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April 16, 2013

VIA E-MAIL AND HAND DELIVERY

Valentina D. Adamova
Health Economic Specialist
Office of Health Systems Development
Rhode Island Department of Health
3 Capitol Hill, Room 410
Providence, RI 02908

Re: Bayside Endoscopy Center, LLC Change in Effective Control Application

Dear Valentina:

Attached hereto please find a change in effective control application filed on behalf of our client, Bayside Endoscopy Center, LLC which has entered into an agreement pursuant to which it will purchase Ocean State Endoscopy, Inc., a freestanding ambulatory surgery center located at 148 West River Street, Suite 3, Providence, RI.

Once you review the foregoing, please contact us with any questions.

Sincerely,

Stephen D. Zubiago

Enclosures

cc: Tony Taparo
Jennifer Baldock, Esq.
Christopher Browning, Esq.

Change in Effective Control Application

Version 11.23.12

Name of Applicant: Ocean State Endoscopy Holdings, LLC
Name of Facility: Ocean State Endoscopy
Date Application Submitted: April 16, 2013
Amount of Fee: $3.630

All questions concerning this application should be directed to the Office of Health Systems Development at (401) 222-2788

Please have the appropriate individual attest to the following:

"I hereby certify that the information contained in this application is complete, accurate and true."

signed and dated by the President or Chief Executive Officer

4-15-13

signed and dated by Notary Public

AMY D. COLEMAN
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY TENN

My Commission Expires SEPT 8, 2013

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1. Please provide an executive summary describing the nature and scope of the proposal. Additionally, please include the following: (1) identification of all parties, (2) description of the applicant and it's licensure track record, (3) the type of transaction proposed including description of the transaction and relevant costs, (4) summary of all transfer documents, and (5) summary of the organizational structure of the applicant and its affiliates.

On March 21, 2013, the applicant, Bayside Endoscopy Center, LLC, a Rhode Island limited liability company, entered into a Contribution Agreement (attached as Exhibit 14) pursuant to which the applicant will acquire the operations and assets of Ocean State Endoscopy, Inc. d/b/a Ocean State Endoscopy ("Ocean State"). Ocean State currently owns and operates a duly-licensed Rhode Island Freestanding Ambulatory Surgery Center located at 148 West River Street, Suite 3, Providence, RI 02904 (the "Licensed Entity") and is presently owned by Joel Spellun, M.D. ("Dr. Spellun"), Jay Sorgman, M.D. ("Dr. Sorgman"), Phillip McAndrew, M.D. ("Dr. McAndrew"), and Steven Kirshner, M.D. ("Dr. Kirshner") (collectively the "OSE Doctors"). The Licensed Entity is an AAAHC-accredited surgery center with a track record of regulatory compliance and high quality patient care.

The applicant currently owns two (2) other freestanding ambulatory surgery centers in Rhode Island located at (i) 33 Staniford Street, Providence, RI, 02905 (Bayside Endoscopy Center); and (ii) 1405 South County Trail, East Greenwich, RI 02818 (East Greenwich Endoscopy Center). In connection with its ownership interest in these two (2) other ambulatory surgery centers, the applicant has been the subject of previous change in effective control applications before the Rhode Island Department of Health, most recently in 2007. The applicant also maintains a track record of regulatory compliance and high quality patient care.

Pursuant to the Contribution Agreement, Ocean State will contribute all of its assets and operations to Bayside Endoscopy Center, LLC ("Bayside") in exchange for the purchase price and a 30% interest in a holding company named Ocean State Endoscopy Holdings, LLC ("Holdings"). The purchase price is an amount equal to Two Million Four Hundred Nineteen Thousand Eight Hundred Sixteen Dollars ($2,419,816). The purchase price will be funded by applicant through an intercompany loan from Symbion, a majority owner of the applicant, in an amount equal to $1,814,816. The remainder of the purchase price, an amount equal to Six Hundred Five Thousand Dollars ($605,000), will be paid in cash. Accordingly, the applicant's equity contribution in the proposed transaction is equal to 25% of the purchase price. After the transaction, the applicant will own and operate the Licensed Entity. The other parties to the Contribution Agreement are SARC/Providence, LLC, a Tennessee limited liability company which is an affiliate of Symbion, Center City Endoscopy, LLC, a Rhode Island limited liability company owned by the physicians who are also the owners of University Gastroenterology, LLC, and the OSE Doctors. Please see Exhibit 15 for organization charts that more completely set forth the pre- and post-transaction ownership structure.

2. Name and address of the applicant:

Name: Bayside Endoscopy Center, LLC	Telephone: 615-234-8913
Address: 40 Burton Hills Blvd., Ste. 500, Nashville, TN	Zip Code: 37215

3. Name and address of facility (if different from applicant):

Name: Ocean State Endoscopy	Telephone: 401-274-1260
Address: 148 West River Street, Suite 3, Providence, RI	Zip Code: 02904

4. Information of the President or Chief Executive Officer of the applicant:

Name: Anthony Taparo	Telephone: 615-234-8913
Address: 40 Burton Hills Blvd., Ste. 500, Nashville, TN	Zip Code: 37215

E-Mail: ttaparo@symbion.com	Fax:

5. Information for the person to contact regarding this proposal:

Name: Stephen D. Zubiago, Esq.	Telephone: 401-454-1017
Address: One Citizens Plaza, Ste. 500, Providence, RI	Zip Code: 02903
E-Mail: SZubiago@nixonpeabody.com	Fax: 401-454-1030

6. A. **EXISTING ENTITY:**

License category: Freestanding Ambulatory Surgical Center			
Name of Facility: Ocean State Endoscopy, Inc.		License #: FAS01015	
Address: 148 West River St, Suite 3, Providence, RI 02904		Telephone: 401-274-1260	
Type of Ownership: ___ Individual	___ Partnership	X Corporation	__ Limited Liability Co.
Tax Status: X For Profit	___ Non-Profit		

B. **PROPOSED ENTITY:**

License category: Freestanding Ambulatory Surgical Center			
Name of Facility: Ocean State Endoscopy		License #: FAS01015	
Address: 148 West River St, Suite 3, Providence, RI 02904		Telephone: 401-274-1260	
Type of Ownership: ___ Individual	___ Partnership	___ Corporation	X Limited Liability Co.
Tax Status: X For Profit	___ Non-Profit		

7. Does this proposal involve a nursing facility? Yes __ No X

8. Will the facility be operated under management agreement with an outside party? Yes X No ___

Response: A copy of the proposed Management Agreement is attached as Exhibit 8.

9. Will the proposal involve the facility/ies providing healthcare services under contract with an outside party? Yes___ No X

10. Estimate the date (month and year) for the proposed transfer of ownership, if approved:

July 31, 2013

11. Please provide a concise description of the services currently offered by the licensed entity and identify any services that will be added, terminated, expanded, or reduced and state the reasons therefore:

The applicant is a Freestanding Ambulatory Surgical Center dedicated to providing high quality and cost-effective GI endoscopic procedures. The applicant does not plan to add, terminate, expand, or reduce any services currently offered at the facility.

12. Please identify the long-term plans of the applicant with respect to the health care programs and health care services to be provided at the facility:

The applicant does not plan to change the health care programs and health care services provided at the facility.

13. Does the entity seeking licensure plan to participate in Medicare or Medicaid (Titles XVIII or XIX of the Social Security Act)?

MEDICARE: Yes X No___ MEDICAID: Yes X No___

14. Please provide all appropriate signed legal transfer documents (i.e. purchase and sale agreement, affiliation agreement); **NOTE**: these documents must cause both parties to be legally bound.

Response: A copy of the Contribution Agreement is attached as Exhibit 14.

15. Please provide organization charts of both agencies (existing entity and the applicant) for prior to transfer and post transfer, identifying all "parent" legal entities with direct or indirect ownership in or control, all "sister" legal entities also owned or controlled by the parent(s), and all "subsidiary" legal entities.

Response: A copy of the pre- and post-transaction organization charts are attached as Exhibit 15.

16. If the proposed owner, operator or director owned, operated or directed a health care facility (both within and outside Rhode Island) within the past five years, please demonstrate the record of that person(s) with respect to access of traditionally underserved populations to its health care facilities.

Response: The applicant is committed to the accessibility of its health care facilities to traditionally underserved populations. Within the past five (5) years, the applicant has operated two health care facilities, both ambulatory surgery centers. The applicant's track record with respect to access of traditionally underserved populations to its surgery centers is evidenced by the charity care provided to qualifying patients and the provision of services to Medicaid patients at its surgery centers. Charity care figures for both facilities are attached as Exhibit 16.

17. Please identify the proposed immediate and long-term plans of the applicant to ensure adequate and appropriate access to the program and health care services to be provided by the health care facility/ies to traditionally underserved populations.

Response: The immediate and long-terms plans of the applicant to ensure adequate and appropriate access to the programs and health care services it provides to traditionally underserved populations include implementation of its comprehensive Outreach and Charity Care Policy (see Exhibit 18). The applicant also plans to continue as a Medicaid-enrolled provider.

18. Please provide a copy of charity care policies and procedures and charity care application form.

Response: Please see a copy of the Outreach and Charity Care Policy and application form attached as Exhibit 18.

19. After the proposed change in effective control, will the facility/ies provide medically necessary services to patients without discrimination, including the patients' ability to pay for services? Yes X No___.

20. Please identify any state or federal licensure or certification citations and/or enforcement actions taken against the applicant and their affiliates within the past 3 years and the status or disposition of each.

Response: None.

21. Please provide a list of pending or adjudicated citations, violations or charges against the applicant and their affiliates brought by any governmental agency or accrediting agency within the past 3 years and the status or disposition of each.

Response: None.

22. Please provide a list of any investigations by federal, state or municipal agencies against the applicant and their affiliates within the past 3 years and the status or disposition of each.

Response: None.

23. Please identify any planned actions of the applicant to reduce, limit, or contain health care costs and improve the efficiency with which health care services are delivered to the citizens of this state.

Response: The applicant strives to deliver high quality, cost-effective health care services to all of its patients. In order to do so, it plans to hire quality health care professionals and implement quality improvement measures as set forth in Exhibit 24. The applicant understands that the continuity of care, based on increased coordination and integration between health care professionals greatly enhances the ability to deliver high quality and cost efficient case to the patients in its primary service area. The applicant looks forward to embracing federal and state health care reform initiatives to provide better access to services, with better outcomes, at lower costs.

24. Please provide a copy of the Quality Assurance Policies (for the services) and a detailed explanation of how quality assurance for patient services will be implemented at the facility/ies by the applicant.

Response: A copy of the Quality Improvement Manual is attached as Exhibit 24. The manual sets forth implementation plans for this policy.

25. Please provide a detailed description about the amount and source of the equity and debt commitment for this transaction. (**NOTE**: If debt is contemplated as part of the financing, please complete Appendix E). Additionally, please demonstrate the following:

A. The immediate and long-term financial feasibility of the proposed financing plan;

Response: The proposed financing plan is financially feasible in the immediate and long-term. The applicant's equity contribution will equal 25% of the purchase price. Thus, the financed portion of the purchase price is 75%. This meets the Health Services Council's minimum 20 percent equity investment policy. Additionally, the financed portion of funds will be generated by an intercompany loan from Symbion to the applicant. The loan's term will be 5 years and the interest rate will be 6.25%. The intercompany nature of the loan will also reduce or eliminate typical closing costs and upfront expenses. Based on historical and current financial information, the applicant's operations are expected to cover operation and debt service needs.

B. The relative availability of funds for capital and operating needs; and

Response: The applicant will have sufficient funds for capital and operating needs available to it through its cash-flow positive operations and its parent entities, if necessary.

C. The applicant's financial capability.

Response: The applicant's financial capability is strong and well-established. The applicant has successfully owned surgery centers in Rhode Island for nearly a decade.

26. Please provide legally binding evidence of site control (e.g., deed, lease, option, etc.) sufficient to enable the applicant to have use and possession of the subject property, if applicable.

Response: Please see a copy of a proposed sub-lease attached as Exhibit 26.

27. If the facility is not-for-profit and/or affiliated with a not-for-profit, please provide written approval from the Rhode Island Department of Attorney General of the proposal.

Response: Not applicable.

28. Please provide each of the following documents applicable to the applicant's legal status:

·Certificate and Articles of Incorporation and By-Laws (for corporations)
·Certificate of Partnership and Partnership Agreement (for partnerships)
·Certificate of Organization and Operating Agreement (for limited liability corporations)

- If any of the above documents are proposed to be revised or modified in any way as a result of the implementation of the proposed change in effective control, please provide the present documents and the proposed documents and **clearly identify** the revisions and modifications.

Response: A copy of the applicant's Articles of Organization, as amended and Operating Agreement are attached as Exhibit 28. The Operating Agreement will be amended to reflect its new membership as shown in Exhibit 15.

29. If the applicant and/or one of its parent companies (or ultimate parent) is a publicly traded corporation, please provide copies of its most recent SEC 10K filing.

Response: Not applicable.

30. Please provide audited financial statements (which should include an income statement, balance sheet and cash flow statement) for the last three years for the applicant, and/or its ultimate parent, and for the existing facility.

Response: Financial statements for the applicant and existing entity are attached as Exhibit 30. Audited financials are not available.

31. All applicants must complete Appendix A, D, F and G.

Response: Appendices A, D, E, F, and G are attached.

A

APPENDIX A

All applicants must complete this Appendix.

For hospital proposals, in place of this Appendix A, please complete the Appendix A of the Hospital Conversions Application located at:

http://www.health.state.ri.us/programs/hospitalconversionsmerger/index.php

1. Please indicate the financing mix for the capital cost of this proposal. **NOTE**: the Health Services Council's policy requires a minimum 20 percent equity investment in CEC projects.

Source	Amount	Percent	Interest Rate	Terms (Yrs.)
Equity*	$605,000	25%		
Debt**	$1,814,816	75%	6.25%	5 years
Lease	$	%	%	
TOTAL	**$2,419,816**	**100%**		

* Equity means non-debt funds contributed towards the capital cost related to a change in owner or change in operator of a healthcare facility which funds are free and clear of any repayment or liens against the assets of the proposed owner and/or licensee and that result in a like reduction in the portion of the capital cost that is required to be financed or mortgaged.

** If debt financing is indicated, please complete Appendix E.

2. Please identify the total number of FTEs (full time equivalents) and the associated payroll expense (with fringe benefits) required to staff this proposal in the last full year and as projected in the first full year after the implementation of the proposal.

	CURRENT YEAR 2012		<-- FIRST FULL OPERATING YEAR 2014 -->			
	EXISTING		ADDITIONS/(REDUCTIONS)		NEW TOTALS	
PERSONELL	Number of FTEs	Payroll W/Fringes	Number of FTEs	Payroll W/Fringes	Number of FTEs	Payroll W/Fringes
Medical Director	0	$0	0	$0	0	$0
Physicians	0	$0	0	$0	0	$0
Administrator	0	$0	.25	$25,000	.25	$25,000
RNs	4.63	$341,782	1	$60,183	5.63	$401,965
LPNs	0	$0	0	$0	0	$0
Nursing Aides	0	$0	0	$0	0	$0
PTs	0	$0	0	$0	0	$0
Ots	0	$0	0	$0	0	$0
Speech Therapists	0	$0	0	$0	0	$0
Clerical	1.5	$29,022	.5	$15,000	2	$44,022
Housekeeping	0	$0	0	$0	0	$0
Other:(Tech_____)	2.22	$95,393	1	$36,620	3.22	$132,013
TOTALS	**8.35**	**$466,197**	**2.75**	**$ 136,803**	**11.1**	**$603,000**

APPENDIX A (CONT.)

3. Please complete the following table for the facility for the last full year, the current year and for the first year after the implementation of the proposal. Round all amounts to the nearest dollar.

	ACTUAL PREVIOUS YEAR 2012	BUDGETED CURRENT YEAR 2013	<-- FIRST FULL OPERATING YEAR 20__ -->		
			CEC DENIED	CEC APPROVED	INCREMENTAL DIFFERENCE
REVENUES:					
Net Patient Revenue	$1,410,160	$1,400,000	$1,400,000	$1,815,000	$415,000
Other: (Interest)	$1,392	$0	$0	$0	$0
Total Revenue	$1,411,552	$1,400,000	$1,400,000	$1,815,000	$415,000
EXPENSES:	$	$	$	$	$
Payroll w/Fringes	$466,197	$490,000	$490,000	$603,000	$136,803
Bad Debt	$0	$0	$0	$30,000	$30,000
Supplies	$121,421	$130,000	$130,000	$170,000	$40,000
Office Expenses	$7,220	$7,500	$7,500	$8,500	$1,000
Utilities	$31,589	$33,000	$33,000	$38,000	$5,000
Insurance	$33,532	$35,000	$35,000	$37,000	$2,000
Interest	$0	$0	$0	$0	$0
Depreciation/Amortization	$49,492	$14,000	$14,000	$10,700	$(3,300)
Leasehold Expenses	$106,061	$106,000	$106,000	$106,000	$0
Other: (_Professional Fees_)	$115,853	$116,000	$116,000	$95,000	$(21,000)
Other: (Repairs and Maint.)	$33,384	$34,000	$34,000	$38,000	$4,000
Total Expenses	$964,749	$965,500	$965,500	$1,136,200	$170,000
OPERATING PROFIT:	$446,803	$434,500	$434,500	$678,800	$244,300

4. Please provide utilization statistics (both as a dollar value and percentage) for the existing facility by completing the table below for the requested years.

	ACTUAL (PAST 3 YEARS)						BUDGETED CURRENT FY 2013_		PROJECTED (IF CEC APPROVED)					
PAYOR SOURCE:	FY 2010_		FY 2011_		FY 2012_				FY 2014_		FY 2015_		FY 2016_	
Medicare	$128,611	11%	$186544	14%	$190964	14%	$190000	14%	$254000	14%	$275000	15%	$280000	15%
Medicaid	$0	0%	$ 0	0%	$ 0	0%	$0	0%	$ 21000	1%	$ 22000	1%	$ 23000	1%
Blue Cross	$650,502	58%	$770054	57%	$754549	54%	$750000	54%	$962000	53%	$970000	53%	$975000	53%
Commercial	$ 78,502	7%	$111800	8%	$121854	8%	$117500	8%	$145000	8%	$147000	8%	$149000	8%
HMO's	$269,124	24%	$277400	21%	$340450	24%	$340000	24%	$428500	24%	$416500	23%	$428500	23%
Self Pay	$3,091	%	$ 4634	0%	$ 2344	0%	$ 2500	0%	$ 4500	0%	$ 4500	0%	$ 4500	0%
Other: (_____)	$0	0%	$ 0	0%	$ 0	0%	$ 0	0%	$ 0	0%	$ 0	%0	$ 0	0%
TOTAL	1129396	100	1350432	100	1410161	100	1400000	100	1815000	100	1835000	100	1860000	100
Charity Care*	$ 0	0%	$ 0	0%	$ 0	0%	$ 0	%	$ 20000	1%	$ 21000	1%	$ 22000	1%

*Charity Care does not include bad debt, and is based on costs (not charges). For Home Nursing Care Providers the statewide community standard shall be one percent (1%) of net patient revenue earned on an annual basis.

D

Appendix D

Source of Funds

All applicants must complete this Appendix.

I. Please provide the total expenditures necessary to implement this proposal and allocate this amount to the sources of funds categories listed below:

TOTAL PROJECT COST: $2,419,816*

SOURCE OF FUNDS	AMOUNT
a. Funded depreciation	$ _____
b. Other restricted funds (specify) _____	_____
c. Unrestricted funds (specify) _____	_____
d. Owner's equity	$605,000
e. Sale of stock/other equity	_____
f. Unrestricted donations or gifts	_____
g. Restricted donations or gifts	_____
h. Government grant (specify) _____	_____
i. Other non-debt funds (specify) _____	_____
j. Sub-Total Equity Funds	**$605,000**
k. Subsidized loan (e.g. FHA etc.) _____	_____
l. Tax-exempt bonds (specify) _____	_____
m. Conventional mortgage	_____
n. Lease or rental	_____
o. Other debt funds	$1,814,816
p. Sub-Total Debt Funds	**$1,814,816**
q. Total Source of Funds	**$2,419,816**

* should equal the response for line "q"

E

Appendix E

Debt Financing

All applicants proposing debt financing must complete this Appendix.

Applicants contemplating the incurrence of a financial obligation for full or partial funding of the proposal must complete and submit this appendix.

1. Please describe the proposed debt by completing the following:

a.) type of debt contemplated	Intercompany Loan
b.) term (months or years)	5 years
c.) principal amount borrowed	$1,814,816
d.) probable interest rate	6.25%
e.) points, discounts, origination fees	_____
f.) compensating balance or reserved fund	_____
g.) likely security	_____
h.) disposition of property (if a lease is revoked)	_____
i.) prepayment penalties or call features	_____
j.) front end costs (e.g. underwriting spread, feasibility study, legal and printing expense, points etc.)	_____
k.) debt service reserve fund	_____

2. If this proposal involves refinancing of existing debt, please indicate the original principal, the current balance, the interest rate, the years remaining on the debt and a justification for the refinancing contemplated.

   Response: Not applicable.

3. Please present a debt service schedule for the chosen method of financing, which clearly indicates the total amount borrowed and the total amount repaid per year. Of the amount repaid per year, the total dollars applied to principal and total dollars applied to interest must be shown.

   Response: Please see amortization schedule on next page.

Date	Interest	Principal	Balance
2013	$54,679.81	$157,101.18	$1,657,714.82
2014	$94,280.80	$329,281.17	$1,328,433.65
2015	$73,100.84	$350,461.13	$977,972.51
2016	$50,558.54	$373,003.43	$604,969.08
2017	$26,566.29	$396,995.69	$207,973.39
2018	$3,807.59	$207,973.39	$0.00

F

Appendix F

Disclosure of Ownership and Control Interest

All applicants must complete this Appendix.

I. Please answer the following questions by checking either 'Yes' or 'No'. If any of the questions are answered 'Yes', please list the names and addresses of individuals or corporations.

A. Will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the applicant, that have been convicted of a criminal offense related to the involvement of such persons or organizations in any of the programs established by Titles XVIII, XIX of the Social Security Act? Yes___ No X

B. Will there be any directors, officers, agents, or managers of the applicant (or facility) who have ever been convicted of a criminal offense related to their involvement in such programs established by Titles XVIII, XIX of the Social Security Act? Yes___ No X

C. Are there (or will there be) any individuals employed by the applicant (or facility) in a managerial, accounting, auditing, or similar capacity who were employed by the applicant's fiscal intermediary within the past 12 months (Title XVIII providers only)? Yes___ No X

D. Will there be any individuals (or organizations) having direct (or indirect) ownership interests, separately (or in combination), of 5 percent or more in the applicant (or facility)? (Indirect ownership interest is ownership in any entity higher in a pyramid than the applicant) Yes X No__ (Note, if the applicant is a subsidiary of a "parent" corporation, the response is 'Yes')

Response: Symbion; SARC/Providence, LLC; Bayside Endoscopy Group, Inc.; Ocean State Endoscopy Holdings, LLC; and Kent, LLC.

E. Will there be any individuals (or organizations) having ownership interest (equal to at least 5 percent of the facility's assets) in a mortgage or other obligation secured by the facility? Yes___ No X

F. Will there be any individuals (or organizations) that have an ownership or control interest of 5 percent or more in a subcontractor in which the applicant (or facility) has a direct or indirect ownership interest of 5 percent or more. (Also, please identify those subcontractors.) Yes___ No X

G. Will there be any individuals (or organizations) having a direct (or indirect) ownership or control interest of 5 percent or more in the applicant (or facility), who have been direct (or indirect) owners or employees of a health care facility against which sanctions (of any kind) were imposed by any governmental agency? Yes___ No X

H. Will there be any directors, officers, agents, or managing employees of the applicant (or facility) who have been direct (or indirect) owners or employees of a health care facility against which any sanctions were imposed by any governmental agency? Yes___ No X

G

Appendix G

Ownership Information

All applicants must complete this Appendix

1. List all officers, members of the board of directors, and trustees, stockholder of the applicant and/or ultimate parent entity. For each individual, provide their home and business address, principal occupation, position with respect to the applicant and/or ultimate parent entity, and amount, if any, of the percentage of stock, share of partnership, or other equity interest that they hold.

Response:

Applicant: Bayside Endoscopy Center, LLC
Officers: None
Manager: SARC/Providence, LLC

Owners of Applicant:

1. Bayside Endoscopy Group, Inc.,

   Officers:
   Peter Margolis, M.D. – President
   Business Address: 33 Staniford Street, Providence, RI 02905
   Principal Occupation: Physician
   Position with Applicant: Owner of a minority interest of an entity that has an ownership interest in applicant.

   Thomas E. Sepe, M.D. - Vice President
   Business Address: 33 Staniford Street, Providence, RI 02905
   Principal Occupation: Physician
   Position with Applicant: Owner of a minority interest of an entity that has an ownership interest in applicant.

   Sheldon Lidofsky, M.D. - Secretary
   Business Address: 33 Staniford Street, Providence, RI 02905
   Principal Occupation: Physician
   Position with Applicant: Owner of a minority interest of an entity that has an ownership interest in applicant.

   Paul E. A. van Zuiden, M.D. - Treasurer
   Business Address: 33 Staniford Street, Providence, RI 02905
   Principal Occupation: Physician
   Position with Applicant: Owner of a minority interest of an entity that has an ownership interest in applicant.

Board of Directors:
Thomas Sepe, M.D.
Business Address: 33 Staniford Street, Providence, RI 02905
Principal Occupation: Physician
Position with Applicant: Owner of a minority interest of an entity that has an ownership interest in applicant.

Peter S. Margolis, M.D.
Business Address: 33 Staniford Street, Providence, RI 02905
Principal Occupation: Physician
Position with Applicant: Owner of a minority interest of an entity that has an ownership interest in applicant.

Stockholders:
William T. Chen, M.D.
Business Address: 33 Staniford Street, Providence, RI 02905
Principal Occupation: Physician
Position with Applicant: Owner of a minority interest of an entity that has an ownership interest in applicant.

Sheldon Lidofsky, M.D.
Business Address: 33 Staniford Street, Providence, RI 02905
Principal Occupation: Physician
Position with Applicant: Owner of a minority interest of an entity that has an ownership interest in applicant.

Paul E. A. van Zuiden, M.D.
Business Address: 33 Staniford Street, Providence, RI 02905
Principal Occupation: Physician
Position with Applicant: Owner of a minority interest of an entity that has an ownership interest in applicant.

Paul A. Akerman, M.D.
Business Address: 33 Staniford Street, Providence, RI 02905
Principal Occupation: Physician
Position with Applicant: Owner of a minority interest of an entity that has an ownership interest in applicant.

Peter S. Margolis, M.D.
Business Address: 33 Staniford Street, Providence, RI 02905
Principal Occupation: Physician
Position with Applicant: Owner of a minority interest of an entity that has an ownership interest in applicant.

Thomas E. Sepe, M.D.
Business Address: 33 Staniford Street, Providence, RI 02905
Principal Occupation: Physician
Position with Applicant: Owner of a minority interest of an entity that has an ownership interest in applicant.

Theodore C. Palumbo, M.D.
Business Address: 33 Staniford Street, Providence, RI 02905
Principal Occupation: Physician
Position with Applicant: Owner of a minority interest of an entity that has an ownership interest in applicant.

Kevin S. Palumbo, M.D.
Business Address: 33 Staniford Street, Providence, RI 02905
Principal Occupation: Physician
Position with Applicant: Owner of a minority interest of an entity that has an ownership interest in applicant.

Lisa A. Mueller, M.D.
Business Address: 33 Staniford Street, Providence, RI 02905
Principal Occupation: Physician
Position with Applicant: Owner of a minority interest of an entity that has an ownership interest in applicant.

Eric P. Berthiaume, M.D.
Business Address: 33 Staniford Street, Providence, RI 02905
Principal Occupation: Physician
Position with Applicant: Owner of a minority interest of an entity that has an ownership interest in applicant.

Edward A. Pensa, M.D.
Business Address: 33 Staniford Street, Providence, RI 02905
Principal Occupation: Physician
Position with Applicant: Owner of a minority interest of an entity that has an ownership interest in applicant.

John T. Cribb, M.D.
Business Address: 33 Staniford Street, Providence, RI 02905
Principal Occupation: Physician
Position with Applicant: Owner of a minority interest of an entity that has an ownership interest in applicant.

Angela Fishman, D.O.
Business Address: 33 Staniford Street, Providence, RI 02905
Principal Occupation: Physician
Position with Applicant: Owner of a minority interest of an entity that has an ownership interest in applicant.

Philip M. Trupiano, D.O.
Business Address: 33 Staniford Street, Providence, RI 02905
Principal Occupation: Physician
Position with Applicant: Owner of a minority interest of an entity that has an ownership interest in applicant.

Joseph D. Pianka, M.D.
Business Address: 33 Staniford Street, Providence, RI 02905
Principal Occupation: Physician
Position with Applicant: Owner of a minority interest of an entity that has an ownership interest in applicant.

Thomas P. McMahon, M.D.
Business Address: 33 Staniford Street, Providence, RI 02905
Principal Occupation: Physician
Position with Applicant: Owner of a minority interest of an entity that has an ownership interest in applicant.

2. SARC/Providence, LLC

Officers:
Cliff Adlerz – President
Teresa Sparks – Vice President
Ken Mitchell – Vice President
Jennifer Baldock – Vice President and Secretary
Tony Taparo – Assistant Vice President

Board of Directors:
Cliff Adlerz
Teresa Sparks
Ken Mitchell

Stockholders (Member):
Symbion, Inc.

3. Kent, LLC

Officers:
Cliff Adlerz – President

Teresa Sparks – Vice President
Ken Mitchell – Vice President
Jennifer Baldock – Vice President and Secretary
Tony Taparo – Assistant Vice President

Board of Directors:
Cliff Adlerz
Teresa Sparks
Ken Mitchell

Stockholders (Members):
GI Med Endoscopy, LLC a Rhode Island limited liability company owned by physicians who also own Gastro Intestinal Medicine Associates, Inc.

Pinetree Endoscopy, Inc., a Rhode Island professional corporation owned by physicians who also own University Gastroenterology, LLC

SARC/Kent, LLC, a Tennessee limited liability company ultimately owned by Symbion, Inc.

2. For each individual listed in response to Question 1 above, list all (if any) other health care facilities or entities within or outside Rhode Island in which he or she is an officer, director, trustee, shareholder, partner, or in which he or she owns any equity or otherwise controlling interest. For each individual, please identify: A) the relationship to the facility and amount of interest held, B) the type of facility license held (e.g. nursing facility, etc.), C) the address of the facility, D) the state license #, E) Medicare provider #, F) any professional accreditation (e.g. JACHO, CHAP, etc.), and G) complete Appendix B 'Compliance Report' and submit it to the appropriate state agency.

Response: Set forth below is a listing of the University Gastroenterology LLC physicians listed in response to Question 1 and then following such list is a response to Questions A through G for each individual physician on such list.

William T. Chen, M.D.
Sheldon Lidofsky, M.D.
Paul E. A. van Zuiden, M.D.
Paul A. Akerman, M.D.
Peter S. Margolis, M.D.
Thomas E. Sepe, M.D.
Theodore C. Palumbo, M.D.
Kevin S. Palumbo, M.D.
Lisa A. Mueller, M.D.
Eric P. Berthiaume, M.D.
Edward A. Pensa, M.D.
John T. Cribb, M.D.
Angela Fishman, D.O.
Philip M. Trupiano, D.O.
Joseph D. Pianka, M.D.
Thomas P. McMahon, M.D.

a. Relation to facility and amount held

Bayside Endoscopy Center, LLC: Owner of a minority interest of an entity that owns Bayside Endoscopy Center, LLC.

East Bay Endoscopy Center, LLC: Owner of 1/16 of the outstanding membership interests of East Bay Endoscopy Center, LLC.

b. Type of License Held
Bayside Endoscopy Center, LLC is a free standing ambulatory surgery center.
East Bay Endoscopy Center, LLC is a physician office operatory.

c. Bayside Endoscopy Center, LLC has a facility located at 33 Staniford Street, Providence, RI 02905 and another at 1405 South County Trail, East Greenwich, RI 02818

d. State license #
Bayside Endoscopy Center, LLC has license #1023 (33 Staniford Street) and FASC 01024 (1407 South County Trail.
East Bay Endoscopy Center, LLC has license #PHS 00015.

e. Medicare provider #
Bayside Endoscopy Center, LLC Medicare provider #499411003.
East Bay Endoscopy Center, LLC Medicare provider #1588879266.

f. Professional accreditation:
Bayside Endoscopy Center, LLC: JCAHO
East Bay Endoscopy Center, LLC: JCAHO

g. Appendix B will be completed and filed as appropriate

3. If any individual listed in response to Question 1 above, has any business relationship with the applicant, including but not limited to: supply company, mortgage company, or other lending institution, insurance or professional services, please identify each such individual and the nature of each relationship.

Response: None

4. Have any individuals listed in response to Question 1 above been convicted of any state or federal criminal violation within the past 20 years? Yes___ No X .

- If response to Question 4 is 'Yes', please identify each person involved, the date and nature of each offense and the legal outcome of each incident.

5. Please list all licensed healthcare facilities (in Rhode Island or elsewhere) owned, operated or controlled by any of the entities identified in response to Question 15 of the application. For each facility, please identify: A) the entity, applicant or principal involved, B) the type of facility license held (e.g. nursing

facility, etc.), C) the address of the facility, D) the state license #, E) Medicare provider #, F) any professional accreditation (e.g. JACHO, CHAP, etc.), and G) complete Appendix B 'Compliance Report' and submit it to the appropriate state agency.

Response: See Exhibit G(5) attached.

6. Have any of the facilities owned, operated or managed by the applicant and/or any of the entities identified in Question 5 above during the last 5-years had bankruptcies and/or were placed in receiverships?
Yes___ No X

- If response to Question 6 is 'Yes', please identify the facility and its current status.

