician practices. The purchase of 70% of the shares of LFEC will allow NLFH to continue to provide a valued and needed service for the residents of central Lake County.

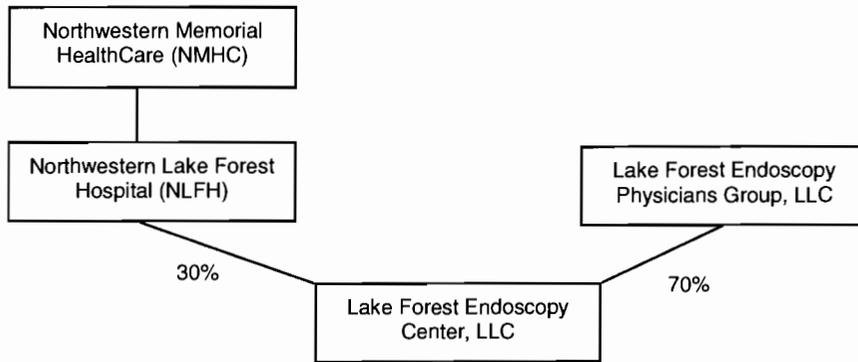
15. BACKGROUND OF APPLICANT.

There are four applicants for this Certificate of Exemption for Change of Ownership:

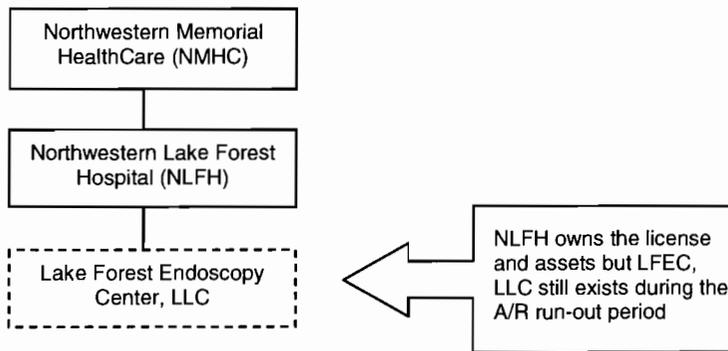
1. Northwestern Memorial HealthCare (NMHC)
2. Northwestern Lake Forest Hospital (NLFH)
3. Lake Forest Endoscopy Center, LLC
4. Lake Forest Endoscopy Physician Group, LLC

Northwestern Memorial Healthcare (NMHC) is the sole corporate member of Northwestern Lake Forest Hospital (LFH).

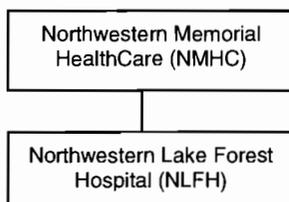
Organization Chart – Pre-approval



Organization Chart – Post-approval Phase I



Organization Chart – Post-approval Transaction Completion



Certificates of Good Standing are included in Attachment #4:

Attachment #4a – Northwestern Memorial Healthcare

Attachment #4b – Northwestern Lake Forest Hospital

Attachment #4c – Lake Forest Endoscopy Center, LLC

Attachment #4d – Lake Forest Endoscopy Physician Group, LLC



To all to whom these Presents Shall Come, Greeting:

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

NORTHWESTERN MEMORIAL HEALTHCARE, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON NOVEMBER 30, 1981, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



Authentication #: 1230501314

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

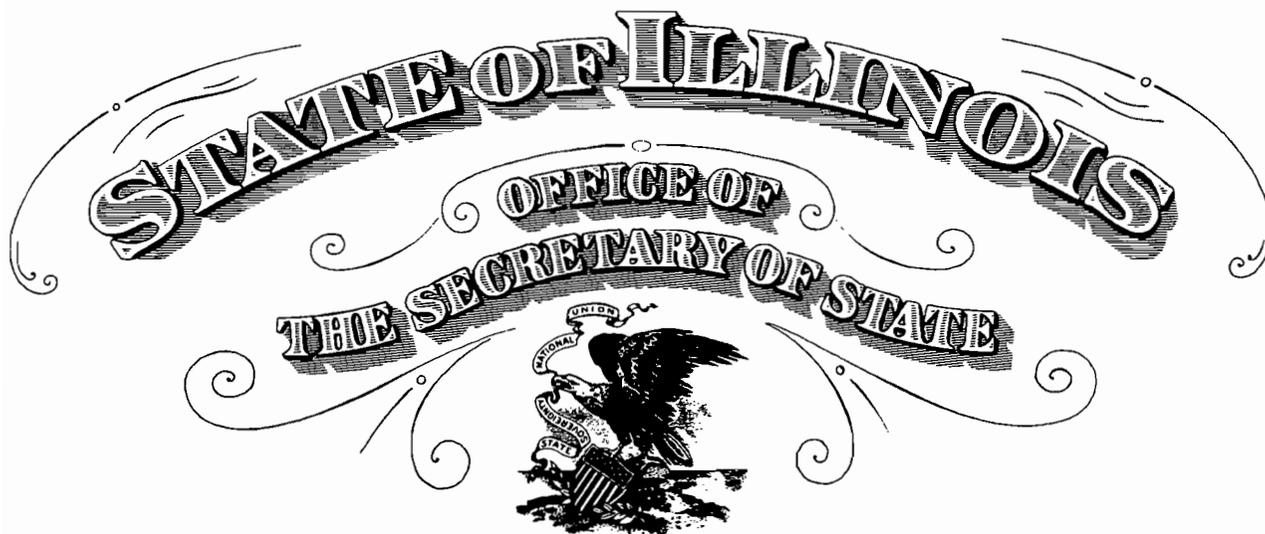
In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 31ST day of OCTOBER A.D. 2012 .

Jesse White

SECRETARY OF STATE

ATTACHMENT #4

ATTACHMENT APPLICATION SECTION 15



To all to whom these Presents Shall Come, Greeting:

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

NORTHWESTERN LAKE FOREST HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON DECEMBER 10, 1918, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



Authentication #: 1230501338

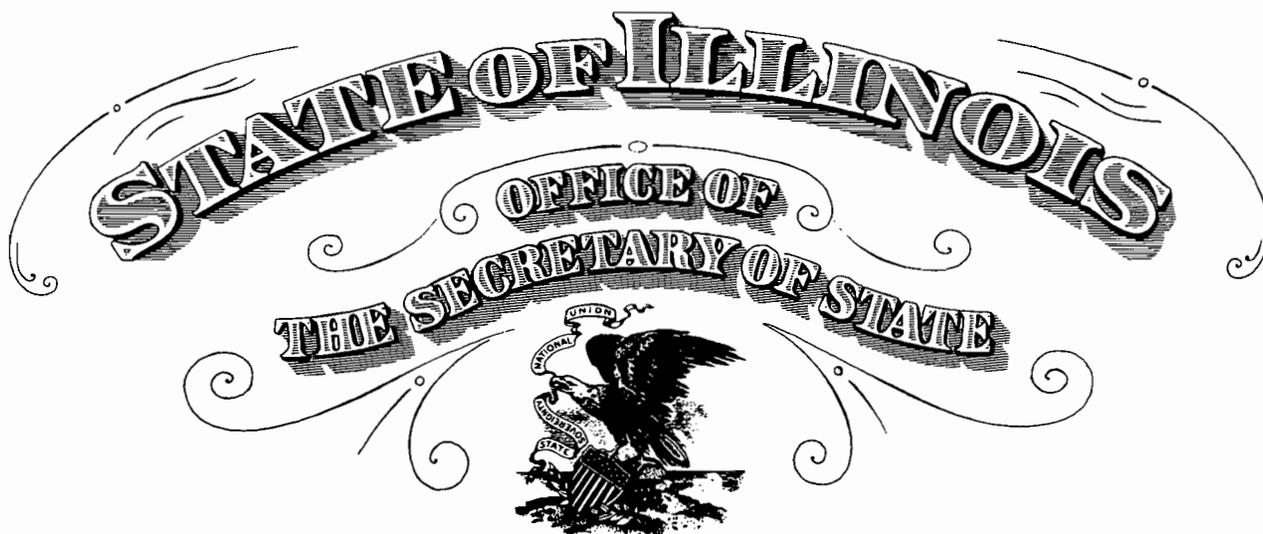
Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 31ST day of OCTOBER A.D. 2012 .

Jesse White

SECRETARY OF STATE

ATTACHMENT #4
ATTACHMENT APPLICATION SECTION 15



To all to whom these Presents Shall Come, Greeting:

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

LAKE FOREST ENDOSCOPY CENTER LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON NOVEMBER 08, 2006, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.



Authentication #: 1230501392

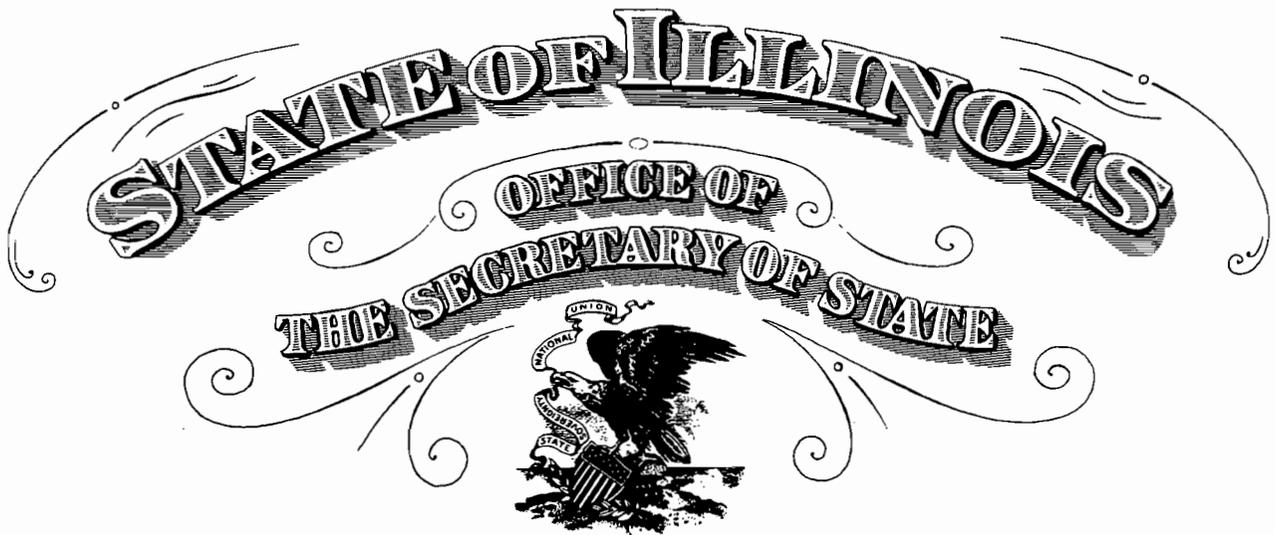
Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, I hereto set
*my hand and cause to be affixed the Great Seal of
the State of Illinois, this 31ST
day of OCTOBER A.D. 2012 .*

Jesse White

SECRETARY OF STATE

ATTACHMENT #4
ATTACHMENT APPLICATION SECTION 15



To all to whom these Presents Shall Come, Greeting:

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

LAKE FOREST ENDOSCOPY PHYSICIAN GROUP, LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON MAY 29, 2008, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 31ST day of OCTOBER A.D. 2012 .



Authentication #: 1230501450

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

Jesse White

SECRETARY OF STATE

ATTACHMENT #4
ATTACHMENT APPLICATION SECTION 15

16. TRANSACTION DOCUMENTS.

Attached is a copy of the signed transaction document.

MEMBERSHIP INTEREST PURCHASE AGREEMENT

AMONG

NORTHWESTERN LAKE FOREST HOSPITAL,

LAKE FOREST ENDOSCOPY PHYSICIANS GROUP, LLC

AND

MARK BLITSTEIN, M.D., TREVOR LISSOOS, M.D., FRANK G. MARTINI, M.D.,
ALEXANDER TOSIOU, M.D., AND TARA N. TROY, M.D.

DATED AS OF

FEBRUARY 1, 2013

TABLE OF CONTENTS

	<u>Page</u>
1. Definitions.....	1
2. Purchase and Sale	8
2.1 Purchase and Sale	8
2.2 Purchase Price.....	8
2.3 Transactions to be Effected at the Closing	8
2.4 Closing.....	9
2.5 Withholding Tax	9
3. Representations and Warranties of Seller and the Physicians	9
3.1 Organization, Qualification and Authority of LFEC and Seller.....	9
3.2 Authority of the Physicians.....	10
3.3 Capitalization.....	10
3.4 Subsidiaries	10
3.5 No Conflicts; Consents	10
3.6 Financial Statements	11
3.7 Undisclosed Liabilities.....	11
3.8 Absence of Certain Changes, Events and Conditions.....	11
3.9 Material Contracts.....	14
3.10 Title to Assets; Real Property	15
3.11 Banking.....	16
3.12 Intellectual Property.....	16
3.13 Inventory.....	17
3.14 Accounts Receivable.....	18
3.15 Insurance.....	18
3.16 Legal Proceedings; Governmental Orders	19

3.17	Compliance With Laws; Licenses; Permits	19
3.18	Special Healthcare Funds.....	21
3.19	Other Healthcare Matters	21
3.20	Certain Sensitive Payments.....	22
3.21	Certain Healthcare Reports and Documents	22
3.22	Environmental Matters.....	23
3.23	Employee Benefit Matters	24
3.24	Employment Matters.....	26
3.25	Taxes	27
3.26	Books and Records	29
3.27	Brokers	30
3.28	Related Party Transactions	30
3.29	Full Disclosure	30
4.	Representations and Warranties of Buyer.....	30
4.1	Organization and Authority of Buyer	30
4.2	No Conflicts; Consents	31
4.3	Disclosure	31
5.	Covenants.....	31
5.1	Conduct of Business Prior to the Closing.....	31
5.2	Access to Information.....	32
5.3	No Solicitation of Other Bids	32
5.4	Notice of Certain Events.....	33
5.5	Healthcare Approvals.....	33
5.6	Confidentiality	34
5.7	Noncompetition; Nonsolicitation.....	34

5.8	Governmental Approvals and Consents.....	35
5.9	Books and Records	37
5.10	Closing Conditions.....	37
5.11	Public Announcements	38
5.12	Audits of Financial Statements of LFEC.....	38
5.13	Employee Benefits and Benefit Plans Post-Closing	38
5.14	Further Assurances.....	38
5.15	Disclosure Schedules	38
6.	Tax Matters	39
6.1	Tax Covenants	39
6.2	Termination of Existing Tax Sharing Agreements	40
6.3	Contests.....	40
6.4	Cooperation and Exchange of Information.....	40
6.5	Survival.....	41
6.6	Overlap.....	41
7.	Conditions to Closing	41
7.1	Conditions to Obligations of Buyer	41
7.2	Conditions to Obligations of Seller and the Physicians.....	43
8.	Indemnification	44
8.1	Survival.....	44
8.2	Indemnification By Seller and the Physicians	44
8.3	Indemnification By Buyer.....	45
8.4	Certain Limitations	45
8.5	Indemnification Procedures	46
8.6	Payments	48

8.7	Tax Treatment of Indemnification Payments	48
8.8	Effect of Investigation.....	48
8.9	Exclusive Remedies.....	49
8.10	Protection of Indemnity	49
9.	Termination.....	49
9.1	Termination.....	49
9.2	Effect of Termination.....	50
10.	Miscellaneous	50
10.1	Expenses	50
10.2	Notices	50
10.3	Interpretation.....	51
10.4	Headings	52
10.5	Severability	52
10.6	Entire Agreement.....	52
10.7	Successors and Assigns.....	52
10.8	No Third-party Beneficiaries	52
10.9	Amendment and Modification; Waiver	52
10.10	Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.....	53
10.11	Specific Performance	54
10.12	Counterparts.....	54

LIST OF SCHEDULES AND EXHIBITS

SCHEDULES

<u>Schedule</u>	<u>Title</u>
3.5	Seller Consents
3.6	Financial Statements
3.9(a)	LFEC Contracts
3.10(a)	Permitted Encumbrances
3.10(b)	Real Property
3.11	Banking
3.12	Intellectual Property
3.15	Insurance
3.17(e)	Permits
3.17(f)	CMS Agreements
3.19(b)	Recoupment Claims
3.19(c)	Overpayments and Refunds
3.19(d)	LFEC's Third-Party Payors
3.23(a)	Employee Benefit Plans
3.24(a)	Employees, Consultants and Contractors
3.25	Tax Information
3.28	Related Party Transactions
7.1(q)	Nonterminated Contracts

MEMBERSHIP INTEREST PURCHASE AGREEMENT

THIS MEMBERSHIP INTEREST PURCHASE AGREEMENT (this "Agreement"), dated as of February 1, 2013, is entered into among NORTHWESTERN LAKE FOREST HOSPITAL, an Illinois not-for-profit corporation ("Buyer") and LAKE FOREST ENDOSCOPY PHYSICIANS GROUP, LLC ("Seller"), and MARK BLITSTEIN, M.D., TREVOR LISSOOS, M.D., FRANK G. MARTINI, M.D., ALEXANDER TOSIOU, M.D., AND TARA N. TROY, M.D., (individually a "Physician" and collectively the "Physicians").