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Facility ID	Facility Name	Address	City	State	Zip	License Number	Medicare Number	Accredited By	Hosp / ASC	Symbion Equity %
101	Orthopaedic Surgery Center of Asheville	34 Granby St.	Asheville	NC	28801	AS0038	2380823	AAAHC	ASC	54.00%
102	Bayside Endoscopy Center	33 Staniford St.	Providence	RI	02905	1023	499411003	JCAHO	ASC	75.00%
107	East Greenwich Endoscopy Center	1407 South County Trail, Bldg 4, Suite 411	East Greenwich	RI	02818	FAS01024	1588879266	JCAHO	ASC	45.00%
108	Portsmouth/ East Bay Endoscopy Center,.LLC	109 Clock Tower Square	Portsmouth	RI	02871	PHS 00015	499006394	JCAHO	ASC	75.00%
110	Bellingham Surgery Center	2980 Squalicum Parkway	Bellingham	WA	98225	ASF.FS.60099795	50C0001021	JCAHO	ASC	83.67%
122	Birmingham Surgery Center	2621 19th Street South	Birmingham	AL	35209	8008	51555331	n/a	ASC	59.70%
128	Renaissance Surgery Center	320 Bristol West Blvd., Suite 1A	Bristol	TN	37620	177	3739633	AAAHC	ASC	37.42%
129	Austin Surgical Hospital	3003 Bee Caves Road	Austin	TX	78746	7985	450871	JCAHO	Hosp	42.76%
132	NorthStar Surgical Center	4640 North Loop 289	Lubbock	TX	79416	7292	45-1289	JCAHO	ASC	46.09%
135	Lubbock Heart Hospital	4640 North Loop 289	Lubbock	TX	79416	100158	45-0876	CMS	Hosp	56.00%
145	West Bay Surgery Center	1401 West Bay Drive	Largo	FL	33770	781	F1096	AAAHC	ASC	51.00%
161	Boulder Spine Center, LLC	300 Exempla Circle, Ste. 130	Lafayette	CO	80026	16Y773	C805944	Medicare Certified	ASC	40.20%
163	South Shore Ambulatory Surgery Center	444 Merrick Road, Suite 400	Lynbrook	NY	11563	2907200R	5F5421	AAAHC	ASC	40.00%
167	Animas Surgical Hospital	575 Rivergate Lane	Durango	CO	80301	01M130	06-0117	N/A	Hosp	64.00%
168	Valley Surgery Center	2323 Sunset Blvd.	Steubenville	OH	43952	0669AS	VA3611621	AAAHC	ASC	57.62%
170	Dupont Surgery Center	4004 Dupont Circle	Louisville	KY	40207	300070	181015	AAAHC	ASC	61.00%
172	Cypress Surgery Center	9300 E. 29th St. Suite 100	Wichita	KS	67226	S087014	112209	AAAHC	ASC	53.59%
178	Valley Ambulatory Surgery Center/Valley Medical In	2210 Dean Street	St. Charles	IL	60175	7001217	141031	AAAHC	ASC	40.00%
182	Physicians Medical Center	218 Corporate Drive	Houma	LA	70360	435	19-0241	DHH	Hosp	53.34%
191	Jacksonville Beach Surgery Center	3316 South 3rd Street, Ste. 200	Jacksonville Beach	FL	32250	1120	F1349	AAAHC	ASC	79.59%
195	Lee Island Coast Surgery Center	4035 Evans Avenue	Ft. Myers	FL	33901	815	F1008	AAAHC	ASC	41.00%
199	Texarkana Surgery Center	5404 Summerhill Road	Texarkana	TX	75503	6923	ASC045	JCAHO	ASC	57.71%
200	The Surgery Center of Ocala	3241 SW 34th St.	Ocala	FL	34474	857	F1246	AAAHC	ASC	51.00%
205	Blue Springs Surgery Center	1053 Medical Center Drive, Suite 201	Orange Citiy	FL	32763	1291	F1509	JCAHO	ASC	34.00%
215	Honolulu Spine Center, LLC	500 Ala Moana Blvd., Suite 1-301	Honolulu	HI	96813	FSOF-16	H102637	N/A	ASC	60.53%
224	The Surgery Center	2548 Weems Road	Columbus	GA	31909	106-216	111170ASCC	AAAHC	ASC	63.21%
240	Premier Surgery Center	3215 Shrine Road, Suite 8	Brunswick	GA	31520	063-166	111002ASCA	AAAHC	ASC	60.00%
247	Village SurgiCenter of Erie	5473 Village Common Drive, Suite 100	Erie	PA	16506	11001500	29856	AAAHC	ASC	71.62%
249	The Surgery Center of Pennsylvania, LLC	2010 West Chester Pike	Havertown	PA	19083	10271500	64941	AAAHC	ASC	48.84%
256	Surgical Center of New Albany	2201 Green Valley Road	New Albany	IN	47150	10-0053861	ZM0060	AAAHC	ASC	79.07%
265	Microsurgical Spine Center	1519 3rd St. SE Suite 102	Puyallup	WA	98372	ASF.FS.60101867	G8857246	AAAHC	ASC	50.00%
270	GREAT FALLS SURGERY CENTER	1509 29th Street South	Great Falls	MT	59405	12122	M000005703	AAAHC	ASC	100.00%
271	Great Falls Medical Center	1411 9th Street South	Great Falls	MT	59405	12794	270086	n/a	Hosp	0.50%
280	Wilmington SurgCare	1801 S. 17th Street	Wilmington	NC	28401	AS0055	2380805	AAAHC	ASC	75.00%
290	Worcester Surgical Center	300 Grove St.	Worcester	MA	01605	4361	221011	AAAHC	ASC	56.00%
302	CMMP Surgical Group	1705 Christy Drive	Jefferson City	MO	65101	95-13	40030	AAAHC	ASC	39.98%
304	Timberlake Surgery Center, LLC	14825 North Outer Forty Road, Ste 100	Chesterfield	MO	63017	125-1	40059	AAAHC	ASC	56.00%
305	St Louis Spine and Orthopedic Surgery Center	1130 Town and Country Commons	Town and Country	MO	63017	MO- 211-0	26C0001133	AAAHC	ASC	55.50%
306	St. Louis Women's Surgery Center	884 Woods Mill Road, Suite 100	Ballwin	MO	63011	245-0	40064	AAAHC	ASC	60.00%
311	Specialty Surgical Center (Brighton)	9675 Brighton Way Suite 100	Beverly Hills	CA	90210	930000921	S051421	Medicare Certified	ASC	31.61%
312	Specialty Surgical Center of Beverly Hill - Wilshi	8670 Wilshire Blvd, Suite 300	Beverly Hills	CA	90211	9300001000	05-C001638	Medicare Certified	ASC	31.00%
315	Encino	16501 Ventura Blvd. Suite 103	Encino	CA	91436	930000971	05-C000153	Medicare Certified	ASC	62.61%
318	Specialty Surgical Center - Irvine	15825 Laguna Canyon Rd., Suite 200	Irvine	CA	92618	60000938	05C0001671	AAAHC	ASC	53.40%
321	Specialty Surgical Center of Thousand Oaks	696 Hampshire Road, Suite 100	Westlake Village	CA	91361	n/a	S051849	AAAASF	ASC	18.18%
405	Cape Coral	2721 Del Prado Blvd., #100	Cape Coral	FL	33904	1245	F1466	AAAHC	ASC	65.00%
406	Novi Surgery Center	25500 Meadowbrook Road, Suite 110	Novi	MI	48375	636928	OP58470	AAAHC	ASC	12.50%
410	Cool Springs Surgery Center	2009 Mallory Lane, Suite 100	Franklin	TN	37067	117	44C0001103	JCHAO	ASC	35.71%
412	Premier Orthopaedic Surgery Center	394 Harding Place	Nashville	TN	37211	168	44C0001139	AAAHC	ASC	20.00%
415	Physicians Surgery Center	207 Stonebridge Blvd	Jackson	TN	38305	0000000075	3288377	AAAHC	ASC	0.00%
416	Physicians Ambulatory Surgery Center	1235 Court Street	Circleville	OH	43113	0608AS	3611411	Medicare Certified	ASC	53.00%
420	Largo GI	4700 Bryan Dairy Road, Ste. 495	Largo	FL	33777	1184	F1405	AAAHC	ASC	51.00%
430	East Memphis Surgery Center	80 Humphreys Center Drive, Suite 101	Memphis	TN	38120	40	3288364	JCAHO	ASC	0.00%
440	Baptist Germantown Surgery Center	2100 Exeter	Germantown	TN	38138	67	3288560	JCAHO		0.00%
470	Midtown Surgery Center	255 South Pauline	Memphis	TN	38104	79	3287745	JCAHO	ASC	0.00%
485	Oxford Surgery Center	499 Azalea Dr.	Oxford	MS	38655	18	490000028	JCAHO	ASC	0.00%
486	Baptist Desoto Surgery Center	391 Southcrest Circle Suite 100	Southaven	MS	38671	26	490000055	JCAHO	ASC	0.00%
520	UroCenter	80 Humphreys Center Blvd. 310	Memphis	TN	38120	0000000122	3288203	JCAHO	ASC	0.00%
530	Union City Surgery Center	1722 East Reelfoot Avenue, Suite 1	Union City	TN	38261	000123	3288184	JCAHO	ASC	0.00%

AMENDED AND RESTATED MANAGEMENT AGREEMENT

THIS AMENDED AND RESTATED MANAGEMENT AGREEMENT ("Agreement") is made and entered into as of April __, 2013, by and between SYMBIONARC MANAGEMENT SERVICES, INC. a Tennessee corporation (the "Manager"), and BAYSIDE ENDOSCOPY CENTER, LLC, a Rhode Island limited liability company (the "Owner").

RECITALS:

1. The Owner owns and operates freestanding ambulatory surgical centers located at 33 Staniford Street, Providence, Rhode Island 02905, 1405 South County Trail, Building #4, East Greenwich, RI 02818, and 148 West River Street, Suite 3, Providence, RI 02902 (the "Centers").

2. The Owner and Manager entered into that certain Management Agreement dated December 1, 2003 (the "Original Management Agreement").

3. The Owner and Manager now desire to amend and restate the Original Management Agreement.

4. The Owner desires that the Manager provide certain management services for the Centers, and the Manager is willing to provide such services, all on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENT:

I. General

1.1. The Owner hereby retains the Manager for the purpose of rendering management, administrative and purchasing services and support, and other management support needed for operation, and in the best interest, of the Centers on the basis hereafter set forth, consistent with the mission of the Owner and subject to the policies established by the Owner, which policies shall be consistent with applicable federal, state and local law. The Manager shall be the exclusive provider of such services for the Centers.

1.2. The Manager shall provide the services described in Article IV and Article V hereof for the account of and as agent of the Owner, and shall render such services using the Manager's commercially reasonable best efforts. The Owner shall have final authority in all matters relating to the Centers' operations, including, but not limited to, clinical matters.

1.3. The Owner hereby appoints the Manager as its attorney-in-fact with full power on its behalf and in its name, or in the name of the Centers, to enter into contracts relating to the affairs of the Centers; provided that such power shall be subject to approval by the Owner with respect to contracts that provide for payments either to or for the benefit of, or by or on behalf of, the Owner in excess of $100,000 per calendar year. The Manager may

incur any obligation for repairs, equipment, additions or betterments to the Centers as it deems reasonably necessary.

1.4. Except in the event of the merger or consolidation or other business combination of the Manager, or the sale by the Manager of substantially all of its assets, the Manager shall not assign this Agreement, other than to a subsidiary corporation or other entity controlling, controlled by or under common control with the Manager (each, an "Affiliate"), without the written consent of the Owner, which consent shall not be unreasonably withheld. Notwithstanding anything herein to the contrary, the Manager shall provide the Owner with written notice of such assignment at least 10 days prior to any assignment under this Section 1.4.

II. Term

2.1. The term of this Agreement shall commence as of the date hereof (the "Effective Date"), and, unless this Agreement is earlier terminated as provided herein, shall continue for a term of 15 years; provided, however, that this Agreement shall terminate immediately in the event that SARC/Providence, Inc. or its Affiliate no longer owns a membership interest in the Owner. This Agreement shall automatically renew for two additional terms of five years each, unless one party gives the other party written notice of termination at least 180 days before the expiration of the then-current term. Nothing herein shall require the Manager or any Affiliate of the Manager to loan money to the Owner or otherwise become liable for any debt or obligation of the Owner.

2.2. The Owner shall have the right to terminate this Agreement upon the Manager's material breach of this Agreement, subject to the following notice and cure provisions. In the event that termination is for an alleged material breach by the Manager, the Owner shall provide the Manager with written notice of such alleged material breach. Such notice shall describe in detail the basis upon which the Owner believes such termination is justified. Upon receipt of such notice, the Manager shall have 90 days immediately thereafter during which to attempt to cure such alleged breach of this Agreement, and upon such cure being effected, the Owner's right to terminate shall cease and this Agreement shall remain in full force and effect. Furthermore, if the Manager has diligently attempted to effect such a cure within such cure period but cannot complete such cure because of the failure of a third party (such as a governmental agency) to act within such period, then the Manager shall have a reasonable time beyond such cure period to complete its cure of the alleged basis for the Owner's election to terminate.

2.3. The Manager shall have the right to terminate this Agreement upon the Owner's material breach of this Agreement, subject to the following notice and cure provisions. In the event that termination is for an alleged material breach by the Owner, the Manager shall provide the Owner with written notice of such alleged material breach. Such notice shall describe in detail the basis upon which the Manager believes such termination is justified. Upon receipt of such notice, the Owner shall have the applicable cure period listed below during which to cure such alleged breach of this Agreement, and upon such cure being effected, the Manager's right to terminate shall cease and this Agreement shall remain in full force and effect. The cure periods for a breach of this Agreement by the Owner shall be as follows: (i) 20 days with respect to the failure of the Owner to pay money or amounts due to the Manager or Affiliates thereof; (ii) 45 days in the event that the Owner's breach materially and adversely affects patient safety and quality of care; and (iii) 105 days for all other breaches. Furthermore, if the Owner has diligently attempted to

effect such a cure within such cure period but cannot complete such cure because of the failure of a third party (such as a governmental agency) to act within such period, then the Owner shall have a reasonable time beyond such cure period to complete its cure of the alleged basis for the Manager's election to terminate. Notwithstanding the foregoing, the Manager shall have the right to suspend the provision of services under this Agreement in the event that the Owner fails to pay any of the compensation payable pursuant to Article VII, subject to notice to the Owner and a 20 day cure period following the giving of such notice.

2.4. If either party shall appoint or consent to the appointment of a receiver, trustee or liquidator of such party or of all or a substantial part of its assets, file a voluntary petition in bankruptcy, make a general assignment for the benefit of creditors, file a petition or an answer seeking reorganization or arrangements with creditors or to take advantage of any insolvency law, or if an order, judgment or decree shall be entered by any court of competent jurisdiction, on the application of a creditor, adjudicating such party bankrupt or insolvent, and such order, judgment or decree shall continue unstayed and in effect for any period of 90 days, then, in case of any such event, the term of this Agreement shall terminate, at the option of the other party, upon written notice to such party.

III. HIPAA

3.1. This Section 3.1 shall become effective upon such date as the Owner is required to be in full compliance with the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and the applicable privacy regulations at 45 C.F.R. Parts 160 and 164, as amended ("Federal Privacy Regulations"), or at any earlier date mutually agreed upon in writing by the parties, and shall remain in effect for so long as required by law. The Manager agrees to comply with the following:

(a) The Manager shall not use any of the Owner's "protected health information" as defined in 45 C.F.R. § 164.501 ("Protected Health Information") other than: (i) as required to perform the Manager's obligations under this Agreement; (ii) as is necessary for the Manager's proper management and administration; and (iii) as permitted by law.

(b) The Manager may only disclose the Owner's Protected Health Information: (i) to its "workforce" as defined in 45 C.F.R. § 160.103 (the "Workforce") for the purposes of performing its obligations under this Agreement; (ii) as is necessary for the Manager's proper management and administration; and (iii) to perform its legal responsibilities.

(c) If the Manager carries out any of its duties under this Agreement through a subcontractor, which duties, by their nature, involve the use, custody, disclosure, creation of or access to the Owner's Protected Health Information, the Manager shall enter into a written contract for such work and the contract shall contain provisions substantially identical to the restrictions and conditions set forth in this Section 3.1.

(d) The Manager may use or disclose the Owner's Protected Health Information as is necessary for the Manager's proper management and administration only if: (i) the Manager obtains reasonable written assurances from the person or entity to whom the Owner's Protected Health Information is disclosed that such person or entity shall hold the Owner's Protected Health Information confidentially and only use or further disclose the Practice's Protected Health Information as required by law or for the purpose for which it was disclosed to the person or entity; and (ii) the person or entity agrees to notify the

Manager of any unauthorized use or disclosure of the Owner's Protected Health Information of which the person or entity becomes aware.

(e) The Manager will implement appropriate safeguards to prevent the use or disclosure of the Owner's Protected Health Information other than as provided for in this Agreement. If the Manager becomes aware of any use or disclosure of the Practice's Protected Health Information not provided for in this Agreement, the Manager shall report such information to the Owner.

(f) The Manager shall make available to the Owner such information as the Owner may reasonably require to fulfill Owner's obligations to provide access to, and copies of, Protected Health Information in accordance with the Federal Privacy Regulations.

(g) The Manager shall make available to the Owner such information as the Owner may reasonably require to fulfill the Owner's obligations to amend Protected Health Information in accordance with the Federal Privacy Regulations. In addition, the Manager shall, as directed by Owner, incorporate any amendments to Owner's Protected Health Information into copies of such information maintained by the Manager.

(h) The Manager shall make available to the Owner such information as the Owner may reasonably require to fulfill Owner's obligations to provide an accounting of disclosures with respect to Owner's Protected Health Information in accordance with the Federal Privacy Regulations. In addition, the Manager shall maintain a record of all disclosures of Owner's Protected Health Information, including the date of disclosure, the name and, if known, the address of the recipient of the Owner's Protected Health Information, a brief description of the Protected Health Information disclosed, and the purpose of the disclosure which includes an explanation of the basis for such disclosure, each to the extent required by the Federal Privacy Regulations. The Manager shall make this record available to the Owner upon the Owner's request.

(i) In the event that any patient requests access to, amendment of, or accounting of Owner's Protected Health Information directly from the Manager, the Manager shall promptly forward such request to the Owner. The Owner shall have the responsibility of responding to such forwarded request. However, if forwarding the patient's request to the Owner would cause either party to violate HIPAA or the Federal Privacy Regulations, the Manager shall instead respond to such individual's request as required by such law and notify the Owner of such response as soon as practicable.

(j) To the extent required by the Federal Privacy Regulations, the Manager shall make its internal practices, books, and records relating to the use and disclosure of the Owner's Protected Health Information received from, or created or received by the Manager on behalf of the Owner available to the Secretary of the Department of Health and Human Services to the extent required for determining the Owner's compliance with 45 C.F.R. § 164.504(e). Notwithstanding the foregoing, no attorney-client, accountant-client, or other legal privilege shall be deemed waived by the Owner or the Manager by virtue of this Section 3.1.

(k) Upon expiration or termination of this Agreement, the Manager shall return all of the Owner's Protected Health Information. In the event that the Manager determines that returning or destroying all copies of the Owner's Protected Health Information is not

feasible, the Manager shall extend the protections contained in this Section 3.1 to that portion of the Owner's Protected Health Information which is not returned or destroyed and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction of such Protected Health Information not feasible.

IV. Management Services

4.1. Subject to the provisions of Article I, the Manager will review, direct, supervise and provide or arrange for the provision of management services reasonably necessary for the operation of the Centers, including, but not limited to, the following:

(a) Maintaining the licensing and accreditation of the Centers (if the Centers is accredited) with the proper agencies, departments and insurance companies, including the Rhode Island Department of Health, the Joint Commission on Accreditation of Healthcare Organizations and/or the Accreditation Association for Ambulatory Health Care;

(b) Hiring, employing, supervising, directing, leasing and discharging, on behalf of the Owner, all non-physician personnel performing services at the Centers, including, as applicable, the administrators of the Centers, as needed; provided, however, that the Manager will not hire or discharge the Centers administrator, nurse manager and/or controller without consulting with the Owner's Governing Board;

(c) Negotiating reimbursement and fee payment methods, except for global payor arrangements which include reimbursement for both the professional and technical components of services provided, with the appropriate third party payors and state and federal agencies; provided, however, Manager shall consult with Owner on material matters relating to the negotiation of any such reimbursement or fee payment method that is individually material to the Owner;

(d) Establishing staffing schedules, wage structures and personnel policies for all personnel;

(e) Determining and setting patient charges for services provided by the Centers;

(f) Providing policies and operating procedures to all departments;

(g) Providing standard formats for all charts, invoices and other forms used in the operation of the Centers;

(h) Providing for the purchase, lease or disposition by the Owner of all supplies and equipment including information systems hardware and software used in the operation of the Centers;

(i) Directing the day-to-day operations of the Centers to insure the operations are conducted in a businesslike manner;

(j) Performing all management and non-medical oversight responsibilities for the Owner; and

(k) In consultation with the Owner's Medical Advisory Committee, negotiating or retaining on behalf of the Owner contractual relationships for anesthesia services, radiology services and pathology services, as appropriate.

4.2. All costs and expenses incurred with respect to the services specified in Section 4.1 shall be the Owner's obligation, subject to the provisions of Section VII of this Agreement.

V. Accounting And Bookkeeping Services

5.1. The Manager agrees to review, direct, supervise and provide or arrange for the provision of the following accounting and bookkeeping services for the Owner in the operation of the Centers:

(a) Receive for and deposit in a bank account (the "Centers Account") as directed by the Owner, separate from any monies of the Manager, all funds received from the operation of the Centers and supervise the disbursement of such funds for the operation of the Centers. The Centers Account shall be in the Owner's name and sole custody without the Manager having the right to negotiate checks on such account. The Centers Account shall be managed in accordance with applicable law regarding the assignment and reassignment of Medicare accounts receivable. In addition, as the Manager oversees billing, all billing will be in the name of and on behalf of the Owner.

(b) Maintain the books of account, including all journals and ledgers, check register and payroll records;

(c) Post all patient and other charges, including necessary analysis and corrections;

(d) Establish billing, receivables, credit and collection policies and procedures, and oversee such activity;

(e) Process vendors' invoices and other accounts payable, prepare checks for such payables and obtain the signature of the Owner's authorized representatives;

(f) Prepare or contract for processing payroll checks from time sheet summaries prepared under the Manager's supervision including applicable tax deposits;

(g) Contract for and supervise preparation of the Owner's tax returns (provided that fees payable to independent accountants will be the responsibility of the Owner);

(h) Prepare monthly bank reconciliations, and provide copies to the Owner;

(i) Prepare monthly, unaudited profit and loss statements, the format of which shall be compatible with the information systems of the Owner, and provide copies thereof to the Owner;

(j) Conduct meetings, no less than quarterly, or as otherwise necessary with the Owner's personnel, either telephonically or on-site as required; and

(k) Handle patient complaints.

VI. Cash Management

6.1. The Owner will participate in a cash management program in which the Manager shall arrange for the investment of excess funds in money market or similar accounts; provided, however, that the funds shall not be co-mingled with the funds or any other person or entity. The returns attributable to the Owner's funds will be credited to the Owner and will be reinvested or provided to the Owner.

6.2. Daily during the term of this Agreement, the Manager shall, and is hereby expressly authorized to, sweep all deposits from the Centers Account to effectuate the provisions of this Article VI. The Owner hereby appoints the Manager for the term of this Agreement to be its true and lawful attorney-in-fact for the purposes set forth in this Article VI.

VII. Fee For Services

7.1. The Owner shall reimburse the Manager, each month during the term hereof, for all of the Manager's and its Affiliates' out-of-pocket and direct expenses actually incurred by the Manager or its Affiliate with respect to vendors or other persons who are not Affiliates of the Manager on behalf of the Centers or Owner or in connection with the management of the Centers and the services provided hereunder, including, without limitation, with respect to utilities, rent, supplies, inventory, Centers staff wages and benefits, insurance, coding consultants or services and billing and collections services for the Owner or Centers. In addition, the Owner shall reimburse the Manager, each month during the term hereof, for all of the Manager's and its Affiliates' direct expenses incurred with respect to (i) its reasonable out-of-pocket expenses in connection with travel, lodging and meals; (ii) the cost of the Manager's personnel who are not onsite, not regularly assigned to provide services to the Owner and who provide specialized services; and (iii) other direct expenses incurred on behalf of the Owner; provided that such expenses described in subparagraphs (i), (ii) and (iii) shall be subject to an aggregate maximum reimbursement of $24,000 per calendar year (the "Maximum Reimbursement Amount"); provided further that the amount of the Maximum Reimbursement Amount shall be increased each calendar year during the term of this Agreement by a percentage equal to the percentage increase during the immediately preceding calendar year in the Consumer Price Index, All Urban Consumers, U.S. City Average, All Items (or comparable index if not then published) published by the Bureau of Labor Statistics of the United States Department of Labor ("CPI"). Notwithstanding the foregoing, upon the affirmative vote at least 80% of the members of the Governing Board of the Owner, the Manager shall also be reimbursed with respect to billing and collection services provided to or on behalf of the Owner by the Manager or its Affiliate. In addition to the foregoing, the Owner shall reimburse the Manager, each month during the term hereof, in the amount of $1,000 (the "Maximum Professional Fees Amount") for legal, accounting and other professional fees incurred on behalf of the Owner and the Centers with respect to the Owner's books, records, financial statements and tax returns and similar matters; provided, that such amount shall be increased each calendar year during the term hereof by a percentage equal to the percentage increase in the CPI during the immediately preceding calendar year. Any unpaid fees and reimbursable expenses shall accrue interest at the lesser of 1% percent per month or the highest rate allowed by applicable law.

VIII. Insurance

8.1. During the term of this Agreement, the Owner and the Manager shall, at the Owner's sole cost and expense, obtain and maintain with commercial carriers acceptable to the Manager the following insurance coverage:

(a) appropriate workers' compensation coverage for employed personnel working at the Centers;

(b) professional, casualty and comprehensive general liability insurance covering the Owner and personnel working at the Centers in such amounts, on such basis and upon such terms and conditions as the Owner and the Manager deem appropriate; and

(c) casualty and comprehensive general liability insurance which shall insure against loss of or physical damage to the Centers and the furniture, fixtures and equipment therein, under standard all-risk coverage (including but not limited to fire, smoke, lightning, wind storm, explosion, vehicle damage, riot, civil commotion, vandalism and malicious mischief) and shall also include damage due to flood and earthquake, unless waived in writing by the Manager.

8.2. The Manager shall be named an additional insured under all of the above-referenced insurance policies. The right of the Manager to invoke the protection of such policies shall be severable from and independent of the Owner's rights, and these policies shall not be terminable or non-renewable except upon at least 30 days' prior written notice to the Manager. No later than 30 days following the execution of this Agreement and 30 days following the end of each policy year, the Owner shall give to the Manager a copy of the endorsements naming the Manager an additional insured. Such insurance policies shall contain endorsements which reflect the primary liability of the Owner's insurance carrier for all covered losses provided for herein, notwithstanding any insurance which may be maintained by the Manager or any Affiliate of the Manager. The Owner hereby waives any right of contribution with respect to the loss covered under such policies (or with respect to deductibles thereunder) against the Manager or any of the Manager's insurance carriers.

IX. No Partnership

The Manager and the Owner affirmatively state that they do not have the intention and are not forming a joint venture or partnership for tax or any other purposes. The relationship created hereby is that of an agent (the Manager) contracting with a principal (the Owner) as independent contractors.

X. Confidential Information

10.1. For the purpose of this Agreement, the term "Manager Confidential Information" shall include the following: (a) all documents and other materials, including but not limited to, all memoranda, clinical manuals, handbooks, production books, educational material and audio or visual recordings, which contain information relating to the operation of the Centers or their programs (excluding written materials distributed to patients in the operation of the Centers as promotion for the Centers); (b) all methods, techniques and procedures utilized in providing services to patients in the Centers not readily available through sources in the public domain; and (c) all trademarks, trade names, service marks, or protected software of the Manager and its Affiliates and their related data files. Additionally, the specific items listed on Exhibit A, as amended by the Manager from time to time, shall be Manager Confidential Information. For purposes of this Agreement, the

term "Owner Confidential Information" shall include the following: (i) financial information of the Owner or the Centers; (ii) medical records of patients receiving services at the Centers; (iii) data relating to patient care and outcomes (whether individually identifiable with respect to any one patient or aggregated with information relating to multiple patients); (iv) risk management records; and (v) such other information that specifically pertains to the Owner and is proprietary to the Owner. Notwithstanding anything herein to the contrary, unless otherwise specified under applicable law, the Owner shall be deemed owner of all patient records at the Centers.

10.2. The Owner acknowledges and agrees that the Manager Confidential Information is owned by the Manager and has been disclosed to it in confidence and with the understanding that it constitutes valuable business information developed by the Manager at great expenditure of time, effort and money. The Owner agrees that it shall not, without the express prior written consent of the Manager, use the Manager Confidential Information for any purpose other than the performance of this Agreement nor allow anyone access to such except on a need to know basis. The Owner further agrees to keep strictly confidential and hold in trust all Manager Confidential Information and not disclose or reveal such information to any third party without the express prior consent of the Manager or as required by law. In the event that the Owner is required (by deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar process or by a regulatory body or other governmental authority) to disclose all or any part of such Manager Confidential Information, then the Owner shall (i) promptly notify the Manager of the existence, terms and circumstances surrounding such request, (ii) consult with the Manager on the advisability of taking legally available steps to resist or narrow such request and (iii) assist the Manager in seeking a protective order or other appropriate remedy.

10.3. The Manager acknowledges and agrees that the Owner Confidential Information is owned by the Owner and has been disclosed to it in confidence and with the understanding that it constitutes valuable business information. The Manager agrees that it shall not, without the express prior written consent of the Owner, use the Owner Confidential Information for any purpose other than the performance of this Agreement nor allow anyone access to such except on a need to know basis. The Manager further agrees to keep strictly confidential and hold in trust all Owner Confidential Information and not disclose or reveal such information to any third party (other than the Affiliates of the Manager) without the express prior written consent of the Owner or as required by law. In the event that the Manager is required (by deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar process or by a regulatory body or other governmental authority) to disclose all or any part of such Owner Confidential Information, then the Manager shall (i) promptly notify the Owner of the existence, terms and circumstances surrounding such request, (ii) consult with the Owner on the advisability of taking legally available steps to resist or narrow such request and (iii) assist the Owner in seeking a protective order or other appropriate remedy. In connection with the foregoing, the Manager shall ensure that its Affiliates also maintain the confidentiality of the Owner Confidential Information in accordance with the terms hereof.

10.4. If the Owner or the Manager or any of their respective representatives are requested by a person or entity to disclose the Manager Confidential Information or the Owner Confidential Information, respectively, in any legal, quasi-legal or administrative proceeding, the Owner or the Manager shall promptly notify the other party of such request so that the other party may take, at its expense, such steps necessary to protect the Manager Confidential

Information or Owner Confidential Information, as applicable. If the Owner or the Manager is thereafter required to disclose the Manager Confidential Information or the Owner Confidential Information, as applicable, to the person or entity compelling such disclosure only the part of such information as is required by law to be disclosed shall be disclosed.

10.5. Upon termination of this Agreement by either party for any reason whatsoever, each party shall forthwith return to the other party all material constituting or containing the Manager Confidential Information or Owner Confidential Information (as applicable) of the other party, in a format that is usable or capable of conversion to a usable format, and no party thereafter shall use, appropriate or reproduce such information or disclose such information to any third party. All costs of converting such information to a format useable by the recipient shall be born by the recipient.

10.6. The Manager shall have the right to use any technical or business expertise obtained during the course of its engagement hereunder in connection with its management of any other facility. Nothing herein shall prohibit or limit the Manager from providing management services to other persons and facilities.

XI. Notices

All notices permitted or required by this Agreement shall be deemed given when in writing and delivered personally via overnight courier or deposited in the United States mail, postage prepaid, return receipt requested, addressed to the other party at the address set forth below or such other address as the party may designate in writing:

To the Manager: SymbionARC Management Services, Inc.
40 Burton Hills Boulevard, Suite 500
Nashville, Tennessee 37215
Attn: President

With a copy to: Donald R. Moody, Esq.
Waller Lansden Dortch & Davis,
A Professional Limited Liability Company
511 Union Street, Suite 2100
Nashville, Tennessee 37219

To the Owner: Bayside Endoscopy Center, LLC
33 Staniford Street
Providence, Rhode Island 02905
Attn: Manager

With a copy to: Stephen D. Zubiago, Esq.
Nixon Peabody, LLP
One Citizens Plaza
Providence, RI 02903

XII. Compliance Program

The Owner acknowledges that the Manager has implemented a compliance program for its employed staff, and the Owner agrees to refrain from any activities that could in any way cause the Manager's staff to act in a manner that is inconsistent with such compliance program. Specifically, but without limitation, the Owner agrees to abide by Medicare and

Medicaid billing and coding requirements, including proper documentation of services, and the Owner agrees to adopt by-laws for its medical staff which will prohibit the medical staff from engaging in any activities that could in any way cause the Manager's staff to act in a manner that is inconsistent with such compliance program and to include an adequate remedy in such by-laws for breach thereof by any member of the medical staff. The Owner will at all times cooperate with and assist the Manager's staff in submitting complete and proper bills on behalf of the Owner. The Manager may, but is not obligated to, recommend from time to time that the Owner take certain actions that the Manager deems necessary to comply with applicable laws and regulations, and the Owner will promptly cooperate with the Manager in determining whether such actions are appropriate and necessary. The Manager may terminate this Agreement in accordance with Article 1 upon its reasonable determination that the Owner's failure to take the recommended action could cause the Manager to be in violation of its compliance program or in violation of applicable laws or regulations. Furthermore, the Manager shall not be deemed in breach of this Agreement if it prohibits its staff from taking any actions that it reasonably deems to be in violation of its compliance program or in violation of applicable laws or regulations.

XIII. Indemnification

13.1. The Owner agrees to indemnify and hold harmless the Manager, its Affiliates and shareholders, and their respective shareholders, directors, officers, employees and agents (each a "Manager Indemnified Party") from and against any and all losses, claims, damages, liabilities, costs and expenses (including reasonable attorneys' fees and expenses related to the defense of any claims) (a "Loss"), which may be asserted against any of the Manager Indemnified Parties with respect or relating to the Centers and their operations, including without limitation, matters relating to: (i) alleged or actual failure by the board of governors, manager and/or similar governing body of the Owner to perform any of its duties; (ii) any pending or threatened medical malpractice or other tort claims relating to the Centers; (iii) any action against the Manager brought by any medical staff members or former employees, or for matters occurring before the beginning of the term of this Agreement; (iv) any act or omission by any medical staff member, or employee, or other personnel who were under the supervision of a member of the medical staff as a result of providing medical services to such medical staff member's patient; (v) any debt or other obligations of the Owner, and (vi) any violation of any requirement applicable to the Centers under any federal, state or local environmental, hazardous waste or similar law or regulation; provided that such Loss has not been caused by the gross negligence or willful misconduct of the Manager Indemnified Party seeking indemnification pursuant to this Agreement.

13.2. The Manager agrees to indemnify and hold harmless the Owner and its members, partners or shareholders (as appropriate), its directors or governors (as appropriate), and its officers, employees and agents (each an "Owner Indemnified Party") from and against all Loss which may be asserted against such Owner Indemnified Parties arising from the Manager's provision of services as a result of the gross negligence or willful misconduct of the Manager; provided that such Loss has not been caused by the gross negligence or willful misconduct of an Owner Indemnified Party.

13.3. This Article XIII shall constitute the sole remedy of the parties as to the other party with respect to any Loss resulting from a third party claim.

XIV. Miscellaneous

14.1. This Agreement shall be construed to be in accordance with any and all applicable federal and state laws, including laws relating to Medicare, Medicaid and other third party payers. In the event there is a change in such laws, whether by statute, regulation, agency or judicial decision, that has any material effect on any term of this Agreement, or in the event that legal counsel to one party determines that any term of this Agreement poses a risk of violating such laws, then the applicable term(s) of this Agreement shall be subject to renegotiation and either party may request renegotiation of the affected term or terms of this Agreement, upon written notice to the other party, to remedy such condition. In the interim, the parties shall perform their obligations hereunder in full compliance with applicable law.

The parties expressly recognize that upon request for renegotiation, each party has a duty and obligation to the other only to renegotiate the affected term(s) in good faith and, further, the parties expressly agree that their consent to proposals submitted by the other party during renegotiation efforts shall not be unreasonably withheld. The parties further expressly recognize that in any such renegotiation, the relative economics to each of the parties shall be preserved.

Should the parties be unable to renegotiate the term or terms so affected so as to bring it/them into compliance with the statute, regulation or judicial opinion that rendered it/them unlawful or unenforceable within 30 days of the date on which notice of a desired renegotiation is given, then either party shall be entitled, after the expiration of said 30 day period, to terminate this Agreement upon at least 60 additional days written notice to the other party, provided that such party has received an opinion of legal counsel, which legal counsel and opinion are reasonably acceptable to the other party, that it is more likely than not that this Agreement violates applicable law.

14.2. Upon the written request of the Secretary of Health and Human Services or the Comptroller General or any of their duly authorized representatives, the Manager and any of its Affiliates providing services with a value or cost of $10,000 or more over a 12 month period shall make available to the Secretary the contracts, books, documents and records that are necessary to verify the nature and extent of the cost of providing such services. Such inspection shall be available up to four years after the rendering of such services. The parties agree that any applicable attorney-client, accountant-client or other legal privilege shall not be deemed waived by virtue of this Agreement.

14.3. The parties agree that this Agreement shall be governed by and construed in accordance with the laws of the State of Rhode Island without regard to its principles of conflicts of laws.

14.4. Subject to provisions herein to the contrary, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors and assigns; provided, however, that no party may assign this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld; provided, further, however, that the Manager may, without the prior written consent of the Owner, assign its rights and delegate its duties hereunder to one or more of its Affiliates and subcontract all or part of its obligations and duties hereunder. This Agreement is intended solely for the benefit of the parties hereto and is not intended to, and shall not, create any enforceable third party beneficiary rights.

14.5. The waiver by any party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to constitute, a waiver of any subsequent breach of the same or any other provision hereof.

14.6. In the event any provision of this Agreement is held to be invalid, illegal or unenforceable for any reason and in any respect, such invalidity, illegality, or unenforceability shall in no event affect, prejudice or disturb the validity of the remainder of this Agreement, which shall be and remain in full force and effect, enforceable in accordance with its terms.

14.7. Whenever the context of this Agreement requires, the gender of all words herein shall include the masculine, feminine and neuter, and the number of all words herein shall include the singular and plural.

14.8. The divisions of this Agreement into sections and subsections and the use of captions and headings in connection therewith are solely for convenience and shall have no legal effect in construing the provisions of this Agreement.

14.9. This Agreement supersedes all previous contracts, and constitutes the entire agreement of whatsoever kind or nature existing between or among the parties respecting the within subject matter and no party shall be entitled to benefits other than those specified herein. As between or among the parties, no oral statements or prior written material not specifically incorporated herein shall be of any force and effect. The parties specifically acknowledge that in entering into and executing this Agreement, the parties rely solely upon the representations and agreements contained in this Agreement and no others. All prior representations or agreements, whether written or verbal, not expressly incorporated herein are superseded and no changes in or additions to this Agreement, or waivers of any provisions hereof, shall be recognized unless and until made in writing and signed by all parties hereto.

14.10. This Agreement may be executed in two or more counterparts, each and all of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

14.11. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO DEMAND THAT ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR THE RELATIONSHIPS OF THE PARTIES HERETO BE TRIED BY JURY. THIS WAIVER EXTENDS TO ANY AND ALL RIGHTS TO DEMAND A TRIAL BY JURY ARISING FROM ANY SOURCE INCLUDING, BUT NOT LIMITED TO, THE CONSTITUTION OF THE UNITED STATES OR ANY STATE THEREIN, COMMON LAW OR ANY APPLICABLE STATUTE OR REGULATIONS. EACH PARTY HERETO ACKNOWLEDGES THAT IS KNOWINGLY AND VOLUNTARILY WAIVING ITS RIGHTS TO DEMAND TRIAL BY JURY.

14.12. The provisions of Article X, XIII and XIV shall survive any termination or expiration of this Agreement.

Remainder of page intentionally left blank.

In Witness Whereof, the parties have executed this Agreement on and as of the date first above written.

Manager:

SYMBIONARC MANAGEMENT SERVICES, INC.

By: _____
Anthony Taparo, Vice President

Owner:

BAYSIDE ENDOSCOPY CENTER, LLC

By: _____
Name: ANTHONY TAPARO
Title: VICE PRESIDENT

EXHIBIT A

SARC*/Manager's Accounting Manual
SARC/Manager's Administrators Manual
SARC/Manager's Corporate Compliance Manual
SARC/Manager's Human Resource Manual
SARC/Manager's Job Description and Performance Appraisal Manual
SARC/Manager's Clinical Policy and Procedures

*SARC = Symbion Ambulatory Resource Centres, Inc.

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CONTRIBUTION AGREEMENT

by and among

OCEAN STATE ENDOSCOPY, INC.,

ITS OWNERS,

OCEAN STATE ENDOSCOPY HOLDINGS, LLC,

SARC/PROVIDENCE, LLC,

CENTER CITY ENDOSCOPY, LLC

and

BAYSIDE ENDOSCOPY CENTER, LLC

LIST OF EXHIBITS

Exhibit	Description of Exhibit
A	Owners of Transferor
B-1-2	Bills of Sale
C	Company Operating Agreement
D	Subscription Agreement
E	Landlord Consent
F	Non-Competition Agreement
G	Bayside Operating Agreement
H	Management Agreement

CONTRIBUTION AGREEMENT

THIS CONTRIBUTION AGREEMENT (this "***Agreement***") is made and entered into this 21th day of March, 2013 (the "***Effective Date***"), by and among Ocean State Endoscopy, Inc., a Rhode Island corporation (the "***Transferor***"), the individual owners of Transferor listed on Exhibit A (each, an "***Owner***" and, collectively, the "***Owners***"), including Joel Spellun, M.D. ("Dr. Spellun"), Ocean State Endoscopy Holdings, LLC, a Rhode Island limited liability company (the "***Company***"), SARC/Providence, LLC, a Tennessee limited liability company ("***Symbion***"), Center City Endoscopy, LLC, a Rhode Island limited liability company ("***Bayside Group***"), and Bayside Endoscopy Center, LLC, a Rhode Island limited liability company ("***Bayside Center***").

RECITALS:

WHEREAS, Owners are the owners of 100% of the issued and outstanding capital stock of Transferor, the owner and operator of a free-standing ambulatory surgical center located at 148 West River Street, Suite 3, Providence, Rhode Island (the "***Premises***");

WHEREAS, subject to the terms and conditions hereof, Transferor wishes to contribute to the Company substantially all of its business and assets in consideration of thirty (30) Class C Units of the Company, which business and assets shall immediately be contributed by the Company to Bayside Center in consideration of thirty (30) Class E Units of Bayside Center and cash (the "***Cash Consideration***"), which Cash Consideration shall immediately be distributed in its entirety to Transferor; and

WHEREAS, subject to the terms and conditions hereof, Symbion and Bayside Group wish to subscribe for fifty-two and one-half (52.5) and seventeen and one-half (17.5), respectively, Class E Units of Bayside Center in consideration of an amount equal to the Cash Consideration and, immediately after the distribution of the Cash Consideration to Transferor as contemplated by the preceding paragraph, shall, in consideration of its contribution to the Company of such fifty-two and one-half (52.5) and seventeen and one-half (17.5), respectively, Class E Units of Bayside Center, be issued fifty-two and one-half (52.5) Class B Units and seventeen and one-half (17.5) Class A Units, respectively, of the Company;

NOW, THEREFORE, for and in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Transferor, Owners, the Company, Symbion, Bayside Group and Bayside Center do hereby agree as follows:

ARTICLE I.
DEFINITIONS

1.1. Defined Terms. As used in this Agreement, the terms below shall have the following meanings. Such terms, unless the context otherwise requires, may be used in the singular or plural, depending upon the reference.

"Action" shall mean any action, order, writ, injunction, judgment or decree outstanding or any suit, litigation, proceeding, labor dispute, arbitration or governmental audit, or investigation.

"***Adjustment Payment Date***" shall have the meaning set forth in Section 2.5.

"Agreement" shall have the meaning set forth in the preamble.

"Application" shall have the meaning set forth in Section 6.4.

"Assets" shall have the meaning set forth in Section 2.1(a).

"***Assigned Contracts***" shall have the meaning set forth in Section 2.1(a).

"***Bayside Center***" shall have the meaning set forth in the preamble.

"***Bayside Group***" shall have the meaning set forth in the preamble.

"***Bayside Operating Agreement***" shall have the meaning set forth in Section 3.3.

"Benefit Plan" shall have the meaning set forth in Section 4.26.

"Books and Records" shall mean all of the financial and other records and files of Transferor (including patient billing, other financial and marketing information, whether or not included as part of the Patient Records), including, without limiting the generality of the foregoing, (i) any and all records and lists of Transferor pertaining to the Center, the Assets, customers or suppliers of the Center, (ii) all books, ledgers, files, reports, plans, drawings and operating records of every kind maintained by Transferor, and (iii) any financial and other records and files that Transferor acquired through acquisition of practices or employment of physicians, whether in the possession of Transferor or in the possession of its accountants, including the work papers of its accountants.

"***Cash Consideration***" shall have the meaning set forth in the recitals.

"Center" shall mean the business of operating the free-standing ambulatory surgical center at the Premises, including the provision of technical and professional medical services and ancillary health care goods and services at the site through physicians and other healthcare professions, and the management and administration of such business.

"Center Lease" shall have the meaning set forth in Section 4.13.

"Claim" shall have the meaning set forth in Section 10.1(b).

"Closing" shall have the meaning set forth in Section 3.1.

"***Closing Balance Sheet***" shall have the meaning set forth in Section 2.5(a).

"Closing Date" shall mean a date to be mutually agreed upon by the Parties but in no event later than thirty (30) days after DOH Approval has been obtained.

"***Closing Net Working Capital***" shall have the meaning set forth in Section 2.5(b)(i).

"***Closing Working Capital Liabilities***" shall have the meaning set forth in Section 2.5(b)(i).

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"***Company***" shall have the meaning set forth in the preamble.

"Company Operating Agreement" shall have the meaning set forth in Section 3.2.

"Contract" shall mean any agreement, contract, note, loan, evidence of indebtedness, purchase order, letter of credit, franchise agreement, undertaking, covenant not to compete, employment agreement, independent contractor agreement, license, instrument, obligation or commitment, and any amendments, supplements or assignments thereto, to which Transferor is a party or is bound, whether oral or written, but excluding all Leases.

"***Contribution Consideration***" shall have the meaning set forth in Section 2.2.

"Default" shall mean (i) a breach of or default under any Contract or Lease, (ii) the occurrence of an event that with the passage of time or the giving of notice or both would constitute a breach of or default under any Contract or Lease, or (iii) the occurrence of an event that with or without the passage of time or the giving of notice or both would give rise to a right of termination, renegotiation or acceleration under any Contract or Lease.

"Disclosure Schedule" shall mean the schedule delivered by Transferor to the Company and Bayside Center as of the date of this Agreement, that sets forth the exceptions to the representations and warranties contained in Article III of this Agreement and certain other information called for by this Agreement, provided that the Parties acknowledge and agree that a disclosure of any matter or document in any numbered section of the Disclosure Schedule shall not qualify as a disclosure with respect to any other numbered section of the Disclosure Schedule unless and except to the extent such disclosure provides the receiving Party reasonable notice of such matter's or document's relevance to such other section of the Disclosure Schedule.

"DOH Approval" shall have the meaning set forth in Section 6.4.

"***DOL***" shall have the meaning set forth in Section 4.24(b).

"Effective Date" shall have the meaning set forth in the preamble.

"Effective Time" shall mean 12:01 a.m. on the day following the Closing Date.

"Encumbrance" shall mean any adverse claim to title, lien, pledge, option, charge, easement, security interest, deed of trust, mortgage, right-of-way, encroachment, building or use restriction, conditional sales agreement, encumbrance or similar right of third parties, whether voluntarily incurred or arising by operation of law, and includes any agreement to give any of the foregoing in the future, and any contingent sale or other title retention agreement or lease in the nature thereof.

"Environmental Laws" shall mean all federal, state and local environmental protection, occupational, health and safety or similar laws, ordinances, restrictions, licenses, rules, regulations and permit conditions, including the Federal Water Pollution Control Act, Resource Conservation & Recovery Act, Safe Drinking Water Act, Toxic Substances Control Act, Clean Air Act, Comprehensive Environmental Response, Compensation and Liability Act, Emergency Planning and Community Right to Know or other federal, state, or local laws of similar effect, each as amended as of the Closing Date.

"Equipment Leases" shall mean all of the existing leases with respect to the personal property used in connection with the Center to which Transferor is a party.

"***Excluded Assets***" shall have the meaning set forth in Section 2.1(b).

"***FF&E***" shall mean all of the furniture, fixtures, furnishings, equipment and other tangible personal property used by Transferor in connection with the Center, wherever located and including any of the foregoing in the possession of any of Transferor's suppliers, including all warranty rights with respect thereto.

"Financial Statements" shall have the meaning set forth in Section 4.4.

"***GAAP***" shall mean generally accepted accounting principles applied on a basis consistent with past practice.

"Governmental Authority" shall mean any foreign, federal, state, municipal, national, local or other governmental department, court, commission, board, bureau, agency or instrumentality or political subdivision thereof, or any entity or officer exercising executive, legislative or judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case, whether of the United States or any other country, or a state, territory or possession thereof, or the District of Columbia, in each case having jurisdiction over the applicable Person.

"Governmental Health Care Financing Program" shall mean and include Medicare, Rhode Island Medicaid and any other federal or state health care financing programs.

"Hazardous Materials" shall mean any hazardous or toxic substances, wastes or materials, including petroleum or petroleum products, defined as such or governed by any applicable Environmental Law.

"Health Care Laws" shall mean all relevant federal and state laws regulating health services or payment applicable to Transferor, including, but not limited to, Title XVIII and Title XIX of the Social Security Act, the federal Anti-Kickback Statute (42 U.S.C. Section 1320a-7b(b)), the Stark Law (42 U.S.C. Section 1395nn), the Anti-Inducement Law (42 U.S.C. Section 1320a-7a(a)(5)), the civil False Claims Act (31 U.S.C. Sections 3729 et seq.), the administrative False Claims Law (42 U.S.C. Section 1320a-7b(a)), the administrative simplification provisions of the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. Sections 1320d et seq.), the Health Information Technology for Economic and Clinical Health Act, the exclusion laws (42 U.S.C. Section 1320a-7), each as amended from time to time, the regulations promulgated pursuant to such laws, and any other state or federal law, regulation, guidance

document, manual provision, program memoranda, opinion letter, or other issuance of any Governmental Authority that regulates kickbacks, fee-splitting, patient or program charges, claims submissions, record keeping, referrals, the hiring of employees or acquisition of services or supplies from those who have been excluded from government health care programs, quality, safety, privacy, security, licensure or any other aspect of providing health care.

"Indemnified Parties" shall have the meaning set forth in Section 10.1(b).

"Indemnifying Party" shall have the meaning set forth in Section 10.1(b).

"Intellectual Property" shall mean all inventions, discoveries, trademarks, patents, trade names, copyrights, know-how, licenses, research data, designs, trade secrets, test procedures, formulas and other confidential information, intellectual and similar intangible property rights of Transferor, whether or not patentable (or otherwise subject to legally enforceable restrictions or protections against unauthorized third party usage), and any and all applications for, and extensions, divisions and reissuances of, any of the foregoing, and rights therein, used in the operation of, or that relate to, the Center.

"***IRS***" shall mean the Internal Revenue Service.

"Knowledge of Transferor" shall mean the actual knowledge of each Owner and of Transferor, including each member of Transferor's board of directors, its officers, administrator and the individual who is responsible for Transferor's billing and collection activities and the knowledge that any such Person would have had after reasonable inquiry of his or her subordinates and into relevant electronic databases to which he or she has access, and review of his or her files.

"Lease" shall mean all of the existing leases, subleases or other occupancy agreements to which Transferor is a party with respect to personal or real property.

"Liabilities" shall mean any direct or indirect liability, indebtedness, obligation, commitment, expense, claim, charge, deficiency, guaranty or endorsement of or by any person of any type, whether accrued, absolute, contingent, matured, unmatured or other.

"Losses" shall have the meaning set forth in Section 10.1(a).

"Material Adverse Effect" or ***"Material Adverse Change"*** shall mean any change, effect or circumstance that individually, or in the aggregate, has or would reasonably be expected to have, a material adverse effect on the: (i) business, assets, results of operations or financial condition of a Person and its subsidiaries, if any, taken as a whole or (ii) ability of a Person that is a party to this Agreement to perform its obligations under this Agreement or to consummate the transactions contemplated by this Agreement; provided, that ***"Material Adverse Effect"*** or ***"Material Adverse Change"*** shall not be deemed to include the impact of (A) changes in laws and regulations generally applicable to health care entities, (B) changes in generally accepted accounting principles or regulatory accounting principles, (C) actions and omissions of any party to this Agreement, the material adverse effect of which resulted directly from the prior written consent of the other Party, or (D) any outbreak or escalation of hostilities, declared or undeclared acts of war or terrorism unless the foregoing uniquely effects either or both of the Parties.

"Owner" and "***Owners***" shall have the meanings set forth in the preamble.

"Patient Records" shall mean all or any portion of the medical, clinical and other records, including images and films, of Transferor whether in electronic, hard copy or other format, directly or indirectly associated with services provided to patients of the Center, including, without limiting the generality of the foregoing, any patient records Transferor acquired through acquisition of practices or employment of physicians.

"Party" shall mean each of Bayside Center, Symbion, Bayside Group, the Company, each Owner and Transferor, and "***Parties***" shall mean the foregoing collectively.

"Payor" shall mean any Governmental Health Care Financing Program, health maintenance organization, preferred provider organization or any other managed care program or third party payor, or any fiscal intermediary or contractor of any of the foregoing.

"Permits" shall mean all licenses, permits, franchises, accreditations, certifications, participations, approvals, authorizations, consents or orders of, or filings with, any Governmental Authority, whether foreign, federal, state or local, or any other person, necessary or desirable for the past, present or anticipated conduct of, or relating to the operation of the Center.

"Person" shall mean any individual, partnership, corporation, limited liability company, trust, unincorporated association, joint venture or any other entity of any kind whatsoever, whether for profit or not for profit, and any Governmental Authority.

"***Premises***" shall have the meaning set forth in the recitals.

"Program Claims" shall have the meaning set forth in Section 4.18.

"Real Property" shall mean all offices, improvements, administration buildings and all real property and related facilities owned or leased or used by Transferor.

"Real Property Leases" shall mean all of the leases of the Real Property, including, without limitation, the Center Lease.

"Regulation" shall mean any law, statute, ordinance, regulation, rule, notice requirement, court decision, agency guideline, principle of law and order of any foreign, federal, state or local government and any other Governmental Authority, including without limitation Environmental Laws, Health Care Laws, energy, motor vehicle safety, public utility, zoning, building and health codes, occupational safety and health and laws respecting employment practices, employee documentation, terms and conditions of employment and wages and hours.

"Restated Disclosure Schedules" shall have the meaning set forth in Section 7.7.

"Supplies" shall mean all inventory held for resale and all supplies and similar items with respect to the Center, in each case wherever the same may be located.

"***Symbion***" has the meaning set forth in the preamble.

"***Target Net Working Capital***" shall have the meaning set forth in Section 2.5(b)(ii).

"Tax" shall mean any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, registration, ad valorem, value added, alternative or add-on minimum or estimated tax or other tax of any kind whatsoever, including any interest, penalty or addition thereto, whether disputed or not and including any obligation to indemnify or otherwise assume or succeed to the Tax liability of any other Person.

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

"Third-Party Claim" shall have the meaning set forth in Section 10.1(c).

"Transferee Indemnified Parties" shall have the meaning set forth in Section 10.1(a).

"***Transferor***" shall have the meaning set forth in the preamble.

"***Transferor's Balance Sheet***" shall have the meaning set forth in Section 2.5(a).

"***Working Capital Adjustment***" shall have the meaning set forth in Section 2.5(b)(iii).

ARTICLE II.
CONTRIBUTION AND OTHER CLOSING TRANSACTIONS

2.1. Contribution of Assets.

(a) Assets. Subject to the terms and conditions of this Agreement, and based upon the representations, warranties, covenants and agreements of the Parties set forth in this Agreement, (i) Transferor hereby agrees to contribute, convey, transfer and assign, and the Company agrees to accept from Transferor, and (ii) immediately thereafter, the Company hereby agrees, and Transferor agrees to cause the Company, to contribute, convey, transfer and assign, and Bayside Center agrees to accept from the Company, all right, title and interest in and to all of the assets of Transferor used or held for use in connection with the ownership and operation of the Business (the "***Assets***"), including without limitation, the following:

(i) All cash and cash equivalents, accounts receivable and other receivables;

(ii) All prepaid and deferred items relating to the Assets, if any, including prepaid rent, insurance, taxes and unbilled charges and deposits, including without limitation all such items listed on Schedule 2.1(a)(ii);

(iii) All FF&E, including without limitation FF&E listed on Schedule 4.14(a);

(iv) All Supplies;

(v) All Intellectual Property;

(vi) All Contracts that are listed on Schedule 4.15 and specifically identified as "***Assigned Contracts***";

(vii) All Books and Records, including without limitation Patient Records;

(viii) All goodwill associated with the Center as a going concern;

(ix) All transferable Permits, including without limitation those listed on Schedule 4.11;

(x) All rights of Transferor pursuant to any express or implied warranties, representations or guarantees made by suppliers furnishing goods or services to the Center;

(xi) All miscellaneous supplies and other tangible property of any kind used or held for use by the Center or related to the Assets;

(xii) All other assets, rights, interests and properties of Transferor, used or held for use by the Center or related to the Assets; and

(xiii) All telephone, email or web site addresses and fax numbers of Transferor related to the Center, to the extent transferable.

(b) Excluded Assets. Transferor shall retain, and the Assets shall not include, the following (the "***Excluded Assets***"):

(i) All contracts or arrangements that are not Assigned Contracts; and

(ii) The assets identified on Schedule 2.1(b)(ii).

2.2. Contribution Consideration. In consideration of the contribution of the Assets by Transferor to the Company, the Company shall issue to Transferor thirty (30) Class C Units of the Company. In consideration of the contribution immediately thereafter of the Assets by the Company to Bayside Center, Bayside Center shall (x) issue to the Company thirty (30) Class E Units of Bayside Center and (y) pay Cash Consideration in the amount of Two Million Four Hundred Nineteen Thousand Eight Hundred Sixteen Dollars ($2,419,816), subject to Section 2.5 (the "***Contribution Consideration***"). The Cash Consideration shall be paid as follows:

(a) The Cash Consideration shall be delivered on the Closing Date to the Company, and immediately distributed to Transferor as a special distribution. For the sake of clarity, Transferor, and only Transferor, shall participate in the distribution of and be entitled to the Cash Consideration.

(b) All payments required hereunder shall be paid, at the recipient's option, by (i) bank wire transfer of immediately available funds to an account designated by the recipient, or (ii) unendorsed certified check of the payor or official bank check for the payor's account payable to the order of the recipient.

2.3. Transferor Liabilities. Neither the Company nor Bayside Center will assume or be liable for any Liabilities of Transferor, known or unknown, contingent or absolute, accrued or other, whether based on events occurring before or after the Closing Date (other than the Closing Working Capital Liabilities and Liabilities under Assigned Contracts attributable solely to the period commencing as of the Effective Time), and the Assets shall be free of all liabilities, obligations, liens and encumbrances. Without limiting the generality of the foregoing, none of the following Liabilities shall be assumed:

(a) Any and all Liabilities of Transferor of any kind or nature arising out of the ownership, use or possession of the Assets or the operation or conduct of the Center prior to the Closing Date or the condition of the Assets prior to the Closing Date;

(b) Liabilities under any Contract that is not an Assigned Contract, and any Liability under any Assigned Contract in any way attributable to the period preceding the Effective Time, including in respect of any breach;

(c) Any and all litigations and claims against Transferor, or any of their respective shareholders, directors, officers, employees, agents, consultants, representatives or affiliates, regardless of when commenced, whether or not described in the Schedules to this Agreement;

(d) Liabilities of Transferor under any Environmental Laws;

(e) All Liabilities of Transferor of any kind to any of Transferor's employees, former employees or retirees, including those employed or formerly employed by the Center, including, without limitation, workers compensation, disability and medical benefits payable as a matter of law, contract or pursuant to benefit programs or otherwise with respect to any injury, illness or medical conditions arising out of events or exposures prior to the Closing Date, all benefits to retirees (including employees eligible for retirement but who have not retired on the Closing Date), beneficiaries, employees and former employees on layoff, medical disability or other leave of absence, including, without limitation, medical, dental and life insurance benefits and regardless of whether such benefits are funded or unfunded or accrued or unaccrued, any wages, deferred compensation, vacations, severance pay or other benefits under the Benefit Plans with respect to any employee, beneficiary, former employee or retiree of Transferor and the legal, administrative and accounting costs associated therewith;

(f) All intercompany Liabilities of Transferor or entities or persons related to Transferor including payables for corporate services;

(g) Any and all claims (regardless of when made) and Liabilities for medical malpractice arising with respect to operation of the Center on or before the Closing Date and claims (regardless of when made) for reimbursement or repayment of any amount billed by or on behalf of Transferor to, or received by or on behalf of Transferor from, a Payor; and

(h) Liabilities of Transferor for any Tax.

2.4. Closing Costs; Transfer Taxes; and Fees. Transferor shall be responsible for any documentary and transfer taxes and any sales, use or other taxes imposed by reason of the transfers of the Assets and any deficiency, interest or penalty asserted with respect thereto. Each party shall pay its own legal expenses in connection with this Agreement and the transactions contemplated hereunder.

2.5. Post-Closing Purchase Price Adjustment.

(a) Not more than one hundred twenty (120) days after the Closing Date, Bayside Center shall deliver to Transferor a balance sheet of Transferor as of the Closing Date, prepared by Bayside Center in accordance with GAAP (the "***Closing Balance Sheet***"), and prepared on a basis consistent with the balance sheet of the Company as of March 31, 2013 that was prepared by Transferor and is attached hereto with Schedule 2.5 ("***Transferor's Balance Sheet***"). Subject to the provisions of Section 2.5(b) below, on or before the one hundred fiftieth (150^{th}) day after the Closing Date (the "***Adjustment Payment Date***") either (i) Transferor shall pay to Bayside Center an amount equal to the Working Capital Adjustment, if the Working Capital Adjustment is a negative number, or (ii) Bayside Center shall pay Transferor an amount equal to the Working Capital Adjustment, if the Working Capital Adjustment is a positive number. Any payments to or from Transferor hereunder shall be deemed an adjustment to the amount of the Contribution Consideration paid by Bayside Center to the Company and immediately thereafter distributed to Transferor, as described in Section 2.2. All payments under this Section 2.5(a) shall be by (i) bank wire transfer of immediately available funds to an account designated by the recipient, or (ii) unendorsed certified check of the payor or official bank check for the payor's account payable to the order of the recipient.

(b) For purposes of this Agreement:

(i) "***Closing Net Working Capital***" means an amount equal to (A) the sum of the current assets, including, without limitation, the following items: (I) cash and cash equivalents, (II) accounts receivable and other receivable, net of any allowances, (III) Supplies, and (IV) prepaid and deferred expenses relating to the Assets, minus (B) the sum of the current liabilities, including, without limitation, the following items: (I) accounts payable, and (II) accrued expenses, but excluding the current portion of Indebtedness (collectively, the "***Closing Working Capital Liabilities***"), calculated as of the Closing Date;

(ii) "***Target Net Working Capital***" means Ninety Five Thousand Dollars ($95,000); and

(iii) "***Working Capital Adjustment***" means the (A) Closing Net Working Capital minus (B) Target Net Working Capital.

(c) Within fifteen (15) days after Bayside Center's delivery of the Closing Balance Sheet, Transferor may, in a written notice to Bayside Center, describe in reasonable detail any proposed adjustments to the Closing Balance Sheet and the reasons therefor, and shall

include pertinent calculations. If Transferor shall fail to deliver notice of objection to the Closing Balance Sheet within such fifteen (15) day period, then Transferor shall be deemed to have accepted the Closing Balance Sheet. In the event that, following delivery of such a notice, Bayside Center and Transferor are not able to agree on the Closing Balance Sheet within thirty (30) days from and after the receipt by Bayside Center of any objections raised by Transferor, Bayside Center and Transferor shall each have the right to require that such disputed determinations be submitted to certified public accounting firm as Bayside Center and Transferor may then mutually agree upon in writing, for computation or verification in accordance with the provisions of this Agreement. The foregoing provisions for certified public accounting firm review shall be specifically enforceable by the Parties; the decision of such accounting firm shall be final and binding upon Bayside Center, Transfer and the Company; there shall be no right of appeal from such decision; and such accounting firm's fees and expenses for each such disputed determination shall be borne by the Party whose determination has been modified by such accounting firm's report or by all Parties in proportion to the relative amount each Party's determination has been modified, as determined by such accounting firm. Any payments due under this Section 2.5 shall bear interest at eight percent (8%) per annum from the Adjustment Payment Date.

2.6. Nonassignable Contracts. This Agreement will not constitute an assignment, attempted assignment or agreement to assign any Assigned Contract to the extent that any attempted assignment or agreement to assign such Assigned Contract without the consent of any Person would constitute a breach thereof or would impair in any material respect the rights of Bayside Center thereunder. Unless and until such consent is obtained, Bayside Center will be entitled to receive all of the Transferor's benefits under such Assigned Contract and, to the extent it receives such benefits, will perform all of the obligations of Transferor under such Assigned Contract. Transferor Seller will, at Bayside Center's request, do all such acts and things as Bayside Center may reasonably request to enable due performance of such Assigned Contract and to provide Bayside Center with the benefits, subject to the obligations, of such Assigned Contract. Without limiting the generality of the foregoing, Transferor will provide all reasonable assistance to Bayside Center (at Bayside Center's request) to enable Bayside Center to enforce its rights under such Assigned Contract.

2.7. Other Closing Transactions. Contemporaneous with the contribution of the Assets as provided in Section 2.1:

(a) Symbion and Bayside Group shall subscribe for fifty-two and one-half (52.5) and seventeen and one-half (17.5), respectively, Class E Units of Bayside Center.

(b) Immediately after delivery of the Cash Consideration to Transferor as provided in Section 2.2, Symbion and Bayside Group shall contribute their fifty-two and one-half (52.5) and seventeen and one-half (17.5), respectively, Class E Units of Bayside Center in consideration of fifty-two and one-half (52.5) Class B Units and seventeen and one-half (17.5) Class A Units, respectively, of the Company.

ARTICLE III.
CLOSING

3.1. Closing. Subject to the satisfaction or waiver by the appropriate Party of all the conditions precedent to the Closing in Articles VIII and IX hereof, the consummation of transactions contemplated by this Agreement (the ***"Closing"***) shall be held at 10 a.m. local time on the Closing Date at July 1, 2013, unless the Parties otherwise agree in writing. The Closing shall be effective as of the Effective Time, unless the Parties otherwise agree in writing.

3.2. Deliveries by Transferor. At the Closing, Transferor shall duly execute and deliver or cause to be duly executed and delivered, or otherwise provide for the delivery of, the following, each to be in form and substance reasonably acceptable to the other Parties:

(a) the Bill of Sale in substantially the form attached hereto as Exhibit B-1, duly executed by Transferor;

(b) the Operating Agreement of the Company in substantially the form attached hereto as Exhibit C (the ***"Company Operating Agreement"***), duly executed by Transferor;

(c) the Subscription Agreement in substantially the form attached hereto as Exhibit D;

(d) evidence that the persons executing the closing documents on behalf of Transferor have full right, power and authority to do so, and the following documentation: (i) certified true and complete copies of the organizational documents of Transferor, including incumbency certificates, (ii) certificates of existence and good standing of Transferor, certified by the Secretary of State of Rhode Island as of the most recent practicable date prior to the Closing Date, and (iii) opinion letters as to due authorization and authority of Transferor to enter into this Agreement and perform its obligations hereunder;

(e) a Consent from the landlord under the Center Lease, in substantially the form attached hereto as Exhibit E;

(f) a certificate of a duly authorized officer of Transferor certifying that the representations of warranties made by Transferor hereunder are true and correct in all material respects, and that all the obligations and agreements to be performed by Transferor hereunder prior to or at Closing have been performed;

(g) the consents of all parties, including Governmental Authorities, necessary to enable Transferor to perform its obligations hereunder, including without limitation contribute the Assets and enter into the Company Operating Agreement;

(h) Non-Competition Agreements in substantially the form attached hereto as Exhibit F, duly executed by Transferor and each Owner; and

(i) such other instruments, consents and documents as the other Parties shall reasonably request in connection with the transactions contemplated by this Agreement.

3.3. Deliveries by the Company. At the Closing, the Company shall duly execute and deliver or cause to be duly executed and delivered, or otherwise provide for the delivery of, the following, each to be in form and substance acceptable to the other Parties:

(a) the Bill of Sale in substantially the form attached hereto as Exhibit B-2, duly executed by the Company;

(b) the Company Operating Agreement, duly executed by the Company;

(c) the Second Amended and Restated Operating Agreement of Bayside Center, in substantially the form attached hereto as Exhibit G (the "***Bayside Operating Agreement***"), duly executed by the Company;

(d) evidence that the persons executing the closing documents on behalf of the Company have full right, power and authority to do so, and the following documentation: (i) certified true and complete copies of the organizational documents of the Company, including incumbency certificates, (ii) certificates of existence and good standing of the Company, certified by the Secretary of State of Rhode Island as of the most recent practicable date prior to the Closing Date, and (iii) opinion letters as to due authorization and authority of the Company to enter into this Agreement and perform its obligations hereunder;

(e) a certificate of a duly authorized officer of the Company certifying that the representations and warranties made by the Company hereunder are true and correct in all material respects, and that all obligations and agreements to be performed by the Company hereunder prior to or at Closing have been performed;

(f) the consents of all parties, including Governmental Authorities, necessary to enable the Company to perform its obligations hereunder, including without limitation acquire the Assets from Transferor, contribute the Assets to Bayside Center, and enter into the Center Operating Agreement and the Bayside Operating Agreement;

(g) thirty (30) Class C Units of the Company, issued to Transferor, and a distribution to Transferor of an amount equal to the Cash Consideration;

(h) fifty-two and one-half (52.5) Class B Units and seventeen and one-half (17.5) Class A Units of the Company, issued to Symbion and Bayside Group, respectively; and

(i) such other instruments, consents and documents as the other Parties shall reasonably request in connection with the transactions contemplated by this Agreement.

(j) The Cash Consideration as contemplated in Section 2.2(a).

3.4. Deliveries by Bayside Center. At the Closing, Bayside Center shall execute and deliver or cause to be duly executed and delivered, or otherwise provide for the delivery of, the following, each to be in form and substance acceptable to the other Parties:

(a) the Bayside Operating Agreement, duly executed by Bayside Center;

(b) evidence that the persons executing the closing documents on behalf of Bayside Center have full right, power and authority to do so, and the following documentation: (i) certified true and complete copies of the organizational documents of Bayside Center, including incumbency certificates, (ii) certificates of existence and good standing of Bayside Center, certified by the Secretary of State of Rhode Island as of the most recent practicable date prior to the Closing Date, and (iii) opinion letters as to due authorization and authority of Bayside Center to enter into this Agreement and perform its obligations hereunder;

(c) a certificate of a duly authorized officer of Bayside Center certifying that the representations and warranties made by Bayside Center hereunder are true and correct in all material respects, and that all obligations and agreements to be performed by Bayside Center hereunder prior to or at Closing have been performed;

(d) consents of all parties, including Governmental Authorities, necessary to enable Bayside Center to perform its obligations hereunder, including without limitation to acquire the Assets from the Company and enter into the Bayside Operating Agreement;

(e) the Management Agreement in the form attached as Exhibit H, duly executed by Bayside Center;

(f) fifty-two and one-half (52.5) and seventeen and one-half (17.5) Class E Units of Bayside Center, issued to Symbion and Bayside Group, respectively;

(g) thirty (30) Class E Units of Bayside Center, issued to the Company, and a distribution to the Company of an amount equal to the Cash Consideration; and

(h) such other instruments, consents and documents as the other Parties shall reasonably request in connection with the transactions contemplated by this Agreement.