RECITALS

- A. Seller owns 70% of the issued and outstanding membership interests (the "Membership Interests") in Lake Forest Endoscopy Center, LLC, an Illinois limited liability company ("LFEC").
- B. The Physicians own 100% of the membership interest of Seller.
- C. Seller wishes to sell to Buyer, and Buyer wishes to purchase from Seller, the Membership Interests, subject to the terms and conditions set forth herein.

AGREEMENTS

In consideration of the mutual covenants and agreements set forth below and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions. The following terms have the meanings specified or referred to in this section 1:

1.1 "Acquisition Proposal" has the meaning set forth in section 5.3(a).

1.2 "Action" means any claim, action, charge, suit, cause of action, demand, lawsuit, arbitration, inquiry, request for information, audit, notice of violation, proceeding, hearing, appeal, judicial review, litigation, citation, summons, subpoena or investigation of any nature (civil, criminal, administrative, regulatory or otherwise), whether at law or in equity, commenced, brought or conducted by any Person.

1.3 "Affiliate" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

1.4 "AGLD" has the meaning set forth in section 7.1(n).

1.5 "Agreement" has the meaning set forth in the preamble.

- 1.6 "Allocation Statement" has the meaning set forth in section 6.1(a).
- 1.7 "ASC" means ambulatory surgery center.
- 1.8 "Assignment" has the meaning set forth in section 2.3(b)(i).
- 1.9 "Auditor" has the meaning set forth in section 5.12.
- 1.10 "Balance Sheet" has the meaning set forth in section 3.6.
- 1.11 "Balance Sheet Date" has the meaning set forth in section 3.6.
- 1.12 "Benefit Plan" has the meaning set forth in section 3.23(a).
- 1.13 "Business" shall mean the ownership in, and the management and operation of, LFEC's ASC.
- 1.14 "Business Day" means any day except Saturday, Sunday or any other day on which commercial banks located in Chicago, Illinois are authorized or required by Law to be closed for business.
- 1.15 "Buyer" has the meaning set forth in the preamble.
- 1.16 "Buyer Indemnity Exclusions" has the meaning set forth in section 8.4(a).
- 1.17 "Buyer Indemnitees" has the meaning set forth in section 8.2.
- 1.18 "CERCLA" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. §§ 9601 et seq.).
- 1.19 "Closing" has the meaning set forth in section 2.4.
- 1.20 "Closing Date" has the meaning set forth in section 2.4.
- 1.21 "CMS" has the meaning set forth in section 3.17(f).
- 1.22 "Code" means the Internal Revenue Code of 1986, as amended.
- 1.23 "Contracts" means all contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral.
- 1.24 "Direct Claim" has the meaning set forth in section 8.5(c).
- 1.25 "Disclosure Schedules" means the disclosure schedules delivered by Seller and Buyer concurrently with the execution and delivery of this Agreement.
- 1.26 "Dollars" or "\$" means the lawful currency of the United States.

1.27 "Encumbrance" means any charge, claim, community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, mortgage, easement, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

1.28 "Environmental Claim" means any Action, Governmental Order, Encumbrance, fine, penalty or, as to each, any settlement or judgment arising therefrom, by or from any Person alleging liability of whatever kind or nature (including liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural resources damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from: (a) the presence, Release of, or exposure to, any Hazardous Materials; or (b) any actual or alleged noncompliance with any Environmental Law or term or condition of any Environmental Permit.

1.29 "Environmental Law" means any Law, and any Governmental Order or binding agreement with any Governmental Authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials. The term "Environmental Law" includes, without limitation, the following (including their implementing regulations and any state analogs): CERCLA; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984 (42 U.S.C. §§ 6901 et seq.); the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977 (33 U.S.C. §§ 1251 et seq.); the Toxic Substances Control Act of 1976, as amended (15 U.S.C. §§ 2601 et seq.); the Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. §§ 11001 et seq.); the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990 (42 U.S.C. §§ 7401 et seq.); and the Occupational Safety and Health Act of 1970, as amended (29 U.S.C. §§ 651 et seq.).

1.30 "Environmental Notice" means any directive, notice of violation or infraction, or notice of any Environmental Claim relating to actual or alleged noncompliance with any Environmental Law or any term or condition of any Environmental Permit.

1.31 "Environmental Permit" means any Permit, letter, clearance, consent, waiver, closure, exemption, decision or other action required under or issued, granted, given, authorized by or made pursuant to Environmental Law.

1.32 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

1.33 "ERISA Affiliate" means, with respect to any Person, any other Person that, together with such first Person, would be treated as a single employer within the meaning of section 414(b), (c), (m) or (o) of the Code.

1.34 "Financial Statements" has the meaning set forth in section 3.6.

1.35 "GAAP" means United States generally accepted accounting principles in effect from time to time, consistently applied.

1.36 "Governmental Authority" means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other nongovernmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

1.37 "Governmental Healthcare Program" has the meaning set forth in section 3.17(c).

1.38 "Governmental Order" means any order, writ, judgment, injunction, decree, stipulation, determination, penalty or award entered by or with any Governmental Authority.

1.39 "Guaranties" has the meaning set forth in section 7.2(h).

1.40 "Hazardous Materials" means: (i) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; and (ii) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation, and polychlorinated biphenyls.

1.41 "Health Information Laws" has the meaning set forth in section 3.17(a).

1.42 "Healthcare Approvals" has the meaning set forth in section 5.5.

1.43 "Healthcare Laws" has the meaning set forth in section 3.17(a).

1.44 "Healthcare Reimbursement Contract or Program" means any arrangement providing for the payment or reimbursement to LFEC of the costs of healthcare goods or services, including without limitation Medicare and Medicaid.

1.45 "Healthcare Reports" has the meaning set forth in section 3.21.

1.46 "HIPAA" has the meaning set forth in section 3.17(a).

1.47 "Indemnified Party" has the meaning set forth in section 8.5.

- 1.48 "Indemnifying Party" has the meaning set forth in section 8.5.
- 1.49 "Insurance Policies" has the meaning set forth in section 3.15.
- 1.50 "Intellectual Property" has the meaning set forth in section 3.12(a).
- 1.51 "Intellectual Property Registrations" has the meaning set forth in section 3.12(b).
- 1.52 "Interim Balance Sheet" has the meaning set forth in section 3.6.
- 1.53 "Interim Balance Sheet Date" has the meaning set forth in section 3.6.
- 1.54 "Interim Financial Statements" has the meaning set forth in section 3.6.
- 1.55 "Joint Commission," formerly known as the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), means the United States-based not-for-profit organization that accredits health care organizations and programs in the United States.
- 1.56 "Knowledge of Buyer" or "Buyer's Knowledge" or any other similar knowledge qualification means the actual knowledge of any director, managing member, manager, officer or member of senior management of Buyer.
- 1.57 "Knowledge of Seller" or "Seller's Knowledge" or any other similar knowledge qualification means the actual knowledge of any Physician or any other director, managing member, manager, officer or member of senior management of Seller or LFEC.
- 1.58 "Law" means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, Governmental Order or other legal requirement.
- 1.59 "LFEC" has the meaning set forth in the recitals.
- 1.60 "LFEC Benefit Plan" has the meaning set forth in section 3.23(a).
- 1.61 "LFEC Intellectual Property" has the meaning set forth in section 3.12(b).
- 1.62 "Liabilities" has the meaning set forth in section 3.7.
- 1.63 "Losses" means losses, damages, Liabilities, deficiencies, Actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers; provided, however, that "Losses" shall not include punitive damages, except in the case of fraud or to the extent actually awarded to a Governmental Authority or other third party.
- 1.64 "Material Adverse Effect" means any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to (a) the business, results of operations, prospects, condition (financial or

otherwise) or assets of LFEC or (b) the ability of Seller to consummate the transactions contemplated hereby on a timely basis.

1.65 "Material Contracts" has the meaning set forth in section 3.9(a).

1.66 "Medicaid" means Title XIX of the Social Security Act, as amended, or any successor Law, and all regulations issued pursuant thereto and any successor Law, and the Laws of the State of Illinois passed or promulgated in connection with programs administered under Title XIX of the Social Security Act.

1.67 "Medical Waste" has the meaning set forth in section 3.22(g).

1.68 "Medical Waste Law" has the meaning set forth in section 3.22(g).

1.69 "Medicare" means Title XVIII of the Social Security Act, as amended, or any successor Law, and all regulations issued pursuant thereto and any successor Law.

1.70 "Membership Interests" has the meaning set forth in the recitals.

1.71 "MWTA" has the meaning set forth in section 3.22(g).

1.72 "Organizational Documents" means (a) in the case of a Person that is a corporation, its articles or certificate of incorporation and its By-Laws, regulations or similar governing instruments required by the laws of its jurisdiction of formation or organization; (b) in the case of a Person that is a partnership, its articles or certificate of partnership, formation or association, and its partnership agreement (in each case, limited, limited liability, general or otherwise); (c) in the case of a Person that is a limited liability company, its articles or certificate of formation or organization, and its limited liability company agreement or operating agreement; and (d) in the case of a Person that is none of a corporation, partnership (limited, limited liability, general or otherwise), limited liability company or natural person, its governing instruments as required or contemplated by the Laws of its jurisdiction of organization.

1.73 "Permit" means any and all permits, licenses, franchises, approvals, authorizations, registrations, certificates, variances and similar rights obtained, or required to be obtained, from Governmental Authorities.

1.74 "Permitted Encumbrances" has the meaning set forth in section 3.10(a).

1.75 "Person" means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

1.76 "Post-Closing Tax Period" means any taxable period beginning after the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period beginning after the Closing Date.

1.77 "Pre-Closing Tax Period" means any taxable period ending on or before the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period ending on and including the Closing Date.

1.78 "Purchase Price" has the meaning set forth in section 2.2.

1.79 "Purchased Assets" has the meaning set forth in section 6.1(a).

1.80 "Qualified Benefit Plan" has the meaning set forth in section 3.23(b).

1.81 "Real Property" means the real property owned, leased or subleased by LFEC, together with all buildings, structures and facilities located thereon.

1.82 "Recoupment Claims" has the meaning set forth in section 3.19(b).

1.83 "Release" means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to escape or migrate into or through the environment (including, without limitation, ambient air (indoor or outdoor), surface water, groundwater, land surface or subsurface strata or within any building, structure, facility or fixture).

1.84 "Representative" means, with respect to any Person, any and all directors, managing members, managers, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

1.85 "Restricted Business" means the development, management, operation, ownership of ASCs, hospitals, or other in-patient or out-patient medical facility within a ten (10) mile radius of the location of LFEC's ASC as of the Closing Date.

1.86 "Restricted Period" has the meaning set forth in section 5.7(a).

1.87 "Seller" has the meaning set forth in the preamble.

1.88 "Seller Basket Exclusions" has the meaning set forth in section 8.4(c).

1.89 "Seller Indemnitees" has the meaning set forth in section 8.3.

1.90 "Sensitive Payments" has the meaning set forth in section 3.20.

1.91 "Straddle Period" has the meaning set forth in section 6.1(c).

1.92 "Subsidiary" of a Person means any corporation, partnership, joint venture, limited liability company, unincorporated organization, trust, association or other entity in which such Person holds, directly or indirectly, any ownership interest.

1.93 "Tax Claim" has the meaning set forth in section 6.3.

1.94 "Tax Return" means any return, declaration, report, claim for refund, information return or statement or other document relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

1.95 "Taxes" means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, social security (or similar), employment, unemployment, disability, estimated, excise, severance, environmental (including taxes under Code section 59A), stamp, occupation, premium, property (real or personal), real property gains, alternative or add-on minimum, windfall profits, estimated, customs, duties, capital stock or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest, additions or penalties with respect thereto, whether disputed or not, and any interest in respect of such additions or penalties and including any obligation to indemnify or otherwise assume or succeed to the Tax liability of any other Person.

1.96 "Territory" means the United States of America.

1.97 "Third Party Claim" has the meaning set forth in section 8.5(a).

1.98 "Transaction" has the meaning set forth in section 2.4.

1.99 "Transaction Documents" means this Agreement and the Assignment.

1.100 "Unaudited Financial Statements" has the meaning set forth in section 3.6.

1.101 "Union" has the meaning set forth in section 3.24(b).

2. Purchase and Sale.

2.1 Purchase and Sale. Subject to the terms and conditions set forth herein, at the Closing, Seller shall sell to Buyer, and Buyer shall purchase from Seller, all of Seller's right, title and interest in and to the Membership Interests, free and clear of all Encumbrances.

2.2 Purchase Price. The aggregate purchase price for the Membership Interests shall be \$5,502,000 (the "Purchase Price").

2.3 Transactions to be Effected at the Closing.

(a) At the Closing, Buyer shall deliver or cause to be delivered to Seller:

(i) The Purchase Price in cash by wire transfer to an account designated by Seller.

(ii) The Transaction Documents and all other agreements, documents, instruments or certificates required to be delivered by Buyer at or prior to the Closing pursuant to section 7(b).

(b) At the Closing, Seller shall deliver to Buyer:

(i) An assignment of the Membership Interests to Buyer (the "Assignment");

(ii) The other Transaction Documents and all other agreements, documents, instruments or certificates required to be delivered by Seller at or prior to the Closing pursuant to section 7(a); and

(iii) All limited liability company record books, minute books and organizational documents of LFEC.

2.4 Closing. Subject to the terms and conditions of this Agreement, the purchase and sale of the Membership Interests contemplated hereby (the "Transaction") shall take place at a closing (the "Closing") to be held at 10 a.m., Central Time, no earlier than June 30, 2013 and no later than two Business Days after the last of the conditions to Closing set forth in section 7 have been satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date), at the Lake Forest offices of Buyer, or at such other time or on such other date or at such other place as Seller and Buyer may mutually agree upon in writing (the day on which the Closing takes place being the "Closing Date").

2.5 Withholding Tax. Buyer and LFEC shall be entitled to deduct and withhold from the Purchase Price all Taxes that Buyer or LFEC may be required to deduct and withhold under any provision of Law relating to Taxes. All such withheld amounts that are the obligations of Seller under any applicable Law relating to Taxes shall be treated as delivered to Seller hereunder.

3. Representations and Warranties of Seller and the Physicians. Seller and the Physicians jointly and severally represent and warrant to Buyer that the statements contained in this section 3 are true and correct as of the date of this Agreement and at and as of the Closing Date.

3.1 Organization, Qualification and Authority of LFEC and Seller. LFEC is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Illinois. LFEC has full limited liability company power and authority to own, operate and lease the properties and assets now owned, operated or leased by it and to carry on its business as it has been and is currently conducted. LFEC is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it or the operation of its business as currently conducted makes such licensing or qualification necessary. All limited liability company actions taken by LFEC in connection with this Agreement and the other Transaction Documents have been or will be duly authorized on or prior to the Closing. Complete and correct copies of the organizational documents, including, without limitation, the operating agreement, of LFEC have been provided to Buyer. Seller has full limited liability company power and authority to enter into this Agreement and the other Transaction Documents to which Seller is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Seller of this Agreement and any other Transaction Document to which Seller is

a party, the performance by Seller of its obligations hereunder and thereunder and the consummation by Seller of the transactions contemplated hereby and thereby have been duly authorized by all requisite limited liability company action on the part of Seller. This Agreement has been duly executed and delivered by Seller, and this Agreement constitutes a legal, valid and binding obligation of Seller enforceable against Seller in accordance with its terms. When each other Transaction Document to which Seller is or will be a party has been duly executed and delivered by Seller, such Transaction Document will constitute a legal and binding obligation of Seller enforceable against it in accordance with its terms.