3.5. Deliveries by Symbion. At the Closing, Symbion shall execute and deliver or cause to be duly executed and delivered, or otherwise provide for the delivery of, the following, each to be in form and substance acceptable to the other Parties:

(a) the Bayside Operating Agreement, duly executed by Symbion;

(b) the Company Operating Agreement, duly executed by Symbion;

(c) evidence that the persons executing the closing documents on behalf of Symbion have full right, power and authority to do so, and the following documentation: (i) certified true and complete copies of the organizational documents of Symbion, including incumbency certificates, (ii) certificates of existence and good standing of Symbion, certified by the Secretary of State of Tennessee as of the most recent practicable date prior to the Closing Date, and (iii) opinion letters as to due authorization and authority of Symbion to enter into this Agreement and perform its obligations hereunder;

(d) a certificate of a duly authorized officer of Symbion certifying that that the representations and warranties made by Symbion hereunder are true and correct in all material

respects, and that all obligations and agreements to be performed by Symbion hereunder prior to or at Closing have been performed;

(e) consents of all parties, including Governmental Authorities, necessary to enable Symbion to perform its obligations hereunder, including without limitation to subscribe for the Class E Units of Bayside Center, contribute such Class E Units to the Company in consideration of the Class B Units of the Company, and enter into the Company Operating Agreement;

(f) the contribution of fifty-two and one-half (52.5) Class E Units of Bayside Center to the Company in consideration of fifty-two and one-half (52.5) Class B Units of the Company; and

(g) such other instruments, consents and documents as the other Parties shall reasonably request in connection with the transactions contemplated by this Agreement.

3.6. Deliveries by Bayside Group. At the Closing, Bayside Group shall execute and deliver or cause to be duly executed and delivered, or otherwise provide for the delivery of, the following, each to be in form and substance acceptable to the other Parties:

(a) the Bayside Operating Agreement, duly executed by Bayside Group;

(b) the Company Operating Agreement, duly executed by Bayside Group;

(c) evidence that the persons executing the closing documents on behalf of Bayside have full right, power and authority to do so, and the following documentation: (i) certified true and complete copies of the organizational documents of Bayside, including incumbency certificates, (ii) certificates of existence and good standing of Bayside, certified by the Secretary of State of Rhode Island as of the most recent practicable date prior to the Closing Date, and (iii) opinion letters as to due authorization and authority of Bayside to enter into this Agreement and perform its obligations hereunder;

(d) a certificate of a duly authorized officer of Bayside certifying that that the representations and warranties made by Bayside hereunder are true and correct in all material respects, and that all obligations and agreements to be performed by Bayside hereunder prior to or at Closing have been performed;

(e) consents of all parties, including Governmental Authorities, necessary to enable Bayside to perform its obligations hereunder, including without limitation to subscribe for the Class E Units of Bayside Center, contribute such Class E Units to the Company in consideration of the Class A Units of the Company, and enter into the Company Operating Agreement;

(f) the contribution of seventeen and one-half (17.5) Class E Units of Bayside Center to the Company in consideration of seventeen and one-half (17.5) Class A Units of the Company; and

(g) such other instruments, consents and documents as the other Parties shall reasonably request in connection with the transactions contemplated by this Agreement.

3.7. Forms of Instruments. To the extent that a form of any document to be delivered under this Agreement is not attached as an exhibit, such documents shall be in form and substance, and shall be executed and delivered in a manner, satisfactory to the Parties.

ARTICLE IV.
REPRESENTATIONS AND WARRANTIES OF THE OWNERS AND TRANSFEROR RELATING TO THE COMPANY

Except as set forth in the Disclosure Schedules attached hereto (which shall identify exceptions by specific section reference), as of the Effective Date and, except as set forth in the Restated Disclosure Schedules to be attached hereto (which shall identify exceptions by specific section reference), as of the Closing Date, Transferor and the Owners, jointly and severally, represent and warrant with respect to Transferor as follows:

4.1. Organization and Qualification of Transferor.

(a) Transferor is duly formed, validly existing and in good standing under the laws of the State of Rhode Island and has all necessary corporate power and authority to conduct its business, including without limitation, to own, operate or lease the properties and assets now owned, operated or leased by it and to operate the Center. Transferor has made available or delivered to Bayside Center complete and correct copies of the certificate of incorporation, together with any and all amendments or supplementary documents thereto.

(b) There are no corporations, partnerships, joint ventures, associations or other entities in which Transferor owns, of record or beneficially, a direct or indirect equity or other interest or any right (contingent or otherwise) to acquire the same.

(c) As of the Closing Date, there are no outstanding options, warrants, agreements, conversion rights, preemptive rights or other rights to subscribe for, purchase or otherwise acquire any equity of Transferor. There are no outstanding contractual obligations or plans of Transferor to transfer, issue, repurchase, redeem or otherwise acquire any outstanding equity or other ownership interests of Transferor. Transferor does not have a direct or indirect equity ownership in any other company, and does not have any Contract or understanding to acquire any equity securities or other securities of any Person or any direct or indirect equity or ownership interest in any other Person.

4.2. Authorization; Enforceability.

The execution, delivery and performance of this Agreement by Transferor and the consummation by Transferor of the transactions contemplated hereby have been duly authorized by all requisite action on the part of Transferor. This Agreement has been duly executed and delivered by Transferor and the Owners, and assuming due authorization, execution and delivery by the Company, Symbion and Bayside Center, this Agreement constitutes a valid and binding obligation of Transferor and the Owners, enforceable against Transferor and the Owners in accordance with its terms, except to the extent that the enforceability may be limited by

bankruptcy, insolvency, reorganization, moratorium or similar Regulations, or by equitable principles relating to the rights of creditors generally.

4.3. No Conflicts or Violations; Governmental and Other Consents.

(a) The execution, delivery and performance of this Agreement by Transferor do not and will not (i) violate, conflict with or result in the breach of any provision of the certificate of incorporation (or other organizational documents) of Transferor, (ii) conflict with or violate in any material respect any Regulation applicable to Transferor or the Owners, (iii) conflict with, result in any breach of, constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, require any consent under, or give to others any rights of termination, amendment, acceleration, suspension, revocation or cancellation of, or result in the creation of any Encumbrance on any of the assets or properties of Transferor pursuant to, any note, bond, mortgage, indenture, license, permit, lease, sublease or other material Contract to which Transferor is a party or by which any of such assets or properties is bound or affected.

(b) Except as set forth in Schedule 4.3, the execution, delivery and performance of this Agreement by Transferor do not and will not require any approval of or order of any Governmental Authority or any other Person.

4.4. Financial Statements.

(a) Transferor has delivered to Bayside Center (i) the balance sheets, statements of income and stockholders' equity, and statements of cash flows with respect to Transferor for and as of the end of the twelve-month periods ended December 31, 2009, 2010 and 2011 and (ii) the unaudited balance sheet and statement of income and stockholders' equity for the then-current fiscal period ending on December 31, 2012 (the "***Balance Sheet Date***", and all such balance sheets and statements of income and stockholders' equity, the "***Financial Statements***"). The Financial Statements fairly present in all material respects the financial position and results of operations for and as at the end of the periods therein referred to.

(b) Since December 31, 2011: (i) there has been no actual or threatened material adverse change in the financial condition of Transferor or results of operation of the Center or the Assets owned or held by Transferor or any event, condition or state of facts, in either case that is or would reasonably be likely to result in a Material Adverse Change in the Assets or the Center, (ii) there has not been any sale or other disposition, except in the ordinary course of business, of any of the Assets owned or held by Transferor, including without limitation any disposition of the Center Lease, or any Encumbrance placed on the Assets owned or held by Transferor, and (iii) the Center has been operated in the ordinary course so as to preserve the Center intact and to keep available to the Center the services of Transferor's employees.

4.5. No Undisclosed Liabilities. Transferor has no material Liabilities, except: (i) Liabilities that are set forth or reserved for on the most recent Financial Statements of Transferor that have not been paid or discharged since the date of such Financial Statements, (ii) Liabilities arising in the ordinary course of business, none of which, individually or in the aggregate, has or

would reasonably be expected to have a Material Adverse Effect on Transferor or the Assets. Transferor has no outstanding loans except as set forth in Schedule 4.5.

4.6. Litigation. There is no Action pending, or, to the Knowledge of Transferor, threatened: (i) against: (a) the Center, Transferor, any Owner (related to the Center) or the Assets (including with respect to Environmental Laws or Health Care Laws), or (b) any officer, director or employee of Transferor as such, (ii) seeking to delay, limit or enjoin the transactions contemplated by this Agreement, (iii) that involve the risk of criminal liability, with respect to any of the parties listed in clause (i) of this Section 4.6 or (iv) in which Transferor is a plaintiff. Transferor is not in default with respect to or subject to any judgment, order, writ, injunction or decree of any court or Governmental Authority, and there are no unsatisfied judgments against Transferor, the Center or the Assets. There are no court orders or agreements with, or liens by, any Governmental Authority or quasi-Governmental Authority relating to any Regulation that regulates, obligates, binds or in any way affects Transferor, any Owner, the Assets or the Center.

4.7. Compliance with Law. Transferor and the operation of the Center have not violated and are in compliance with all material Regulations relating to Transferor, the Center and the Assets. Since January 1, 2007, Transferor has not received any notice to the effect that, or otherwise been advised that, it is not in compliance with any such Regulations or court order.

4.8. Absence of Certain Business Practices. Neither Transferor nor any of its respective Owners, officers, directors, agents or employees or any other Person affiliated with or acting for or on the behalf of Transferor has, (a) directly or indirectly used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity, made any unlawful payment to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns from corporate funds, violated any provision of the Foreign Corrupt Practices Act of 1977, as amended, made any bribe, rebate, payoff, influence payment, kickback or other similar unlawful payment, or established or maintained any unlawful or unrecorded funds, or (b) agreed to give any gift or similar benefit to any customer, supplier, governmental employee or other Person which could subject Transferor or the Center to any damage or penalty in any civil, criminal or governmental Action.

4.9. Tax Matters. Transferor has timely filed with the appropriate taxing authorities all Tax Returns (including information returns and other material information) required to be filed through the Effective Date and will timely file any such returns required to be filed on or prior to the Closing Date. All Taxes due have been timely paid, or will be timely paid. Transferor does not have any liability for Taxes in excess of the amounts so paid, or to be so paid. There are no liens for Taxes (other than for current Taxes not yet due and payable) on the Assets. There are no pending or, to the Knowledge of Transferor, threatened audits, investigations, disputes, notices of deficiency, claims or other Actions for or relating to (i) any Liability for Taxes or (ii) to the extent such Action could result in an Encumbrance on any Assets or adversely affect the Center, any Liability for Taxes of any Owner. Transferor has not waived any statute of limitations in respect of any Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

4.10. Books and Records. Transferor has made and kept (and given Bayside Center access to) the Books and Records, the Patient Records, and such records, in reasonable detail, accurately and fairly reflect the activities of the Center.

4.11. Permits. Transferor has, and at all times pertinent has had, all Permits required under all applicable Regulations and other requirements currently in effect and/or necessary for the operation of the Center. Schedule 4.11 sets forth a complete list of all Permits used in the operation of the Center. Transferor has delivered to Bayside Center true and complete copies of the Permits. Transferor owns or possesses such Permits free and clear of all Encumbrances. All Permits are valid and in full force and effect. Transferor is not in default, nor has it received any notice of any claim of default, with respect to any such Permit, and there is no event, action, investigation or proceeding pending or, to the Knowledge of Transferor, threatened that is reasonably likely to cause or permit revocation or suspension of or otherwise adversely affect the maintenance of any such Permits, accreditations or participations. Except as otherwise governed by law, all such Permits are renewable by their terms or in the ordinary course of business without the need to comply with any special qualification procedures or to pay any amounts other than routine filing fees and, except as indicated in Schedule 4.11, will not be adversely affected by the completion of the transactions contemplated by this Agreement. No present or former director, officer or employee of Transferor or any affiliate thereof, or any other Person, owns or has any proprietary, financial or other interest (direct or indirect) in any Permit that Transferor owns, possesses or uses. Transferor has made available to Bayside Center (a) the most recent survey report issued by the Rhode Island Department of Health with respect to the Center, (b) the related deficiency list and (c) Transferor's plan of correction with respect thereto.

4.12. Transferor Assets. Transferor owns, leases or has the legal right to use all of the Assets, including, without limitation, the Intellectual Property, FF&E and the Real Property. Except as set forth in Schedule 4.12 the Assets owned by Transferor are free and clear of all Encumbrances. Immediately following the consummation of the transactions contemplated by this Agreement, Bayside Center will continue to own, or lease, license or rent under valid and subsisting Contracts or Leases, or otherwise retain its respective interest in the Assets and will not incur any penalty or other adverse consequence, including any increase in rentals, royalties, licenses or other fees imposed as a result of, or arising from, the consummation of the transactions contemplated by this Agreement.

4.13. Real Property.

(a) The Premises comprise the only Real Property leased by Transferor. Transferor does not own any Real Property.

(b) Transferor has delivered to Bayside Center a true, correct and complete copy of the Real Property Lease listed on Schedule 4.13 (the "***Center Lease***") including all amendments, supplements and assignments with respect to such Center Lease. The Center Lease has not been amended, supplemented, modified or assigned except as set forth on Schedule 4.13. The Center Lease is valid, binding and enforceable in accordance with its terms as to Transferor and, to the Knowledge of Transferor, as to the other parties thereto. There are no subleases in effect with respect to the Premises. To the Knowledge of Transferor, (i) Transferor has duly performed all of its obligations under the Center Lease to the extent those obligations to perform

have accrued, and (ii) no written notice of any violation of or default or breach under the Center Lease by Transferor or, to the Knowledge of Transferor, the landlord thereunder has been received by Transferor or delivered to the landlord thereunder, respectively.

(c) No work has been performed by Transferor or on its behalf with respect to the Premises that has not been paid for in full and all governmental sign-offs and approvals required thereof obtained.

(d) Transferor has not received any notice of any material violation of any applicable Regulation involving the Premises.

(e) Transferor has not received any notice of any threatened or pending condemnation or eminent domain proceedings affecting the Premises.

(f) None of the Owners, nor any of their respective family members or affiliates has a direct or indirect financial relationship with or direct or indirect ownership interest in the landlord under the Center Lease or any other direct or indirect interest of any kind in the Premises, except for Transferor being tenant under the Center Lease.

4.14. FF&E.

(a) Set forth on Schedule 4.14(a) hereto is a true and complete list of all FF&E owned, leased or used by Transferor in connection with the operation of the Center. With the exception of the FF&E leased by Transferor pursuant to Equipment Leases as set forth in Section 4.14(b), Transferor is the owner and has good title to all FF&E.

(b) Set forth on Schedule 4.14(b) hereto is a true and complete list of all Equipment Leases of Transferor or otherwise in effect with respect to the Center. Transferor has delivered to Bayside Center a true, correct and complete copy of each Equipment Lease, including all amendments, supplements and assignments with respect to such Equipment Lease. None of such Equipment Leases have been amended, supplemented, modified or assigned except as set forth on Schedule 4.14(b) hereto. The Equipment Leases are valid, binding and enforceable in accordance with their terms as to Transferor and, to the Knowledge of Transferor, as to the other parties thereto. Transferor has duly performed all of its material obligations under the Equipment Leases to the extent those obligations to perform have accrued.

(c) The FF&E is in good operating condition and repair, ordinary wear and tear excepted, and is adequate for the uses to which it is being put. None of the FF&E related to the operation of the Center is in need of maintenance or repairs, except for ordinary, routine maintenance and repairs. The FF&E is sufficient in all material respects for the continued operation of the Center after the Closing in substantially the same manner as conducted prior to the Closing.

4.15. Contracts. Schedule 4.15 sets forth a complete and accurate list of all Contracts of Transferor, including all Contracts relating to the Center or the Assets, all employment contracts, and all amendments, supplements or assignments with respect thereto. Transferor has delivered to Bayside Center true, correct and complete copies of all of the Contracts, including all amendments, supplements and assignments with respect to such Contracts. All of the

Contracts to which Transferor is a party or by which it or any of the Assets owned or held by Transferor is bound are valid, binding and enforceable in accordance with their terms as to Transferor and, to the Knowledge of Transferor, as to the other parties thereto. Transferor has duly performed all of its material obligations under the Contracts to the extent those obligations to perform have accrued, and no violations of or default or breach under any material Contracts by Transferor or, to the Knowledge of Transferor, any other party, has occurred. Transferor has not repudiated any provisions of the Contracts or waived any of its rights under the Contracts and no other party to any of the Contracts has provided Transferor with written notice of its repudiation of any provisions of any of the Contracts.

4.16. Payments. Transferor has not, directly or indirectly, paid or provided any compensation, rebate, commission, goods, services or other remuneration, in cash or in kind, to any Person in violation of the federal Anti-Kickback Statute (42 U.S.C. Section 1320a-7b(b)) as amended from time to time, or any other state or federal Regulation prohibiting the provision of remuneration for the purpose or with the intent of inducing, rewarding or otherwise influencing the referral of patients or business to the Center or Transferor.

4.17. Foreign Assets Control Regulations and Anti-Money Laundering. Transferor (i) is not a Person whose property or interest in property is blocked or that has been determined to be subject to blocking pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)), (ii) does not engage in any dealings or transactions prohibited by Section 2 of such executive order, or otherwise knowingly associate with any such person in any manner that violates such Section 2, and (iii) is not a Person on the list of Specially Designated Nationals and Blocked Persons published by the Office of Foreign Assets Control of the United States Department of the Treasury on June 24, 2003, as updated from time to time, or subject to the limitations or prohibitions under any other United States Department of the Treasury's Office of Foreign Assets Control regulation or executive order.

4.18. Program Claims. The Center, Transferor and its direct and indirect owners and its physicians satisfy, and at all times have satisfied, all performance standards and/or conditions of participation under any Governmental Health Care Financing Programs in which the Center, Transferor and its physicians participate or have participated with respect to goods provided or services rendered in connection with the operation of the Center. All bills and claims submitted to Governmental Health Care Financing Programs or any of their respective fiscal intermediaries or contractors (collectively, ***"Program Claims"***) by or on behalf of the Center, Transferor or any physician represent bona fide claims for items, services or goods provided to Governmental Health Care Financing Program beneficiaries in accordance with applicable Regulations. There are no pending or, to the Knowledge of Transferor, threatened Actions with respect to any such Program Claims.

4.19. Compliance with Healthcare Laws. Transferor and its Owners, officers, directors and employees (in, as applicable, such person's capacity as officer, director or employee of Transferor), and the operations and activities of the Center are, and at all times have been, in material compliance with all Health Care Laws.

4.20. Transactions with Certain Persons. Except as set forth on Schedule 4.20, no Owner, officer, director or employee of Transferor (including any physician) nor any member of any such person's immediate family is presently a party to any transaction with Transferor, including without limitation, any contract, agreement or other arrangement: (i) providing for the furnishing of services by or to, (ii) providing for the rental of real or personal property from or to, or (iii) otherwise requiring payments from or to (other than for services as officers, directors or employees of Transferor) any such person or any corporation, partnership, trust or other entity in which any such person has an interest as a direct or indirect owner, officer, director, trustee or partner.

4.21. Government Action. Except as set forth on Schedule 4.21, (i) there are no pending or, to the Knowledge of Transferor, threatened inquiries, audits, overpayments, qui tam actions, appeals, investigations or claims or other Actions that relate in any way to a violation of any Health Care Laws or other Regulation pertaining to Governmental Health Care Financing Programs, that, if resolved in a manner adverse to Transferor, would result in the imposition of penalties, restrict Bayside Center's ability to operate the Center as currently operated, or cause or result in exclusion from participation in any Governmental Health Care Financing Program, (ii) none of Transferor nor its direct or indirect owners, officers and employees (including any physician), has been, or is currently, excluded from participation in any Governmental Health Care Financing Program pursuant to 42 U.S.C. Section 1320a-7, and (iii) Transferor is not party to a corporate integrity agreement and does not have any reporting obligations pursuant to a settlement agreement, plan of correction or other remedial measure entered into with any Governmental Authority.

4.22. Compliance with Environmental Laws.

(a) Except as described in Schedule 4.22: (i) Transferor has not received any written notices, directives, violation reports, Actions or claims from or by any local, state or federal Governmental Authority concerning Environmental Laws or any person alleging that, in connection with Hazardous Materials, Transferor's acts or omissions have resulted in or caused or threatened to result in or cause injury or death to any person or damage to any property, including damage to natural resources, and, to the Knowledge of Transferor, no such notices, directives, violation reports, actions, claims or allegations exist, (ii) Transferor is in compliance in all material respects with all applicable state, federal and local Environmental Laws, and (iii) no underground storage tanks either are or have been located on the Real Property.

(b) There has been no spill, discharge, release, cleanup or contamination of or by any Hazardous Materials used, generated, treated, stored, disposed of or handled by Transferor on the Real Property.

(c) Transferor has not treated, stored, disposed of, released or transported any Hazardous Material in a manner that would give rise to any liability under any Environmental Laws.

4.23. Employees.

(a) Schedule 4.23 accurately sets forth, with respect to each employee of Transferor as of the date hereof:

(i) The name of such employee and the date as of which such employee was originally hired by Transferor;

(ii) Such employee's title;

(iii) Such employee's annualized compensation or hourly rate, as applicable, as of the date of this Agreement and bonuses or other incentive compensation, if any, for each of the past three (3) years;

(iv) Such employee's target incentive compensation for commission and/or bonus, as applicable;

(v) Such employee's classification by Transferor as exempt or non-exempt from applicable state or federal overtime Regulations;

(vi) Such employee's classification by Transferor as part-time or full-time;

(vii) Such employee's regularly scheduled hours of work per week (for non-exempt and part-time employees);

(viii) Such employee's accrued vacation and/or paid time off as of the Closing Date;

(ix) Such employee's vacation and/or paid time off accrual rate per year;

(x) Severance obligations, if any, due upon a termination of such employee's employment with Transferor if employee is terminated without cause or resigns for good reason;

(xi) To the extent such employee is on a leave of absence, the nature of such leave of absence and the anticipated date of return to active employment, if any; and

(xii) Each Benefit Plan in which such employee participates or is eligible to participate.

(b) Transferor is not a party to, nor has at any time since January 1, 2010 been threatened with, any Action brought by or before any Governmental Authority or arbitral forum, in which Transferor is alleged to have violated any employment Contract, independent contractor agreement or Regulation relating to employment, hiring, equal opportunity, discrimination, harassment, retaliation, immigration, wages, hours, compensation, benefits, collective bargaining, the payment of social security and similar Taxes, occupational safety and health,

privacy rights of employees or misclassification of employees as exempt from applicable overtime Regulations.

(c) Transferor is not a party to any collective bargaining agreement and there are no labor unions or other organizations representing any employee of Transferor. There are no labor unions that have filed a petition with the National Labor Relations Board or any other Government Entity seeking certification as the collective bargaining representative of any employee. To the Knowledge of Transferor, no labor union or organization is engaged in or threatening to engage in any organizing activity with respect to any employee of Transferor. There has not been since January 1, 2010, and there is not, to the Knowledge of Transferor, threatened any (1) strike, lockout, slowdown, picketing or work stoppage with respect to Transferor's employees or (2) unfair labor practice charge or complaint filed or, to the Knowledge of Transferor, pending before the National Labor Relations Board against Transferor.

(d) Transferor has complied, and is currently in compliance in all material respects with all Regulations related to the employment of employees, including provisions related to the hiring of employees, payment of wages, hours of work, classification of employees as exempt from Regulations providing for minimum wage and/or overtime compensation, classification of Persons as independent contractors, leaves of absence, equal opportunity, discrimination, harassment, retaliation, occupational health and safety, employee privacy rights, immigration, and workers' compensation.

(e) With respect to each current and former employee of Transferor, during the three-year period preceding the date of this Agreement, Transferor: (i) has withheld and reported all amounts required by Regulation or by agreement to be withheld and reported with respect to wages, salaries and other payments; (ii) has no material outstanding Liability for any arrears of wages, severance pay or any penalty relating thereto for failure to comply with any of the foregoing; (iii) has no outstanding Liability for any payment to any trust or other fund governed by or maintained by or on behalf of any Governmental Authority, with respect to unemployment compensation benefits, social security or other benefits or obligations for employees (other than routine payments to be made in the ordinary course of business); and (iv) has no outstanding Liability with respect to any misclassification of any person as (x) an independent contractor rather than as an employee, or with respect to any employee leased from another employer, or (y) an employee exempt from state or federal overtime regulations.

(f) No key employee or group of employees has provided written notice that he, she or they will terminate employment with Transferor before or immediately after the Closing.

(g) Transferor is not a party to any Contract for the provision of labor from any outside agency.

4.24. Employee Benefit Plans; ERISA.

(a) Schedule 4.24(a) sets forth a complete and accurate list of each "employee benefit plan," as defined in Section 3(3) of ERISA, and each and every written, unwritten, formal

or informal plan, Contract, program, policy or other arrangement providing for compensation (other than workers' compensation, unemployment compensation and other government programs), severance, disability benefits, supplemental unemployment benefits, vacation benefits, retirement benefits, deferred compensation, profit-sharing, bonuses, stock options, stock appreciation rights, other forms of incentive compensation, post-retirement insurance benefits, or other benefits, entered into, maintained or contributed to by Transferor or with respect to which Transferor has or may in the future have any liability (contingent or otherwise) and subject to U.S. Law. Each plan, agreement, program, policy or arrangement required to be set forth on Schedule 4.24(a) pursuant to the foregoing is referred to herein as a "**Benefit Plan**."

(b) Transferor has delivered the following documents to Bayside Center with respect to each Benefit Plan, as applicable: (1) correct and complete copies of all documents embodying such Benefit Plan, including all amendments thereto, and all related trust documents, (2) a written description of any Benefit Plan that is not set forth in a written document, (3) the most recent summary plan description together with the summary or summaries of modifications thereto, if any, (4) the three (3) most recent annual actuarial valuations, if any, (5) all IRS or Department of Labor ("***DOL***") determination, opinion, notification and advisory letters, (6) the three (3) most recent annual reports (Form Series 5500 and all schedules and financial statements attached thereto), if any, (7) all material correspondence to or from any Governmental Authority received in the last three (3) years, (8) all discrimination tests for the most recent three (3) plan years, and (9) all material Contracts currently in effect, including administrative service agreements, group annuity Contracts, and group insurance Contracts.

(c) Each Benefit Plan has been maintained and administered substantially in compliance with its terms and with the requirements prescribed by any and all material statutes, rules and regulations, including ERISA and the Code, which are applicable to such Benefit Plans. All contributions required to be made as of the date hereof to the Benefit Plans have been timely made. Each Benefit Plan intended to be qualified under Section 401(a) of the Code and each trust intended to qualify under Section 501(a) of the Code is so qualified and either: (1) has obtained a currently effective favorable determination letter as to its qualified status (or an opinion letter with respect to the qualified status of the master or prototype form on which it is established) from the IRS covering all legislation for which the IRS will currently issue such a letter, and no amendment to such Benefit Plan has been adopted since the date of such letter covering such Benefit Plan that would adversely affect such favorable determination; or (2) still has a remaining period of time in which to apply for or receive such letter and to make any amendments necessary to obtain a favorable determination.

(d) No plan currently or ever in the past maintained, sponsored, contributed to or required to be contributed to by Transferor or any of its respective current or former ERISA Affiliates is or ever in the past was (1) a "multiemployer plan" as defined in Section 3(37) of ERISA, (2) a plan described in Section 413 of the Code, (3) a plan subject to Title IV of ERISA, (4) a plan subject to the minimum funding standards of Section 412 of the Code or Section 302 of ERISA, (5) a plan intended to be qualified under Section 401(a) of the Code, (6) a "nonqualified deferred compensation plan," as defined in Section 409A of the Code or (7) a plan maintained in connection with any trust described in Section 501(c)(9) of the Code. The term "ERISA Affiliate" means any Person that, together with Transferor, would be deemed a "single employer" within the meaning of Section 414(b), (c), (m) or (o) of the Code.

(e) Transferor is not subject to any liability or penalty under Sections 4975 through 4980G of the Code or Title I of ERISA. Transferor has complied with all applicable health care continuation requirements in Section 4980B of the Code and in Title I, Subtitle B, Part 6 of ERISA. No "Prohibited Transaction," within the meaning of Section 4975 of the Code or Sections 406 or 407 of ERISA and not otherwise exempt under Section 408 of ERISA, has occurred with respect to any Benefit Plan.

(f) No Benefit Plan provides death or medical benefits, whether or not insured, with respect to any former or current employee, or any spouse or dependent of any such employee, beyond the employee's retirement or other termination of employment with Transferor other than coverage mandated by Title I, Subtitle B, Part 6 of ERISA or Section 4980B of the Code or applicable state law.

(g) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) result in any payment (including severance, unemployment compensation, golden parachute, bonus or otherwise) becoming due to any Owner or employee of Transferor under any Benefit Plan or otherwise, (ii) increase any benefits otherwise payable under any Benefit Plan, or (iii) result in the acceleration of the time of payment or vesting of any such benefits.

(h) No Action (excluding claims for benefits incurred in the ordinary course) has been brought or, to the Knowledge of Transferor, is pending or threatened against or with respect to any Benefit Plan or the assets or any fiduciary thereof (in that Person's capacity as a fiduciary of such Benefit Plan). There are no audits, inquiries or Actions pending or threatened by the IRS, DOL, or other Governmental Authority with respect to any Benefit Plan.

4.25. Insurance. Schedule 4.25 contains a complete and accurate list of all policies or binders of fire, liability, title, workers' compensation, malpractice and other forms of insurance (showing as to each policy or binder the carrier, policy number, coverage limits, expiration dates, annual premiums and a general description of the type of coverage provided) maintained by Transferor on the Assets, the Center or Transferor's employees. Such insurance provides, and during such period provided, coverage to the extent and in the manner (a) customary for an ambulatory surgery center such as the Center and (b) as may be required by applicable law and by any and all Contracts known to Owners to which Transferor is a party. Transferor is not in default under any of such policies or binders, and Transferor has not failed to give any notice or to present any claim under any such policy or binder in a due and timely fashion. No insurer has advised Transferor that it intends to reduce coverage, increase premiums or fail to renew any existing policy or binder. Except as described in Schedule 4.25, there are no outstanding unpaid claims under any such policies or binders. All policies and binders are in full force and effect on the date hereof. Transferor has delivered to Bayside Center true, correct and complete copies of all policies or binders listed in Schedule 4.25, currently valued loss data and copies of any expired policies reasonably requested by Bayside Center.

4.26. Intellectual Property and Software. Transferor owns, or is licensed or otherwise possesses legally enforceable rights to use, all Intellectual Property that is used in the operation of the Center. There is no unauthorized use, disclosure, infringement or misappropriation of any Intellectual Property. Except with respect to licenses of Software generally available for an

annual license fee of no more than $10,000, Schedule 4.26 sets forth a list of all Contracts pursuant to which Transferor licenses or otherwise is authorized to use any Intellectual Property or Software used in the operation of the Center as currently conducted. Transferor is not in breach of any license or other agreement relating to the Intellectual Property. Transferor has not (i) been a party to any unresolved Action that involves a claim of infringement of any patents, trademarks, service marks, copyrights or violation of any trade secret or other proprietary right of any third party; or (ii) brought any action, suit or proceeding for infringement of Intellectual Property or breach of any license agreement involving Intellectual Property against any third party. The operation of the Center does not infringe upon any patent, trademark, service mark or copyright of any third party. Transferor has secured valid written assignments or work for hire agreements from all consultants and employees who contributed to the creation and development of Intellectual Property of the rights to such contributions that Transferor does not already own by operation of law. Transferor has taken reasonable steps to protect Transferor's rights in its confidential information and trade secrets that it wishes to protect.

4.27. No Brokers. Neither Transferor nor any Owner has employed or made any agreement with any broker, finder or similar agent or any other Person that will result in the obligation of any other Party to pay any finder's fee, brokerage fees or commission or similar payment in connection with the transactions contemplated by this Agreement.

4.28. Material Misstatements or Omissions. No representations or warranties by Transferor in this Agreement, or any exhibit, certificate or schedule furnished to the other Parties pursuant to this Agreement, contains or will contain any untrue statement of a material fact, or omits or will omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which such statements are made, not misleading.

ARTICLE V.
REPRESENTATIONS AND WARRANTIES OF THE COMPANY, BAYSIDE CENTER, SYMBION AND BAYSIDE GROUP

As of the Effective Date and as of the Closing Date, each of the Company, Bayside Center, Symbion and Bayside Group represents and warrants, severally and not jointly, to the other Parties as follows:

5.1. Organization. Such Party is a corporation or limited liability company, as the case may be, duly organized, validly existing and in good standing under the laws of the state of its organization and has all necessary power and authority to conduct its business.

5.2. Authorization. Such Party's execution, delivery and performance of this Agreement and the consummation by such Party of the transactions on its part contemplated hereby have been duly authorized by all requisite action on the part of such Party. This Agreement has been duly executed and delivered by such Party, and assuming due authorization, execution and delivery by the other Parties, this Agreement constitutes a valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except to the extent that the enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Regulations, or by equitable principles relating to the rights of creditors generally.

5.3. No Conflicts or Violations; Governmental and Other Consents.

(a) The execution, delivery and performance of this Agreement by the such Party does not and will not (i) violate, conflict with or result in the breach of any provision of the certificate of incorporation or other organizational documents of such Party, (ii) conflict with or violate in any material respect any Regulation applicable to such Party or (iii) conflict with, result in any breach of, constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, require any consent under, or give to others any rights of termination, amendment, acceleration, suspension, revocation or cancellation of, any note, bond, mortgage, indenture, license, permit, lease, sublease or other material contract to which such Party is a party or by which any of such assets or properties is bound or affected.

(b) Except as set forth in Schedule 4.3, the execution, delivery and performance of this Agreement by such Party does not and will not require any approval of or order of any Governmental Authority or any other Person.

5.4. Litigation. There is no action or proceeding against such Party pending, or, to the knowledge of such Party, threatened or anticipated, seeking to delay, limit or enjoin the transactions contemplated by this Agreement.

5.5. No Brokers. Such Party has not employed or made any agreement with any broker, finder or similar agent or any other Person that will result in the obligation of any other Party to pay any finder's fee, brokerage fees or commission or similar payment in connection with the transactions contemplated by this Agreement.

ARTICLE VI.
CERTAIN COVENANTS OF THE PARTIES

6.1. Further Assurances. The Parties agree, both before and after the Closing Date to: (i) use all reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement, (ii) execute any documents, instruments or conveyances of any kind that may be reasonably necessary or advisable to carry out any of the transactions contemplated by this Agreement, and (iii) cooperate with each other in connection with the foregoing.

6.2. Confidentiality. The Confidentiality Agreement dated January 2, 2013, between Transferor and Bayside Center shall remain in full force and effect and be binding on the parties thereto until the earlier of (x) the Closing and (y) the expiration of such agreement in accordance with its terms.

6.3. Notification of Certain Matters. Prior to Closing, each Party shall promptly notify the other Party of: (i) the occurrence, or failure to occur, of any event that has caused any representation or warranty by such Party contained in this Agreement to be untrue or inaccurate in any material respect and (ii) any material failure of such Party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it under this Agreement; provided, however, that such disclosure shall not cure any breach of a representation, warranty, covenant or agreement.

6.4. Department of Health Approval. Within thirty (30) business days after execution of this Agreement, Bayside Center shall, at its own cost and expense, submit to the Rhode Island Department of Health an application (the "***Application***") seeking approval of the transactions contemplated by this Agreement requiring such approval ("***DOH Approval***"). Not less than five (5) days prior to filing or submission of the same, Bayside Center will deliver to Transferor a complete copy of the draft Application for Transferor's review and input, which input shall in good faith be considered by Bayside Center. Promptly after filing or submission or receipt of the same, Bayside Center will deliver to Transferor a complete copy of the Application as filed and all correspondence with the Department of Health and any other agency or authority having jurisdiction over the Application. Bayside Center will at all times, upon Transferor's reasonable request, provide information to and otherwise collaborate with Transferor in the approval of Bayside Center as the operator of the Center and the prompt approval of the Application.

ARTICLE VII.
PRE-CLOSING COVENANTS OF OWNERS AND TRANSFEROR

From and after the date hereof and until the Closing Date or termination of this Agreement in accordance with Article XI, the Owners and Transferor hereby covenant as follows:

7.1. Conduct of Business. Transferor shall conduct the operations of the Center diligently and substantially in the same manner as heretofore and shall not make or institute any unusual or new methods of practice, management, accounting or operation, except as expressly contemplated in this Agreement or any other agreement referred to herein or as agreed to in writing by Bayside Center. All of the property of Transferor used in the operation of the Center shall be used, operated, repaired and maintained in a normal business manner consistent with past practice. Transferor shall pay all bills, rents and other accounts payable in the ordinary course and in any event not later than the respective due dates thereof.

7.2. Absence of Material Changes. Without the prior written consent of Bayside Center (which consent shall not be unreasonably withheld), Transferor shall not:

(a) Incur any obligations or liabilities (absolute or contingent) greater than ten thousand dollars ($10,000) in the aggregate, except in the ordinary course of business;

(b) Mortgage, pledge, or subject to any lien, charge or any other Encumbrance any of the Assets;

(c) Sell, assign, or transfer any of the Assets, except in the ordinary course of business;

(d) Cancel any debts or claims that are included in the Assets, except in the ordinary course of business;

(e) Make, accrue or become liable for any bonus, profit sharing or incentive payment, except for accruals under existing plans, if any, or increase the rate of compensation payable or to become payable by Transferor to any employee, other than increases in the ordinary course of business consistent with past practice;

(f) Make any election or give any consent under the Code, or the tax statutes of any state or other jurisdiction or make any termination, revocation or cancellation of any such election or any consent or compromise or settle any claim for past or present tax due;

(g) Waive any rights of material value that are included in the Assets;

(h) Take any act, or omit to take any act when required, constituting a material breach or default by Transferor under any material Contract;

(i) Fail to use Transferor's reasonable efforts to: (i) preserve the possession and control of the Assets and the Center; (ii) keep in faithful service the present employees of Transferor; (iii) preserve the goodwill of Transferor's and Center's patients, suppliers, agents, brokers and others having business relations with Transferor and the Center; and (iv) keep and preserve Transferor's and the Center's business existing on the date hereof until after the Closing Date;

(j) Fail to operate Transferor's business and maintain Transferor's books, accounts and records in the commercially reasonable manner and in the ordinary or regular course of business and maintain in good repair Transferor's business premises, fixtures, machinery, furniture and equipment;

(k) Make any changes to any Benefit Plans, except to the extent required by Regulation;

(l) Engage any new employee except in the ordinary course of business; or

(m) Commit or agree to do any of the foregoing in the future.

7.3. Taxes. Transferor will, on a timely basis, file all Tax Returns when due and pay any and all Taxes shown thereon.

7.4. Exclusivity. The Owners and Transferor will not, directly or indirectly, solicit or engage in discussions with third parties regarding a sale of all or any substantial part of the business or assets of Transferor, a sale of all or any part of the equity of Transferor, a merger or consolidation involving Transferor, or any other change in control or similar transaction involving the Transfer (including without limitation an affiliation or joint venture, or employment of the Owners).

7.5. Access and Information. Transferor will give to Bayside Center and its agents full access during normal business hours, throughout the period after the date of this Agreement and prior to the Closing, to such of the properties, books, contracts, commitments and other records of Transferor as Bayside Center reasonably may request. If the Closing does not take place, Bayside Center will return to Transferor all written material received from Transferor pursuant to such access and will maintain the confidentiality of all other information concerning the Center as was received by Bayside Center.

7.6. Benefit Plans. Transferor shall retain all cost, obligation and liability with respect to its Benefit Plans and shall indemnify the other Parties from and against all such cost, obligation and liability.

7.7. Updated Schedules. Transferor shall deliver to the Company and Bayside Center "***Restated Disclosure Schedules***", no earlier than ten (10) days prior to the Closing Date. Such Restated Disclosure Schedules shall supplement or amend the Disclosure Schedules delivered as of the Effective Date solely with respect to any matters arising after the Effective Date, to the extent necessary or appropriate to make each of the representations and warranties made herein by Owners or Transferor true and correct as of the Closing Date. The effect of Transferor's delivery of Restated Disclosure Schedules will be to cure for all purposes any breach of representations and warranties that would otherwise exist at the Closing Date, but for the disclosure of the matters on the Restated Disclosure Schedules. For the sake of clarity, nothing contained herein shall in any way limit Bayside Center's right to claim that the representations and warranties made herein by Owners or Transferor are breached as of the Effective Date, that it is entitled to indemnification in respect of Third-Party Claims or that the condition set forth in Article IX is unfulfilled.

ARTICLE VIII.
GENERAL CONDITIONS TO CLOSING

The obligations of each Party to consummate the transactions required on its part at Closing are subject to the fulfillment, at Closing, of the following conditions precedent, each of which may be waived in writing in the sole discretion of such Party:

8.1. Representations, Warranties and Covenants. All representations and warranties of the other Parties contained in this Agreement shall be true and correct in all material respects as of the Effective Date and as of the Closing Date, and such other Parties shall have performed and satisfied in all material respects all agreements and covenants required by this Agreement to be performed by them prior to or on the Closing Date.

8.2. Consents. All material consents, waivers and permits necessary to consummate the transactions contemplated by this Agreement, including without limitation, DOH Approval, shall have been obtained and, in the case of DOH Approval, such approval is on terms reasonably satisfactory to Bayside Center.

8.3. No Proceedings or Litigation. No Action by any Governmental Authority or other Person shall have been instituted or threatened that questions the validity or legality of the transactions contemplated by this Agreement.

ARTICLE IX.
ADDITIONAL CONDITIONS TO OBLIGATION OF BAYSIDE CENTER, SYMBION AND BAYSIDE GROUP

In addition, the obligation of Bayside Center, Symbion and Bayside Group to consummate the transactions required on its part at Closing is subject to there not having been any Material Adverse Change with respect to the Center.

ARTICLE X.
INDEMNIFICATION

10.1. Indemnification

(a) Owners and Transferor, jointly and severally, shall indemnify, defend, and hold harmless the Company, Bayside Center, their respective subsidiaries and affiliates (other than Transferor), and their respective directors, managers, members, officers, employees and agents, and any successor of any of the forgoing (collectively, the ***"Transferee Indemnified Parties"***), and reimburse the Transferee Indemnified Parties for, from and against all payments, demands, claims, suits, judgments, liabilities, losses, costs, damages and expenses, including, without limitation, interest, penalties and reasonable attorneys' fees, disbursements and expenses (***"Losses"***) imposed on or incurred by the Transferee Indemnified Parties, directly or indirectly, which relate to or arise out of: (i) any breach of any representation and warranty of, or covenant or agreement to be performed by, Owners or Transferor; (ii) any Excluded Liability; (iii) the conduct of the business of the Center on or before the Closing date or any condition existing relating to malpractice, violations of Regulations, Liabilities under Benefit Plans, breaches of Contracts or environmental Liabilities on or before the Closing Date; (iv) the failure of Transferor to pay any Tax.

(b) A Transferee Indemnified Party entitled to indemnification hereunder (a "***Indemnified Party***") shall give prompt written notice to an indemnifying party (the ***"Indemnifying Party"***) of any payments, demands, claims, suits, judgments, liabilities, losses, costs, damages or expenses (a ***"Claim"***) in respect of which such Indemnifying Party has a duty to provide indemnity to such Indemnified Party under this Section 10.1, except that any delay or failure so to notify the Indemnifying Party only shall relieve the Indemnifying Party of its obligations hereunder to the extent, if at all, that it is prejudiced by reason of such delay or failure.

(c) If a Claim is brought or asserted by a third party (a ***"Third-Party Claim"***), the Indemnifying Party shall assume the defense thereof, including the employment of counsel approved by the Indemnified Party and the payment of all expenses. The Indemnified Party shall have the right to employ separate counsel in such Third-Party Claim and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Indemnified Party. Notwithstanding the foregoing, if the named parties to any proceeding include both the Indemnified Party and the Indemnifying Party and, in the reasonable opinion of counsel to the Indemnified Party, representation of both parties by the same counsel would be in conflict or otherwise inappropriate due to actual or potential differing interests between them, then the Indemnified Party shall be entitled to retain separate counsel for the Indemnified Party, at the expense of the Indemnifying Party (provided that the costs and expenses of such separate counsel are reasonable). In the event that the Indemnifying Party, within twenty (20) days after written notice of any Third-Party Claim, fails to assume the defense thereof, or in the event the Indemnifying Party fails to demonstrate, to the reasonable satisfaction of the Indemnified Party, that it has sufficient assets to meet its indemnification obligations hereunder, the Indemnified Party shall have the right to undertake the defense, compromise or settlement of such Third-Party Claim for the account of the Indemnifying Party. Anything in this Section 10.2 to the contrary notwithstanding, the Indemnifying Party shall not, without the Indemnified Party's prior written

consent, settle or compromise any Third-Party Claim or consent to the entry of any judgment with respect to any Third-Party Claim which would have any adverse effect on the Indemnified Party, except as provided immediately below. The Indemnifying Party may, without the Indemnified Party's prior written consent, settle or compromise any such Third- Party Claim or consent to entry of any judgment with respect to any Third-Party Claim which requires solely money damages paid by the Indemnifying Party and which includes as an unconditional term thereof the release by the claimant or the plaintiff of the Indemnified Party from all liability in respect of such Third-Party Claim.

10.2. With respect to any Claim other than a Third Party Claim, the Indemnifying Party shall have thirty (30) days from receipt of written notice from the Indemnified Party of such Claim within which to respond thereto. If the Indemnifying Party does not respond within such thirty (30)-day period, the Indemnifying Party shall be deemed to have accepted responsibility to make payment and shall have no further right to contest the validity of such Claim. If the Indemnifying Party notifies the Indemnified Party within such thirty (30)-day period that it rejects such Claim in whole or in part, the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party under applicable law.

10.3. Survival of Representations; Other Limitations on Indemnification. All representations and warranties made by the Parties herein or in any instrument or document furnished in connection herewith shall survive the Closing, and any investigation at any time made by or on behalf of the Parties hereto, for a period of two (2) years after the Closing Date. No Transferee Indemnified Party shall be entitled to indemnification pursuant to Section 10.1(a)(i) for any breach of representation or warranty until the aggregate amount of all Losses suffered by the Transferee Indemnified Party exceeds $25,000 and, upon Losses exceeding such dollar amount, all Losses shall be indemnifiable from $0. The maximum aggregate liability of the Owners and Transferor pursuant to Section 10.1(a) for breaches of representations and warranties shall not exceed $1,000,000.

10.4. Remedies Exclusive. The Company and Bayside Center acknowledge and agree that their sole and exclusive remedies under this Agreement with respect to any and all rights, claims and causes of action it may have against Owners and Transferor, as applicable, for Losses resulting from or relating to the matters set forth in Section 10.1(a) shall be pursuant to the indemnification provisions set forth in this Article X. This Section 10.4 or any other provision of this Article X shall not limit any other Party's right to bring a claim for breach of this Agreement against any other Party, or the Company's or Bayside Center's right to bring a claim against Owners or Transferor for breach of any other agreement, or for Losses resulting from or relating to any matters other than those set forth in Section 10.1(a).

10.5. Business and Financial Records. Subject to applicable laws, rules and regulations, each Party shall cooperate with and make available to each other Party, during normal business hours, all Books and Records, Patient Records, information and employees (without substantial disruption of employment) retained and remaining in existence after the Closing Date that are necessary or useful in connection with any tax inquiry, audit, investigation or dispute, any litigation or investigation or any other matter requiring any such Books and Records, Patient Records, information or employees for any reasonable business purpose.

10.6. Set-off and Recoupment. Any amount or amounts that the Company or Bayside Center is due from any Indemnifying Party may be paid to the Company or Bayside Center, as the case may be, at such Party's option, by set-off or recoupment against any amounts due to the Indemnifying Party pursuant to the Company Operating Agreement. Any such right to set-off will be without prejudice to the Company's or Bayside Center's right to pursue any other remedies hereunder.

10.7. Special Indemnity. Each Owner acknowledges and agrees that a portion of the Cash Consideration paid to the Transferor, for the benefit of such Owner, hereunder is being paid in consideration for there not being a Terminating Event (as defined in the Company Operating Agreement) caused by such Owner during the five (5) year period following the Closing Date. Against that background, in the event of a Terminating Event described in clauses (iii) or (vii) of the definition of "Terminating Event" set forth in Section 1.50 of the Company Operating Agreement arising out of any act on the part of such Owner, such Owner shall pay to the Company, as liquidated damages and not as a penalty, an amount equal to his or her proportionate share (based on his or her proportionate ownership of Transferor at the time Transferor receives the Cash Consideration) of the Cash Consideration as follows: 80% if such Terminating Event occurs during the first year after the Closing Date, 60% if such Terminating Event occurs during the second year after the Closing Date, 40% if such Terminating Event occurs during the third year after the Closing Date, 30% if such Terminating Event occurs during the fourth year after the Closing Date and 20% if such Terminating Event occurs during the fifth year after the Closing Date.

ARTICLE XI.
TERMINATION

11.1. Optional Termination. This Agreement may be terminated and the transactions contemplated herein abandoned at any time prior to the Closing as follows:

(a) by the mutual consent of all the Parties;

(b) by any Party, upon a material breach of any representation, warranty, covenant or agreement on the part of any other Party set forth in this Agreement, in any case such that any of the conditions set forth in Article VIII are or would be incapable of being satisfied, or if any of the conditions set forth in Article VIII or IX are or would be incapable of being satisfied other than due to any act or omission (where there as an obligation to act) on the part of the Party seeking termination; or

(c) by written notice from any Party to all of the other Parties if the Closing shall not have occurred, for any reason or no reason, on or before August 31, 2013; provided, however, that a Party may not terminate this Agreement pursuant to this Section 11.1(c) if such failure to close on or before that date is due to such Party's breach of any of its obligation under this Agreement.

11.2. Effect of Termination. In the event this Agreement is terminated as provided above, (a) each of the Parties shall, upon another Party's request, deliver to such other Party all documents previously delivered (and copies thereof in its possession) concerning one another

and the transactions contemplated hereby, and (b) none of the Parties nor any of their respective stockholders, members, directors, managers, officers or agents shall have any liability to the other Parties, except that the terms and conditions of Article X shall survive and be in full force and effect. After termination each Party shall keep confidential all information provided by the others pursuant to this Agreement which is not in the public domain, shall exercise the same degree of care in handling such information as it would exercise with similar information of its own, and shall return any such information upon another Party's request.

ARTICLE XII.
GENERAL PROVISIONS

12.1. Amendment and Waiver. No amendment of any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed by the Parties hereto. Any failure of any Party to comply with any obligation, agreement or condition hereunder may only be waived in writing, but such waiver shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. No failure by any Party to take any action against any breach of this Agreement or default by another Party shall constitute a waiver of such Party's right to enforce any provision hereof or to take any such action.

12.2. Notices. Any notice, request, instruction or other communications to be given hereunder by any party hereto to another shall be in writing and shall be delivered personally or sent registered or certified mail, postage prepaid:

If to Symbion, to:

SARC/Providence, LLC
40 Burton Hills Boulevard, Suite 500
Nashville, Tennessee 37215
Attention: President

with a copy of any notice given hereunder to:

Jennifer Blaylock, Esq.
General Counsel
Symbion
40 Burton Hills Boulevard, Suite 500
Nashville, Tennessee 37215

If to Bayside Group, to:

Center City Endoscopy, LLC
33 Staniford Street
Providence, RI 02905
Attention: President

with a copy of any notice given hereunder to:

Nixon Peabody LLP
One Citizens Plaza, 5th Floor
Providence, RI 02903
Attention: Stephen D. Zubiago, Esq.

If to Bayside Center:

Bayside Endoscopy Center, LLC
33 Staniford Street
Providence, RI 02905
Attention: President

with a copy to:

Nixon Peabody LLP
One Citizens Plaza, 5th Floor
Providence, RI 02903
Attention: Stephen D. Zubiago, Esq.

If to the Company, to:

Ocean State Endoscopy Holdings, LLC
33 Staniford Street
Providence, RI 02905
Attention: President

Nixon Peabody LLP
One Citizens Plaza, 5th Floor
Providence, RI 02903
Attention: Stephen D. Zubiago, Esq.

If to the Transferor:

Ocean State Endoscopy, Inc.
148 West River Street - Suite 3
Providence, RI 02904
Attention: Joel S. Spellun, M.D.

with a copy to:

Cameron & Mittleman LLP
301 Promenade Street
Providence, RI 02908
Attention: E. Colby Comeron

12.3. Counterparts. This Agreement may be executed simultaneously in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

12.4. Parties in Interest. This Agreement shall bind and inure to the benefit of the Parties named herein and their respective heirs, successors and assigns. This Agreement shall not be assignable by any Party without the prior written consent of the other Parties.

12.5. Further Assurances. From time to time, at the request of either Party hereto and without further consideration, the other Party will execute and deliver to such requesting Party such documents and take such other action (but without incurring any material financial obligation) as such requesting Party may reasonably request in order to consummate more effectively the transactions contemplated hereby.

12.6. Entire Transaction. This Agreement and the other agreements, documents and instruments referred to herein contain the entire understanding among the Parties with respect to the transactions contemplated hereby and supersede all other agreements and understandings among the Parties.

12.7. Applicable Law. This Agreement shall be governed by and construed in accordance with the internal substantive laws of the State of Rhode Island, and the Parties hereby consent to the sole jurisdiction of the federal courts sited in the State of Rhode Island over all matters relating to this Agreement.

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

12.9. Expenses. Except as otherwise expressly provided herein, each Party to this Agreement shall pay its own costs and expenses in connection with the transactions contemplated hereby.

12.10. Third Parties. Except as specifically set forth or referred to herein, nothing herein expressed or implied is intended or shall be construed to confer upon or give to any person or entity other than the Parties hereto and their successors or assigns, any rights or remedies under or by reason of this Agreement.

12.11. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

12.12. Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the

context requires otherwise. All references herein to the masculine gender shall be deemed to include the feminine or neuter gender as appropriate. The word "including" shall mean including without limitation.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Contribution Agreement to be executed in Rhode Island by the undersigned duly authorized persons, as of the day and year first written above.

OCEAN STATE ENDOSCOPY, INC.

By: _____
Name:
Title:

OCEAN STATE ENDOSCOPY HOLDINGS, LLC

By: _____
Name: ANTHONY W TAPARO
Title: VICE PRESIDENT

SARC/PROVIDENCE, LLC

By: _____
Name: ANTHONY W TAPARO
Title: VICE PRESIDENT

CENTER CITY ENDOSCOPY, LLC

By: _____
Name: THOMAS E. SEGE MD
Title: BOARD MEMBER

BAYSIDE ENDOSCOPY CENTER, LLC

By: _____
Name: THOMAS E. SEGE MD
Title: CHAIRMAN OF THE BOARD OF TRUSTEES

OWNERS:

Name: Joel Spellun, M.D.

Name: Jay Sorgman, M.D.

Name: Phillip McAndrew, M.D.

Name: Steven Kirshner, M.D.

OWNERS:

Name: Joel Spellun, M.D.

Name: Jay Sorgman, M.D.

Name: Phillip McAndrew, M.D.

Name: Steven Kirshner, M.D.

A

Exhibit A

Owners of Transferor

Joel Spellun, M.D.
Jay Surgman, M.D.
Phillip McAndrew, M.D.
Steven Kirshner, M.D.

B

Exhibit B

Bills of Sale

C

Exhibit C

Company Operating Agreement

THE MEMBERSHIP INTERESTS CREATED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE RHODE ISLAND SECURITIES ACT AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SUCH ACTS. EXCEPT AS SPECIFICALLY OTHERWISE PROVIDED IN THIS AGREEMENT, THE INTERESTS MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED WITHOUT REGISTRATION UNDER SUCH ACTS OR AN OPINION OF COUNSEL THAT SUCH TRANSFER MAY BE LEGALLY EFFECTED WITHOUT SUCH REGISTRATION. ADDITIONAL RESTRICTIONS ON TRANSFER AND SALE ARE SET FORTH IN THIS AGREEMENT.

OPERATING AGREEMENT

OF

OCEAN STATE ENDOSCOPY HOLDINGS, LLC

(a Rhode Island Limited Liability Company)

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OPERATING AGREEMENT
OF
OCEAN STATE ENDOSCOPY HOLDINGS, LLC
(a Rhode Island Limited Liability Company)

THIS OPERATING AGREEMENT ("Agreement") is entered into and shall be effective as of the ____ day of _____, 2013 (the "Effective Date"), by and between SARC/PROVIDENCE, LLC, a Tennessee limited liability company ("Symbion"), CENTER CITY ENDOSCOPY, LLC., a Rhode Island limited liability company ("CCE"), OCEAN STATE ENDOSCOPY, LLC, a Rhode Island limited liability company ("OSE") and the persons admitted to the Company as members who shall be identified on Schedule 1, as amended from time to time.

WITNESSETH:

WHEREAS, the parties hereto desire to form a limited liability company under and pursuant to the Rhode Island Limited Liability Company Act; and

WHEREAS, the Members desire to set forth herein their respective relationships, rights, obligations and agreements with respect to the Company and the governance thereof.

NOW, THEREFORE, for and in consideration of the premises, agreements and covenants hereinafter set forth and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Members agree as follows:

1. DEFINITIONS.

As used herein the following terms have the following meanings. The definitions in this Article 1 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms.

1.1 **"Act"** means the Rhode Island Limited Liability Company Act, as amended from time to time.

1.2 **"Adjusted Capital Contribution"** shall mean the Capital Contribution (as defined below) of a Member reduced, but not below zero, by cash distributions to such Member and tax losses allocated to such Member. A substitute Member shall succeed to the Adjusted Capital Contribution of his predecessor.

1.3 **"Affiliate"** means, with respect to any Person, (i) any person directly or indirectly controlling, controlled by or under common control with such Person; (ii) any person owning or controlling ten percent (10%) or more of the outstanding voting securities of such Person (iii) any officer, director or partner of such Person; (iv) any company in which such Person is an officer, director or partner and (v) in the case of a Class A Member or Class C Member, also includes (a) a Family Member of such Class A Member or Class C Member, as applicable; (b) any trust for the benefit of such Class A Member or Class C Member, as applicable; (c) any Affiliate of a Family Member and (d) any entity through or to which the Class A Member or Class C Member, as applicable, provides medical services.

1.4 **"Agreement"** means this Operating Agreement of Ocean State Endoscopy Holding, LLC, including all Schedules hereto, as such Agreement or Schedules may be amended from time to time pursuant to Section 16.2 hereof.

1.5 **"Annual Business Plan"** has the meaning set forth in Section 8.3.

1.6 **"Approval of the Governing Board"**, **"Approved by the Governing Board"** and similar expressions mean approval of the persons holding a majority of the votes of the Governors voting as prescribed in the last sentence of Section 12.1(a) of this Agreement.

1.7 **"Approval of the Members"** or **"Approved by the Members"** means the approval of at least eighty percent (80%) of the aggregate Sharing Percentages of all Members.

1.8 **"Articles"** means the Articles of Organization of the Company, as heretofore or hereafter amended.

1.9 **"Bankruptcy"** means, as to any Member, the Member's taking or acquiescing to the taking of any action seeking relief under, or advantage of, any applicable debtor relief, liquidation, receivership, conservatorship, bankruptcy, moratorium, rearrangement, insolvency, reorganization or similar law affecting the rights or remedies of creditors generally, as in effect from time to time. For the purpose of this definition, the term "acquiescing" shall include, without limitation, the failure to file within the time specified by law, an answer or opposition to any proceeding against such Member under any such law and a failure to file, within thirty (30) days after its entry, a petition, answer or motion to vacate or to discharge any order, judgment or decree providing for any relief under any such law.

1.10 **"Bayside Investor"** means a licensed physician who is actively practicing clinical medicine in the State of Rhode Island, who has staff privileges at the Center and who is a shareholder of University Gastroenterology, Inc.

1.11 **"Capital Account"** means, as to each Member, an account which is increased by his Capital Contribution and allocations of Net Profit and items thereof to such Member and decreased by distributions and allocations of Net Loss and items thereof to such Member and otherwise maintained in accordance with the Code and Treasury Regulation Section 1.704-1(b) as determined necessary by the Class B Member so that such allocations in Article III of this Agreement are respected for federal income tax purposes.

1.12 **"Capital Contribution"** of, or in respect of, any Member, means the amount of all cash, notes, and the fair market value of other property, tangible or intangible, contributed by such Member to the capital of the Company.

1.13 **"Cash Available for Distribution"** means all cash funds of the Company on hand or in bank accounts beneficially owned by the Company, other than proceeds received from the sale of Units after the date hereof, less the sum of the following to the extent paid or set aside, in such amounts and for such time periods as the Manager deems appropriate, by the Company:

(a) All regularly scheduled principal and interest payments on indebtedness of the Company and all other sums paid to lenders;

(b) All cash expenditures incurred incidental to the operation of the Company's business pursuant to the operating and capital budgets; and

(c) The Reserve.

1.14 **"CCE"** means Center City Endoscopy, LLC, a Rhode Island limited liability company.

1.15 **"Center"** means a free-standing ambulatory surgical center located at 148 West River Street, Suite 3, Providence, Rhode Island.

1.16 **"Class A Governors"** means the members of the Governing Board elected or appointed from time to time by the Class A Members, the number of which shall be determined pursuant to Section 12.1.

1.17 **"Class B Governors"** means the members of the Governing Board elected or appointed from time to time by Symbion or any Affiliate of Symbion, the number of which shall be determined pursuant to Section 12.1.

1.18 **"Class C Governors"** means the members of the Governing Board elected or appointed from time to time by the Class C Members, the number of which shall be determined pursuant to Section 12.1.

1.19 **"Class A Member"** means CCE.

1.20 **"Class B Member"** means Symbion and/or any Affiliate of Symbion which holds a Unit(s), and/or the SARC Pledgee or Permitted Pledgee Transferee as defined in Section 13.1, as applicable.

1.21 **"Class C Members"** means any Physician Investor or Physician Entity who or that holds Class C Units and OSE.

1.22 **"Code"** means the Internal Revenue Code of 1986, as amended from time to time. All references herein to Sections of the Code shall include any provision or any corresponding provisions of succeeding law.

1.23 **"Company"** means Ocean State Endoscopy Holdings, LLC, a Rhode Island limited liability company, the business and affairs of which are governed by this Agreement.

1.24 **"Competing Business"** means any health care business which provides a facility in which surgical procedures are performed and shall include, without limitation, a specialty hospital, hospital or ambulatory surgery center but shall not include Bayside Endoscopy Center, LLC located at either 33 Staniford Street, Providence, Rhode Island or 1405 South County Trail, East Greenwich, Rhode Island; provided, however, the private practice of a physician will not be a Competing Business as long as substantively all of the physician's professional services are

rendered through such practice and such practice only performs surgeries which do not (i) require a separate license, (ii) require the presence of an anesthesiologist, (iii) involve conscious sedation or (iv) generate a separate facility fee.

1.25 **"Formula Value"** means the positive difference between (x) the product of four (4) times Trailing EBITDA, minus (y) the Company's long-term indebtedness, including the current portion of long-term indebtedness.

1.26 **"Family Member"** means a person's siblings, ancestors and lineal descendents, as well as the spouse of each, and such person's spouse.

1.27 **"Fiscal Year"** means (a) the period commencing on the effective date of this Agreement and ending on December 31, 2013, (b) any subsequent twelve (12) month period commencing on January 1 and ending on December 31, or (c) any portion of the period described in clause (b) for which the Company is required to allocate Net Profits, Net Losses and other items of Company income, gain, loss or deduction pursuant to Article 15 hereof.

1.28 **"GAAP"** means generally accepted accounting principles as determined by the Governing Board, applied on a consistent basis.

1.29 **"Governing Board"** has the meaning set forth in Section 12.1.

1.30 **"Governors"** means the Class A Governors, the Class B Governors, and the Class C Governors.

1.31 **"Management Agreement"** means that certain Management Agreement by and between SymbionARC Management Services, Inc. (or its Affiliate or proper designee) and the Company.

1.32 **"Manager"** means Symbion or any replacement manager of the Company Approved by the Governing Board.

1.33 **"Member"** means any Class A Member, Class B Member or Class C Member or Substituted Member as set forth on Schedule 1 as amended from time to time, but excludes any Person who ceases to be a Member of the Company pursuant to this Agreement. "Members" means all of the Persons who are members of the Company.

1.34 **"Membership Interest"** shall mean a Member's entire interest in the Company, including the Member's interest in Distributions, Net Profits and Net Losses, and the Member's right to vote on or participate in governance or management of the Company.

1.35 **"Multi-Facility Transaction"** shall mean any transaction in which the Class B Member or any of its Affiliates acquires, invests in, is acquired by or is combined with a Person which, directly or indirectly, has an interest in or manages two or more ambulatory surgery centers if at least one of those centers either does not perform endoscopy procedures or is located within a radius of thirty (30) miles or more from the Center.

1.36 **"Net Book Value"** means the book value of the Company's assets less the Company's liabilities as determined by the Company's regular accountant in accordance with GAAP.

1.37 **"Net Profits"** and **"Net Losses"** means, for each Fiscal Year, an amount equal to the Company's taxable income or loss for such Fiscal Year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(i) any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Net Profits or Net Losses shall be added to such taxable income or loss;

(ii) any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-(1)(b)(2)(iv)(i), and not otherwise taken into account in computing Net Profits or Net Losses, shall be subtracted from such taxable income or loss;

(iii) If the book value of property is adjusted pursuant to Treasury Regulation Sections 1.704-1(b)(2)(iv)(f) or (e), such adjustment shall be taken into account as gain or loss from the disposition of an asset and, in lieu of depreciation as calculated for federal income tax purposes, subsequently such deductions shall be computed in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(g)(3) or 1.704-3(d)(2), as the case may be. Subsequent calculating of gain or loss resulting from the disposition of an asset for federal income tax purposes shall be computed by reference to its book value as reflected in Members' Capital Accounts rather than its adjusted tax basis;

(iv) To the extent an adjustment to the tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Net Profits and Net Losses; and

(v) Any items which are specially allocated pursuant to Section 5.4 hereof shall not be taken into account in computing Net Profits or Net Losses.

The amount of items of Company income, gain, loss or deduction available to be specially allocated pursuant to Sections 5.2(b), 5.3, 5.4 and 5.8 shall be determined by applying rules analogous to those set forth in paragraphs (i) through (v).

1.38 **"Owner"** shall mean a shareholder, member, partner or other owner of a Physician Entity.

1.39 **"Owner Non-Competition Agreement"** shall mean a written agreement between an Owner and the Company in the form of Exhibit A hereto.

1.40 **"Parent"** means Symbion, Inc., a Delaware corporation.

1.41 **"Person"** means any individual, partnership, corporation, trust, limited liability company or other entity.

1.42 **"Physician Entity"** shall mean an entity wholly-owned by Physician Investors or, with respect to Bayside, by Bayside Investors.

1.43 **"Physician Investors"** means licensed physicians actively practicing full-time clinical medicine in the State of Rhode Island who have staff privileges at the Center and who utilize the Center in accordance with applicable law, as an extension of their private practices.

1.44 **"Regulations"** means, except as expressly provided to the contrary herein, the regulations promulgated by the United States Department of the Treasury pursuant to and in respect of provisions of the Code. Unless otherwise provided herein and subject to applicable transition rules, if any, all references to sections of the Regulations shall include any corresponding provision or provisions of succeeding, substitute, proposed or final Regulations the effective dates of which are applicable to the Company.

1.45 **"Reserve"** means a cash reserve equal to (x) sixty (60) days of the Company's operating expenses plus (y) sixty (60) days of the Company's debt service payments, or such other amount as determined by the Manager.

1.46 **"Sharing Percentage"** means, as to a Member, the percentage obtained by dividing the number of Units owned by such Member by the total number of Units owned by all Members. The Members hereby agree that their Sharing Percentages shall constitute their "interests in the Company profits" for purposes of determining their respective shares of the Company's "excess non-recourse liabilities" (within the meaning of Section 1.752-3(a)(3) of the Regulations).

1.47 **"Substituted Member"** means any Person admitted to the Company as a Member pursuant to Section 13.2.

1.48 **"Symbion"** means SARC/Providence, LLC, a Tennessee limited liability company, and any successor thereto.

1.49 **"Syndication Expenses"** means direct costs and expenses incurred with respect to the issuance by the Company of ownership interests in the Company (including Units

redeemed or repurchased by the Company and reissued), including, without limitation, printing and copying costs, attorneys' fees, accounting fees and broker/dealer and placement fees, but excluding the costs and expenses incurred in connection with the initial issuance of Units to Bayside, OSE and Symbion on the date hereof as described in Section 4.1.

1.50 **"Terminating Event"** means, with respect to a Class A Member or Class C Member, any of the following:

(i) Such Class A Member or Class C Member has breached the terms and conditions of this Agreement in any material respects (provided, however, that any breach of Section 10.3 shall be deemed to be a material breach of this Agreement), as determined in the reasonable discretion of the Governing Board, including without limitation, violating the restrictions with respect to ownership of an interest in a Competing Business or a breach of the transfer restrictions set forth in Article 10;

(ii) Such Class A Member or Class C Member who has disrupted the affairs of the Company in any material respects or has acted adversely to the best interests of the Company in any material respects, as determined in the reasonable discretion of the Governing Board;

(iii) Either an Owner of such Class A Member who is a Bayside Investor or an Owner of such Class C Member who is a Physician Investor ceases to qualify as a Bayside Investor or a Physician Investor, as determined in the reasonable discretion of the Governing Board, or fails to promptly certify to the Company upon the Company's reasonable request that either such Class A Member or Class C Member qualifies as a Bayside Investor or a Physician Investor;

(iv) With respect to either such Class A Member or Class C Member that is a Physician Entity, the Physician Entity's admission of any Owner who does not qualify as a Physician Investor or, with respect to Bayside, a Bayside Investor, and/or who does not execute the Owner Non-Competition Agreement and deliver it to the Company within thirty (30) days after his or her admission as or otherwise becoming an Owner of the Physician Entity;

(v) Bankruptcy of such Class A Member or Class C Member;

(vi) Death or disability (as such disability is determined in the reasonable discretion of the Governing Board) of such Class C Member, excluding OSE, or, with respect to any such Class C Member which is a Physician Entity, any Owner of that Physician Entity; and

(vii) Retirement of such Class C Member, excluding OSE, or with respect to any such Class C Member which is a Physician Entity, any Owner of that Physician Entity.

1.51 **"Trailing EBITDA"** means the earnings before deductions for depreciation, interest, taxes and amortization of the Company for the most recently ended Fiscal Year, all of which components shall be determined by the Governing Board in accordance with GAAP.

1.52 **"Transfer"** means any involuntary or voluntary sale, lease, pledge, assignment, grant of a security interest, subcontract, dividend, merger, consolidation, gift or other disposition, direct or indirect, by operation of law or otherwise. A change in ownership of Parent, or its successor, including a change of control, or a sale by Parent, or its successor, of all, or substantially all of its assets shall not be treated as a Transfer of Symbion's Units.

1.53 **"Unit"** means a unit of issued and outstanding Membership Interest in the Company. **"Class A Units," "Class B Units"** or **"Class C Units"** means Units held by Class A Members, Class B Members and Class C Members, respectively. Class A Units and Class C Units acquired by Symbion, or any Affiliate of Symbion, shall automatically become Class B Units. Class B Units that are transferred, sold or assigned by Symbion to a Physician Investor or Physician Entity, or Class B Units that are redeemed or repurchased by the Company from Symbion and concurrently reissued to a Physician Investor or Physician Entity, shall automatically become Class C Units, unless otherwise expressly approved by the affirmative vote of at least 80% of the members of the Governing Board. The Company is authorized to issue up to 100 Units.