3.2 Authority of the Physicians. Each Physician has the authority to enter into this Agreement and the other Transaction Documents to which such Physician is a party, to carry out such Physician's obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. This Agreement has been duly executed and delivered by each Physician, and this Agreement constitutes a legal, valid and binding obligation of each Physician enforceable against such Physician in accordance with its terms. When each other Transaction Document to which a Physician is or will be a party has been duly executed and delivered by such Physician, such Transaction Document will constitute a legal and binding obligation of such Physician enforceable against such Physician in accordance with its terms.

3.3 Capitalization.

(a) Seller is the record owner of and has good and valid title to the Membership Interests, free and clear of all Encumbrances. The Membership Interests constitute 70% of the total issued and outstanding membership interests in LFEC. The Membership Interests have been duly authorized and are validly issued, fully paid and nonassessable. Upon consummation of the transactions contemplated by this Agreement, Buyer shall own all of the Membership Interests, free and clear of all Encumbrances.

(b) To Seller's Knowledge, the Membership Interests were issued in compliance with all applicable Laws. The Membership Interests were not issued in violation of the Organizational Documents of LFEC or any other agreement, arrangement or commitment to which Seller or LFEC is a party and are not subject to or in violation of any preemptive or similar rights of any Person.

(c) There are no outstanding or authorized options, warrants, convertible securities or other rights, agreements, arrangements or commitments of any character relating to any of the Membership Interests. Other than the Organizational Documents of LFEC provided to Buyer, there are no voting trusts, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the Membership Interests.

3.4 Subsidiaries. LFEC does not have any Subsidiary or otherwise hold, directly or indirectly, any ownership interests of any Person or business.

3.5 No Conflicts; Consents. The execution, delivery and performance by Seller and the Physicians of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of

the Organizational Documents of Seller or LFEC; (b) conflict with or result in a violation or breach of any provision of any Law applicable to Seller, the Physicians or, to Seller's Knowledge, LFEC; (c) other than as set forth on section 3.5 of the Disclosure Schedule, require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Contract to which Seller, the Physicians or LFEC is a party or by which Seller, the Physicians or LFEC is bound or to which any of their respective properties and assets are subject (including any Material Contract) or any Permit affecting the properties, assets or business of LFEC or the Physicians (provided that, with respect to LFEC, the representations and warranties set forth in this clause (c) are made to Seller's Knowledge); or (d) to Seller's Knowledge, result in the creation or imposition of any Encumbrance other than Permitted Encumbrances on any properties or assets of LFEC. Except as set forth on section 3.5 of the Disclosure Schedules, no consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Seller, the Physicians or, to Seller's Knowledge, LFEC in connection with the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby.

3.6 Financial Statements. Complete copies of the unaudited financial statements of LFEC consisting of the balance sheets as of December 31 in each of the years 2010 and 2011 and the related statements of income and retained earnings, members' equity and cash flows for the years then ended (the "Unaudited Financial Statements"), and unaudited financial statements of LFEC consisting of the balance sheet as of September 30, 2012 and the related statements of income and retained earnings, members' equity and cash flow for the nine-month period then ended (the "Interim Financial Statements" and together with the Unaudited Financial Statements, the "Financial Statements") are attached as section 3.6 of the Disclosure Schedules. To Seller's Knowledge, the Financial Statements are based on the books and records of LFEC, and fully and fairly present the financial condition of LFEC as of the respective dates they were prepared and the results of the operations of LFEC for the periods indicated. The balance sheet of LFEC as of December 31, 2011 is referred to herein as the "Balance Sheet" and the date thereof as the "Balance Sheet Date" and the balance sheet of LFEC as of September 30, 2012 is referred to herein as the "Interim Balance Sheet" and the date thereof as the "Interim Balance Sheet Date."

3.7 Undisclosed Liabilities. To Seller's Knowledge, LFEC has no liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise ("Liabilities"), except (a) those which are adequately reflected or reserved against on the face of the Balance Sheet as of the Balance Sheet Date, and (b) those which have been incurred in the ordinary course of business consistent with past practice since the Balance Sheet Date and which are not, individually or in the aggregate, material in amount.

3.8 Absence of Certain Changes, Events and Conditions. Since January 1, 2012, and other than in the ordinary course of business consistent with past practice, there has not been, with respect to LFEC, any:

- (a) To Seller's Knowledge, event, occurrence or development that has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;
- (b) Amendment of the Organizational Documents of LFEC;
- (c) Split, combination or reclassification affecting any of the Membership Interests;
- (d) Issuance, sale or other disposition of, or creation of any Encumbrance on, any membership interests in LFEC, or grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange or exercise) any membership interests in LFEC;
- (e) Declaration or payment of any distributions on or in respect of any of the Membership Interests or redemption, purchase or acquisition of any of the outstanding membership interests or LFEC;
- (f) To Seller's Knowledge, material change in any method of accounting or accounting practice of LFEC, except as required by GAAP or as disclosed in the notes to the Financial Statements;
- (g) To Seller's Knowledge, material change in LFEC's cash management practices and its policies, practices and procedures with respect to collection of accounts receivable, establishment of reserves for uncollectible accounts, accrual of accounts receivable, inventory control, prepayment of expenses, payment of trade accounts payable, accrual of other expenses, deferral of revenue and acceptance of customer deposits;
- (h) Entry into any Contract that would constitute a Material Contract;
- (i) Incurrence, assumption or guarantee of any indebtedness for borrowed money except unsecured current obligations and Liabilities incurred in the ordinary course of business consistent with past practice;
- (j) Transfer, assignment, sale or other disposition of any of LFEC's assets or cancellation of any debts or entitlements;
- (k) Material damage, destruction or loss (whether or not covered by insurance) to its property;
- (l) Any capital investment in, or any loan to, any other Person;
- (m) Acceleration, termination, material modification to or cancellation of any Contract (including, but not limited to, any Material Contract) to which LFEC is a party or by which it is bound;
- (n) Any capital expenditures in excess of \$5,000;

(o) To Seller's Knowledge, imposition of any Encumbrance upon any of LFEC's properties or assets, tangible or intangible;

(p) (i) grant of any bonuses, whether monetary or otherwise, or increase in any wages, salary, severance, pension or other compensation or benefits in respect of its employees, members, managers, consultants or independent contractors, other than as provided for in any written agreements in place prior to such action or required by applicable Law, (ii) change in the terms of employment for any employee or any termination of any employees for which the aggregate costs and expenses exceed \$10,000, or (iii) action to accelerate the vesting or payment of any compensation or benefit for any employee, member, manager, consultant or independent contractor;

(q) Adoption, modification or termination of any: (i) employment, consulting, severance, retention or other agreement with an employee or independent contractor, (ii) LFEC Benefit Plan or (iii) collective bargaining or other agreement with a Union, in each case whether written or oral;

(r) Any transaction by LFEC with Seller, any of the Physicians or any of their respective Affiliates;

(s) Entry into a new line of business or abandonment or discontinuance of existing lines of business;

(t) Adoption of any plan of merger, consolidation, reorganization, liquidation or dissolution or filing of a petition in bankruptcy under any provisions of federal or state bankruptcy Law or consent to the filing of any bankruptcy petition against LFEC under any similar Law;

(u) Purchase, lease or other acquisition of the right to own, use or lease any property or assets for an amount in excess of \$25,000, individually (in the case of a lease, per annum) or \$50,000 in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of inventory or supplies in the ordinary course of business consistent with past practice;

(v) Acquisition by merger or consolidation with, or by purchase of a substantial portion of the assets, stock or other equity of, or by any other manner, any business or any Person or any division thereof;

(w) Action by LFEC to make, change or rescind any Tax election, amend any Tax Return or take any position on any Tax Return, take any action, omit to take any action or enter into any other transaction that would have the effect of increasing the Tax liability or reducing any Tax asset of Buyer in respect of any Post-Closing Tax Period; or

(x) Any Contract to do any of the foregoing, or any action or omission that would result in any of the foregoing.

3.9 Material Contracts.

(a) To Seller's Knowledge, section 3.9(a) of the Disclosure Schedules lists each of the following Contracts of LFEC (such Contracts, together with all Contracts concerning the occupancy, management or operation of any Real Property (including without limitation, brokerage contracts) listed or otherwise disclosed in section 3.10(b) of the Disclosure Schedules and all Contracts relating to LFEC Intellectual Property, being "Material Contracts"):

(i) Each Contract involving aggregate consideration in excess of \$25,000;

(ii) All Contracts that require LFEC to purchase its total requirements of any product or service from a third party or that contain "take or pay" provisions;

(iii) All Contracts that provide for the indemnification by LFEC of any Person or the assumption of any Tax, environmental or other Liability of any Person;

(iv) All Contracts that relate to the acquisition or disposition of any business, a material amount of equity or assets of any other Person or any real property (whether by merger, sale of stock or other equity interests, sale of assets or otherwise);

(v) All broker, agency, sales promotion, market research, marketing consulting and advertising Contracts to which LFEC is a party;

(vi) All employment agreements and Contracts with independent contractors or consultants (or similar arrangements) to which LFEC is a party;

(vii) Except for Contracts relating to trade receivables, all Contracts relating to indebtedness (including, without limitation, guarantees, loan agreements, indentures, pledges, mortgages, security agreements, letters of credit, or equipment leases) to which LFEC is a party or by which it is bound;

(viii) All management agreements to which LFEC is a party;

(ix) All Contracts with any Governmental Authority to which LFEC is a party;

(x) All Contracts between or among LFEC and a third-party payor, including Medicaid provider agreements, management agreements, managed care agreements or other agreements with customers (including, without limitation, any insurance company or health maintenance organization);

(xi) All Contracts that limit or purport to limit the ability of LFEC to compete in any line of business or with any Person or in any geographic area or during any period of time;

(xii) Any Contracts to which LFEC is a party that provide for any joint venture, partnership or similar arrangement by LFEC;

(xiii) All Contracts between or among LFEC on the one hand and Seller or any Affiliate of Seller (other than LFEC) on the other hand;

(xiv) All Contracts between or among LFEC on the one hand and any Physician or any Affiliate of any Physician (other than LFEC) on the other hand;

(xv) All collective bargaining agreements or Contracts with any Union to which LFEC is a party;

(xvi) Any Contract pursuant to which LFEC offers "most favored nation" or similar pricing or other terms; and

(xvii) Any other Contract that is material to LFEC and not previously disclosed pursuant to this section 3.9.

(b) To Seller's Knowledge, each Material Contract is valid and binding on LFEC in accordance with its terms and is in full force and effect. To Seller's Knowledge, LFEC is not and no other party thereto is in breach of or default under (or is alleged to be in breach of or default under), or has provided or received any notice of any intention to terminate, any Material Contract. To Seller's Knowledge, no event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Material Contract or result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder. To Seller's Knowledge, each Material Contract is in full force and effect and shall remain in full force and effect following the consummation of the transactions contemplated by this Agreement. Complete and correct copies of each Material Contract (including all modifications, amendments and supplements thereto and waivers thereunder) have been delivered to Buyer.

3.10 Title to Assets; Real Property.

(a) LFEC has good and valid title to, or a valid leasehold interest in, all Real Property, personal property and other assets used in the Business. LFEC does not own any Real Property. All such properties and assets (including leasehold interests) are free and clear of Encumbrances except for the following (collectively referred to as "Permitted Encumbrances"):

(i) Those items set forth in section 3.10(a) of the Disclosure Schedules;

(ii) Liens for Taxes not yet due and payable or being contested in good faith by appropriate procedures and for which there are adequate accruals or reserves on LFEC's Balance Sheet;

(iii) Mechanics, carriers', workmen's, repairmen's or other like liens arising or incurred in the ordinary course of business consistent with past practice or

amounts that are not delinquent and which are not, individually or in the aggregate, material to the business of LFEC;

(iv) Easements, rights of way, zoning ordinances and other similar encumbrances affecting Real Property which are not, individually or in the aggregate, material to the business of LFEC; or

(v) Other than with respect to owned Real Property, liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business consistent with past practice which are not, individually or in the aggregate, material to the business of LFEC.

(b) Section 3.10(b) of the Disclosure Schedules lists (i) the street address of each parcel of Real Property; and (ii) if such property is leased or subleased by LFEC, the landlord under the lease or sublease, the rental amount currently being paid and the expiration of the term of such lease or sublease for each leased or subleased property. With respect to leased Real Property, Seller has delivered to Buyer true, complete and correct copies of any leases affecting the Real Property. LFEC is not a sublessor or grantor under any sublease or other instrument granting to any other Person any right to the possession, lease, occupancy or enjoyment of any leased Real Property. To Seller's Knowledge, the use and operation of the Real Property in the conduct of the Business do not violate any Law, covenant, condition, restriction, easement, Permit or agreement. To Seller's Knowledge, no material improvements constituting a part of the Real Property encroach on real property owned or leased by a Person other than LFEC. There are no Actions pending nor, to Seller's Knowledge, threatened against or affecting the Real Property or any portion thereof or interest therein in the nature or in lieu of condemnation or eminent domain proceedings.

3.11 Banking. Section 3.11 of the Disclosure Schedules contains a true and complete list of the names and locations of all financial institutions at which LFEC maintains a checking account, deposit account, securities account, safety deposit box or other deposit or safekeeping arrangement and the names of all persons authorized to draw against any funds therein.

3.12 Intellectual Property.

(a) "Intellectual Property" means all of the following and similar intangible property and related proprietary rights, interests and protections, however arising, pursuant to the Laws of any jurisdiction throughout the world:

(i) Trademarks, service marks, trade names, brand names, logos, trade dress and other proprietary indicia of goods and services, whether registered, unregistered or arising by Law, and all registrations and applications for registration of such trademarks, including intent-to-use applications, and all issuances, extensions and renewals of such registrations and applications;

(ii) Internet domain names, whether or not trademarks;

(iii) Original works of authorship in any medium of expression, whether or not published, all copyrights (whether registered, unregistered or arising by Law), all registrations and applications for registration of such copyrights, and all issuances, extensions and renewals of such registrations and applications;

(iv) Confidential information, formulas, designs, devices, technology, know-how, research and development, inventions, methods, processes, compositions and other trade secrets, whether or not patentable; and

(v) Patented and patentable designs and inventions, all design, plant and utility patents, letters patent, utility models, pending patent applications and provisional applications and all issuances, divisions, continuations, continuations-in-part, reissues, extensions, reexaminations and renewals of such patents and applications.

(b) To Seller's Knowledge, section 3.12 of the Disclosure Schedules lists all Intellectual Property of LFEC (the "LFEC Intellectual Property") that is either (i) subject to any issuance, registration, application or other filing by, to or with any Governmental Authority or authorized private registrar in any jurisdiction (collectively, "Intellectual Property Registrations"), including registered trademarks, domain names and copyrights, issued and reissued patents and pending applications for any of the foregoing or (ii) used in or necessary for the current or planned business or operations of LFEC.

(c) To Seller's Knowledge, LFEC owns all right, title and interest in and to LFEC Intellectual Property, free and clear of Encumbrances. To Seller's Knowledge, LFEC is in full compliance with all Laws applicable to the LFEC Intellectual Property and LFEC's ownership and use thereof.

(d) Section 3.12 of the Disclosure Schedules lists all licenses, sublicenses and other agreements whereby LFEC is granted rights, interests and authority, whether on an exclusive or nonexclusive basis, with respect to any Intellectual Property that is used in or necessary for LFEC's current or planned business or operations. To Seller's Knowledge, all such agreements are valid, binding and enforceable between LFEC and the other parties thereto, and LFEC and such other parties are in full compliance with the terms and conditions of such agreements.

(e) To Seller's Knowledge, the LFEC Intellectual Property does not infringe, violate or misappropriate the Intellectual Property of any other Person. Neither Seller, the Physicians nor, to Seller's Knowledge, LFEC has received any communication, and no Action has been instituted, settled or, to Seller's Knowledge, threatened that alleges any such infringement, violation or misappropriation, and none of the LFEC Intellectual Property is subject to any outstanding Governmental Order. To Seller's Knowledge, no other Person's Intellectual Property infringes, violates or misappropriates the LFEC Intellectual Property.