2. ORGANIZATION

2.1 **Formation**. The Company was formed pursuant to the Act by causing the Articles to be filed with the Rhode Island Secretary of State. Except as stated in this Agreement, the Act and the Articles shall govern the rights and liabilities of the Members.

2.2 **Name**. The name of the Company is "[Kent II], LLC", and the business of the Company shall be conducted under that name or such other name or names as may be Approved by the Governing Board from time to time.

2.3 **Principal Office**. The principal office of the Company shall be located at 1405 South County Trial, East Greenwich, Rhode Island, or at such other place or places as may be Approved by the Governing Board from time to time.

2.4 **Term**. The Company was formed on _____, 2013, the date the Articles were filed with the Rhode Island Secretary of State, and shall continue until the date on which the Company is dissolved pursuant to Article 16 and thereafter, to the extent provided for by applicable law, until wound up and terminated pursuant to Article 16 hereof.

2.5 **Registered Agent and Office**. The registered agent of the Company in the State of Rhode Island shall be the Manager, and the registered office of the Company in the State of Rhode Island shall be located at One Citizens Plaza, Providence, Rhode Island 02903. The registered offices or the registered agents, or both, may be changed by the Manager from time to time upon filing the statement required by the Act. The Company shall maintain at its registered office such records as may be specified by the Act.

2.6 **No State Law Partnership**. The Members intend that the Company not be a partnership or joint venture and that no Member be a partner or joint venturer of any other Member as a result of being a Member of the Company, for any purposes other than federal and state tax purposes, and this Agreement shall not be construed to suggest otherwise.

3. PURPOSES AND POWERS OF THE COMPANY; NATURE OF THE BUSINESS OF THE COMPANY

3.1 **Purposes**. The purposes of the Company are (i) to own, manage, operate, lease or take any action in connection with operating the Center and other healthcare related services and businesses; (ii) to acquire (through asset acquisition, stock acquisition, lease or otherwise) and develop other property, both real and personal, in connection with providing healthcare related services; (iii) to enter into, from time to time, such financial arrangements as may be necessary, appropriate or advisable, including, without limitation, borrowing money and issuing evidences of indebtedness and securing the same by mortgage, deed of trust, security interest or other encumbrance upon one or more or all of the Company's assets; (iv) to sell, assign, lease, exchange or otherwise dispose of, or refinance or additionally finance, one or more or all of the Company's assets; and (v) generally to engage in such other business and activities and to do any and all other acts and things in furtherance of the purposes of the Company as set forth in this Section 3.1 (subject to the provisions of this Agreement).

3.2 **Powers**. Subject to the limitations contained in this Agreement and in the Act, the purposes of the Company may be accomplished by the Governing Board or, to the extent specifically set forth herein, the Manager.

3.3 **Separateness and Operations**. Notwithstanding any other provision of this Agreement to the contrary, the Company shall:

(a) maintain books and records and bank accounts separate from those of any other Person;

(b) hold regular Company meetings, as appropriate, to conduct the business of the Company, and observe all other Company formalities;

(c) hold itself out to creditors and the public as a legal entity separate and distinct from any other entity;

(d) prepare separate tax returns and financial statements, or, if part of a consolidated group, then it will be shown as a separate member of such group;

(e) allocate and charge fairly and reasonably any common employee or overhead shared with Affiliates;

(f) transact all business with Affiliates on an arm's-length basis and pursuant to enforceable agreements;

(g) conduct business in its own name and use separate stationery, invoices and checks;

(h) not commingle its assets or funds with those of any other Person (unless approved in advance by the Governing Board upon the affirmative vote of at least 80% of the members of the Governing Board); and

(i) except as provided in this Agreement, not assume, guarantee or pay the debts or obligations of any other Person.

4. CAPITAL CONTRIBUTIONS, LOANS, CAPITAL ACCOUNTS

4.1 **Ownership Interests**. Until such time as additional classes are established by the Governing Board, the Company shall have three (3) classes of Members. The classes of Members shall be designated as the "Class A Members," "Class B Members" and "Class C Members." As of the date of this Agreement, the Company has issued twenty-five (25) Class A Units to Bayside, forty-five (45) Class B Units to Symbion, and thirty (30) Class C Units to OSE, in consideration of the contributions set forth on Schedule 1. Units issued after the date hereof shall be issued at such price as determined by the Company. Schedule 1 shall be amended to reflect all issuances and transfers of Units. The Company is authorized to issue a maximum of one hundred (100) Units.

4.2 **Additional Contributions**. No Member shall be required to make any Additional Capital Contributions to the Company.

4.3 **No Interest or Right to Withdraw**. No Member shall have the right to demand the return of, or otherwise withdraw, such Member's contribution or to receive any specific property of the Company except as specifically provided in this Agreement. No Member shall have the right to demand and receive property other than cash in return for such Member's contributions. No interest shall be paid on Capital Contributions or on balances in the Capital Accounts.

4.4 **Capital Accounts**. The Company will maintain a Capital Account for each Member.

4.5 **Effect of Transfer of Units**. Upon the transfer by any Member of any or all of such Member's interest in the Units, or any fraction thereof, pursuant to the provisions of this Agreement, the proportionate amount of such Member's respective Capital Account balance shall be transferred to the transferee of such Unit; provided, however, that no transfer of any Unit shall, in and of itself, relieve the transferor of any obligation to the Company.

4.6 **No Negative Capital Account Make-up**. Notwithstanding any other provision in this Agreement or any inference from any provision in this Agreement, no Member shall have an obligation to the Company, to the other Members or to third parties to restore a negative Capital Account balance during the existence of the Company or upon the dissolution or termination of the Company.

5. ALLOCATION OF INCOME AND LOSS

5.1 **Allocation of Net Profit and Net Loss**.

(a) All Net Profit or Net Loss of the Company, except to the extent arising on the Company's liquidation or the sale of all or substantially all of its assets, and all items of income, gain, deduction and loss entering into the determination of such Net Profit or Net Loss, shall be allocated among the Members in accordance with their Sharing Percentage.

(b) Upon the Company's liquidation, or sale of all or substantially all of its assets, all items of gain, income, deduction and loss will be specifically allocated among the Members so as to cause each Member's ending Capital Account balance, as a percentage of all Capital Accounts balance, to equal such Member's Sharing Percentage.

5.2 **Curative Allocations**. If any special allocation of gain, income, loss or deduction is made pursuant to Treasury Regulation Section 1.704-1(b) or 1.704-2 (the "Regulatory Allocations") with respect to one or more Members, then gross income, gain, loss and deduction shall be allocated by the Manager to the extent permitted by Treasury Regulation Section 1.704-1 and Code Section 704 and related provisions, in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if no Regulatory Allocations were made.

5.3 **Section 704(c) Allocations Code**. Income, gain, loss and deduction as computed for income tax purposes with respect to Company property subject to Code Section 704(c) and/or Treasury Regulation Sections 1.704-1(b)(2)(iv)(f) shall be allocated in accordance with said Code Section and/or Treasury Regulation Section 1.704-1(b)(4)(i), as the case may be, using any reasonable method permitted or Treasury Regulation Sections 1.704-3 that is selected by the Manager. Allocations made pursuant to this paragraph shall not affect the Capital Account of the Members.

5.4 **Allocations in Case of Transfers**. Except as provided below, Net Profit and Net Loss, and items of income, gain, deduction and loss allocable to any Member whose Units have been transferred, in whole or in part, during any Fiscal Year, shall be allocated among the persons who were the holders of such Units during such year in proportion to their respective holding periods, without separate determination of the results of Company operations during such periods. Net Profit, Net Loss and items of income, gain, deduction and loss, attributable to a sale or other disposition of all or any portion of the assets of the Company shall be allocated to those Members who were Members at the time of the occurrence of the disposition giving rise to such Net Profit, Net Loss and items of income, gain and loss.

5.5 **Interpretation**. The provisions of this Article IV are intended to comply with Treasury Regulation Sections 1.704-1(b), 1.704-2 and 1.704-3 and any successor regulations, and shall be defined and interpreted consistently with this intention, and the Manager shall make such special allocations reasonably determined by the Manager as necessary for the allocations of income and loss to be respected for federal income tax purposes pursuant to Treasury Regulation Sections 1.704-1(b) and 1.704-2 (i.e., loss limitations, qualified income offset, minimum gain chargebacks and non-recourse deductions).

5.6 **Syndication Expenses**. Syndication Expenses for any Fiscal Year shall be specially allocated to the Members in proportion to their ownership of Units, provided that if

additional Members are admitted to the Company on different dates, all Syndication Expenses shall be divided among the Members who own Units from time to time so that, to the extent possible, the cumulative amount of the Syndication Expenses allocated with respect to each Unit held by a Member at any time is the same amount. In the event the Manager determines that such result is not likely to be achieved through future allocations of Syndication Expenses, the Manager may allocate other items of income, gain, deduction or loss so as to achieve the same effect on the Capital Accounts of the Members.

5.7 **Allocations Relating to Taxable Issuance of Company Interests**. Any income, gain, loss or deduction realized as a direct or indirect result of the issuance of an interest in the Company to a Member (the "Issuance Items") shall be allocated among the Members so that, to the extent possible, the net amount of such Issuance Items, together with all other allocations under this Agreement to each Member, shall be equal to the net amount that would have been allocated to each such Member if the Issuance Items had not been realized.

5.8 **Modification**. The Manager may modify the provisions of this Article V or any other provisions of this Agreement without the consent of the Members if, after consultation with counsel to the Company, the Manager reasonably and in good faith determines that such modification is necessary to (a) cause the allocations contained in this Article V to have substantial economic effect or otherwise be respected for federal income tax purposes under Section 704 of the Code; (b) cause the allocation of Net Profits and Net Losses or items thereof under Section 5.1 to conform, in accordance with the requirements of Section 704 of the Code, to the distributions provided in Section 6.1; or (c) cause the provisions of this Agreement to comply with any applicable legislation, regulation or rule enacted or promulgated after the date of this Agreement, which change is necessary to enable the Company to carry out its purposes in the manner contemplated by this Agreement. Any such amendment shall be so as to cause the least significant deviation from the provisions of this Agreement as originally set forth.

6. DISTRIBUTIONS

6.1 **Distribution of Cash Available for Distribution**. The Manager shall determine in its reasonable judgment the Company's Cash Available for Distribution. Except as provided in Article 15, the Company shall distribute quarterly its Cash Available for Distribution to the Members, *pro rata* in accordance with their respective Sharing Percentages, unless the distribution of a smaller amount is required under the Act or Approved by the Governing Board. The Company shall, to the extent it has cash available, make a distribution on or before April 1 of each year in an amount equal to the federal income tax that would be due and payable with respect to its taxable income for the preceding year, with such tax calculated at the highest marginal rate.

6.2 **Compensation or Reimbursement Not a Distribution**. Authorized amounts payable as compensation or reimbursement to any Person other than in its capacity as a Member in the Company, such as for services rendered, goods purchased or money borrowed, shall not be treated as a distribution for purposes of this Article 6.

6.3 **Consequences of Distributions**. Upon the determination to distribute funds in any manner expressly provided in this Agreement, made in good faith, no Covered Party shall

incur any liability on account of such distribution, even though such distribution may have resulted in the Company retaining insufficient funds for the operation of its business, which insufficiency resulted in loss to the Company or necessitated the borrowing of funds by the Company.

7. BOOKS OF ACCOUNT, TAX COMPLIANCE AND FISCAL YEAR

7.1 **Books and Records**. The Manager shall keep books of account and records relative to the Company's business, which shall be the property of the Company; provided that the Manager may maintain copies of such books and records. The books shall be prepared in accordance with GAAP using the accrual method of accounting. The Company's books and records shall at all times be maintained at the principal business office of the Company or its accountants (and, to the extent required by the Act, at the registered office of the Company) and shall be available for inspection by the Members or their duly authorized representatives during reasonable business hours.

7.2 **Determination of Net Profit and Net Loss; Financial Statements**. All items of Company income, expense, gain, loss, deduction and credit shall be determined with respect to, and allocated in accordance with, this Agreement for each Member for each Fiscal Year, except as required by the Code and/or the Regulations. Within thirty (30) days after the end of each month, and within ninety (90) days after the end of each Fiscal Year, or as soon thereafter as is practicable, the Manager shall cause to be prepared, at the Company's expense, financial statements of the Company for the preceding month or Fiscal Year, as applicable, including, without limitation, a balance sheet, profit and loss statement, statement of cash flows and statement of the balances in the Members' Capital Accounts, prepared in accordance with the terms of this Agreement and GAAP. These financial statements shall be available for inspection and copying during ordinary business hours at the reasonable request of any Member.

7.3 **Tax Returns and Information**. The Members intend for the Company to be treated as a partnership for tax purposes, but not for any other purposes. The Manager shall prepare or cause to be prepared, at the Company's expense, all federal, state and local income and other tax returns which the Company is required to file and shall furnish such returns to the Members, together with a copy of each Member's Schedule K-1 and any other information which any Member may reasonably request relating to such returns, within ninety (90) days after the end of each Fiscal Year of the Company.

7.4 **Tax Audits**. The Manager shall be the "tax matters member" of the Company under Section 6231(a)(7) of the Code (the "Tax Matters Member"). The Tax Matters Member shall represent the Company in all administrative and judicial proceedings involving federal income tax matters as the "Tax Matters Member." In connection therewith, the powers of the Tax Matters Member shall include, but are not limited to, the power to:

(a) appoint an attorney-in-fact to represent the Company in such proceeding;

(b) engage in any activities enumerated in Subchapter C of Chapter 63 of the Code;

(c) employ attorneys, accountants, appraisers, consultants and such other persons as deemed appropriate;

(d) make any and all elections for federal, state and local tax purposes, including, without limitation, any election if permitted by applicable law: (i) to adjust the basis of Company assets pursuant to Code Sections 754, 734(b) and 743(b), or comparable provisions of state or local law; and (ii) to extend the statute of limitations for assessment of tax deficiencies against Members with respect to adjustments to the Company's federal, state or local tax returns; and

(e) represent the Company and Members before taxing authorities or courts of competent jurisdiction in tax matters affecting the Company and Members in their capacity as Members, and to execute any agreements or other documents relating to or affecting such tax matters including agreements or other documents that bind the Members with respect to such tax matters or otherwise affect the rights of the Company or Members.

The Tax Matters Member shall provide all Members affected by a Company level proceeding before the Internal Revenue Service with such notice of the proceeding as is required by the Code. The preceding sentence shall be deemed to be satisfied by mailing such notice to each Member's last known address. The Company shall indemnify and reimburse the Tax Matters Member for all expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with any administrative or judicial proceeding with respect to the tax liability of the Members and against any and all loss, liability, cost or expense, including judgments, fines, amounts paid in settlement and attorneys fees and expenses, incurred by the Tax Matters Member in any civil, criminal or investigative proceeding in which the Tax Matters Member is involved or threatened to be involved solely by virtue of being Tax Matters Member, except such loss, liability, cost or expense arising by virtue of the Tax Matters Member's gross negligence, fraud, malfeasance, breach of fiduciary duty or intentional misconduct. The payment of all such expenses shall be made before any distributions are made to any Member. No Member, nor any other Person, shall have any obligation to provide funds for such purpose.

7.5 **Fiscal Year**. The Company's fiscal year shall be the Fiscal Year.

8. POWERS OF MANAGER

8.1 **Appointment, Rights, Powers and Compensation of Manager**. The Manager shall possess all of the rights and powers delegated to the Manager hereunder and by the Governing Board. The Manager shall not receive any additional compensation for its services as the Manager; provided that the Manager shall be reimbursed by the Company for its reasonable out-of-pocket expenses incurred by it in connection with the performance of its duties as the Manager.

8.2 **Duties of the Manager**. The Manager shall use reasonable efforts to carry out its duties and responsibilities as the Manager, and shall carry out such duties and responsibilities in accordance with the Act and applicable law.

8.3 **Annual Business Plan**. For each Fiscal Year after 2013, the Manager shall prepare an annual operating and capital budget with respect to the Center (the "Annual Business Plan"). The Manager shall submit a draft of its proposed Annual Business Plan for such Fiscal Year to the Governing Board for its review and approval no later than December 15 of the immediately preceding Fiscal Year (subject to a reasonable extension for forces majeure or other events that are beyond the Manager's control).

8.4 **Right to Rely on Manager**. No Person or governmental body dealing with the Company shall be required to inquire into, or to obtain any other documentation as to, the authority of the Manager to take any action permitted by this Agreement. Furthermore, any Person or governmental body dealing with the Company may rely upon a certificate signed by the Manager as to the following:

(a) the identity of the Manager or any Member;

(b) the existence or nonexistence of any fact or facts that constitute a condition precedent to acts by the Manager or which are in any other manner germane to the affairs of the Company;

(c) the Persons who are authorized to execute and deliver any instrument or document of the Company; or

(d) any act or failure to act by the Company on any other matter whatsoever involving the Company or any Member.

9. RIGHTS AND STATUS OF MEMBERS

9.1 **General**. Except to the extent expressly otherwise provided in this Agreement, the Members shall not take part in the management or control of the Company business, or sign for or bind the Company, such powers being vested exclusively in the Governing Board and the Manager.

9.2 **Limitation of Liability**. No Member shall, solely by reason of its status as a Member of the Company, have any personal liability whatsoever, whether to the Company, the Manager or any creditor of the Company, for the debts of the Company or any of its losses beyond the amount of the Member's Capital Contribution to the Company. In the event that any Member shall, by reason of its conduct within the scope of this Agreement, be subject to personal liability to a third party by being a Member of the Company, then such Member shall be entitled to the same rights of indemnification by the Company as that afforded to the Manager under Section 12.9 of this Agreement.

9.3 **Consent of Members**. Notwithstanding anything in this Agreement to the contrary, the Company shall not take any of the following actions, and the Governing Board shall not take any of the following actions on behalf of the Company, except with the Approval of the Members:

(a) a sale or transfer of all or substantially all of the Company's assets or ownership interests, or a merger or consolidation of the Company;

(b) any material change in the business of the Company; and

(c) a dissolution, liquidation or bankruptcy of the Company, or any action that reasonably could result in the dissolution, liquidation or bankruptcy of the Company.

10. ADMISSION AND WITHDRAWAL OF MEMBERS AND CERTAIN TRANSFERS OF COMPANY INTERESTS

10.1 **Admission of New Members**. Persons may be admitted as Class A or Class C Members with the Approval of the Members or, with respect to Affiliates of Symbion or the SARC Pledgee or Permitted Pledgee Transferee (each as defined in Section 13.1 below), as Class B Members of the Company consistent with this Agreement and the Act, and at such time and on such terms as may be deemed appropriate by the Manager, provided that each Physician Investor may be required to execute a subordination agreement with the Company's creditors as negotiated by the Manager. Further, to be admitted as a Member, a Person shall agree to be bound by this Agreement by executing an instrument satisfactory to the Manager, delivering same to the Manager and Manager accepting same on behalf of the Company. Members have no preemptive rights, except as expressly set forth in this Agreement.

10.2 **Required Transfer of Class A or Class C Member's Interest**. Under certain circumstances, a Class A Member or a Class C Member may be required to transfer such Member's Units.

10.2.1 Terminating Event. If a Terminating Event occurs with respect to a Class A Member or Class C Member, such Member, or such Member's successor, shall promptly give written notice of the Terminating Event to the Class B Member (the "Termination Notice"). The Class B Member shall have the right, but not the obligation, to purchase the Units of such Class A Member or Class C Member, as applicable, from such Terminating Event until and through the one hundred eightieth (180^{th}) day following the date on which the Class B Member receives such written notice of the occurrence of the Terminating Event (the "Class B Member Purchase Right"), provided however, that in the case of a Terminating Event described in Section 1.50(ii) or 1.50(iii), such Class A Member or Class C Member will have a reasonable period (such period not to last more than ninety (90) days) to cure said Terminating Event. In the event the Class A Member or Class C Member, as applicable, which has experienced a Terminating Event pursuant to Section 1.50(iii) is a Physician Entity, the Class B Member Purchase Right shall, except with respect to such Physician Entity's breach of Section 10.3 hereof or a Terminating Event described in Section 1.50(iv), be limited to the product of (x) the number of Units held by such Physician Entity, times (y) the percentage ownership in the Physician Entity held by the Owner who is responsible for the occurrence of the Terminating Event (the "Responsible Owner").

The purchase price therefor shall be:

(i) 10% of the Class A Member's or Class C Member's, as applicable, Adjusted Capital Contribution as of the date of breach, if the Terminating Event is for a breach of Section 10.3 hereof (Restriction on Ownership Provision) or a Terminating Event described in Section 1.50(iii) or (iv); or

(ii) the greater of (A) the product of the Formula Value times the Sharing Percentage represented by the Units to be purchased, and (B) the Adjusted Capital Contribution represented by the Units to be purchased, if the Terminating Event is the death, retirement (at any time after the fifth (5^{th}) anniversary of the date the Class C Member who sustains the Terminating Event becomes a Member), relocation (at any time after the fifth anniversary of the date the Class C Member who sustains the Terminating Event becomes a Class C Member) more than seventy-five (75) miles from the Center or disability, as determined by the Company, of a Class C Member or an Owner of a Class C Member, as the case may be; or

(iii) the lesser of (A) the product of the Formula Value times the Sharing Percentage represented by the Units to be purchased and (B) the Adjusted Capital Contribution represented by the Units to be purchased, if the Terminating Event is an event other than those described in clauses (i) or (ii) of this Subsection 10.2.1.

Upon notice of the Class B Member's election to purchase his/her/its Unit(s), the Class A Member or Class C Member, as applicable, shall transfer good and marketable title to the Units to the Class B Member, free and clear from all liens and encumbrances. The Class B Member may, however, complete the transfer of the Units by amending this Agreement pursuant to Section 13.7 to reflect the purchase of the Units of the Class A Member or Class C Member, as applicable, regardless of whether such Member has executed documents of transfer required to effect such transaction.

10.2.2 Subsequent Legislation.

(a) (i) If, following consultation with legal counsel to the Company or the Manager, the Company determines that any Class A Member or Class C Member, as applicable, is prohibited from owning an interest in the Company as a result of the enactment of any statute, regulation or other law or the judicial or administrative interpretation of any existing or future statute, regulation or other law, the Governing Board shall attempt to restructure the Company in order to comply with such enactment or interpretation. If any Class A Member or Class C Member, as applicable, shall be so prohibited from owning an interest in the Company and the Company cannot be so restructured, the Company will purchase such Class A Member's or Class C Member's, as applicable, interests in the Company on the terms provided in Section 10.2.2(b). If the number of Class A Members or Class C Members, as applicable, whose interests are required to be purchased pursuant to the preceding sentence is substantial based on a reasonable and good faith determination of the Governing Board, the Company will purchase all of the Class A Members' and/or Class C Members', as applicable, interests in the Company on the terms provided in Section 10.2.2(b).

(ii) Additionally, if, following consultation with legal counsel to the Company or the Manager, the Company determines that the enactment of any statute, regulation or other law or the judicial or administrative interpretation of any existing or future statute, regulation or law shall have the effect of materially and adversely limiting reimbursement to the Company of health care costs through government or other payer programs or otherwise materially and

adversely affects the manner in which the Company or its Affiliates shall operate their businesses, the Manager shall attempt to restructure the Company to eliminate the adverse effect and if the Company cannot be so restructured, the Company shall purchase all of the Class A Members' and Class C Members', as applicable, interests in the Company on the terms provided in Section 10.2.2(b).

(iii) In addition, upon any liquidation of the Company, the Class B Member, in its sole and absolute discretion, shall have the option to purchase all of the Class A Units and Class C Units on the terms provided in Section 10.2.2(b) hereof.

(b) The Company shall pay each such Member, for such Member's interest in the Company, the fair market value of the Company, as determined pursuant to the last sentence of this subsection, times such Member's Sharing Percentage. Such amount will be paid to each such Member, at the sole and absolute discretion of the Class B Member, in a lump sum or in thirty-six (36) equal monthly payments with interest on the unpaid principal balance at the lesser of the prime rate or LIBOR (each as published in the Wall Street Journal or comparable publication if not then published on the business day immediately preceding the date of purchase). If the Company exercises its discretion to pay for a Unit in thirty-six (36) monthly installments, the first such installment shall be paid to such Class A Member or Class C Member, as applicable, on the first day of the month after thirty (30) days have expired since the Member's interest in the Company had been terminated, with subsequent installments paid on the first day of each successive month thereafter until paid in full. The Company may pre-pay in whole or in part the amount owed without penalty. The Company's obligation to pay the Members in thirty-six (36) equal monthly installments under this Section 10.2.2(b) will be evidenced by a promissory note executed by the Company. Such loan shall be subordinate to the Company's debt to its senior lenders. The fair market value of the Company shall be determined by an independent third party appraiser selected by the Company, which appraisal shall value the Company based upon its projected earnings before deduction for depreciation, interest, taxes and debt, less indebtedness and such other factors as the appraiser deems appropriate.

10.3 **Restriction on Ownership**.

10.3.1 Class C Members.

(a) The Class C Member agrees, except after a purchase of such Class C Member's interest pursuant to Section 10.2.2, that while it is a Member and for two (2) years thereafter neither it nor any of its Affiliates shall, directly or indirectly, own an interest in, lease, manage, joint venture with or be employed by a Competing Business that is located within a radius of thirty (30) miles of the Center or other ambulatory surgical centers that may be owned or operated following the date hereof by the Company or its Affiliate within the State of Rhode Island. Nothing in this Section 10.3.1 is intended to prevent a Class C Member from practicing medicine, being a member of the medical staff of, or referring patients to, or perform procedures at, any other hospital or health care facility. The Class C Member agrees that the restrictions contained in this Section are reasonable and necessary to protect the legitimate interests of the Company and that any violation of this provision would result in damages to the Company which cannot be compensated by money alone.

10.3.2 Remedies. Each Member agrees that the party having rights pursuant to this Section 10.3 will be entitled to injunctive relief without proving actual damages or posting any bond. If a court shall hold that the duration and/or scope (geographic or otherwise) of the agreement contained in this Section is unreasonable, then, to the extent permitted by law, the court may prescribe a duration and/or scope (geographic or otherwise) that is reasonable and judicially enforceable. The parties agree to accept such determination, subject to their rights of appeal, which the parties hereto agree shall be substituted in place of any and every offensive part of this Section, and as so modified, this Section shall be as fully enforceable as if set forth herein by the parties in the modified form.

10.4 **Payment of Purchase Price of Member's Interest**. If the interest of a Member in the Company is being purchased pursuant to Section 10.2.1 or 10.2.2 the purchase price for the interest shall be determined as set forth above and payable in the manner hereinafter set forth:

10.4.1 All obligations, if any, of the selling Member to the Company shall become immediately due and payable upon purchase of the interest. To the extent not previously taken into account pursuant to this Section 10.4, the purchase price shall be reduced by the amount of any such obligations and the Managing Member shall pay to the Company an amount equal to any such reduction in the purchase price in satisfaction of such obligations.

10.4.2 No payment other than those specifically provided for herein shall be due or payable with respect to the interest of the Member whose interest in the Company is being purchased. Any debt due by the Company to the Member shall be payable according to its terms.

10.4.3 The closing of the purchase of the interest in the Company pursuant to this Section 10.4 shall be held at the principal office of the Company within ninety (90) days following the giving of written notice to the Member of the election to purchase such interest. At the closing, the purchaser shall pay, upon the terms specified hereinabove, the purchase price of such Member's interest in the Company to the Member after receiving appropriate releases and satisfactions.

11. MEETINGS AND MEANS OF VOTING.

11.1 **Meetings of the Members**. Meetings of the Members may be called by either (a) the Class B Member or (b) the holder(s) of a majority in ownership of the Class A Units and the Class C Units. The notice of a meeting shall state the nature of the business to be transacted at such meeting, and actions taken at any such meeting shall be limited to those matters specified in the notice of the meeting. Notice of any meeting shall be given to all Members not less than five (5) and not more than sixty (60) days prior to the date of the meeting. A waiver of notice signed by a Member entitled to notice, whether before, at or after the meeting, shall be the equivalent of notice. The presence of any Member at a meeting shall constitute a waiver of notice of the meeting with respect to such Member. Members may vote in person or by proxy at such meeting. All meetings shall be held in [East Greenwich, Rhode Island], unless another location is Approved by the Members.

Except as otherwise expressly provided in this Agreement or required by the express provisions of the Act, the requisite vote of the Members on any matter for which the vote of the

Members is required hereunder or by law shall be the Approval of the Members, which vote shall control all decisions for which the vote of the Members is required hereunder or by law. Each Member's voting rights shall be the same as that Member's Sharing Percentage at the time of the vote. The Members may, at their election, participate in any regular or special meeting by means of conference telephone or similar communications equipment by means of which all Persons participating in the meeting can hear each other. A Member's participation in a meeting pursuant to the preceding sentence shall constitute presence in person at such meeting for all purposes of this Agreement.

11.2 **Vote By Proxy**. Each Member may authorize any Person to act on the Member's behalf by proxy on all matters in which a Member is entitled to participate, including waiving notice of any meeting or voting or participating at a meeting. Every proxy must be signed by the Member authorizing such proxy or such Member's attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months after the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Member executing it.

11.3 **Conduct of Meeting**. Each meeting of the Members shall be conducted by the Chairman of the Governing Board (who shall be designated by a majority of the Governors) or by an individual appointed by the Chairman of the Governing Board. The meeting shall be conducted pursuant to such reasonable rules as may be adopted by the Governing Board. Minutes shall be taken by a person appointed by the Chairman of the Governing Board and all minutes shall be Approved by the Governing Board.

11.4 **Action Without a Meeting**. Notwithstanding anything to the contrary in this Agreement, any action that may be taken at a meeting of the Members may be taken without a meeting if a consent in writing setting forth the action so taken is Approved by the Members, which consent may be executed in multiple counterparts. In the event any action is taken pursuant to this Section 11.4, the Company shall give written notice of the action taken without a meeting to each Member promptly after the Company shall have been notified of such action. For purposes of obtaining a vote under this Agreement, the Governing Board may require a written response within a specified time, but not less than fifteen (15) days nor more than forty-five (45) days, and provide that failure to respond in such time shall constitute a vote which is consistent with the Governing Board's recommendation, if made, with respect to the proposal.

11.5 **Closing of Transfer Record; Record Date**. For the purpose of determining the Members entitled to notice of or to vote at any meeting of Members, any reconvening thereof, or to act by consent, the Governing Board may provide that the transfer record shall be closed for at least ten (10) days immediately preceding such meeting (or such shorter time as may be reasonable in light of the period of the notice) or the first solicitation of consents in writing. If the transfer record is not closed and if no record date is fixed for determining the Members entitled to notice of or to vote at a meeting of Members or by consent, the date on which the notice of the meeting is mailed or a copy of the first written consent is received by the Governing Board shall be the record date for such determination.

12. GOVERNING BOARD AND MEDICAL ADVISORY COMMITTEE.

12.1 **Governing Board**.

(a) Effective for all purposes on the date of this Agreement, the Members shall form a Governing Board of the Company consisting of seven (7) members (the "Governing Board"), by appointing thereto the Class B Governors, the Class A Governors and the Class C Governors, as applicable. The Class B Member shall be entitled to elect or appoint three (3) Class B Governors, and the Class A Members shall be entitled to elect two (2) Class A Governors by the affirmative vote of the holder(s) of a majority of the Class A Units, and the Class C Members shall be entitled to elect or appoint two (2) Class C Governors by the affirmative vote of the holder(s) of a majority of the Class C Units, such election to be held in such manner as the Manager shall determine. For purposes of Governing Board voting, each Class A Governor and Class C Governor shall have one (1) vote and each Class B Governor shall have two (2) votes.

(b) The Governing Board shall be created and operate to consider all matters pertaining to the business of the Company. Each individual selected to serve on the Governing Board shall serve for a term of one (1) year and thereafter until his or her successor is appointed or elected, unless he or she sooner resigns or is removed. A member of the Governing Board may be removed without cause only by the Members who had the right to vote for his or her initial appointment. The unexpired term of a member of the Governing Board who resigns or is removed shall be filled by an individual appointed by those Members who had the right to vote on such Governing Board member's initial appointment to the Governing Board. The Chairman of the Governing Board shall be selected annually from the members of the Governing Board.

12.2 **Powers of the Governing Board**. In addition to the powers granted to any Governing Board under the Act and the powers granted to the Governing Board pursuant to other provisions of this Agreement, the Governing Board shall have the exclusive right and power to manage the business and the affairs of the Company with all powers necessary, advisable or convenient to manage, control, administer and operate the business and affairs of the Company for the purposes herein stated, to make all decisions affecting such business and affairs, and to do all things which are necessary or desirable in the conduct of the business and affairs of the Company. Notwithstanding the foregoing, the Governing Board shall not possess the rights and powers delegated to the Manager herein and Manager shall have the exclusive right to exercise the rights and powers delegated to Manager herein. The rights and powers of the Governing Board shall include, without limitation, for Company purposes, the powers to:

(a) employ, retain or otherwise secure or enter into contracts with employees, consultants, agents or firms to assist in the business of the Company, all on such terms and for such consideration as the Governing Board deems advisable, such consideration to be a normal operating expense;

(b) pay all operating costs and expenses associated with the ownership of Company assets including without limitation, insurance, ad valorem taxes, maintenance costs, accounting and legal fees, and principal and interest due on any indebtedness encumbering the Company's assets;

(c) borrow money and, if security is required therefor, to mortgage or subject to any other security device, any portion of the Company assets, to obtain replacements of any mortgage, security deed or other security device, and to prepay, in whole or in part, refinance, increase, modify, consolidate or extend any mortgage, security deed or other device, all of the foregoing at such terms and in such amounts as it deems to be in the best interest of the Company;

(d) acquire and enter into any contract of insurance which the Governing Board deems necessary and proper for the protection of the Company, for the conservation of the Company assets, or for any purpose beneficial to the Company;

(e) invest in short-term government obligations, certificates of deposit, tax-exempt obligations, interest-bearing deposits, money market accounts, or other cash equivalents, such funds of the Company as are temporarily not required in the Governing Board's opinion for use in conducting the business of the Company;

(f) open and maintain bank accounts for the deposit of Company funds, with withdrawals to be made upon such signature or signatures as the Governing Board may designate;

(g) execute, acknowledge and deliver any and all instruments, documents, certifications or agreements necessary or convenient in connection with the conduct and operation of the business and purpose of the Company and/or in furtherance of any of the foregoing, including without limitation, executing amendments to the Agreement in accordance with the terms of this Agreement, both as Governing Board, and if required, as attorney-in-fact for the Members pursuant to any power of attorney granted by the Members to the Governing Board;

(h) acquire, buy, lease, sell, transfer, or dispose of assets of the Company, subject to Section 9.3;

(i) set pricing for goods and services provided by the Company;

(j) establish policies and procedures for the management and ongoing operations of the Company's business;

(k) establish operating and capital budgets;

(l) enter into managed care contracts;

(m) appoint the Manager;

(n) remove the Manager;

(o) assign rights and powers to the Manager; and

(p) approve the Annual Business Plan.