3.13 Inventory. To Seller's Knowledge, all inventory of LFEC, whether or not reflected in the Balance Sheet, consists of a quality and quantity usable and saleable in the ordinary course of business consistent with past practice, except for obsolete, damaged, defective or slow-moving items that have been written off or written down to fair market value or for

which adequate reserves have been established. All such inventory is owned by LFEC free and clear of all Encumbrances. To Seller's Knowledge, the quantities of each item of inventory (whether raw materials, work-in-process or finished goods) are not excessive, but are reasonable in the present circumstances of LFEC.

3.14 Accounts Receivable. To Seller's Knowledge, the accounts receivable reflected on the Interim Balance Sheet and the accounts receivable arising after the date thereof (a) have arisen from bona fide transactions entered into by LFEC involving the sale of goods or the rendering of services in the ordinary course of business consistent with past practice; (b) constitute only valid, undisputed claims of LFEC not subject to claims of set-off or other defenses or counterclaims other than normal cash discounts accrued in the ordinary course of business consistent with past practice; and (c) subject to a reserve for bad debts shown on LFEC's Interim Balance Sheet or, with respect to accounts receivable arising after the Interim Balance Sheet Date, on the accounting records of LFEC, are collectible in full within 90 days after billing. To Seller's Knowledge, LFEC's billing practices are in compliance with all applicable Laws (including workers' compensation and insurance Laws and regulations) and, where applicable, all Contracts with insurance companies, health maintenance organizations and other third-party payors (including Medicare and Medicaid).

3.15 Insurance. Section 3.15 of the Disclosure Schedules sets forth a true and complete list of all current policies or binders of fire, liability, product liability, umbrella liability, real and personal property, workers' compensation, vehicular, directors' and officers' liability, fiduciary liability and other casualty and property insurance relating to the assets, business, operations, employees, officers and managers of LFEC (collectively, the "Insurance Policies") and true and complete copies of such Insurance Policies have been delivered to Buyer. Section 3.15 of the Disclosure Schedules also indicates whether each Insurance Policy is a "claims-made" or "occurrence" based policy. To Seller's Knowledge, such Insurance Policies are in full force and effect and shall remain in full force and effect following the consummation of the transactions contemplated by this Agreement. Neither Seller, the Physicians nor, to Seller's Knowledge, LFEC has received any written notice of cancellation of, premium increase with respect to, or alteration of coverage under, any of such Insurance Policies. LFEC is not self-insured. To Seller's Knowledge, all premiums due on such Insurance Policies have either been paid or, if due and payable prior to Closing, will be paid prior to Closing in accordance with the payment terms of each Insurance Policy. To Seller's Knowledge, the Insurance Policies do not provide for any retrospective premium adjustment or other experience-based liability on the part of LFEC. To Seller's Knowledge, all such Insurance Policies (a) are valid and binding in accordance with their terms; (b) are provided by carriers who are financially solvent; and (c) have not been subject to any lapse in coverage. To Seller's Knowledge, there are no claims pending under any such Insurance Policies as to which coverage has been questioned, denied or disputed or in respect of which there is an outstanding reservation of rights. To Seller's Knowledge, LFEC is not in default under, and has not otherwise failed to comply with, any provision contained in any Insurance Policy. To Seller's Knowledge, the Insurance Policies are of the type, in the amounts and with deductibles customarily carried by Persons conducting a business similar to the Business and are sufficient for compliance with all applicable Laws and Contracts to which LFEC is a party or by which it is bound.

3.16 Legal Proceedings; Governmental Orders.

(a) There are no Actions pending or, to Seller's Knowledge, threatened (i) against or by LFEC affecting any of its properties or assets (or by or against Seller, the Physicians or any of their respective Affiliates and relating to LFEC); or (ii) against or by LFEC, Seller, the Physicians or any of their respective Affiliates that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. To Seller's Knowledge, no event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action. To Seller's Knowledge, all malpractice and other Actions have been submitted to LFEC's insurance carrier.

(b) To Seller's Knowledge, there are no outstanding or unsatisfied Governmental Orders against or affecting LFEC or any of its properties or assets.

3.17 Compliance With Laws; Licenses; Permits.

(a) To Seller's Knowledge, LFEC has complied, and is now complying, with all Laws applicable to its business, properties or assets. Without limiting the foregoing, to Seller's Knowledge, LFEC, and its directors, officers, managers (or any similar Person), employees, agents, and contractors and the Physicians have not engaged in any activities with respect to or on behalf of LFEC which are prohibited under, and in such capacity have acted in compliance with, the (i) the False Claims Act, 31 U.S.C. §§ 3729 *et seq*, and any similar state law; (ii) the Civil Monetary Penalties Law, 42 U.S.C. § 1320a 7a, and any similar state law; (iii) the Federal and any applicable state anti-kickback statutes, including, but not limited to, 42 U.S.C. § 1320a 7b; (iv) federal or state referral laws, including, but not limited to, 42 U.S.C. § 1395nn; (v) all Medicare and Medicaid statutes and regulations related to Medicare and Medicaid; (vi) the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. § 1320d, and the current and proposed regulations promulgated thereunder ("HIPAA"), and all applicable Laws relating to the privacy, security and transmission of health information (collectively, "Health Information Laws"); and (vii) any other federal or state statute of general applicability to health care fraud or governing or regulating health care providers (collectively "Healthcare Laws"). There are no Actions pending nor, to Seller's Knowledge, has any Action been threatened against LFEC or the Physicians in connection with the Healthcare Laws. LFEC and the Physicians have not been given written notice of, and to the Knowledge of Seller, LFEC and the Physicians are not under (or threatened with) any investigation or inquiry with respect to any violation of, or under any obligation to take remedial action ordered by any Governmental Authority concerning any applicable Law or Permits. To Seller's Knowledge, no physician (or his or her immediate family members) having a "financial relationship" with LFEC, as that term is defined in 42 U.S.C. section 1395nn, is in a position, directly or indirectly, to refer patients or services to LFEC, except where any such referral complies with the requirements of 42 U.S.C. section 1395nn and the regulations promulgated pursuant thereto.

(b) To Seller's Knowledge, LFEC is qualified for participation in the federal Medicare program, has a current and valid provider contract with Medicare and Medicaid programs, is in compliance with the conditions of participation in such programs and has received all approvals or qualifications necessary for reimbursement. To Seller's Knowledge, LFEC is duly accredited by the Joint Commission or some other equivalent accrediting body.

Neither Seller nor, to Seller's Knowledge, LFEC has received any notice from either the Medicare or Medicaid programs of any pending or threatened investigations, surveys or Actions.

(c) Neither any of the Physicians nor, to Seller's Knowledge, LFEC or any of its agents, employees or representatives: (i) is currently, or has received notice that they will be, excluded, debarred, suspended or otherwise ineligible to participate in Medicare, Medicaid or any other state or federal healthcare program (collectively, "Governmental Healthcare Programs"); (ii) has been sanctioned by any Governmental Healthcare Programs, except where such sanctions would not reasonably be expected to have a Material Adverse Effect on LFEC; (iii) has been convicted of or charged with any violation of any Law related to any Governmental Healthcare Programs; (iv) has been convicted of, or entered into any settlement or reformation agreement to avoid conviction of, any violation of Healthcare Laws; (v) has been convicted of, or entered into any settlement or reformation agreement to avoid conviction of, any criminal offense relating to the delivery of any item or service under a Federal Health Care Program, as that term is defined in section 1128B(f) of the Social Security Act, 42 U.S.C. § 1320a-7b(f), or had a civil monetary penalty assessed against them under section 1128A of the Social Security Act or any regulations promulgated thereunder; or (vi) has been designated a Specially Designated National or Blocked Person by the Office of Foreign Asset Control of the U.S. Department of Treasury.

(d) To Seller's Knowledge, LFEC is duly licensed by the State of Illinois to operate as an ASC. To Seller's Knowledge, LFEC has all Governmental Authorizations which are needed or required by Law to operate the Business.

(e) To Seller's Knowledge, all Permits required for LFEC to conduct its business have been obtained by it and are valid and in full force and effect. To Seller's Knowledge, all fees and charges with respect to such Permits as of the date hereof have been paid in full. To Seller's Knowledge, section 3.17(e) of the Disclosure Schedules lists all current Permits issued to LFEC, including the names of the Permits and their respective dates of issuance and expiration. To Seller's Knowledge, no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit set forth in section 3.17(e) of the Disclosure Schedules.

(f) Except as set forth in section 3.17(f) of the Disclosure Schedules, to Seller's Knowledge, LFEC is not a party to any agreement with the Centers for Medicare and Medicaid Services ("CMS") or any other similarly situated federal or state health care related regulatory agency.

(g) To Seller's Knowledge, LFEC (i) is not a party to a corporate integrity agreement or a certificate of compliance agreement with the Office of Inspector General of the Department of Health and Human Services or any other similar government-mandated compliance program, (ii) has no continuing reporting obligations pursuant to a settlement agreement or other remedial measure entered into with any Governmental Authority and (iii) has not been served with or received any pending search warrants, subpoenas, or civil investigative demands from any Governmental Authority related to its business operations.

(h) To Seller's Knowledge, LFEC has not received any written notice from any Person regarding its or any of its agents', employees' or contractors' uses or disclosures of, or security practices regarding, individually identifiable health-related information in violation of any applicable Health Information Law. To the Knowledge of Seller, there is no misuse, improper disclosure or successful security incident (each as determined by reference to the Standards for Privacy of Individually Identifiable Health Information (45 C.F.R. Part 160 and Part 164, Subparts A and E), the Security Standards for the Protection of Electronic Protected Health Information (45 C.F.R. Part 164, Subparts A and C) or state Laws, as applicable), involving individually identifiable health-related information by, or in the case of "Security Incidents" (as defined at 45 C.F.R. § 164.304) involving electronic individually identifiable health-related information held by, LFEC involving individually identifiable health-related information that has not been remedied as required by applicable Law. To the extent required under the Health Information Laws, to Seller's Knowledge, LFEC is a party to business associate agreements and trading partner agreements with all appropriate parties in accordance with the Health Information Laws.

(i) To Seller's Knowledge, the business and operations of LFEC as currently conducted do not violate any Law relating to the corporate practice of medicine or fee splitting.

(j) To Seller's Knowledge, since January 1, 2012, (i) no employee has been terminated by LFEC and no physician's privileges at LFEC have been terminated and (ii) no such Person has resigned voluntarily in such circumstances in order to avoid termination.

3.18 Special Healthcare Funds. To Seller's Knowledge, none of the assets and properties of LFEC is subject to any liability in respect of amounts received by LFEC for the purchase or improvement of any assets and properties of LFEC or, in each case, any part thereof, under restricted or conditioned grants or donations.

3.19 Other Healthcare Matters.

(a) Seller has provided to Buyer true, correct and complete copies of the By-Laws and rules and regulations of the medical staff of LFEC's ASC. With regard to the medical staff of the ASC, to Seller's Knowledge, there are no pending or threatened disputes with applicants, staff members or health professional affiliates and all appeal periods in respect of any medical staff member or applicant against whom an adverse action has been taken have expired.

(b) Except as set forth on section 3.19(b) of the Disclosure Schedules, LFEC is not subject to any pending, nor to Seller's Knowledge, threatened, claim for recoupment or overpayment, set-off, penalty or fine ("Recoupment Claims") by any third-party payor or Governmental Authority having jurisdiction over LFEC for amounts arising from or related to claims submitted by, or payments to, LFEC for services rendered prior to the Closing arising in connection with audits or reviews conducted by Medicaid, Medicare or private insurance companies. To Seller's Knowledge, there is no basis for any Recoupment Claims based upon claims or bills submitted, or to be submitted, in connection with services rendered by LFEC.

(c) Except as set forth on section 3.19(c) of the Disclosure Schedules, LFEC (i) has not received any pending notice of denial of payment, recoupment, or overpayment from any Governmental Healthcare Programs or any other third-party payor, with respect to the services provided by LFEC other than notices of a nonmaterial nature received in the ordinary course of business and (ii) to Seller's Knowledge, has no outstanding overpayments or refunds due to Governmental Healthcare Programs or any other third-party payor or patient that are older than 60 days or that are in excess of \$10,000 in the aggregate.

(d) To Seller's Knowledge, section 3.19(d) of the Disclosure Schedules sets forth an accurate, correct and complete list of LFEC's third-party payors. Neither Seller, the Physicians nor, to Seller's Knowledge, LFEC has received any notice that any third-party payor intends to terminate or materially reduce its business with, or reimbursement to, LFEC. Neither Seller, the Physicians nor, to Seller's Knowledge, LFEC has any reason to believe that any third-party payor will cease to do business with LFEC after, or as a result of, the consummation of any transactions contemplated hereby. Neither Seller, the Physicians nor, to Seller's Knowledge, LFEC knows of any fact, condition or event which would adversely affect its relationship with any third-party payor.

3.20 Certain Sensitive Payments. To the Knowledge of Seller, neither Seller, the Physicians nor LFEC, nor anyone acting on behalf of Seller, the Physicians or LFEC, has made or received any Sensitive Payments pertaining to LFEC, and, to Seller's Knowledge, no such Person has maintained any unrecorded cash or noncash assets out of which any Sensitive Payments might be made. "Sensitive Payments" means any unlawful (a) payment to any physician or other Person in a position to influence referrals of patients to LFEC, (b) payment to or from any official or employee of any Governmental Authority, (c) commercial bribes or kick-backs, (d) amounts paid with an understanding that rebates or refunds will be made in contravention of the Laws of any applicable jurisdiction, either directly or through a third party, (e) political contributions on behalf of LFEC, and (f) payments or commitments (whether made in the form of commissions, payments of fees for goods or services received, or otherwise) made with the understanding or under circumstances which would indicate that all or part thereof is to be paid by the recipient to an official or employee of any Governmental Authority or as a bribe, influence payment or kick-back.

3.21 Certain Healthcare Reports and Documents. To Seller's Knowledge, Seller has made available to Buyer true and complete copies of all material reports, statements, returns or declarations filed or required to be filed with any Governmental Authority or other Person with respect to LFEC (collectively, the "Healthcare Reports"). To Seller's Knowledge, LFEC, as of the time or times of filing, each of the Healthcare Reports was prepared in compliance with all existing Laws pertaining thereto. To Seller's Knowledge, LFEC has not requested an extension of time in which to file any Healthcare Report which, as of the date hereof, has not been filed. To Seller's Knowledge, LFEC is not delinquent in the payment of any amounts due under any Healthcare Reports or under any other report or filing. There are no pending or, to Seller's Knowledge, threatened Actions for any amounts due by LFEC under the Medicare or Medicaid programs individually in excess of \$10,000. There are no pending or, to Seller's Knowledge, threatened Actions by or against LFEC with respect to any Healthcare Reports or any other report or filing individually in excess of \$10,000. To Seller's Knowledge, all Healthcare Reports accurately reflect the information to be included thereon.

3.22 Environmental Matters.

(a) To Seller's Knowledge, LFEC is currently and has been in compliance with all Environmental Laws and has not, and Seller and each Physician have not, received from any Person any (i) Environmental Notice or Environmental Claim or (ii) written request for information pursuant to Environmental Law, which, in each case, either remains pending or unresolved, or is the source of ongoing obligations or requirements as of the Closing Date.

(b) To Seller's Knowledge, LFEC has obtained and is in compliance with all Environmental Permits necessary for the ownership, lease, operation or use of the business or assets of LFEC and all such Environmental Permits are in full force and effect and shall be maintained in full force and effect by LFEC through the Closing Date in accordance with Environmental Law, and neither Seller, any Physician nor, to Seller's Knowledge, LFEC is aware of any condition, event or circumstance that might prevent or impede, after the Closing Date, the ownership, lease, operation or use of the business or assets of LFEC as currently conducted.

(c) To Seller's Knowledge, no real property currently or formerly owned, operated or leased by LFEC is listed on, or has been proposed for listing on, the National Priorities List (or CERCLIS) under CERCLA, or any similar state list.