12.3 **Manner of Exercise of Governing Board's Authority**. All responsibilities granted to the Governing Board under this Agreement shall be exercised by the Governing Board as a body, and no member of the Governing Board, acting alone, shall have the authority to act on behalf of the Governing Board. All Governing Board action shall require the Approval of the Board; provided, however, that approval by the affirmative vote of at least eighty percent (80%) of the members of the Governing Board shall be required for any action to:

(a) make capital expenditures in any calendar year in excess of the greater of (A) twenty percent (20%) of the fair value of the Company's total assets, and (B) twenty percent (20%) of the net book value of the Company's total assets; or

(b) borrow money during any calendar year in excess of the greater of (A) twenty percent (20%) of the fair value of the Company's total assets, and (B) twenty percent (20%) of the net book value of the Company's total assets; or

(c) admit a Person as a Member of the Company, other than Transferees of Class B Units who or that are Affiliates of the Class B Member or are the SARC Pledgee or Permitted Pledgee Transferee; or

(d) except for distributions to Members permitted by this Agreement or the Act, the Management Agreement and any documentation of indebtedness to Symbion or its Affiliates, enter into or amend any contract or agreement between the Company and any Member or Affiliate thereof; or

(e) guarantee the indebtedness of any other person or entity in excess of the greater of (A) ten percent (10%) of the fair value of the Company's total assets, and (B) ten percent (10%) of the net book value of the Company's total assets; or

(f) amend this Agreement to reflect an addition to the representations, duties or obligations of the Manager pursuant to Section 16.2(d) hereof.

12.4 **Meetings of the Governing Board**. The Governing Board shall hold regular meetings on a quarterly basis or on such other periodic basis as the Governing Board shall determine from time to time. Special meetings of the Governing Board shall be held at the call of the Chairman of the Governing Board, or any three members of the Governing Board requesting such meeting through such Chairman, upon not less than five (5) business days written or telephonic notice to the members of the Governing Board, such notice specifying all matters to come before the Governing Board for action at such meeting. All meetings shall be held in Providence, Rhode Island, unless another location is Approved by the Governing Board. The presence of any member of the Governing Board at a meeting shall constitute a waiver of notice of the meeting with respect to such member. The members of the Governing Board may, at their election, participate in any regular or special meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. A member of the Governing Board's participation in a meeting pursuant to the preceding sentence shall constitute presence in person at such meeting for all purposes of this Agreement. Minutes shall be taken by a person appointed by the Chairman of the Governing Board and all minutes shall be Approved by the Governing Board.

12.5 **Quorum**. A quorum of the Governing Board shall consist of persons holding a majority of the Board of Governor votes.

12.6 **Vote By Proxy**. Each Governor may authorize any individual to act on the Governor's behalf by proxy on all matters in which a Governor is entitled to participate[, whether by waiving notice of any meeting or by voting or participating at a meeting][?]. Every proxy must be signed by the Governor authorizing such proxy or such Governor's attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months after the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Governor executing it.

12.7 **Action Without a Meeting**. Notwithstanding anything to the contrary in this Agreement, any action that may be taken at a meeting of the Governors may be taken without a meeting by a consent signed by all Governors. Such consent shall be in writing and shall set forth the action so taken. The consent may be executed in multiple counterparts.

12.8 **Medical Advisory Committee.** The Company shall establish a Medical Advisory Committee comprised of three (3) members of the Center's medical staff appointed by the Governing Board. The members of the Medical Advisory Committee shall represent different specialties to the extent possible and shall consist of at least one (1) member of the medical staff belonging to the Class A Member and at least one (1) Member of the medical staff belonging to the Class C Member. The Medical Advisory Committee will be responsible for developing utilization, peer review and quality assurance standards for the Center, reviewing utilization of Center services and generally making recommendations to the Governing Board regarding the services provided at the Center. The Medical Advisory Committee shall take no action that would subject any members of the Medical Advisory Committee to liability as a member of the Governing Board of the Company.

12.9 **Liability of Covered Persons for Actions**.

(a) Notwithstanding any provision of this Agreement, common law or the Act, no member of the Governing Board, Manager, principal officer of the Company or the Tax Matters Member (the "Covered Persons") shall be liable to the Members or to the Company for any loss suffered which arises out of an act or omission of such person, if, in good faith, it was determined by such persons that such act or omission was in the best interests of the Company and such act or omission did not constitute gross negligence or fraud. The Covered Persons shall be indemnified by the Company against any and all claims, demands and losses whatsoever if: (i) the indemnitee conducted himself or herself in good faith; and (ii) reasonably believed (x) in the case of conduct in his or her official capacity with the Company, that his or her conduct was in its best interests and (y) in all other cases, that his or her conduct was at least not opposed to its best interests; and (iii) in the case of any criminal proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. The payment of any amounts for indemnification shall be made before any distribution is made by the Company. No Member shall have any obligation to provide funds for any indemnification obligation hereunder.

(b) The right to indemnification conferred in this Article 12 shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles, provision of this Agreement, vote of Members or otherwise.

(c) The Company may maintain insurance, at its expense, to protect itself and any Member, the Governing Board, Governing Board committees, officer, employee or agent of the Company against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under Rhode Island law.

(d) Any amendment, repeal or modification of any provision of this Section 12.9 shall not adversely affect any right or protection of a Member, the Governing Board, Governing Board committee, officer, employee or agent of the Company existing at the time of such amendment, repeal or modification.

13. TRANSFER OF RIGHTS

13.1 **Transfers by Members**. Except as otherwise set forth in this Article 13, a Member may not Transfer all or any part of its Units without approval by the affirmative vote of at least eighty percent (80%) of the members of the Governing Board other than Transfers of Class B Units to a Transferee who or that is then an Affiliate of the Class B Member or is the SARC Pledgee or Permitted Pledgee Transferee (each as defined below). If a Member receives the approval of such Transfer by the affirmative vote of at least eighty percent (80%) of the members of the Governing Board, a Member may transfer such Member's interest in the Company if the following conditions are satisfied:

(a) the Member and the Member's transferee execute, acknowledge and deliver to the Company such instruments of transfer and assignment with respect to such transaction as are in form and substance Approved by the Governing Board;

(b) unless waived by Approval of the Governing Board, the Member delivers to the Company an opinion of counsel Approved by the Governing Board, covering such securities and tax laws and other aspects of the proposed Transfer as the Governing Board may reasonably request;

(c) except with respect to the admission of the SARC Pledgee, the Member pays the Company a transfer fee that is sufficient to pay all reasonable expenses of the Company in connection with such transaction.

Any Member who thereafter Transfers all or any portion of such Member's Units shall promptly notify the Company of such Transfer and shall furnish to the Company the name and address of the transferee and such other information as may be required under Section 6050K of the Code and the Regulations thereunder.

Notwithstanding any other provision to the contrary, Symbion or any Affiliate of Symbion may encumber its Units (the "SARC Interest"), without the consent of any other Member or of the Governing Board, for the limited purpose of securing loans, but not otherwise, by granting a security interest in the SARC Interest to one or more creditors. Any party to whom the SARC Interest is pledged (together with such party's successors and assigns, the "SARC

Pledgee") may foreclose on the SARC Interest and transfer the SARC Interest, or any portion thereof, to any Permitted Pledgee Transferee (as that term is defined below) without the consent of any other Member, the Company or the Governing Board (such foreclosure and subsequent transfer being a "SARC Foreclosure"); provided, however, that prior to such transfer the SARC Pledgee shall provide written notice to the Class A Member and the Class C Member of the SARC Pledgee's intent to so transfer the SARC Interest and the Class A Member and the Class C Member shall then have twenty (20) days following such notice (the "Negotiation Period") to enter into a written sale and purchase agreement with the SARC Pledgee upon terms and conditions mutually acceptable to the SARC Pledgee and the Class A Member and the Class C Member (a "Purchase Agreement"). In the event that the SARC Pledgee and the Class A Member and the Class C Member cannot reach agreement on the terms and conditions of such purchase and sale and fail to enter into a Purchase Agreement prior to the expiration of the Negotiation Period, the SARC Pledgee shall then be free to transfer the SARC Interest to a Permitted Pledgee Transferee. "Permitted Pledgee Transferee" means, with respect to any natural person, a transferee that qualifies as a Physician Investor, and with respect to any non-natural person, a transferee whose ownership would not violate applicable federal or state laws, and, in either case, who shall assume and agree to be bound by all of the provisions of this Agreement, except as otherwise provided below. The foregoing provisions shall be self-operative, but the Company, the Governing Board and each Member hereby agree to execute any writing requested by the SARC Pledgee or any proposed SARC Pledgee to evidence its consent to foreclosure on or transfer of the SARC Interest and the admission of the SARC Pledgee and/or a Permitted Pledgee Transferee as a Member.

13.2 **Substituted Member**. No Person taking or acquiring, by whatever means, the Units of any Member, other than pursuant to Transfer approved pursuant to Section 13.1 and except for a Transfer of Class B Units to an Affiliate of the Class B Member or to the SARC Pledgee or Permitted Pledgee Transferee, shall be admitted as a Substituted Member without the approval by the affirmative vote of at least eighty percent (80%) of the members of the Governing Board, which approval shall not be unreasonably withheld or delayed, and unless such Person:

(a) elects to become a Substituted Member by delivering notice of such election to the Company;

(b) executes, acknowledges and delivers to the Company such other instruments as the Governing Board may deem necessary or advisable to effect the admission of such Person as a Substituted Member, including, without limitation, the written acceptance and adoption by such Person of the provisions of this Agreement; and

(c) except with respect to the admission of the SARC Pledgee, pays a transfer fee to the Company in an amount sufficient to cover all reasonable expenses connected with the admission of such Person as a Substituted Member.

13.3 **Basis Adjustment**. Upon the Transfer of all or any portion of the Units owned by a Member, at the request of the transferee of such Units, the Tax Matters Member may, in its sole discretion, cause the Company to elect, pursuant to Section 754 of the Code or the

corresponding provisions of subsequent law, to adjust the basis of the Company's assets as provided by Sections 734 and 743 of the Code.

13.4 **Transfer Procedures**. The Manager shall establish a transfer procedure consistent with this Article 13 to ensure that all conditions precedent to the admission of a Substituted Member have been complied with, and shall, upon the written request of any Member, deliver to such Member a copy thereof.

13.5 **Invalid Transfer**. No Transfer of any Unit that is in violation of this Article 13 shall be valid or effective, and the Company shall not recognize any improper Transfer for the purposes of making allocations, payments of profits, return of capital contributions or other distributions with respect to such Unit. The Company may enforce the provisions of this Article 13 either directly or indirectly or through its agents by entering an appropriate stop transfer order on its books or otherwise refusing to register or transfer or permit the registration or transfer on its books of any proposed Transfers not in accordance with this Article 13.

13.6 **Additional Requirements of Admission to Company**. No Person shall be admitted as a Member if such admission would have the effect of causing the Company to be reclassified for federal income tax purposes as an association (taxable as a corporation under the Code), would violate any Medicare or other healthcare law, rule or regulation, or would violate applicable exemptions from securities registration and securities disclosure provisions under federal and state securities laws.

13.7 **Amendment to Schedule 1**. The Governing Board shall direct that Schedule 1 attached hereto be amended from time to time to reflect the admission of any Substituted Member, or the termination of any Member's interest in the Company.

14. DISSOLUTION

14.1 **Causes**. Each Member expressly waives any right which such Member might otherwise have to dissolve the Company except as set forth in this Article 14. The Company shall be dissolved upon the first to occur of the following:

(a) the Approval by the Members of an instrument dissolving the Company; and

(b) the dissolution of the Company by judicial decree.

Nothing contained in this Section 14.1 is intended to grant to any Member the right to dissolve the Company at will (by retirement, resignation, withdrawal or otherwise), or to exonerate any Member from liability to the Company and the remaining Members if it dissolves the Company at will. Any dissolution at will of the Company, including dissolution caused under Section 14.1(b), shall be in contravention of this Agreement for purposes of the Act. Dissolution of the Company under Section 14.1(d) shall not constitute a dissolution at will. The Company shall not be dissolved by the replacement of the Manager.

14.2 **Reconstitution**. If the Company is dissolved as a result of an event described in Section 14.1(a) or 14.1(b), the Company may be reconstituted and its business continued if,

within ninety (90) days after the date of dissolution, all Members affirmatively elect to reconstitute the Company and execute an instrument confirming such facts. If the Company is reconstituted, an amendment to this Agreement shall be executed, and if and to the extent required by the Act, Articles of Amendment to the Articles shall be filed with the Rhode Island Secretary of State.

14.3 **Interim Manager**. If the Company is dissolved as a result of an event described in Section 14.1(a) and the Manager is unable to continue acting as Manager of the Company, those Members (excluding the outgoing Manager) who own Units representing a majority of the aggregate Sharing Percentage of all Members (excluding that owned by the Manager) may appoint an interim Manager of the Company, who shall have and may exercise only the rights, powers and duties of a Manager necessary to preserve the Company assets until (a) a new Manager is elected if the Company is reconstituted; or (b) a liquidator is appointed under Article 15, if the Company is not reconstituted. The interim Manager shall not be liable to the Members to the extent permitted in the Act and shall, while acting in the capacity of interim Manager on behalf of the Company, be entitled to indemnity by the Company upon and subject to the same terms and conditions as indemnity is provided to the Covered Persons pursuant to Section 12.9. The interim Manager appointed as provided herein shall be entitled to receive such reasonable compensation for its services as may be agreed upon by such interim Manager and those Members who appointed the interim Manager.

15. WINDING UP AND TERMINATION

15.1 **Sale of Assets**. Unless otherwise agreed by the Members, at the time of liquidation, any property owned by the Company shall be sold for cash, and each Member shall have the right to bid competitively for any such asset being sold. The Class B Member shall have a right of first refusal for forty-five (45) days to purchase Company property for which a third party offer is made in connection with liquidation on the same terms as such third party offer, which right of first refusal the Class B Member may exercise in its discretion by giving written notice thereof to the Company within forty-five (45) days after receiving written notice of such third party offer (of which the Company shall promptly provide the Class B Member a copy). If the Class B Member does not exercise such right of first refusal within such timeframe, then the Class A Member shall then have a subsequent and comparable right, for fifteen (15) days following the earlier of the completion of the Class B Member's forty-five (45) day period or written notice from the Class B Member that it waives its right of first refusal, to purchase such Company property on the same terms as such third party offer, which right the Class A Member may exercise by giving written notice thereof to the Company within such fifteen (15) day period. If the Class A Member does not exercise such right of first refusal within such timeframe, then the Class C Member shall then have a subsequent and comparable right, for fifteen (15) days following the earlier of the completion of the Class A Member's forty-five (45) day period for written notice from the Class A Member that it waives its right of first refusal, to purchase such Company property on the same terms as such third party offer, which right the Class C Member may exercise by giving written notice thereof to the Company within such fifteen (15) day period. Any such purchase shall close as soon as practicable following such notice of exercise from the Class B Member, Class A Member or Class C Member as applicable. Any cash received from the sale of the Company's assets shall be used first to pay the Company's debts to creditors other than the Members; provided, however, for this purpose, a

Member which is owed money for goods or services provided to the Company or is entitled to indemnification pursuant to Article 12 shall be deemed an unrelated creditor. Any cash remaining after payments to creditors, other than the Members, shall be used to repay other debts to Members. Once all Member debt is repaid, the remaining cash received from the sale of the Company's assets shall be distributed to the Members in proportion to their positive Capital Account balances (after giving effect to adjustments to Capital Accounts through the date of distribution).

15.2 **Distributions in Accordance with Capital Accounts**. In the event the Company is "liquidated" within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g), distributions shall be made in all cases, in accordance with the Members' positive Capital Account balances determined after all adjustments to the Members' Capital Accounts for the taxable year. Such distribution shall be made within the time periods required by Treasury Regulation Section 1.704-1(b). In the discretion of the Manager, a pro rata portion of the distributions that would otherwise be made to the Members may be:

(a) distributed to a trust established for the benefit of the Members for the purpose of liquidating Company assets, collecting amounts owed to the Company, and paying any contingent or unforeseen liabilities in connection with the Company or of the Class B Member arising out of or in connection with the Company. The assets of any such trust shall be distributed to the Members from time to time, in the reasonable discretion of the Manager, in the same proportions as the amount distributed to such trust by the Company would otherwise have been distributed to the Members under this Agreement; and

(b) withheld to provide a reasonable reserve for Company liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Company, provided that such withheld amounts shall be distributed to the Members as soon as practicable.

15.3 **Deemed Contribution and Distribution**. Notwithstanding any other provisions of this Article VI, in the event the Company is liquidated within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g) but the Company is not required to be dissolved and wound up pursuant to Section 14.1, the assets of the Company shall not be liquidated, the Company's liabilities shall not be discharged and the Company's affairs shall not be wound up. Instead, solely for federal income tax purposes, the Company shall be deemed to have contributed the assets and liabilities of the Company in kind to a new Company in exchange for an interest in the new Company. Immediately thereafter, the Company shall be deemed to have distributed interests in the new Company to the Members in proportion to their respective interests in the Company.

16. MISCELLANEOUS

16.1 **Notices**. All notices given pursuant to this Agreement shall be in writing and shall be deemed effective when personally delivered or when placed in the United States mail, registered or certified with return receipt requested, or when sent by prepaid telegram or facsimile followed by confirmatory letter. For purposes of notice, the addresses of the Members shall be as stated under their names on the attached Schedule 1; provided, however, that each

Member shall have the right to change such Member's address with notice hereunder to any other location by the giving of thirty (30) days notice to the Company in the manner set forth above.

16.2 **Amendments**. Except as otherwise expressly provided in Section 13.7 and in this Section 16.2 and Section 16.3, amendments or modifications may be made to this Agreement only by setting forth such amendments or modifications in a document Approved by the Members, and any alleged amendment or modification herein which is not so documented shall not be effective as to any Member. The Governing Board may amend any provision of this Agreement and, through Manager, execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith to reflect:

(a) a change in the location of the principal place of business of the Company, or a change in the registered office or the registered agent of the Company;

(b) qualification of the Company as a limited liability company under the laws of any state or that is necessary or advisable in the opinion of the Manager to ensure that the Company will not be treated as an association taxable as a corporation for federal income tax purposes, provided, in either case, such action shall not adversely affect any Member;

(c) a change (i) that is of an inconsequential nature and does not adversely affect the Members in any material respect; (ii) that is necessary or desirable to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or contained in any federal or state statute, compliance with any of which the Manager deems to be in the best interest of the Company and the Members which does not materially affect the interest of any Member in the capital, profits or losses of, or distributions or allocations of the Company, or a Member's rights of voting or approval as to the business of, or the right to appoint to boards or committees of the Company; or (iii) that is required or contemplated by this Agreement;

(d) an addition to the representations, duties or obligations of the Manager (subject to approval by the affirmative vote of at least eighty percent (80%) of the members of the Governing Board); or

(e) an amendment required pursuant to Section 16.3.

Notwithstanding anything herein to the contrary, neither the SARC Pledgee nor any Permitted Pledgee Transferee shall be bound by any amendment to this Agreement made after the date hereof and prior to such time as the SARC Pledgee or a Permitted Pledgee Transferee becomes a Member, unless the SARC Pledgee or Permitted Pledgee Transferee, as the case may be, consents in writing to such amendment.

16.3 **Consolidation**. It is the intention of the Members that Symbion shall have such rights as are necessary for Symbion to be able to consolidate the financial results of operations and financial condition of the Company with the financial results of operations and financial condition of Symbion under applicable requirements of generally accepted accounting principles, as such may change from time to time. Notwithstanding any provision in this Agreement to the contrary, Symbion may amend this Agreement without the approval of any other Member as

necessary from time to time to add, amend or delete such provisions as necessary in the reasonable opinion of Symbion's independent certified accountants to permit Symbion to report the results of operations of the Company on the consolidation method of accounting under applicable generally accepted accounting principles in the future.

16.4 **Schedules**. Each Schedule to this Agreement is incorporated herein for all purposes.

16.5 **Entire Agreement**. This Agreement supersedes all previous operating agreements, and constitutes the entire agreement of whatsoever kind or nature existing between or among the Members respecting the subject matter contained herein, and no Member shall be entitled to benefits other than those specified herein. As between or among the Members, no oral statements not specifically incorporated herein shall be of any force and effect. This Agreement may be executed in two or more counterparts, each and all of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

16.6 **Divisions and Headings**. The divisions of this Agreement into sections and subsections and the use of captions and headings in connection therewith are solely for convenience and shall have no legal effect in construing the provisions of this Agreement.

16.7 **Gender and Number**. Whenever the context of this Agreement requires, the gender of all words herein shall include the masculine, feminine and neuter, and the number of all words herein shall include the singular and plural.

16.8 **Severability**. In the event any provision of this Agreement is held to be invalid, illegal or unenforceable for any reason and in any respect, such invalidity, illegality or unenforceability shall in no event affect, prejudice or disturb the validity of the remainder of this Agreement, which shall be and remain in full force and effect, enforceable in accordance with its terms.

16.9 **Governing Law**. This Agreement shall be construed and enforced in accordance with the laws of the State of Rhode Island without regard to its principles of conflicts of laws.

16.10 **Benefit/Assignment**. Subject to provisions herein to the contrary, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors and assigns; provided, however, that nothing contained herein shall negate or diminish the restrictions set forth in Articles 10 or 13 hereof. This Agreement is intended solely for the benefit of the parties hereto and is not intended to, and shall not, create any enforceable third party beneficiary rights.

16.11 **Waiver**. Failure by any party to enforce any of the provisions hereof for any length of time shall not be deemed a waiver of its rights set forth in this Agreement. Such a waiver may be made only by an instrument in writing signed by the party sought to be charged with the waiver. No waiver of any condition or covenant of this Agreement shall be deemed to imply or constitute a further waiver of the same or any other condition or covenant, and nothing contained in this Agreement shall be construed to be a waiver on the part of the parties of any right or remedy at law or in equity or otherwise.

16.12 **Attorneys' Fees**. In the event a party elects to incur legal expenses to enforce, defend or interpret any provision of this Agreement by judicial proceedings, the prevailing party will be entitled to recover such legal expenses, including, without limitation, reasonable attorneys' fees, costs and necessary disbursements at all court levels, in addition to any other relief to which such party shall be entitled.

16.13 **Time**. Time is of the essence with respect to all provisions of this Agreement.

16.14 **Business Day**. Should any due date hereunder fall on a Saturday, Sunday or legal holiday, then such due date shall be deemed met if the obligation is met on the first business day following such Saturday, Sunday or legal holiday.

16.15 **Waiver of Jury Trial**. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO DEMAND THAT ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR THE RELATIONSHIPS OF THE PARTIES HERETO BE TRIED BY JURY. THIS WAIVER EXTENDS TO ANY AND ALL RIGHTS TO DEMAND A TRIAL BY JURY ARISING FROM ANY SOURCE INCLUDING, BUT NOT LIMITED TO, THE CONSTITUTION OF THE UNITED STATES OR ANY STATE THEREIN, COMMON LAW OR ANY APPLICABLE STATUTE OR REGULATIONS. EACH PARTY HERETO ACKNOWLEDGES THAT IT IS KNOWINGLY AND VOLUNTARILY WAIVING ITS RIGHT TO DEMAND TRIAL BY JURY.

16.16 **Construction**. Every covenant, term and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any Member. The words "include," "includes," and "including" shall be deemed to be followed by the phrase "without limitation." All references to Articles and Sections shall be deemed references to Articles and Sections of this Agreement, unless the context shall otherwise require. All references herein to a Schedule shall be deemed to be references to the Schedule(s) attached to this Agreement. The terms "this Agreement," "hereof," "hereunder" and similar expressions refer to this Agreement as a whole and not to any particular Article or Section or other portion hereof and include any agreement supplemental hereto. The conjunction "or" shall be understood in its inclusive sense (and/or).

16.17 **Waiver of Partition**. Notwithstanding any statute or principle of law to the contrary, each Member hereby agrees that, during the term of the Company, it shall have no right (and hereby waives any right that it might otherwise have had) to cause any Company asset to be partitioned and/or distributed in kind.

16.18 **Additional Documents**. Each Member agrees to perform all further acts and execute, acknowledge and deliver any documents that may be reasonably necessary, appropriate or desirable to carry out the provisions of this Agreement.

16.19 **Arbitration**. Each of the Members agree to submit to resolution by binding arbitration any unresolved claim, controversy, issue or dispute arising among or between the Members or Manager out of or with respect to this Agreement or the parties' respective rights,

duties and obligations hereunder (each, a "Dispute"), upon written notice by any party to the other parties. Such arbitration shall be conducted as follows:

(a) Rules. The Arbitration shall be conducted in accordance with and governed by the Commercial Arbitration Rules then in effect of the American Arbitration Association ("AAA"), except as expressly provided otherwise in this section, and administered by the AAA. The Company shall provide a copy of this arbitration clause to the arbitrator(s). The arbitrator(s) shall apply the appropriate substantive law, and the Federal Rules of Civil Procedure with respect to procedural, discovery or evidentiary matters.

(b) Location of Arbitration. The arbitration shall be conducted in Providence, Rhode Island.

(c) Selection of Arbitrator(s). The arbitrator or arbitrators, as applicable, for such arbitration shall be selected as follows:

(i) Disputes Less than or Equal To $100,000. In the event of arbitration with an amount in controversy equal to or less than $100,000, arbitration shall be conducted by one neutral arbitrator mutually agreed upon by the parties. If no arbitrator is agreed upon within ten (10) days following commencement of arbitration, or if the arbitrator selected by the parties is unable or unwilling to arbitrate the Dispute, the arbitrator shall be such neutral arbitrator as is selected by the AAA.

(ii) Disputes More than $100,000. In the event of arbitration with an amount in controversy greater than $100,000, arbitration shall be conducted by a panel of three neutral arbitrators. Within fifteen (15) days following commencement of arbitration, each party shall select one neutral arbitrator in whatever area(s) of expertise such party believes is relevant to the dispute. Within ten (10) days following such appointment, the two neutral arbitrators so selected shall select the third neutral arbitrator from a list provided by the AAA who shall be a practicing attorney having experience in the area of commercial contracts, preferably in the area of healthcare, and who shall act as chair of the arbitration panel. If the arbitrators selected by the parties are unable or fail to agree upon the third arbitrator within such ten (10) day period, the third arbitrator shall be selected by the AAA.

(d) Discovery. The sole arbitrator or chair of the arbitration panel, as applicable, shall establish a limited time period for discovery and procedures designed to reduce the cost and time for discovery while allowing the parties an opportunity, in the discretion of the sole arbitrator or chair of the arbitration panel, as applicable, to discover relevant information from the opposing party about the subject matter of the Dispute. Any dispute regarding discovery, or the relevance or scope thereof, shall be determined by the sole arbitrator or the chair of the arbitration panel, as the case may be, and shall be governed by the Federal Rules of Civil Procedure.

(e) Award. The award by the arbitrator(s) shall be in writing, shall be signed by the sole arbitrator or a majority of the panel of arbitrators, as the case may be, and shall include a statement of findings of fact and conclusions regarding the reasons for the disposition of any Dispute. The arbitrator(s) shall have the authority to award any remedy or relief that a court of competent jurisdiction could order or grant, including without limitation, specific performance of any obligation created under any agreement between or among the parties, the awarding of punitive damages, the issuance of an injunction, or the imposition of sanctions for abuse or frustration of the arbitration process. The arbitrator(s) shall have the authority to determine the comparative responsibility of the parties hereto for any loss or damages and assign liability and award relief based upon such comparison. Arbitration of such issues, including the determination of the amount of any damages suffered by any party, shall be to the exclusion of any court of law and the decision of the arbitrator(s) shall be final and binding upon the parties and their respective personal representatives, heirs, devisees, successors and assignees. Judgment on the award entered by the arbitrator(s) may be entered in and enforced by any court of competent jurisdiction.

(f) Costs and Expenses. Each party shall bear its own expenses and its attorney's fees and expenses, and shall equally share the arbitrators' fees, administrative fees and travel expenses; provided that the arbitrator(s) shall award to the prevailing party, if any, as determined by the arbitrator(s), all of the prevailing party's reasonable costs and expenses with respect to the arbitration, including arbitrator fees, administrative fees, travel expenses, out-of-pocket expenses such as copying and telephone, witness fees and attorneys' fees and expenses.

(g) Confidentiality. Statements made by any party or any party's representative during the arbitration shall be deemed confidential and no party or party's representative will attempt to use any such statement as evidence in any court or other legal proceeding. The parties also agree and acknowledge that the arbitrator(s) shall not be subject to subpoena to trial or deposition by any party for the purpose of divulging statements made or information disclosed by any party or witness in the arbitration proceedings. The parties further agree that and acknowledge that the arbitrator(s) shall not disclose any matter learned in the arbitration proceedings unless given permission by all of the parties or unless required by law.

(h) Injunctive Relief. Notwithstanding the foregoing, each of the parties shall be entitled to an injunction or injunctions or other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions thereof in any court of the United States or any state having jurisdiction, without having to post bond therefor or prove actual damages, this being in addition to any other remedy to which they are entitled, without submitting such action to arbitration.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Members have executed this Operating Agreement as of the date first above written.

MEMBERS:
SARC/PROVIDENCE, LLC

By:_____
Name:_____
Title:_____

CENTER CITY ENDOSCOPY, LLC

By:_____
Name:_____
Title:_____

OCEAN STATE ENDOSCOPY, INC.

By:_____
Name:_____
Title:_____

SCHEDULE 1

MEMBERS	CAPITAL ACCOUNT	# OF UNITS
SARC/Providence, LLC 40 Burton Hills Boulevard, Suite 500 Nashville, Tennessee 37216 Attention: President with a copy of any notice given hereunder to: Symbion, Inc. 40 Burton Hills Boulevard, Suite 500 Nashville, Tennessee 37216 Attention: Jennifer Blaylock, Esq.		45
Center City Endoscopy, LLC 33 Staniford Street Providence, RI 02905 Attention: President with a copy of any notice given hereunder to: Nixon Peabody LLP One Citizens Plaza, 5th Floor Providence, RI 02903 Attention: Stephen D. Zubiago, Esq.		25
Ocean State Endoscopy, Inc. 148 West River Street, Suite # Providence, RI 02904 Attention: Joel S. Spellun, MD with a copy of any notice given hereunder to: Cameron & Mittleman, LLC 301 Promenade Street Providence, RI 02908 Attention: E. Colby Cameron, Esq.		30

EXHIBIT A

NON-COMPETITION AGREEMENT

D

Exhibit D

Subscription Agreement

SUBSCRIPTION AGREEMENT

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE, AND ARE BEING OFFERED AND SOLD PURSUANT TO EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED WITHOUT REGISTRATION UNDER SUCH ACTS OR AN OPINION OF COUNSEL THAT SUCH TRANSFER MAY BE LEGALLY EFFECTED WITHOUT SUCH REGISTRATION.

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, THE SUBSCRIBER IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL INCOME TAX CONSIDERATIONS CONTAINED OR REFERRED TO IN THIS SUBSCRIPTION AGREEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY THE SUBSCRIBER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HIM OR HER UNDER FEDERAL TAX LAW; (B) SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN, SUBJECT TO APPLICABLE SECURITIES LAW RESTRICTIONS; AND (C) THE SUBSCRIBER SHOULD SEEK ADVICE BASED ON HIS OR HER PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Ocean State Endoscopy Holdings, LLC
33 Staniford Street
Providence, RI 02905

Ladies and Gentlemen:

The undersigned (the "***Subscriber***") hereby subscribes to purchase thirty (30) Class C Units (the "***Class C Units***") of Ocean State Endoscopy Holdings, LLC, a Rhode Island limited liability company (the "***HoldCo***") and owner of all of the Class E Units ("***Class E Units***") of Bayside Endoscopy Center, LLC, a Rhode Island limited liability company (the "***Company***"), on the terms and conditions set forth in this Subscription Agreement (this "***Agreement***") and pursuant to the terms of the Operating Agreement of Holdco (the "***HoldCo Operating Agreement***") and the Second Amended and Restated Operating Agreement of the Company (the "***Company Operating Agreement***"). The Class C Units are being acquired in consideration of the Subscriber's contribution to Holdco of substantially all of its business and assets pursuant to a Contribution Agreement of even date herewith (the "***Contribution Agreement***"), and the contemporaneous contribution by Holdco to the Company of such business and assets in consideration of the Class E Units, pursuant to the Contribution Agreement.

1. Subscription. Holdco's issuance of the Class C Units is subject to the closing under the Contribution Agreement (the "***Closing***").

2. Delivery of Class C Units. At the Closing, HoldCo shall cause the Subscriber to be admitted as a Member of HoldCo and will record the Subscriber's ownership of the Class C Units on all HoldCo records, including the Operating Agreement.

3. HoldCo and the Company. Set forth below is a brief summary of HoldCo, the Company and the Class C Units.

(a) Organization. Each of HoldCo and the Company was organized as a Rhode Island limited liability company. The Company's principal office is located at 33 Staniford Street, Providence, Rhode Island.

(b) Business. HoldCo has no operating business and serves as a holding company for all of the Company's one hundred (100) Class E Units, representing 0.85% of the outstanding units of the Company. The Company owns and operates an ambulatory surgery center in Providence, Rhode Island (the "***Bayside Center***") and, in 2008, opened a single-specialty ambulatory surgery center which operates in 4,800 square feet of space at 1405 South County Trail, East Greenwich, Rhode Island (the "***East Greenwich Center***" and, together with the Bayside Center, the "***Excluded Centers***"). As a result of the consummation of the transactions contemplated by the Contribution Agreement, the Company will also own and operate the free-standing ambulatory surgical center located at 148 West River Street, Suite 3, Providence, Rhode Island previously operated by Subscriber (the "***Center***").

Pursuant to the Company Operating Agreement, the Class E Member of the Company will only receive distributions out of cash generated by the Center, and will not receive distributions related to either of the Excluded Centers. Additionally, distributions will only be paid after regularly scheduled principal and interest payment on indebtedness and other sums due to lenders, cash expenditures in the course of operating the business pursuant to the capital and operating budgets and a cash reserve established for the Center, as determined by the Company's Manager (as defined in the Company Operating Agreement), which is presently SARC/Providence, Inc., a Tennessee corporation ("***SARC/Providence***"). Accordingly, the success of the Company depends solely on the success of the Center and not either of the Excluded Centers.

(c) Current Ownership of Units. The Company has 1,066 Units authorized, of which 250 Class A Units are held by Bayside Endoscopy Group, Inc. ("***Bayside Group***"), 750 Class B Units are held by SARC/Providence, LLC and 66 Class D Units are held by Kent, LLC. At the Closing, 100 Class E Units of the Company shall be issued to HoldCo. At the Closing, Holdco will have 100 Units authorized, of which 30 Class C Units will be held by Subscriber, 45 Class B Units will be held by SARC/Providence, and 25 Class A Units will be held by Center City Endoscopy, Inc.

(d) The Operating Agreements. The Subscriber should read and become familiar with each of the HoldCo Operating Agreement and the Company Operating

Agreement, copies of which are attached to the Contribution Agreement. The HoldCo Operating Agreement and Company Operating Agreement govern the relationship between the Company and Bayside, and their respective members, including the manner in which cash from the operations of the Center will be distributed.

4. Rights/Obligations of Members.

(a) Limited Participation in Management. Members do not participate in the active management or control of HoldCo's business, transact any business for HoldCo or have any power to bind HoldCo. With limited exceptions, the business and affairs of HoldCo are managed by the Governing Board and Holdco's Manager, to which the Governing Board has delegated rights and powers to manage the Center. (See Articles 8 and 12 of the HoldCo Operating Agreement.)

The Holdco Governing Board consists of seven (7) members ("***Governors***"), three (3) of which are elected or appointed by the Class B Member, two (2) of which are elected by the Class A Member and two (2) of which are elected by the Class C Members. Each Class A Governor and Class C Governor has one vote and each Class B Governor has two votes, when voting on matters requiring approval of the Governing Board. Accordingly, the Class B Member's representatives on the Governing Board have enough votes to control the Governing Board for most matters.