(d) To Seller's Knowledge, there has been no Release of Hazardous Materials in contravention of Environmental Law with respect to the business or assets of LFEC or any real property currently or formerly owned, operated or leased by LFEC, and neither LFEC, any Physician nor Seller has received an Environmental Notice that any real property currently or formerly owned, operated or leased in connection with the business of LFEC (including soils, groundwater, surface water, buildings and other structure located on any such real property) has been contaminated with any Hazardous Material.

(e) To Seller's Knowledge, LFEC has not retained or assumed, by contract or operation of Law, any liabilities or obligations of third parties under Environmental Law.

(f) Seller has provided to Buyer: (i) any and all environmental reports, studies, audits, records, sampling data, site assessments, risk assessments, economic models and other similar documents with respect to the business or assets of LFEC or any currently or formerly owned, operated or leased real property which are in the possession or control of Seller, the Physicians or LFEC related to compliance with Environmental Laws, Environmental Claims or an Environmental Notice or the Release of Hazardous Materials; and (ii) any and all material documents concerning planned or anticipated capital expenditures required to reduce, offset, limit or otherwise control pollution or emissions, manage waste or otherwise ensure compliance with current or future Environmental Laws (including, without limitation, costs of remediation, pollution control equipment and operational changes).

(g) With respect to the generation, transportation, treatment, storage, and disposal or other handling of Medical Waste, to Seller's Knowledge, LFEC has complied

with all Medical Waste Laws. "Medical Waste" includes, but is not limited to, (i) pathological waste, (ii) blood, (iii) sharps, (iv) wastes from surgery or autopsy, (v) dialysis waste, including contaminated disposable equipment and supplies, (vi) cultures and stocks of infectious agents and associated biological agents, (vii) contaminated animals, (viii) isolation wastes, (ix) contaminated equipment, (x) laboratory waste, (xi) various other biological waste and discarded materials contaminated with or exposed to blood, excretion or secretions from human beings or animals and (xii) any substance, pollutant, material or contaminant listed or regulated under the Medical Waste Tracking Act of 1988, 42 U.S.C. sections 6992 *et seq.* ("MWTA"). "Medical Waste Law" means the following, including regulations promulgated and orders issued thereunder, all as may be amended from time to time: the MWTA; the U.S. Public Vessel Medical Waste Anti-Dumping Act of 1988, 33 USCA §§ 2501 *et seq.*; the Marine Protection, Research, and Sanctuaries Act of 1972, 33 USCA §§ 1401 *et seq.*; the Occupational Safety and Health Act, 29 USCA §§ 651 *et seq.*; the United States Department of Health and Human Services, National Institute for Occupational Self-Safety and Health Infectious Waste Disposal Guidelines, Publication No. 88-119; and any other Laws insofar as they purport to regulate Medical Waste or impose requirements relating to Medical Waste.

3.23 Employee Benefit Matters.

(a) Section 3.23(a) of the Disclosure Schedules contains a true and complete list of each written pension, benefit, retirement, profit-sharing, deferred compensation, incentive, performance award, phantom equity or other equity, change in control, retention, severance, vacation, paid time off, fringe-benefit and other similar agreement, plan, policy, program or arrangement, in each case whether funded or unfunded, including each "employee benefit plan" within the meaning of section 3(3) of ERISA, whether or not tax-qualified and whether or not subject to ERISA (each, a "Benefit Plan") which is or has been during the past six years maintained, sponsored, contributed to, or required to be contributed to by LFEC (i) for the benefit of any current or former employee, retiree, independent contractor, consultant, member or manager of LFEC or any spouse or dependent of such individual, (ii) under which LFEC has or may have any Liability, or (iii) with respect to which Buyer or any of its Affiliates would reasonably be expected to have any Liability, contingent or otherwise (each Benefit Plan described in this sentence, an "LFEC Benefit Plan"). To Seller's Knowledge, each LFEC Benefit Plan has been established, administered and maintained in all material respects in accordance with its terms and in compliance with all applicable Laws. None of the welfare LFEC Benefit Plans that are subject to ERISA are self-insured.

(b) To Seller's Knowledge, each LFEC Benefit Plan that is intended to be qualified under section 401(a) of the Code (a "Qualified Benefit Plan") is so qualified and has received a favorable and current determination letter from the Internal Revenue Service, or with respect to a prototype or volume submitter plan, can rely on an opinion letter from the Internal Revenue Service to the prototype or volume submitter plan sponsor, to the effect that such Qualified Benefit Plan is so qualified and that the plan and the trust related thereto are exempt from federal income taxes under sections 401(a) and 501(a), respectively, of the Code, and nothing has occurred that could reasonably be expected to cause the revocation of such determination letter from the Internal Revenue Service or the unavailability of reliance on such opinion letter from the Internal Revenue Service, as applicable, nor has such revocation or unavailability been threatened. To Seller's Knowledge, nothing has occurred with respect to any

LFEC Benefit Plan that has subjected or could reasonably be expected to subject LFEC or, with respect to any period on or after the Closing Date, Buyer or any of its Affiliates, to a penalty under section 502 of ERISA or to tax or penalty under section 4975 of the Code. To Seller's Knowledge, all benefits, contributions and premiums relating to each LFEC Benefit Plan have been timely paid in accordance with the terms of LFEC Benefit Plan and all applicable Laws and accounting principles, and all benefits accrued under any such unfunded LFEC Benefit Plan have been paid, accrued or otherwise adequately reserved to the extent required by, and in accordance with, GAAP. Neither Seller nor, to Seller's Knowledge, LFEC, nor, to Seller's Knowledge, any of either entity's current or former managers, directors, officers, employees or any other "fiduciary" within the meaning of ERISA has committed any breach of fiduciary responsibility imposed by ERISA or any other Law. To Seller's Knowledge, each fiduciary and every plan official of an LFEC Benefit Plan is bonded or otherwise insured to the extent required by ERISA. To Seller's Knowledge, any error or omission related to an LFEC Benefit Plan has been corrected under the correction programs or guidance provided by the Internal Revenue Service, Department of Labor or other Governmental Authority, any excise Tax related to that error or omission has been paid and documentation of that correction has been provided to Buyer. There is no Action (other than claims for benefits in the ordinary course) that is pending or, to the Knowledge of Seller, threatened with respect to any LFEC Benefit Plan by any current or former employee, beneficiary, officer, manager or director of LFEC.

(c) To Seller's Knowledge, LFEC has not incurred and does not reasonably expect to incur, either directly or indirectly, any Liability under Title I of ERISA or related provisions of the Code or foreign Law relating to employee benefit plans.

(d) To Seller's Knowledge, no LFEC Benefit Plan is (i) subject to Title IV of ERISA or section 412 of the Code or (ii) a "multiemployer plan" within the meaning of section 3(37) of ERISA. To Seller's Knowledge, no LFEC Benefit Plan is a "multiple employer plan" within the meaning of section 413(c) of the Code or a "multiple employer welfare arrangement" (as defined in section 3(40) of ERISA).

(e) There has been no amendment to, announcement by LFEC or any other Person relating to, or change in employee participation or coverage under, any LFEC Benefit Plan that would materially increase the annual expense of maintaining such plan above the level of the expense incurred for the most recently completed fiscal year (customary increases in cost of service excluded) with respect to any member, manager, employee, consultant or independent contractor, as applicable. Neither Seller nor, to Seller's Knowledge, LFEC has any commitment or obligation or has made any representations since January 1, 2012 to any member, manager, employee, consultant or independent contractor, whether or not legally binding, to adopt, amend or modify any LFEC Benefit Plan.

(f) To Seller's Knowledge, each LFEC Benefit Plan that is subject to section 409A of the Code has been operated in all material respects in compliance with such section and all applicable regulatory guidance (including notices, rulings and final regulations). The transactions contemplated by this Agreement will not cause the provisions of any such plan to violate the provisions of Code section 409A or, directly or in combination with other events, result in the payment, acceleration or enhancement of any benefit, except as otherwise provided by the terms of such plan, consistent with Code section 409A. Neither Seller nor, to Seller's

Knowledge, LFEC is a party to any agreement, contract, arrangement or plan that has resulted or could result, separately or in the aggregate, in the payment of any "excess parachute payment" within the meaning of Code section 280G (or any corresponding provision of Law).

(g) No provision of any LFEC Benefit Plan will prohibit Buyer from amending or terminating any LFEC Benefit Plan following the consummation of the transactions contemplated by this Agreement, consistent with applicable Law, without liability other than for benefits accrued and vested prior to such amendment or termination.

(h) Except as indicated in section 3.23(a) of the Disclosure Schedules, no LFEC Benefit Plan provides for any post-termination benefits, including retirement benefits, deferred compensation, severance payment or any medical, health or life insurance benefits for any former, current or future terminated or retired individual (other than as may be required by the Consolidated Omnibus Budget Reconciliation Act, 29 U.S.C. sections 1161-1168, P.L. 99-272).

3.24 Employment Matters.

(a) Section 3.24(a) of the Disclosure Schedules contains a list of all persons who are employees, consultants, or contractors of LFEC as of the date hereof, and sets forth for each such individual the following: (i) name; (ii) title or position (including whether full or part time); and (iii) hire date. As of the date hereof, to Seller's Knowledge, all compensation, including wages, commissions and bonuses, payable to employees, consultants, or contractors of LFEC for services performed on or prior to the date hereof have been paid in full (other than services performed during the current payroll period for which payment is not yet due) and there are no outstanding agreements, understandings or commitments of LFEC with respect to any commissions, bonuses or increases in compensation.

(b) LFEC is not, and has not been for the past two years, a party to, bound by, or negotiating any collective bargaining agreement or other Contract with a union, works council or labor organization (collectively, "Union"), and there is not, and has not been for the past two years, any Union representing or purporting to represent any employee or group of employees of LFEC, and, to Seller's Knowledge, no Union or group of employees is seeking or has sought to organize employees for the purpose of collective bargaining.

(c) To Seller's Knowledge, LFEC is and for the past three years has been in compliance with all applicable Laws pertaining to employment and employment practices, including all Laws relating to labor relations, equal employment opportunities, fair employment practices, employment discrimination, harassment, retaliation, reasonable accommodation, disability rights or benefits, immigration, wages, hours, overtime compensation, child labor, hiring, promotion and termination of employees, working conditions, meal and break periods, privacy, health and safety, workers' compensation, leaves of absence and unemployment insurance. To Seller's Knowledge, all individuals characterized and treated by LFEC as consultants or contractors are properly treated as independent contractors under all applicable Laws. To Seller's Knowledge, all employees classified as exempt under the Fair Labor Standards Act and state and local wage and hour Laws are properly classified. There are no Actions against LFEC pending, or to Seller's Knowledge, threatened to be brought or filed, by or

with any Governmental Authority in connection with the employment of any current or former applicant, employee, consultant, volunteer, intern or independent contractor of LFEC, including, without limitation, any claim relating to unfair labor practices, employment discrimination, harassment, retaliation, equal pay, wage and hours or any other employment related matter arising under applicable Laws.

(d) To Seller's Knowledge, all employees of LFEC are either eligible, or approved, to work in the country and location in which they are currently physically working. To Seller's Knowledge, LFEC has complied with the provisions of the Immigration Reform and Control Act of 1986 and has verified the identity and employment eligibility of all employees hired by LFEC. Furthermore, LFEC has not received any notice from the U.S. Bureau of Immigration and Customs Enforcement, the U.S. Social Security Administration, the U.S. Department of Homeland Security or any state government agency of any challenge, investigation, audit of any employee's identity or employment eligibility, including a social security no-match letter.

3.25 Taxes.

(a) All Tax Returns required to be filed on or before the Closing Date by Seller or LFEC have been, or will be, timely filed. To Seller's Knowledge, such Tax Returns are, or will be, true, complete and correct in all respects and were prepared in substantial compliance with all applicable Laws. All Taxes due and owing by Seller or LFEC (whether or not shown on any Tax Return) have been, or will be, timely paid.

(b) LFEC has withheld and paid each Tax required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, member or other party, and complied with all information reporting and backup withholding provisions of applicable Law.

(c) To Seller's Knowledge, no claim has been made by any taxing authority in any jurisdiction where LFEC does not file Tax Returns that it is, or may be, subject to Tax by that jurisdiction.

(d) To Seller's Knowledge, no extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of LFEC.

(e) The amount of LFEC's Liability for unpaid Taxes for all periods ending on or before September 30, 2012 does not, in the aggregate, exceed the amount of accruals for Taxes (excluding reserves for deferred Taxes) reflected on the Financial Statements. The amount of LFEC's Liability for unpaid Taxes for the period immediately following the end of the most recent period covered by the Financial Statements shall not, in the aggregate, exceed the amount of accruals for Taxes (excluding reserves for deferred Taxes) as adjusted for the passage of time in accordance with the past custom and practice of LFEC (and which accruals shall not exceed comparable amounts incurred in similar periods in prior years).

(f) Section 3.25 of the Disclosure Schedules sets forth:

(i) Those years for which examinations by the taxing authorities have been completed; and

(ii) Those taxable years for which examinations by taxing authorities are presently being conducted.

(g) All deficiencies asserted, or assessments made, against LFEC as a result of any examinations by any taxing authority have been fully paid.

(h) To Seller's Knowledge, LFEC is not a party to any Action by any taxing authority and There are no threatened Actions by any taxing authority.

(i) Seller has delivered to Buyer copies of all federal, state, local and foreign income, franchise and similar Tax Returns, examination reports, and statements of deficiencies assessed against, or agreed to by, LFEC for all Tax periods ending after December 31, 2006.

(j) There are no Encumbrances for Taxes (other than for current Taxes not yet due and payable) upon the assets of LFEC.

(k) To Seller's Knowledge, LFEC is not a party to, or bound by, any Tax indemnity, Tax-sharing or Tax allocation agreement.

(l) To Seller's Knowledge, LFEC is not a party to, or bound by, any closing agreement or offer in compromise with any taxing authority.

(m) To Seller's Knowledge, no private letter rulings, technical advice memoranda or similar agreement or rulings have been requested, entered into or issued by any taxing authority with respect to LFEC.

(n) To Seller's Knowledge, LFEC has not been a member of an affiliated, combined, consolidated or unitary Tax group for Tax purposes. To Seller's Knowledge, LFEC does not have any Liability for Taxes of any Person (other than LFEC) including, but not limited to, under Treasury Regulations section 1.1502-6 (or any corresponding provision of state, local or foreign Law), as transferee or successor, by contract or otherwise.

(o) To Seller's Knowledge, LFEC has not agreed to make, nor is it required to make, any adjustment under section 481(a) or 263A of the Code or any comparable provision of state, local or foreign Laws relating to Taxes by reason of a change in accounting method or otherwise. LFEC has not taken any action that is not in the ordinary course of business consistent with past practice that could defer a Liability for Taxes of LFEC from any Pre-Closing Tax Period to any Post-Closing Tax Period.

(p) Seller is not a "foreign person" as that term is used in Treasury Regulations section 1.1445-2. LFEC is not and has not been a United States real property holding corporation (as defined in section 897(c)(2) of the Code) during the applicable period specified in section 897(c)(1)(a) of the Code.

(q) To Seller's Knowledge, LFEC has not been a "distributing corporation" or a "controlled corporation" in connection with a distribution described in section 355 of the Code.

(r) To Seller's Knowledge, LFEC is not and has not been, a party to, or a promoter of, a "reportable transaction" within the meaning of section 6707A(c)(1) of the Code and Treasury Regulations section 1.6011-4(b).

(s) Section 3.25 of the Disclosure Schedules sets forth all foreign jurisdictions in which LFEC is subject to Tax, is engaged in business or has a permanent establishment. To Seller's Knowledge, LFEC has not entered into a gain recognition agreement pursuant to Treasury Regulations section 1.367(a)-8. To Seller's Knowledge, LFEC has not transferred an intangible the transfer of which would be subject to the rules of section 367(d) of the Code.

(t) To Seller's Knowledge, none of the assets of LFEC is property that LFEC is required to treat as being owned by any other person pursuant to the so-called "safe harbor lease" provisions of former section 168(f)(8) of the Internal Revenue Code of 1954, as amended.

(u) Since the date of its organization, to Seller's Knowledge, LFEC has been treated as a partnership for U.S. federal income Tax purposes.

(v) To Seller's Knowledge, LFEC will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any:

(i) Change in method of accounting for a taxable period ending on or prior to the Closing Date;

(ii) "Closing agreement" as described in Code section 7121 (or any corresponding or similar provision of state, local or non-U.S. Laws relating to income Taxes) executed on or prior to the Closing Date;

(iii) Intercompany transaction or excess loss account described in Treasury Regulations under Code section 1502 (or any corresponding or similar provision of state, local or non-U.S. Laws relating to income Taxes);

(iv) Installment sale or open transaction disposition made on or prior to the Closing Date;

(v) Prepaid amount received on or prior to the Closing Date; or

(vi) Election under Code section 108(i).

3.26 Books and Records. The minute book of LFEC has been made available to Buyer. To Seller's Knowledge, the minute book of LFEC contains accurate and complete records of all meetings, and actions taken by written consent of, the members and the managers,

and no meeting, or action taken by written consent, of any such members or managers has been held for which minutes have not been prepared and are not contained in such minute book. At the Closing, all of those books and records will be in the possession of LFEC or Buyer.

3.27 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Seller or LFEC.

3.28 Related Party Transactions. Except as described on section 3.28 of the Disclosure Schedules, LFEC: (a) has not had any financial or other transaction or arrangement, other than payment of regular salary to an employee, with Seller, any Physician or any Affiliate of Seller or any Physician, during the three years prior to the date hereof and (b) has not had and will not have any present or future obligation to enter into any transaction or arrangement with Seller, any Physician or any Affiliate of Seller or any Physician. Except as described on section 3.28 of the Disclosure Schedules, none of Seller, any Physician or any Affiliate of Seller or any Physician owns, directly or indirectly, or is an owner, manager, director, officer or employee of, or consultant to, any business organization that is a competitor, supplier or customer having business dealings with LFEC, nor does Seller, any Physician or any Affiliate of Seller or any Physician own any assets or properties which are used in the business of LFEC.

3.29 Full Disclosure. No representation or warranty by Seller or the Physicians in this Agreement and no statement contained in the Disclosure Schedules to this Agreement or any certificate or other document furnished or to be furnished to Buyer pursuant to this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading.

4. Representations and Warranties of Buyer. Except as set forth in the correspondingly numbered section of the Disclosure Schedules, Buyer represents and warrants to Seller that the statements contained in this section 4 are true and correct as of the date hereof.

4.1 Organization and Authority of Buyer. Buyer is an Illinois not-for-profit corporation duly organized, validly existing and in good standing under the Laws of the State of Illinois. Buyer has full corporate power and authority to enter into this Agreement and the other Transaction Documents to which Buyer is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Buyer of this Agreement and any other Transaction Document to which Buyer is a party, the performance by Buyer of its obligations hereunder and thereunder and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer, and this Agreement constitutes a legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms. When each other Transaction Document to which Buyer is or will be a party has been duly executed and delivered by Buyer, such Transaction Document will constitute a legal and binding obligation of Buyer enforceable against it in accordance with its terms.

4.2 No Conflicts; Consents. The execution, delivery and performance by Buyer of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the Organizational Documents of Buyer; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Buyer; or (c) require the consent, notice or other action by any Person under any Contract to which Buyer is a party. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Buyer in connection with the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby, except for such filings as may be required under the terms of this Agreement and such consents, approvals, Permits, Governmental Orders, declarations, filings or notices which, in the aggregate, would not have a Material Adverse Effect.

4.3 Disclosure. Buyer has notified Seller in writing: (a) of any fact, condition or circumstance which, to Buyer's Knowledge, would constitute a breach, misrepresentation or default by Seller under section 3 of this Agreement; and (b) of any fact, condition or circumstance which Buyer, in the exercise of reasonable business judgment, believes would, after notice or lapse of time or both, constitute a breach, misrepresentation or default by Seller under section 3 of this Agreement.

5. Covenants.

5.1 Conduct of Business Prior to the Closing. From the date hereof until the Closing, except as otherwise provided in this Agreement or consented to in writing by Buyer, Seller and the Physicians shall cause LFEC to conduct the Business in the ordinary course of business consistent with past practice; and use best efforts to maintain and preserve intact its organization, business and franchises and to preserve the rights, franchises, goodwill and relationships of its employees, customers, lenders, suppliers, regulators and others having business relationships with LFEC. Buyer shall cooperate with Seller and the Physicians with respect to their obligations under this section 5.1. Without limiting the foregoing, from the date hereof until the Closing Date, Seller and the Physicians shall (and Buyer shall cooperate with Seller and the Physicians with respect thereto):

- (a) Cause LFEC to preserve and maintain all of its Permits;
- (b) Cause LFEC to pay its debts, Taxes and other obligations when due;
- (c) Cause LFEC to maintain the properties and assets owned, operated or used by it in the same condition as they were on the date of this Agreement, subject to reasonable wear and tear;
- (d) Cause LFEC to continue in full force and effect without modification all Insurance Policies;

- (e) Cause LFEC to defend and protect its properties and assets from infringement or usurpation;
- (f) Cause LFEC to perform all of its obligations under all Contracts relating to or affecting its properties, assets or business;
- (g) Cause LFEC to maintain its books and records in accordance with past practice;
- (h) Cause LFEC to comply with all applicable Laws; and
- (i) Cause LFEC not to take or permit any action that would cause any of the changes, events or conditions described in section 3.8 to occur.

5.2 Access to Information. From the date hereof until the Closing, Seller and the Physicians shall, and shall cause each of its Affiliates including LFEC to, (a) afford Buyer and its Representatives full and free access to and the right to inspect all of the Real Property, properties, assets, premises, books and records, Contracts and other documents and data related to the Business; (b) furnish Buyer and its Representatives with such financial, operating and other data and information related to LFEC as Buyer and its Representatives may reasonably request; and (c) instruct their Representatives to cooperate with Buyer and its Representatives in their investigation of LFEC. Any investigation pursuant to this section 5.2 shall be conducted in such manner as not to interfere unreasonably with the conduct of the business of LFEC. No investigation by Buyer or other information received by Buyer shall operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Seller or the Physicians in this Agreement.

5.3 No Solicitation of Other Bids.

(a) Seller and the Physicians shall not, and shall not authorize or permit any of their respective Affiliates, including LFEC, or any of the Representatives of any of the foregoing to, directly or indirectly, (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. Seller and the Physicians shall immediately cease and cause to be terminated, and shall cause their respective Affiliates and all of their respective Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore with respect to, or that could lead to, an Acquisition Proposal. For purposes hereof, "Acquisition Proposal" shall mean any inquiry, proposal or offer from any Person (other than Buyer or any of its Affiliates) concerning [a] a merger, consolidation, liquidation, recapitalization or other business combination transaction involving LFEC; [b] the issuance or acquisition of membership interests in LFEC; or [c] the sale, lease, exchange or other disposition of any significant portion of any business, properties or assets of LFEC.

(b) In addition to the other obligations under this section 5.3, Seller and the Physicians shall promptly (and in any event within three Business Days after receipt thereof by Seller, any Physician or their respective Representatives) advise Buyer in writing of

any Acquisition Proposal, any request for information with respect to any Acquisition Proposal, or any inquiry with respect to or which could reasonably be expected to result in an Acquisition Proposal, the material terms and conditions of such request, Acquisition Proposal or inquiry, and the identity of the Person making the same.

(c) Seller agrees that the rights and remedies for noncompliance with this section 5.3 shall include having such provision specifically enforced by any court having appropriate jurisdiction, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury for which money damages would not provide an adequate remedy.

5.4 Notice of Certain Events.

(a) From the date hereof until the Closing, Seller and the Physicians shall promptly notify Buyer, to the extent Seller or any of the Physicians have actual knowledge thereof, in writing of:

(i) Any fact, circumstance, event or action the existence, occurrence or taking of which [a] has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, [b] has resulted in, or could reasonably be expected to result in, any representation or warranty made by Seller and the Physicians hereunder not being true and correct or [c] has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in section 7.2 to be satisfied;

(ii) Any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(iii) Any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement; and

(iv) Any Actions commenced or, to Seller's Knowledge, threatened against, relating to or involving or otherwise affecting Seller, the Physicians or LFEC that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to this Agreement or the consummation of the transactions contemplated by this Agreement.

(b) Seller's provision of information pursuant to this section 5.4 shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by it in this Agreement and shall not be deemed to amend or supplement the Disclosure Schedules except as permitted under section 5.15.

5.5 Healthcare Approvals. Upon the terms and subject to the conditions set forth in this Agreement, Buyer and Seller shall, and shall cause LFEC, to promptly prepare and file all necessary documentation, to effect all applications, notices, petitions and filings, to obtain as promptly as practicable all authorizations and any other exemptions, variances, waivers, and other authorizations of all Governmental Authorities under all Healthcare Laws and each

reimbursement program or contract with Governmental Healthcare Programs in which LFEC is a participant, which are necessary in connection with the consummation of the transactions contemplated by this Agreement (all of the foregoing, collectively "Healthcare Approvals") and shall, and shall cause LFEC, to comply with the terms and conditions of all such Healthcare Approvals. Buyer and Seller shall use their best efforts, and shall cause LFEC and its officers, directors and managers, to file in the time frame reasonably determined by Buyer, all required initial applications and documents in connection with obtaining the Healthcare Approvals and shall, and shall cause LFEC and its officers, directors and managers to, act reasonably and promptly thereafter in responding to additional requests in connection therewith. Each party shall have the right to review in advance, to the extent practicable, all the information relating to LFEC and any of their respective directors, officers, managers or owners, which appears in any filing made with, or written materials submitted to, any Governmental Authority in connection with the transactions contemplated by this Agreement. Seller and the Physicians agree to promptly advise Buyer upon receiving any communication from any Governmental Authority which causes such party to believe that there is a reasonable likelihood that any Healthcare Approval required from such Governmental Authority will not be obtained or that the receipt of any Healthcare Approval will be materially delayed.

5.6 Confidentiality. For a period of five years commencing on the Closing Date, Seller and the Physicians shall, and shall cause their respective Affiliates and Representatives to, hold in confidence any and all information, whether written or oral, concerning LFEC, except to the extent that Seller can show that such information is generally available to and known by the public through no fault of Seller, the Physicians or any of their respective Affiliates or Representatives. If Seller, the Physicians or any of their respective Affiliates or Representatives are compelled to disclose any information by judicial or administrative process or by other requirements of Law, Seller shall promptly notify Buyer in writing and the Person so compelled shall disclose only that portion of such information which such Person is advised by Seller's counsel in writing is legally required to be disclosed; provided that Seller shall use reasonable best efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

5.7 Noncompetition; Nonsolicitation.

(a) For a period of five years commencing on the Closing Date (the "Restricted Period"), Seller and each Physician shall not, and shall not permit any of their respective Affiliates to, directly or indirectly, (i) engage in or assist others in engaging in the Restricted Business in the Territory; (ii) have an interest in any Person that engages directly or indirectly in the Restricted Business in the Territory in any capacity, including as an owner, employee, principal, manager, director, agent, trustee or consultant; or (iii) intentionally interfere in any material respect with the business relationships (whether formed prior to or after the date of this Agreement) between LFEC and customers or suppliers of LFEC. Notwithstanding the foregoing, a Physician may own, directly or indirectly, solely as an investment, securities of any Person traded on any national securities exchange if such Physician is not a controlling Person of, or a member of a group which controls, such Person and does not, directly or indirectly, own 5% or more of any class of securities of such Person.

(b) During the Restricted Period, Seller and each Physician shall not, and shall not permit any of their respective Affiliates to, directly or indirectly, hire or solicit any employee of LFEC or encourage any such employee to leave such employment or hire any such employee who has left such employment, except pursuant to a general solicitation which is not directed specifically to any such employees; provided, that nothing in this section 5.7(b) shall prevent Seller or any of its Affiliates from hiring (i) any employee whose employment has been terminated by LFEC or (ii) after 180 days from the date of termination of employment, any employee whose employment has been terminated by the employee.

(c) During the Restricted Period, Seller and the Physicians shall not, and shall not permit any of their respective Affiliates to, directly or indirectly, solicit or entice, or attempt to solicit or entice, any clients or customers of LFEC or potential clients or customers of LFEC for purposes of diverting their business or services from LFEC.

(d) Seller and each Physician acknowledge and agree that a breach or threatened breach of this section 5.7 would give rise to irreparable harm to Buyer and LFEC for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by Seller or any Physician of any such obligations, Buyer and LFEC shall, in addition to any and all other rights and remedies that may be available to them in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond or other surety).

(e) Seller and each Physician acknowledge and agree that the restrictions contained in this section 5.7 are reasonable and necessary to protect the legitimate interests of Buyer and LFEC and constitute a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated by this Agreement. In the event that any covenant contained in this section 5.7 should ever be adjudicated to exceed the time, geographic, product or service, or other limitations permitted by applicable Law in any jurisdiction, then any court is expressly empowered to reform such covenant, and such covenant shall be deemed reformed, in such jurisdiction to the maximum time, geographic, product or service, or other limitations permitted by applicable Law. The covenants contained in this section 5.7 and each provision hereof are severable and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.

5.8 Governmental Approvals and Consents. In addition to the obligations under section 5.5:

(a) Each party shall, as promptly as possible, (i) make, or cause or be made, all filings and submissions required under any Law applicable to such party or any of such party's Affiliates; and (ii) use best efforts to obtain, or cause to be obtained, all consents, authorizations, orders and approvals from all Governmental Authorities that may be or become necessary for its execution and delivery of this Agreement and the performance of its obligations pursuant to this Agreement and the other Transaction Documents. Each party shall cooperate

fully with the other parties and their respective Affiliates in promptly seeking to obtain all such consents, authorizations, orders and approvals. The parties shall not willfully take any action that will have the effect of delaying, impairing or impeding the receipt of any required consents, authorizations, orders and approvals.

(b) Buyer and Seller shall cause LFEC to use its best efforts to give all notices to, and obtain all consents from, all third parties that are described in section 3.5 of the Disclosure Schedules.

(c) Without limiting the generality of the parties' undertakings pursuant to subsections (a) and (b) above, each of the parties shall use its best efforts to:

(i) Respond to any inquiries by any Governmental Authority with respect to the transactions contemplated by this Agreement or any Transaction Document;

(ii) Avoid the imposition of any Governmental Order or the taking of any action that would restrain, alter or enjoin the transactions contemplated by this Agreement or any Transaction Document; and

(iii) In the event any Governmental Order adversely affecting the ability of the parties to consummate the transactions contemplated by this Agreement or any Transaction Document has been issued, to have such Governmental Order vacated or lifted.

(d) If any consent, approval or authorization necessary to preserve any right or benefit under any Contract to which LFEC is a party is not obtained prior to the Closing, Seller and the Physicians shall, subsequent to the Closing, cooperate with Buyer and LFEC in attempting to obtain such consent, approval or authorization as promptly thereafter as practicable. If such consent, approval or authorization cannot be obtained, Seller and the Physicians shall use their best efforts to provide LFEC with the rights and benefits of the affected Contract for the term thereof.

(e) All analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals made by or on behalf of either party before any Governmental Authority or the staff or regulators of any Governmental Authority, in connection with the transactions contemplated hereunder (but, for the avoidance of doubt, not including any interactions between Seller or LFEC with Governmental Authorities in the ordinary course of business, any disclosure which is not permitted by Law or any disclosure containing confidential information) shall be disclosed to the other parties in advance of any filing, submission or attendance, it being the intent that the parties will consult and cooperate with one another, and consider in good faith the views of one another, in connection with any such analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments and proposals. Each party shall give notice to the other parties with respect to any meeting, discussion, appearance or contact with any Governmental Authority or the staff or regulators of any Governmental Authority, with such notice being sufficient to provide the other parties with the opportunity to attend and participate in such meeting, discussion, appearance or contact.

(f) Notwithstanding the foregoing, nothing in this section 5.8 shall require, or be construed to require, Buyer to agree to (i) any conditions relating to, or changes or restrictions in, the operations of any such assets, businesses or interests which, in either case, could reasonably be expected to result in a Material Adverse Effect or materially and adversely impact the economic or business benefits to Buyer of the transactions contemplated by this Agreement or (ii) any material modification or waiver of the terms and conditions of this Agreement.

5.9 Books and Records.

(a) In order to facilitate the resolution of any claims made against or incurred by Seller or the Physicians prior to the Closing, or for any other reasonable purpose, for a period of three years after the Closing, Buyer shall cause LFEC to:

(i) Retain the books and records (including personnel files) of LFEC relating to periods prior to the Closing in a manner reasonably consistent with the prior practices of LFEC; and

(ii) Upon reasonable notice, afford the Representatives of Seller reasonable access (including the right to make, at Seller's expense, photocopies), during normal business hours, to such books and records;

provided, however, that any books and records related to Tax matters shall be retained pursuant to the periods set forth in section 6.

(b) To facilitate the resolution of any claims made by or against or incurred by Buyer or LFEC after the Closing, or for any other reasonable purpose, for a period of three years following the Closing, Seller shall:

(i) Retain the books and records of Seller which relate to LFEC and its operations for periods prior to the Closing; and

(ii) Upon reasonable notice, afford the Representatives of Buyer or LFEC reasonable access (including the right to make, at Buyer's expense, photocopies), during normal business hours, to such books and records;

provided, however, that any books and records related to Tax matters shall be retained pursuant to the periods set forth in section 6.

(c) Neither Buyer nor Seller shall be obligated to provide the other party with access to any books or records (including personnel files) pursuant to this section 5.9 where such access would violate any Law.

5.10 Closing Conditions. From the date hereof until the Closing, each party shall, and Seller shall cause LFEC to, use best efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in section 7 hereof.

5.11 Public Announcements. Unless otherwise required by applicable Law, no party to this Agreement shall make any public announcements regarding this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the other party (which consent shall not be unreasonably withheld or delayed), and the parties shall cooperate as to the timing and contents of any such announcement.

5.12 Audits of Financial Statements of LFEC. From and after the date of this Agreement, Seller and the Physicians shall, and shall use their best efforts to cause their respective Affiliates to, cooperate with the independent auditor of LFEC (the "Auditor") in connection with any audit by Auditor of any financial statements of LFEC that Buyer requires to comply with Tax, financial or reporting requirements. Such cooperation will include (a) reasonable access to Representatives of Seller and LFEC who were responsible for preparing or maintaining the financial records and work papers and other supporting documents used in the preparation of such financial statements as may be required by the Auditor to perform an audit or conduct a review in accordance with generally accepted auditing standards or to otherwise verify such financial statements and (b) delivery of one or more customary representation letters from Seller or LFEC to the Auditor that are reasonably requested to allow such auditors to complete an audit (or review of any financial statements), and to issue an opinion acceptable to the Auditor with respect to an audit or review of those financial records required pursuant to this section 5.12.

5.13 Employee Benefits and Benefit Plans Post-Closing. Seller and the Physicians shall, and shall cause their respective Affiliates to, cooperate in providing information to Buyer to facilitate decision making with respect to the employee benefits and benefit plans to be offered to employees of LFEC following the Closing and to facilitate any consolidation of benefit plans, to the extent required by Law or otherwise determined to be necessary or desirable by Buyer or as otherwise may be necessary as a result of the Closing. Further, Seller and the Physicians shall, and shall cause their respective Affiliates to, cooperate and assist in approving, or obtaining any approvals, as necessary to carry out any consolidation, amendment, termination, or any other action related to any of the benefit plans of LFEC or benefit plans offered to LFEC employees.

5.14 Further Assurances. Following the Closing, each of the parties shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

5.15 Disclosure Schedules. The parties have agreed to execute and deliver this Agreement before any of the Disclosure Schedules hereto are finalized. The parties agree that, regardless of any disclosures made by Seller or the Physicians, the Disclosure Schedules and any matters disclosed therein shall be subject to Buyer's due diligence and approval following the execution of this Agreement. Seller and the Physicians shall prepare, or cause to be prepared, the Disclosure Schedules promptly following execution of this Agreement.

registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this section 10.2):

If to Seller or
any Physician: Lake Forest Endoscopy Physician Group, LLC
900 North Westmoreland Road, Suite 225
Lake Forest, IL 60045
Facsimile: 847-681-0482
E-mail: tlissoos@comcast.net
Attention: Trevor Lissoos, M.D.

with a copy to: Ruff, Weidenaar & Reidy, Ltd.
222 North LaSalle Street, Suite 700
Chicago, IL 60602
Facsimile: 312-263-1345
Attention: Timothy S. Breems, Sr., Esq.

If to Buyer: Northwestern Lake Forest Hospital
660 N. Westmoreland Road
Lake Forest, IL 60045
Facsimile: 847-535-7846
E-mail: tmcafee@lfh.org
Attention: Thomas McAfee, President

with a copies to: Northwestern Memorial HealthCare
211 E. Ontario Street, Suite 1800
Chicago, IL 60611
Facsimile: 312-926-0077
E-mail: ejbarnes@nmh.org
Attention: Earl J. Barnes II, General Counsel

Reinhart Boerner Van Deuren s.c.
1000 North Water Street, Suite 1700
Milwaukee, WI 53202
Facsimile: 414-298-8097
E-mail: lbroomfield@reinhartlaw.com
Attention: Larri J. Broomfield, Esq.

10.3 Interpretation. For purposes of this Agreement, (a) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (1) to Articles, Sections, Disclosure Schedules and Exhibits mean the Articles and Sections of, and Disclosure Schedules and Exhibits attached to, this Agreement; (2) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (3) to a statute means such statute as amended from time to time and

includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Disclosure Schedules and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

10.4 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

10.5 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Except as provided in section 5.7(e), upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

10.6 Entire Agreement. This Agreement, the other Transaction Documents and all other documents, instruments, schedules and exhibits delivered in connection with this Agreement constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and such other documents (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in the body of this Agreement will control.

10.7 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and permitted assigns. No party may assign its rights or obligations hereunder without the prior written consent of the other parties, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, that, prior to the Closing Date, Buyer may, without the prior written consent of Seller or any Physician, assign all or any portion of its rights under this Agreement to one or more of its Subsidiaries.

10.8 No Third-party Beneficiaries. Except as provided in section 8, this Agreement is for the sole benefit of the parties and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

10.9 Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after

that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

10.10 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

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

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY MAY BE INSTITUTED IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA OR THE COURTS OF THE STATE OF ILLINOIS IN EACH CASE LOCATED IN CHICAGO AND THE COUNTY OF COOK, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.10(c).

10.11 Specific Performance. The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity without the necessity of posting bond or other surety.

10.12 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

NORTHWESTERN LAKE FOREST HOSPITAL

BY *Dean Kacera*
Its President Chief Executive Officer

LAKE FOREST ENDOSCOPY PHYSICIANS
GROUP, LLC

BY _____
Its _____

Mark Blitstein, M.D.

Trevor Lissoos, M.D.

Frank G. Martini, M.D.

Alexander Tosiou, M.D.

Tara N. Troy, M.D.

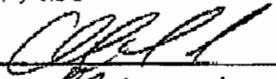
74

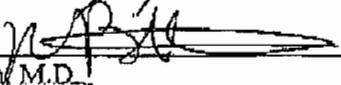
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

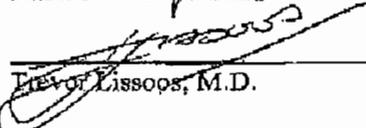
NORTHWESTERN LAKE FOREST HOSPITAL

BY _____
Its President

LAKE FOREST ENDOSCOPY PHYSICIANS
GROUP, LLC

BY 
Its Managing Member


Mark Blitstein, M.D.


Trevor Lissops, M.D.

Frank G. Martini, M.D.


Alexander Tosiou, M.D.

Tara N. Troy, M.D.

[Signature Page to Membership Interest Purchase Agreement]

75

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

NORTHWESTERN LAKE FOREST HOSPITAL

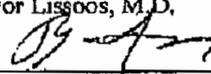
BY _____
Its President

LAKE FOREST ENDOSCOPY PHYSICIANS
GROUP, LLC

BY _____
Its _____

Mark Blitstein, M.D.

Trevor Ligoos, M.D.



Frank G. Martini, M.D.

Alexander Tosiou, M.D.

Tara N. Troy, M.D.

[Signature Page to Membership Interest Purchase Agreement]

76

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

NORTHWESTERN LAKE FOREST HOSPITAL

BY _____
Its President

LAKE FOREST ENDOSCOPY PHYSICIANS
GROUP, LLC

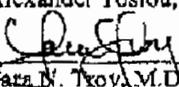
BY _____
Its _____

Mark Blitstein, M.D.

Trevor Lissos, M.D.

Frank G. Martini, M.D.

Alexander Tosiou, M.D.



Tara N. Troy, M.D.

[Signature Page to Membership Interest Purchase Agreement]

77

17. FINANCIAL INFORMATION. (co-applicants must also provide this information). Per 77 IAC 1130.520(b)(3), an applicant must demonstrate it has sufficient funds to finance the acquisition and to operate the facility for 36 months by providing evidence of a bond rating of "A" or better (that must be less than two years old) from Fitch, Moody, or Standard and Poor's rating agencies or evidence of compliance with the financial viability review criteria (as applicable) to the type of facility being acquired.

The Northwestern Memorial HealthCare Obligated Group, which as of December, 2012, consists of the following members: Northwestern Memorial HealthCare, Northwestern Memorial Hospital, NLFH, Northwestern Memorial Foundation, Northwestern Memorial Physicians Group and Lake Forest Health and Fitness Institute, has an "A" or better bond rating. The obligated group has an AA+ bond rating from Standard and Poor's Ratings Services. Attached is a copy of the applicable bond rating.

RatingsDirect®

Illinois Finance Authority Northwestern Memorial Hospital; Hospital

Primary Credit Analyst:

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

Secondary Contact:

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

Table Of Contents

Rationale

Outlook

Enterprise Profile

Financial Profile

Related Criteria And Research

Illinois Finance Authority

Northwestern Memorial Hospital; Hospital

Credit Profile

Illinois Fin Auth, Illinois

Northwestern Mem Hosp, Illinois

Series 2002A, 2003, 2009 A&B

Long Term Rating

AA+/Stable

Affirmed

Rationale

Standard & Poor's Ratings Services affirmed its 'AA+' long-term rating on the Illinois Finance Authority's series 2009A and 2009B bonds, its 'AA+/A-1+' dual rating on the authority's series 2002C, 2008A-1, and 2008A-2 bonds, and its 'AA+/A-1' dual rating on the authority's series 2007A-1, 2007A-2, 2007A-3, and 2007A-4 bonds. The bonds were issued on behalf of Northwestern Memorial Hospital (NMH). Standard & Poor's also affirmed its 'AA+' long-term rating on the authority's series 2003 and 2002A revenue bonds issued for Northwestern Lake Forest Hospital (NLFH, formerly Lake Forest Hospital). The outlook on all ratings is stable.

The ratings reflect our view of NMH's continued strong operations despite a decline in revenue. During fiscal 2012, NMH experienced a decline in utilization but was able to curtail its expense growth to produce yet another year of strong operations despite an operating loss in the fourth quarter of the year. NMH's management team also continues to build its solid balance sheet even amid continued investments in capital, and this helps NMH to remain a relevant provider in the very competitive Chicago market. Although we anticipate that NMH will issue approximately \$120 million of new debt in fiscal 2013, we do not anticipate the new debt to shift leverage or debt service coverage in a manner that would negatively affect the rating. Finally, we view the close affiliations of the recently relocated Ann & Robert H. Lurie Children's Hospital and the Rehabilitation Institute of Chicago as a strength in this medical corridor of Chicago.

The 'AA+' rating further reflect our view of NMH's:

- Strong liquidity, with approximately 490 days' cash on hand for fiscal 2012 and an average of 420 days' cash on hand during the past four years.
- Good maximum annual debt service (MADS) coverage of 7.3x because of the solid operations noted above and solid investment income for fiscal 2012; Outstanding governance and management, including the numerous benefits realized through affiliations with all Northwestern University-related entities, including the Feinberg School of Medicine; and
- Stable business position as the market share leader.

Partly offsetting the preceding strengths, in our view, are NMH's:

- Softening of inpatient admissions overall and of outpatient volumes at the Lake Forest campus, both of which have affected NMH's revenue;

- Capital plans that include a redevelopment of the NLFH campus and a new outpatient care pavilion medical office building near the NMH campus; and
- Increasingly competitive service area, with provider consolidation continuing in the greater Chicago market.

The analysis and financial figures in this report pertain to the activities of Northwestern Memorial HealthCare (NMHC), the sole corporate member of NMH, NLFH, and Northwestern Memorial Foundation. However, unless we note otherwise, we will refer to the credit as NMH to be consistent with the bonds' security. The revenue bonds are an unsecured general obligation (GO) of NMH and NLFH. As of fiscal year-end 2012, NMH and NLFH accounted for 95% of the total revenue and 95% of the total assets of the consolidated financial results of NMHC and its subsidiaries. Neither NMHC, nor the foundation, nor NMH's and NLFH's subsidiaries are obligated to repay debt service associated with the bonds. NMH is considering expanding its obligated group to include NMHC and all not-for-profit subsidiaries in the system.

Outlook

The stable outlook reflects our opinion that the system will continue to post strong operations as NMH's leadership implements its strategies to address the rising expense base and volume challenges. Also, as NMH plans to spend capital to help sustain the system, we anticipate that the balance sheet will not suffer.

NMH has defined a level of operations that it will need to achieve to meet its future needs. However, if operations continue the trend that arose in the fourth quarter of fiscal 2012, coupled with continued declining utilization and capital spending that would negatively affect the balance sheet, we could lower the rating or revise the outlook to negative. Finally, because of market consolidation, a dilutive acquisition or loss of leading market position by NMH could also affect the rating.

We do not anticipate raising the rating in the outlook period.

Enterprise Profile

Northwestern Memorial HealthCare is the corporate parent of NMH, NLFH, and Northwestern Memorial Foundation. NMH has a total of 894 licensed beds (812 staffed) in the Feinberg/Galter Pavilion and Prentice Women's Hospital. It is the primary teaching hospital for Northwestern University's Feinberg School of Medicine, and its medical staff of 1,762 affiliated physicians (who also carry appointments with the Feinberg School) represents virtually every medical specialty. NLFH is a 201-bed community hospital with more than 700 physicians who are board-certified in 68 medical specialties and who are located in offices throughout Lake County. Northwestern Memorial Physicians Group is a primary care medical group practice with 103 physicians and allied health care providers covering internal medicine, obstetrics and gynecology, pediatrics, dermatology, occupational medicine, integrative medicine, wellness and disease prevention, executive health, and perioperative care. NMHC also includes Northwestern Memorial Insurance Co.

Northwestern University (AAA) and Northwestern Medical Faculty Foundation (NMFF) are separate corporations and are not obligated to repay debt service associated with the bonds. However, in our opinion, these organizations are integrally linked with NMH and their success hinges on NMH's continued very strong performance.

Utilization

NMH's inpatient volume declined in fiscal 2012 by 4.6%, and admissions totaled 55,743. The decline in admissions is consistent with the area and what we have generally seen throughout the country. Management is keenly aware of the decline and is looking at numerous strategies to help to maintain if not improve admissions and other utilization statistics. However, management also reports that growth in the future will be oriented toward outpatient utilization as a result of health care reform. NMH's primary service area market share (22 ZIP codes contiguous to the downtown hospital) remained stable at approximately 22.8%.

NMH's market share may seem modest, but admissions and related market share among other hospitals in the service area also remain stagnant. This, coupled with health care reform, continues to lead to consolidations, with health systems and hospitals aligning to strengthen their competitive position. In Chicago ('AA-' GO rating), which has a population in excess of 3.2 million, NMH is the single-hospital market share leader, with an 8.6% share. In Chicago, no single hospital or health system has a dominant market position.

Management

NMH continues to have a strong leadership team. The team has continued to produce strong operations and balance sheet measures while investing in its facilities and adding a new hospital to the organization. The management team continues to review possible affiliation partners in the greater Chicago area, but currently has no mergers or acquisitions in its sights. Although it reviews partners, the management team continues to invest in physicians and physician office space outside of downtown Chicago to drive patients to NMH and NLFH. This is one of the main strategies to help the system's growth. Finally, NMH's leadership is forging stronger relationships with the university, the university's medical faculty, and physicians. The strategy is for NMH and the medical school to become a top 10 academic medical center and a top 10 medical school. To accomplish this goal, the aforementioned entities will begin working more closely together with NMH.

Financial Profile

Operations

In accordance with our report "New Bad Debt Accounting Rules Will Alter Some U.S. Not-for-Profit Health Care Ratios But Won't Affect Ratings," published Jan. 19, 2012 on RatingsDirect on the Global Credit Portal, we recorded NMH's 2012 audit, including the adoption of Financial Accounting Standards Board ASU 2011-07 in 2012 but not in prior periods. The new accounting treatment means that NMH's fiscal 2012 and subsequent financial statistics are directly comparable neither with the results for 2011 and prior years, nor with the 2011 median ratios. For an explanation of how the change in accounting for bad debt affects each financial measure, including the direction and size of the change, please see the above report.

NMH's financial performance remained strong in fiscal 2012. NMH generated an operating margin of 5.2% compared with 5.4% in fiscal 2011. NMH was able to post the strong operations even after an operating loss of \$24 million in the fourth quarter of 2012. Management reports that the fourth-quarter operating loss, although anticipated, was partially the result of the softening of inpatient admissions, softness in outpatient volumes at NLFH, and one-time expenses, most of which applied to the whole year. NMH's leadership has begun to address the rising expense base, as it reduced

the employee base by a couple of hundred positions in August 2012.

Management reports that NMH will continue to see the challenge of inpatient volumes coupled with health care reform. With this in mind, management believes that it must at least break even on Medicare patients while continuing to produce operating margins of at least 4.5% to 5.0% to be able to meet NMH's future needs, which include capital expenditures and the tightening of the relationship with the university and others.

With the strong operations and investment income, NMH continues to post strong MADS coverage. For fiscal 2012, NMH posted MADS coverage of 7.3x (6.3x when including operating leases).

Balance sheet

As of Aug. 31, 2012, NMH's leverage remained in line with that of other 'AA+' rated facilities at 25.8%. For the same date, cash to debt was adequate at 243%, while cash to contingent liabilities was greater than 600%. Liquidity continues to grow as management has tightened its capital budget and is investing in other ways to improve access to the system without larger capital outlays. As of Aug. 31, 2012, NMH had 487 days' cash, compared with 450 for fiscal 2011.

When NMH acquired NLFH, it agreed to refurbish the existing facility or build a replacement hospital for the current campus. NMH has not finalized its plans but is considering a new replacement hospital. We note that NMH has until 2020 to complete a refurbishment of the existing facility or replacement hospital. Also, NMH plans to build a new approximately \$330 million outpatient care pavilion (OCP) directly across from its main campus. The new OCP, as planned, would have 25 stories and would help to alleviate the need to build another, more costly patient tower. NMH is keenly aware of and plans to maintain its balance sheet strength, adjusting its capital schedule toward that end.

NMH derives additional credit strength from its strong philanthropic support and the supporting role that the Northwestern Memorial Foundation plays. The foundation had total assets of \$657 million and total unrestricted net assets of \$397 million at fiscal year-end 2012.

Short-term bank-supported ratings

The 'A-1+' short-term component of the rating on the series 2002C, 2008A1, and 2008A2 bonds reflects the likelihood of payment of tenders as well as a liquidity facility: a standby bond purchase agreement (SBPA) provided by The Northern Trust Co. (AA/A-1+). The SBPA provides for a maximum of 35 days' interest at the 12% maximum rate. Standard & Poor's will withdraw its short-term rating on the expiration date unless the SBPA is extended pursuant to its terms or an alternative SBPA is delivered.

The 'A-1' short-term component of the rating on the authority's variable-rate demand revenue bonds (VRDB) subseries 2007A-1, 2007A-2, 2007A-3 and 2007A-4, issued for NMH, is based on liquidity facilities provided by JPMorgan Chase Bank N.A. (A+/A-1).

Bondholders may tender their bonds during the daily and weekly modes upon delivering appropriate notice. The bonds are further subject to mandatory tender upon conversion to another interest rate mode and one business day before expiration, substitution, or termination. The bonds may be called because of optional redemptions and are subject to mandatory sinking fund payments.

Swap profile

NMH is a party to five floating- to fixed-rate swaps with a notional amount of \$324.3 million as of November 2012. Two floating- to fixed-rate swaps, with notional amounts of \$43.2 million and \$35.25 million, are with Citibank N.A. (A+/A-1/Negative) as the counterparty. Two other floating- to fixed-rate swaps, with notional amounts of \$35.25 million and \$105.3 million, are with UBS AG (A+/A-1/Negative) as the counterparty. Finally, one floating- to fixed-rate swap with a notional amount of \$105.3 million is with JPMorgan Chase Bank N.A (A+/A-1) as the counterparty. The total net variable-rate debt exposure is 0%.

Northwestern Memorial Corp. and Subsidiaries' Financial Summary				
--Fiscal year ended Aug. 31--				
	2012*	2011	2010	2009
Financial performance				
Net patient revenue (\$000s)	1,614,123	1,593,596	1,474,243	1,270,917
Total operating revenue (\$000s)	1,733,612	1,716,854	1,590,176	1,367,883
Total operating expenses (\$000s)	1,645,304	1,624,451	1,488,281	1,307,571
Operating income (\$000s)	88,308	92,403	101,895	60,312
Operating margin (%)	5.09	5.38	6.41	4.41
Net non-operating income (\$000s)	141,190	94,584	85,105	(139,937)
Excess income (\$000s)	229,498	186,987	187,000	(79,625)
Excess margin (%)	12.24	10.32	11.16	(6.48)
Operating EBIDA margin (%)	15.21	15.11	17.11	15.68
EBIDA margin (%)	21.60	19.55	21.33	6.08
Net available for debt service (\$000s)	404,885	354,060	357,262	74,612
Maximum annual debt service (\$000s)	55,453	55,453	55,453	55,453
Maximum annual debt service coverage (x)	7.30	6.38	6.44	1.35
Operating lease-adjusted coverage (x)	6.29	5.56	5.59	1.30
Liquidity and financial flexibility				
Unrestricted cash and investments (\$000s)	1,959,276	1,833,860	1,410,506	1,145,611
Unrestricted days' cash on hand	476.9	450.4	382.0	355.5
Unrestricted cash/total long-term debt (%)	243.0	223.3	168.7	146.9
Average age of plant (years)	7.7	8.0	7.2	6.9
Capital expenditures/Depreciation and amortization (%)	112.2	129.4	83.3	76.1
Debt and liabilities				
Total long-term debt (\$000s)	806,155	821,354	836,039	779,756
Long-term debt/capitalization (%)	25.8	27.1	32.5	34.8
Contingent liabilities (\$000s)	322,375	323,375	325,375	325,375
Contingent liabilities/total long-term debt (%)	40.0	39.4	38.9	42.0
Debt burden (%)	2.96	3.06	3.31	4.52
Defined-benefit plan funded status (%)	104.79	110.31	105.71	110.21

*FASB 2011-07 adopted related to the treatment of bad debt.

Related Criteria And Research

- USPF Criteria: Not-For-Profit Health Care, June 14, 2007
- USPF Criteria: Bank Liquidity Facilities, June 22, 2007
- USPF Criteria: Standby Bond Purchase Agreement Automatic Termination Events, April 11, 2008
- USPF Criteria: Municipal Swaps, June 27, 2007
- USPF Criteria: Contingent Liquidity Risks, March 5, 2012

Ratings Detail (As Of December 20, 2012)

Illinois Fin Auth, Illinois

Northwestern Mem Hosp, Illinois

Illinois Finance Authority (Northwestern Memorial Hospital) hosp VRDO ser 2007A-1

<i>Long Term Rating</i>	AA+/A-1/Stable	Affirmed
-------------------------	----------------	----------

Illinois Finance Authority (Northwestern Memorial Hospital) hosp VRDO ser 2007A-2

<i>Long Term Rating</i>	AA+/A-1/Stable	Affirmed
-------------------------	----------------	----------

Illinois Finance Authority (Northwestern Memorial Hospital) hosp VRDO ser 2007A-3

<i>Long Term Rating</i>	AA+/A-1/Stable	Affirmed
-------------------------	----------------	----------

Illinois Finance Authority (Northwestern Memorial Hospital) hosp VRDO ser 2007A-4

<i>Long Term Rating</i>	AA+/A-1/Stable	Affirmed
-------------------------	----------------	----------

Series 2002C

<i>Long Term Rating</i>	AA+/A-1+/Stable	Affirmed
-------------------------	-----------------	----------

Series 2008A-1 & A-2

<i>Long Term Rating</i>	AA+/A-1+/Stable	Affirmed
-------------------------	-----------------	----------

Copyright © 2012 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

McGRAW-HILL

WWW.STANDARDANDPOORS.COM/RATINGSDIRECT

DECEMBER 20, 2012 8

86

1054173 | 301372653
ATTACHMENT #6

20a. CERTIFICATION

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

Northwestern Memorial HealthCare

Signature of Authorized Officer: 

Typed or Printed Name of Authorized Officer Dean M. Harrison

Title of Authorized Officer: President and Chief Executive Officer, Northwestern Memorial HealthCare

Address: 251 East Huron Street

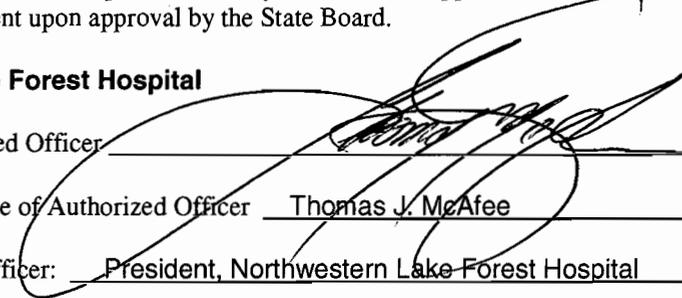
City, State & Zip Code: Chicago, IL 60611

Telephone (312) 926-3007 Date: _____

20b. CERTIFICATION

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

Northwestern Lake Forest Hospital

Signature of Authorized Officer _____ 

Typed or Printed Name of Authorized Officer Thomas J. McAfee

Title of Authorized Officer: President, Northwestern Lake Forest Hospital

Address: 660 North Westmoreland Road

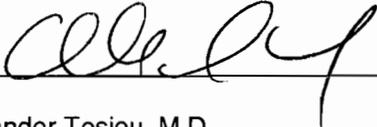
City, State & Zip Code: Lake Forest, IL 60045

Telephone (847) 535-6101 Date: 2/1/2013

20c. CERTIFICATION

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

Lake Forest Endoscopy Center, LLC

Signature of Authorized Officer _____ 

Typed or Printed Name of Authorized Officer Alexander Tosiou, M.D.

Title of Authorized Officer: President, Lake Forest Endoscopy Center, LLC

Address: 1475 East Belvidere Road, Suite 303

City, State & Zip Code: Grayslake, IL 60030

Telephone (847) 548-8715 Date: 2/11/2013

20d. CERTIFICATION

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

Lake Forest Endoscopy Physician Group, LLC

Signature of Authorized Officer _____ 

Typed or Printed Name of Authorized Officer Alexander Tosiou, M.D.

Title of Authorized Officer: President, Lake Forest Endoscopy Physicians Group, LLC

Address: 1475 East Belvidere Road, Suite 301

City, State & Zip Code: Grayslake, IL 60030

Telephone (847) 295-1300 Date: 2/11/2013

VERIFICATIONS

Attachment #7 includes verification of the items specified in 77 Ill. Adm. Code 1130.520(b) and (c)(8).

The verifications included in the attachment are described below:

- 1) Verification that the categories of service and number of beds as reflected in the Inventory of Health Care Facilities will not substantially change for at least 12 months following the project's completion date.
- 2) Documentation, such as letters of intent, options to purchase, or lease or sale agreements, that have been signed by both the applicant and the existing owner that contain a provision that execution is subject to HFPB issuance of an exemption and that contain the conditions and terms of change of ownership.
- 3) Proof that the applicants are fit, willing, able and has the qualification, background and character to adequately provide a proper standard of health service for the community by certifying that no adverse action has been taken against the applicant by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois against any health care facility owned or operated by the applicant, directly or indirectly, within three years preceding the filing of the application.
- 4) Proof that the applicant has sufficient funds to finance the acquisition and to operate the facility for a period of 36 months by providing evidence of a bond rating of "A" or better (that must be less than two years old) from Fitch's, Moody's, or Standard and Poor's rating agencies or evidence of compliance with HFPB financial viability review criteria applicable to the type of facility to be acquired.
- 5) Verification that the applicant intends to maintain ownership and control of the facility for a minimum of three years.
- 6) Verification that any projects for which permits have been issued have been completed or will be completed or altered in accordance with the provision of this section.

Verification that the applicants have fulfilled all compliance requirements with all existing permits that have been approved by the Board pursuant to Section 1130.500.

- 7) Certification that the facility will not adopt a more restrictive charity care policy than the policy that was in effect one year prior to the transaction. The hospital must provide certification that the compliant charity care policy will remain in effect for a two-year period, following the change of ownership transaction.
- 8) Verification that failure to complete the project in accordance with the applicable provision of Section 1130.570 no later than 12 months from the date of exemption approval and failure to comply with the material change requirements of this Section will invalidate the exemption.

Verifications

1. Northwestern Memorial HealthCare and Northwestern Lake Forest Hospital verify that the categories of service identified in the Illinois Department of Public Health Inventory of Health Care Facilities for Lake Forest Endoscopy Center will not substantially change for at least 12 months following the project's completion date.

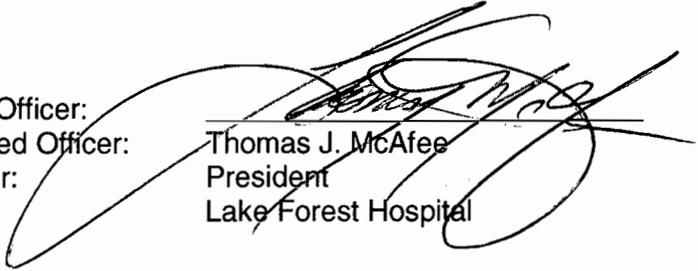
Lake Forest Endoscopy Center is a limited specialty ASTC providing gastroenterology services.

2. Northwestern Memorial HealthCare and Northwestern Lake Forest Hospital certify that the transaction agreement that has been signed by both Northwestern Lake Forest Hospital and Lake Forest Endoscopy Physicians Group, contains a provision that the transaction closing is subject to authorizations of all Governmental Authorities under all Healthcare laws and contains the conditions and terms of change of ownership.
3. Northwestern Memorial HealthCare and Northwestern Lake Forest Hospital certify that there has been no adverse action taken against any healthcare facility owned and operated by them by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois within the past three years.
4. The NMH Obligated Group, consisting of NMH and NLFH, has an AA+ bond rating from Standard and Poor's Ratings Services. Attached is a copy of the applicable bond rating.
5. Northwestern Memorial HealthCare and Northwestern Lake Forest Hospital verify that ownership and control of Lake Forest Endoscopy Center will be maintained by Northwestern Lake Forest Hospital for a minimum of three years following the receipt of the Certificate of Exemption for Change of Ownership.
6. Northwestern Memorial HealthCare and Northwestern Lake Forest Hospital verify that there are no outstanding permits.
7. Northwestern Memorial HealthCare hereby certifies that Lake Forest Hospital will not adopt a more restrictive charity care policy than the policy in effect one year prior to the transaction. Lake Forest Hospital will maintain the compliant charity care policy for two-years, following the change of ownership transaction.
8. Northwestern Memorial HealthCare and Northwestern Lake Forest Hospital each certify that it understands that failure to complete the change of ownership of Lake Forest Endoscopy Center in accordance with the applicable provision of Section 1130.570 within 12 months from the date of exemption approval and failure to comply with the material change requirements of this Section 1130.520 will invalidate the exemption.

Signature of Authorized Officer:
Typed Name of Authorized Officer:
Title of Authorized Officer:


Dean M. Harrison
President and Chief Executive Officer
Northwestern Memorial HealthCare

Signature of Authorized Officer:
Typed Name of Authorized Officer:
Title of Authorized Officer:


Thomas J. McAfee
President
Lake Forest Hospital