(b) Rights and Obligations of Members to Sell Class C Units. Under certain conditions, SARC/PROVIDENCE has the right to purchase the Subscriber's Class C Units at a purchase price that may be less than fair market value. (See Section 10.2 of the HoldCo Operating Agreement.)

(c) Restrictive Covenants. The HoldCo Operating Agreement includes covenants concerning confidentiality, non-solicitation and restriction on ownership that apply to the Members. (See Section 10.3 of the HoldCo Operating Agreement.)

5. Risk Factors. The Subscriber understands that, in addition to the various risks ordinarily applicable to investments in ambulatory surgery centers, certain other material risk factors relating to HoldCo and the Company and the Company's business make an investment in the Class C Units subject to a high degree of risk. An investment in the Class C Units involves the following risks (among others):

(a) Operations of the Center. At the Closing, the Company will own and operate the Center. HoldCo's financial performance is entirely dependent upon the success of the Center's operations. There can be no assurance as to the profitability of the Center.

(b) Competitive Facilities. The Center is in direct competition with outpatient surgical services provided by Endoscopy Associates, Inc., RIH Surgery Center at Wayland Square, Blackstone Valley Surgicare and well hospital outpatient

surgical services available at Miriam Hospital, Rhode Island Hospital, Roger Williams Hospital and St. Joseph's Hospital. Additionally, the future financial performance of the Center could be directly impacted by competition from new facilities offering outpatient surgical services, including from ambulatory surgery centers owned jointly by physicians and hospitals.

(c) Management Risks. The Center's success will be largely dependent on the decisions made by its management. Pursuant to the Management Agreement, a copy of which is attached as Exhibit H to the Contribution Agreement, an affiliate of SARC/PROVIDENCE is responsible for the day-to-day management and supervision of the Center.

(d) Risks of Operations. The Center is subject to the risks generally incident to the operation of ambulatory surgery centers, including uncertainty of revenue to meet fixed obligations, changes in local market conditions, changes in the referral patterns of local physicians, changes in the habits of the public in its use of facilities similar to the Center, increases in tax rates and other operating expenses, changes in governmental rules (including, but not limited to, those affecting Medicare/Medicaid and third party reimbursement) and fiscal policies, acts of God that may result in uninsured losses, factors related to real estate, medical malpractice judgments or settlements that exceed applicable insurance coverage, and other factors that may be beyond the control of the Company. Moreover, the Center's business depends upon, among other things, the efforts and success of the physicians who will perform procedures at the Center and the strength of the Company's relationship with such physicians. The Center could be adversely affected by any failure of these physicians to maintain the quality of medical care or otherwise adhere to required professional guidelines at the Center. There can be no assurance that the revenues of the Center will be sufficient to cover its operating expenses. Additionally, since the Company also owns and operates the Excluded Centers, the liabilities of the Excluded Centers could impact HoldCo as a member, since the Center cannot be insulated from the liabilities of the Excluded Centers.

(g) Control by SARC/PROVIDENCE and the Governing Board. The management of the business and affairs of each of HoldCo and the Company is vested exclusively in their respective Managers, which is SARC/PROVIDENCE, and their respective Governing Boards through their respective Operating Agreements and the Company's Management Agreements, and the Subscriber has no right to participate in the management of either HoldCo or the Company. Potential investors will have to rely on the Manager and its affiliates for the successful management and administration of the Center.

(h) Present and Potential Conflicts of Interest. The Company's Manager and its officers need only devote such of their time to the affairs of the Company as they deem necessary. Prospective investors should be aware that certain services may be contracted for by the Company's Manager on behalf of the Company in non-arm's length transactions with the Company's Manager, SARC/PROVIDENCE

or their affiliates. In addition, the Center could be in competition with possible future affiliates of SARC/PROVIDENCE.

(i) Business Uncertainties. The Subscriber must consider the risks that the Company may encounter that are different from other companies, as well as risks associated with the Company's ability to:

implement its business plan;

obtain managed care contracts at favorable payment rates;

maintain its margins in the event of price competition, reductions in governmental reimbursement or rising costs;

maintain and, if necessary, upgrade its facility and equipment to remain competitive or meet regulatory requirements;

attract and retain qualified employees to operate the Center; and

transfer, assign, or otherwise be able to use Medicare billing numbers and timely transfer, assign, or otherwise be able to use other health insurer provider numbers.

If the Company is unsuccessful in addressing these risks and uncertainties, its business, financial condition and results of operations will be harmed.

(j) Cash Distributions. Neither the Company nor the Company's Manager guarantee that there will be cash available for distribution to HoldCo or for distribution in turn to its members, including Subscriber. Distributions from HoldCo, if any, will be proportionate to membership interests in accordance with the HoldCo Operating Agreement.

(k) Restrictions on Resale of Class C Units; No Trading Market. The Subscriber represents herein that it is purchasing the Class C Units for its own account, for investment only and not with a view to resale or distribution thereof. The Class C Units offered hereby have not been registered under the Securities Act or the securities laws of any state. For that reason, the Class C Units cannot be sold unless they are registered under applicable securities laws or an exemption from registration is available. It is not presently contemplated, and it is highly unlikely, that HoldCo will ever register any of the Class C Units for resale under federal or state securities laws. Consequently, the Subscriber may not be able to liquidate its investment in the event of an emergency or for any other reason. The Class C Units are also be subject to restrictions set forth in the HoldCo Operating Agreement.

(l) Legal Proceedings. The Company and its affiliates operate in a highly regulated and litigious industry. As a result, various lawsuits, claims and legal and regulatory proceedings have been, and can be expected to be, instituted or

asserted against the Company, its Manager and their respective affiliates from time to time. The resolution of any such lawsuits, claims or legal and regulatory proceedings could materially, adversely affect the Company's results of operations and financial position in a given period. Additionally, since HoldCo is a member of the Company, any lawsuits, claims or legal and regulatory proceedings against the Company could materially, adversely affect HoldCo.

(m) Indebtedness. At such time that the Center is conveyed to the Company, the Company will assume any outstanding debt of Subscriber relating to the Center. The Company may incur additional indebtedness in the future in connection with the Center. Under the Operating Agreement, the Manager has the right to cause the Company to incur indebtedness in such amounts and on such terms as the Manager believes will be in the best interest of the Company. Under the terms of the Bayside Operating Agreement, cash generated from the operations of the Center will service any and all of this debt before distributions are made. Credit constraints and banking regulations, as well as nationwide and local economic conditions, may adversely affect the ability of the Company to borrow money. There can be no assurance that the Company will be able to obtain the funding it needs to operate in the future. In the event of liquidation or bankruptcy of the Company, the repayment of any indebtedness will have priority over distributions to the Members.

(n) Pledge of SARC/PROVIDENCE's Interest. The membership interests of SARC/PROVIDENCE will be pledged as security for a loan to SARC/PROVIDENCE's affiliates. If SARC/PROVIDENCE's membership interests are foreclosed upon, it is unable to predict who may become the owner of its membership interest in HoldCo or the Company and the impact of such a change in ownership on HoldCo or the Company. In such a case, there could be a severe, adverse impact on HoldCo or the Company.

(o) Symbion, Inc. Symbion, Inc., the ultimate parent of SARC/Providence, owns and operates a national network of short stay surgical facilities in 25 states, which includes ambulatory surgery centers and surgical hospitals. As of January 31, 2013, Symbion owned and operated 61 surgical facilities, including 55 ambulatory surgery centers and six surgical hospitals, and managed nine additional ambulatory surgery centers and one physician clinic. Additional information may be found about Symbion at its internet website, www.symbion.com.

(p) Tax Risks. Each Member is and will be taxed on the Member's distributable share of HoldCo's income regardless of whether the Member receives cash distributions. Based upon the amount of cash available for distribution for a particular fiscal year, the amount of such distributions may be less than the amount of tax payable by the Member on the Member's distributive share of HoldCo's taxable income and gain. Consequently, a Member may be required to

pay federal and state income taxes on income or gain from HoldCo in excess of cash received by the Member from HoldCo.

The affiliated service group rules found in Internal Revenue Code of 1986, as amended (the "***Code***"), Code Section 414(m) require aggregation of partnerships, corporations, limited liability companies, sole proprietorships, and other entities that are involved in providing professional services and have certain types of relationships with each other. It is possible that the Internal Revenue Service (the "***IRS***") could assert that the Company, HoldCo, the Manager, and the Subscriber or his or her professional organization constitute an "affiliated service group" under Code Section 414(m).

If an affiliated service group is deemed to exist, the Company, HoldCo, the Manager, the Subscriber, and other entities related to or affiliated with any of the above, could be treated as a single employer for purposes of determining whether a qualified retirement plan of the Subscriber or his or her professional organization complies with certain requirements of the Code, including minimum participation (Code Section 410(b) and 401(a)(26)) and nondiscrimination rules (Code Section 401(a)(4)). Therefore, the plan could be disqualified, which could result in benefits accrued under the plan being immediately taxable to the participants. In addition, if an affiliated service group is deemed to exist, employees of a Subscriber's professional organization may be taxable on a portion of certain generally non-taxable fringe benefits. Each Subscriber should consult such Subscriber's own tax advisor regarding the aggregation of employers under Code Section 414(m) and the potential consequences of such aggregation.

In determining whether to invest in the Class C Units offered hereby, the Subscriber should consider the tax consequences which include, among other things, (i) the possibility that the IRS will not respect the allocations of net profits and net losses provided for in the HoldCo Operating Agreement or Company Operating Agreement, including the frequency or method of allocations; (ii) the possible recognition of taxable gain or loss upon the Subscriber's sale or redemption of Class C Units; (iii) the possibility that the IRS will disallow as current deductions the payment of fees and expenses by the Company; (iv) the possibility of an audit of HoldCo's or the Company's tax return (which may result in an audit of the Subscriber's own return) and the possible assessment of additional taxes, penalties and interest against the Subscriber, who likely would be required to file amended returns as a result of any IRS audit adjustment of HoldCo's or the Company's return; and (v) possible adverse changes to the federal income tax laws whether by legislative, administrative, or judicial action in the future which could significantly alter the tax consequences and the after-tax return from an investment in HoldCo or the Company. For all these reasons, the Subscriber should seek, and must rely on, the advice of his or her own tax advisors in evaluating the tax risks involved in investing in HoldCo.

(q) Health Care Risk Factors. The health care industry is highly regulated at the federal, state, and local levels. The Company is required to obtain

governmental approvals to operate the Center, including, but not limited to, a license from the Department of Health, and is subject to additional requirements in order to participate in the Medicare and Medicaid programs. The requirements for state licensure and participation in Medicare and Medicaid are subject to change, and there can be no assurances that the Company will be able to maintain all licenses or certifications needed to operate the Center and to be reimbursed for its services. The loss or restriction of the Center's licenses and certification to participate in Medicare, Medicaid, and other federal health care programs would have a material adverse effect on the financial condition and operating results of the Company.

(1) Payment for Services. The Company is dependent upon private and governmental third party sources of reimbursement for the services it provides to its patients. In addition to market and cost factors affecting the fee structures implemented by the Center, numerous Medicare and Medicaid regulations (including those regulations currently in effect and those that may be enacted in the future), cost containment and utilization decisions of third-party payors and other payment factors over which the Company has no control may adversely affect the amount of payments the Center will receive for its services.

The Center receives a substantial portion of its revenues from government sponsored federal and state health care programs, including, but not limited to, the Medicare and Medicaid programs. The Medicare program currently reimburses ambulatory surgery centers ("***ASCs***") using prospectively determined rates that are based on the complexity of the particular procedure involved and that are adjusted to reflect local wage and cost differentials. The various state Medicaid programs also pay ASCs a fixed payment for their services, which varies from state to state. It is important to note that the Medicare program's ASC payment system is frequently the subject of Congressional action and is constantly evolving.

Under the former ASC payment system, which was in effect until January 1, 2008, payments to ASCs under the Medicare program were made under a system whereby the Secretary of the Department of Health and Human Services (the "***Secretary***") determined payment amounts prospectively by allocating all of the surgical services that were permitted to be performed in ASCs into nine payment groups. The payments were subject to annual adjustments that accounted for various factors, including inflation.

As of April 1, 2004, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (the "***MMA***") limited the 2% increase in Medicare reimbursement rates for ASCs that became effective on October 1, 2003, to an amount equal to the increase in the Consumer Price Index for all urban consumers as estimated by the Secretary for the 12-month period ended March 31, 2003, minus 3.0 percentage points. The MMA also provided that there would be no increase in these rates during the years 2005 through 2009 and directed the Centers for Medicare and Medicaid Services ("***CMS***") to develop a new ASC

payment system based on Medicare's hospital outpatient department payment system. Under the MMA, the new ASC payment system was required to be designed to result in the same aggregate amount of expenditures for surgical services provided at ASCs as would have been made if the new system had not been adopted.

On February 1, 2006, Congress passed the Deficit Reduction Act of 2005 (the "***DRA***"), which contained a provision that modeled ASC reimbursement on the methodology and payment rates that were applicable to surgical services that were furnished in hospital outpatient departments. In addition, the DRA also provided that for procedures furnished on or after January 1, 2007, but before the implementation of the revised ASC payment system that CMS was required to develop under the MMA, an ASC could not recoup more than the hospital outpatient department rate for a specific procedure.

On August 2, 2007, CMS released a final rule that revised the Medicare ASC payment system to implement certain related provisions of the MMA. Under this final rule, for procedures provided on or after January 1, 2008, ASC payment rates were based on the Ambulatory Payment Classifications that were used to group surgical procedures under the Medicare program's hospital outpatient prospective payment system ("***OPPS***"). Under the new methodology, ASC payment rates for 2008 would be approximately 65% of the applicable OPPS rate. The final rule also provided that beginning in 2010, the ASC payment rate conversion factor would be updated by the rate of increase in the Consumer Price Index for urban consumers. In addition, the final rule authorized ASCs to bill separately for certain ancillary procedures. The final rule did not, however, limit reimbursement for surgical procedures that were added to the approved ASC procedure list on or after January 1, 2008, and that were commonly performed in physician offices, to the lesser of the non-facility practice expense payment under the Medicare physician fee schedule or the new ASC payment rates for those procedures. Under the final rule, the new ASC payment rates were phased in over a four year period, with Medicare ASC payments in 2008 being determined by using a blended rate that equaled 75% of the Medicare 2007 ASC payment rate and 25% of the payment rate that was authorized under the revised ASC payment system.

On November 18, 2008, CMS released another final rule that updated the revised Medicare ASC payment system. Specifically, the final rule set forth the applicable relative payment weights and amounts for services furnished in ASCs, specific Healthcare Common Procedure Coding System ("***HCPCS***") codes to which these changes applied, and other pertinent rate setting information for the CY 2009 ASC payment system. These changes were applicable to services furnished on or after January 1, 2009.

CMS released a similar final rule on November 20, 2009 that also set forth the applicable relative payment weights and amounts for services furnished in ASCs.

specific HCPCS codes to which these changes applied, and other pertinent rate setting information for the CY 2010 ASC payment system. These changes were applicable to services furnished on or after January 1, 2010 and, unlike in CY 2008 or 2009, included a 1.2 percent increase for ASC services.

In addition, CMS released a final rule on November 24, 2010, which further updated the revised Medicare ASC payment system to implement applicable statutory requirements, including those set forth in the Patient Protection and Affordable Care Act ("***ACA***"). This rule also set forth the applicable relative payment weights and amounts for services furnished in ASCs, specific HCPCS codes to which these changes applied, and other pertinent rate setting information for the CY 2011 ASC payment system. Specifically, the final rule included a 0.2 percent rate increase, based on a 1.5 percent conversion factor less a 1.3 percent productivity adjustment, as mandated by the ACA. These changes applied to services furnished on or after January 1, 2011.

On November 30, 2011, CMS published another final rule that updated the revised Medicare ASC payment system. As in the past, the final rule set forth the relative payment weights and payment amounts for services furnished in ASCs, specific HCPCS codes to which these changes applied, and other rate setting information for the CY 2012 ASC payment system, including a 1.6 percent increase in Medicare payments to ASCs, reflecting a Consumer Price Index for all urban consumers estimated at 2.7 percent, minus a 1.1 percent productivity adjustment, as required by the ACA.

Most recently, on November 15, 2012, CMS release a final rule revising the Medicare ASC payment system for CY 2013 by increasing ASC payment rates by 0.6 percent, which reflected the projected rate of inflation of 1.4 percent minus a 0.8 percent productivity adjustment. In addition, the final rule refined the requirements for the ASC Quality Reporting Program and imposed a 2 percent reduction beginning in CY 2014 for any ASC that fails to meet the standards for reporting ASC quality measures.

While difficult to predict, the ultimate impact of the changes to the Medicare program's ASC payment system on the Center's, and ultimately the Company's, performance will depend on a number of factors, including, but not limited to, the Center's case mix and its ability to realize increased volume as a result of the expansion of Medicare's list of approved ASC procedures. Moreover, additional legislation may be introduced in Congress to further refine Medicare's ASC payment system, and the Company cannot predict whether any such legislation will pass. If the new ASC payment system or any future legislation results in a further decrease in ambulatory surgery center payment rates for Medicare procedures performed at the Center, the Company's revenues and profitability could be materially adversely affected.

(2) Anti-Kickback Laws. The Social Security Act includes several provisions (the "***Anti-Kickback Laws***") that prohibit providers and others from, among other things, soliciting, receiving, offering, or paying, directly or indirectly, any remuneration in return for either making a referral for or recommending the order of any item or service that is paid for, in whole or in part, by a federal health care program. Violations of the Anti-Kickback Laws are criminal offenses and are punishable by substantial fines and civil monetary penalties, imprisonment, and exclusion from participation in the Medicare and Medicaid programs.

Because the physician investors who invest in HoldCo, and thus indirectly in the Company, are in a position to generate referrals to the Center, the distribution of available cash to those investors could come under scrutiny under the Anti-Kickback Laws. In U.S. v. Greber, 760 F.2d 68 (3d Cir. 1985), the U.S. Third Circuit Court of Appeals held that the Anti-Kickback Laws are violated if one purpose (as opposed to a primary or sole purpose) of a payment to a provider is to induce referrals. Other federal circuit courts have followed the Greber case. Alternatively, in Hanlester v. Shalala, 51 F.3d 1390 (9th Cir. 1995), a case involving a physician-owned joint venture, the U.S. Ninth Circuit Court of Appeals held that the Anti-Kickback Laws are violated when a person or entity (i) knows that the statute prohibits offering or paying remuneration to induce referrals and (ii) engages in prohibited conduct with the specific intent to violate the law. This issue was recently resolved by the ACA. The ACA amends the Anti-Kickback Laws by adding a provision which states that "a person need not have actual knowledge of this section or specific intent to commit a violation of this section." This clarified the ambiguity surrounding the intent requirement of the Anti-Kickback Laws by stating that having actual knowledge of an Anti-Kickback violation or the specific intent to violate the Anti-Kickback Laws is not necessary for conviction.

Further, under federal law, individuals who hold a direct or indirect ownership or controlling interest in an entity that is found to violate the Anti-Kickback Laws may also be excluded if the individual knew or should have known of the activity leading to the conviction or exclusion of the entity, or where the individual is an officer or managing employee of the entity. Under federal law, the term "should know" means that a person acts in deliberate ignorance or reckless disregard of the truth or falsity of the information. This standard does not require that specific intent to defraud be proven by the Office of Inspector General of the Department of Health and Human Services ("***OIG***").

Under regulations issued by the OIG, certain categories of activities are deemed not to violate the Anti-Kickback Laws (the "***Safe Harbors***"). According to the preamble to the Safe Harbors, the failure of a particular business arrangement to comply with the regulations does not determine whether the arrangement violates the Anti-Kickback Laws. The Safe Harbors do not make conduct illegal, but instead delineate standards that, if complied with, protect conduct that might otherwise be deemed in violation of the Anti-Kickback Laws.

On November 19, 1999, the OIG published a Safe Harbor for investments in Single-Specialty ASCs by physicians engaged in the same medical practice specialty who are in a position to refer patients to and perform procedures on such patients at the surgery center (the "***Single-Specialty ASC Safe Harbor***"). The exception also applies to group practices composed exclusively of such physicians as described above that meet all of the requirements of the group practice safe harbor. Lastly, the Single-Specialty ASC Safe Harbor applies to investors who are not employed by the Single Specialty ASC or by any investors that are not in a position to make or influence referrals directly or indirectly to the Single-Specialty ASC or any of its investors. The Single-Specialty ASC Safe Harbor will apply to the aforementioned parties if all of the following criteria are met:

(i) the terms on which an investment interest is offered to an investor must not be related to the previous or expected volume of referrals, services furnished, or the amount of business otherwise generated from that investor to the entity;

(ii) at least one-third of each physician investor's medical practice income from all sources for the previous fiscal year or previous 12-month period must be derived from the surgeon's performance of procedures;

(iii) the entity or any investor (or other individual or entity acting on behalf of the entity or any investor) must not loan funds to or guarantee a loan for an investor if the investor uses any part of such loan to obtain the investment interest;

(iv) the amount of payment to an investor in return for the investment must be directly proportional to the amount of the capital investment (including the fair market value of any pre-operational services rendered) of that investor;

(v) all ancillary services for Federal health care program beneficiaries performed at the entity must be directly and integrally related to primary procedures performed at the entity, and none may be separately billed to Medicare or other Federal health care programs; and

(vi) the entity and any physician investors must treat patients receiving medical benefits or assistance under any Federal health care program in a nondiscriminatory manner.

The Company's Manager believes that the ownership and operations of the Company will satisfy item (i) and items (iii) through (vi) as set forth above. Assuming that each physician investor can confirm that at least one-third of his or her medical practice income from all sources for the previous fiscal year or previous 12-month period will be derived from the surgeon's performance of procedures, the Company can conclude that its ownership and operations are structured to comply with the Single-Specialty ASC Safe Harbor.

In addition to the direct or indirect physician ownership interest in the Company, other aspects of the Company's operations could be scrutinized under the Anti-Kickback Laws. The Company has entered into a management agreement with the Company's Manager pursuant to which the Company's Manager provides management and administrative services to the Center. Under the terms of the management agreement, the Company reimburses the Manager for Manager's out-of-pocket and direct expenses incurred in connection with the provision of certain management services, subject to a maximum reimbursement amount. In addition, Company will reimburse manager a maximum of $1,000 per month for legal, accounting and other professional fees incurred on behalf of the Company. Furthermore, upon an affirmative vote of at least 80% of the Governing Board of the Company, Company will also reimburse Manager for the billing and collection services provided. There is a Safe Harbor for personal services and management contracts, under which payment made by a principal to an agent as compensation for the services of the agent will not be considered unlawful remuneration under the Anti-Kickback Laws if, among other things, the aggregate compensation to be paid to the agent is set in advance for the term of the agreement, consistent with fair market value in arm's-length transactions, and not determined in a manner that takes into account the volume or value of any referrals or business otherwise generated between the parties. In this situation, the Company's Manager does not believe that the management agreement qualifies for Safe Harbor protection because the aggregate compensation payable to the Company's Manager over the term of the Agreement is not set in advance. The Company's Manager does, however, believe that the management agreement complies with the requirements of the Anti-Kickback Laws, but it cannot provide any assurances that the management agreement will not be scrutinized by the OIG or, if scrutinized, that it would be found to be lawful.

From time to time, the Company has had and may, in the future, have other financial arrangements with physicians or other actual or potential sources of referrals. These arrangements may not meet all of the requirements of an applicable Safe Harbor. Should the payments under any of these arrangements exceed fair market value or be determined to be related to the volume or value of referrals, the arrangements could be subject to scrutiny and enforcement action by the OIG. The Company intends to comply with the requirements of the Anti-Kickback Laws and other similar statutes but cannot give any assurances that the OIG or other enforcement agencies will not review or challenge any particular arrangement.

The Company's Manager intends for all business activities of the Company to conform in all respects with all applicable law and believes that the ownership and operations of the Company comply with the Anti-Kickback Laws. However, if it were determined that the activities of the Company or its affiliates violate the Anti-Kickback Laws, the Company, the Company's Manager, HoldCo and their affiliates, officers and directors and each Member, including each physician investor, could be subject, individually, to substantial monetary liability, prison sentences and/or exclusion from participation in any healthcare program that is

funded whole or in part by the United States government, including Medicare, CHAMPUS or state health care programs. A potential investor with questions concerning these matters should seek advice from legal counsel.

(3) Self-Referral Legislation. Physician self-referral laws have been enacted by Congress and many states prohibiting certain self-referrals for health care services. The Federal prohibition, commonly known as the Stark Law, prohibits physicians from referring patients to an entity in which the physician or a member of his or her immediate family has a financial relationship for the provision of certain designated health services if those services are paid for in whole or in part by the Medicare or Medicaid programs unless an exception applies. The Stark Law also prohibits the entity from seeking payment from Medicare or Medicaid for services that are rendered pursuant to a prohibited referral. Violations of the Stark Law are punishable by the imposition of significant civil monetary penalties and exclusion from participation in the Medicare and Medicaid programs.

As currently adopted, the Stark Law excludes surgical services that are provided in an ASC from the definition of the term "designated health services." As a result, the Company's Manager does not believe that the referral of patients to the Center by the direct or indirect physician investors will violate the Stark Law. If legislation or regulations are implemented that prohibit physicians from referring patients to surgery centers in which the physicians have a beneficial interest, the Company's business and financial results would be adversely affected.

(4) False Claims Act. The federal False Claims Act gives the federal government an additional way to police false bills or requests for payment for healthcare services. Under the False Claims Act, the government may fine any person who knowingly submits, or participates in submitting claims for payment to the federal government which are false or fraudulent, or which contain false or misleading information. Any person who knowingly makes or uses a false record or statement to avoid paying the federal government may also be subject to fines under the False Claims Act. Under the False Claims Act, the term "person" means an individual, company, or corporation. The federal government has widely used the False Claims Act to prosecute Medicare and other governmental program fraud in areas such as coding errors, billing for services not provided, and submitting false cost reports. The False Claims Act has also been used to prosecute people or entities which bill services at a higher reimbursement rate than is allowed and billing for care that is not medically necessary. Most recently, the ACA clarified that claims arising out of violations of the Anti-Kickback Laws constitute false claims for purposes of the False Claims Act. The penalty for violation of the False Claims Act is a minimum of $5,000 for each fraudulent claim plus three times the amount of damages caused to the government as a result of each fraudulent claim. In addition to the False Claims Act, the federal government may use other criminal statutes to prosecute the submission of false or fraudulent claims for payment to the federal government.

(5) HIPAA. The Health Insurance Portability and Accountability Act of 1996 ("***HIPAA***") required the Department of Health and Human Services ("***HHS***") to, among other things, promulgate regulations governing electronic health care transactions and code sets, unique health identifiers and security as well as mandated the adoption of Federal privacy protections for individually identifiable health information. In December 2000, HHS published a final Privacy Rule, which was modified in August 2002, that outlines standards for the protection of individually identifiable health information by covered entities who conducted standard health care transactions electronically. A final Security Rule was published by HHS in 2003, which outlined standards for protecting the confidentiality, integrity and availability of electronic protected health information. Violations of HIPAA are punishable by the imposition of significant civil monetary penalties and, in some situations, even imprisonment. The Company's Manager believes that the Center and the Company are in compliance with all applicable HIPAA rules and regulations but cannot provide any assurances that their activities and operations will not be reviewed or scrutinized by HHS or any other agency authorized to enforce HIPAA or the regulations promulgated thereunder.

(6) Rhode Island State Regulation. The State of Rhode Island has adopted several statutes that are intended to prevent fraud and abuse in the provision of health care services. For example, the Patient Protection Act makes it unlawful for anyone to knowingly and willfully solicit or receive, or offer or pay, any remuneration (including any kickback, bribe, or rebate) in return for referring, or to induce someone to refer, an individual to a person for the furnishing, or arranging for the furnishing, of any health care service or item. Any person who violates this provision is guilty of a misdemeanor and may be subject to fine and/or imprisonment. In addition, violation of this provision may constitute grounds for revocation or suspension of a licensed health care provider.

In addition to the Patient Protection Act, the State of Rhode Island has also adopted an anti-fraud provision that is designed to prevent fraud and abuse in the Rhode Island Medicaid program. Among other things, the Rhode Island Medicaid Anti-Fraud Statute prohibits a person or entity from soliciting, receiving, offering, or paying any remuneration (including any kickback, bribe, or rebate) to induce referrals from or to any person in return for the furnishing of any service or merchandise or in return for referring an individual to a person for the furnishing of any service or merchandise for which payment may be made in whole or in part under the Rhode Island Medicaid program. Violations of the Rhode Island Medicaid Anti-Fraud Statute are criminal offenses and are punishable by substantial fines, imprisonment, and exclusion from the Rhode Island Medicaid program.

The State of Rhode Island has also adopted several other statutes and regulations that are intended to prevent fraud and abuse in the provision of health care and other professional services. For example, a physician may be subject to discipline

by the Board of Medical Licensure and Discipline for "unprofessional conduct," which includes "dividing fees or agreeing to split or divide fees received for professional services for any person bringing or referring a patient." In addition, the Rhode Island regulations require every physician who has an ownership interest in a health care facility, laboratory, or any equipment not on the physician's premises to make full written patient disclosure of his or her ownership interest in the facility prior to utilization, including a statement that the patient has free choice to see the needed medical services elsewhere.

The State of Rhode Island has also adopted a statute that makes it a crime to present false or fraudulent bills or requests for payment for healthcare services paid by the State. Pursuant to the statute, any person who knowingly presents, or causes to be presented a false or fraudulent claim for payment or approval, or who conspires to defraud the state by getting a false or fraudulent claim allowed or paid, or who knowingly makes, uses, or causes to be made or used, a false record or statement to conceal, avoid or decrease an obligation to pay or transmit money or property to the state, is liable to the state for a civil penalty of between $5,000 and $10,000, plus three times the amount of damages which the state sustains because of the act of that person. A person violating this statute is also liable to the state for the costs of a civil action brought to recover any such penalty or damages.

In addition, Rhode Island's facility licensure statutes and regulations generally require any change in the owner or operator of a licensed health care facility must be reviewed by the health services council as a condition precedent to the transfer, assignment or issuance of the new license. Issuance of the new license may be made subject to conditions deemed necessary by the health services council.

The Company intends to comply with all applicable state laws, rules, and regulations, and does not believe that its business activities and operations violate the provisions of the Rhode Island State anti-kickback, health care practitioner referral, Medicaid fraud and abuse, and facility licensure statutes. However, the Company cannot assure you that its activities or operations will not be reviewed or challenged by an enforcement authority or, if challenged, that they would be found to be lawful. Should any of the operations of the Company be found to be in violation of the statutes or regulations of the State of Rhode Island, the Company intends to take the steps necessary to cause the operation of the Company to comply with applicable law. However, there can be no guarantee that the Company will be able to do so. In addition, state regulatory restrictions are subject to modification and revision by state legislatures and agencies, and the Company cannot predict whether any future amendments to these restrictions would have a material adverse effect on the Company, Holdco, their respective Members, and/or the Center.

6. Representations and Covenants of the Subscriber and Subscriber's Owners. As a material inducement to HoldCo to accept this Agreement and to sell the Class C Units to the Subscriber,

the Subscriber and the Subcriber's Owners (as defined herein) hereby represents and warrants to, and covenants with, HoldCo and to HoldCo's as follows:

(a) Each equity owner of the Subscriber (an "***Owner***") (i) is a physician licensed to practice medicine and in good standing to practice medicine in the State of Rhode Island, (ii) is actively practicing full-time clinical medicine in the State of Rhode Island, and (iii) has staff privileges at a Joint Commission accredited hospital. The Subscriber and each of its Owners is familiar with the facilities and business of the Center.

(b) Each Owner is a sophisticated investor by virtue of the Owner's education, training and prior investments made on the Owner's own behalf or through entities which the Owner controls.

(c) Each Owner is knowledgeable and experienced in financial and business matters and is capable of evaluating the merits and risks of an investment by Subscriber in the Class C Units and has the capacity to protect the Owner's own interests in connection with the purchase by Subscriber of the Class C Units.

(d) The Subscriber acknowledges that the Subscriber and each of its Owners has had an opportunity to ask questions and receive answers from the Company, HoldCo and their respective Managers regarding all matters that the Subscriber or the Owner considers necessary or appropriate for his/her/its investment decision and that the Company, HoldCo and their respective Managers have made available to the Subscriber and each of its Owners all information requested by the Subscriber or the Owner regarding the Company or HoldCo.

(e) Neither the Subscriber nor any of its Owners has received any representations or warranties from the Company, HoldCo or their respective Managers or any of their respective employees or agents, other than those expressly set forth in this Agreement, the Contribution Agreement, or the Company Operating Agreement.

(f) The Subscriber and each of its Owners is aware of the highly speculative nature of any investment in HoldCo and the risks involved.

(g) The Subscriber and each of its Owners can bear the economic risk of the investment by Subscriber in HoldCo (including the possible loss of the entire investment) without impairing any Owner's ability to provide for the Owner and the Owner's family in the same manner that the Owner would have been able to provide prior to Subscriber making an investment in HoldCo. The Subscriber and each of the Owners understands that the Subscriber may be required to bear the economic risk of the investment in the Class C Units for an indefinite period of time.

(h) The Class C Units which the Subscriber is acquiring pursuant to this Agreement are being acquired for the Subscriber's own account for investment only and not

with a view to distribution or fractionalization, or any sale or resale, of the Class C Units in violation of any applicable federal or state securities laws. The Subscriber will not resell or offer to resell any Class C Units except in compliance with all applicable securities laws and the HoldCo Operating Agreement.

(i) The Subscriber and each of the Owners understands that the Class C Units have not been registered pursuant to the provisions of any federal or state securities laws. The Subscriber and each of the Owners understands that the Subscriber has no right to request the registration of the Class C Units under any such securities laws.

(j) The Subscriber acknowledges that HoldCo intends to offer and sell the Class C Units only to persons who are "accredited investors," as such term is defined in Rule 501(a) of Regulation D promulgated by the U.S. Securities and Exchange Commission. The Subscriber and each of the Owners has executed and delivered an Accredited Investor Questionnaire in the form of Exhibit A hereto.

(k) Subscriber acknowledges that HoldCo shall, in its sole discretion, have the right to accept or reject this subscription, in whole or in part, for any reason or for no reason.

(l) The Subscriber acknowledges that it and each of the Owners is fully informed and aware of all the following:

(i) No federal or state agency has made any finding or determination as to the fairness of the sale of the Class C Units for public investment, and no such agency has made any recommendation or endorsement of the Class C Units.

(ii) There is no public market for the Class C Units.

(m) The Subscriber has been duly authorized to execute and deliver and comply with the terms of this Agreement and such execution, delivery and compliance does not conflict with, or constitute a default under, any instruments governing the Subscriber or any Owner, any law, regulation or order or any agreement to which the Subscriber or any Owner is a party or by which the Subscriber or any Owner is bound.

(n) The Subscriber and each of the Owners has read the HoldCo Operating Agreement and the Company Operating Agreement, each of which is attached as exhibits to the Contribution Agreement, and understands and agrees that (i) any Class C Units the Subscriber acquires shall be subject to the terms of the HoldCo Operating Agreement and (ii) the Subscriber and HoldCo shall be bound by the terms of the HoldCo Operating Agreement and Company Operating Agreement, respectively.

(o) The Subscriber hereby agrees to indemnify and hold harmless HoldCo and HoldCo's Manager, and their respective employees and agents (the "Indemnified Parties"), from and against any and all loss, damage or liability (including attorneys' fees and other costs of defense) due to or arising out of a breach of any of the representations or warranties of the Subscriber contained herein. No Indemnified Parties shall be entitled to indemnification pursuant to this Section 6(o) for any breach of any of the representations or warranties until the aggregate amount of all losses suffered by the Indemnified Parties exceeds $25,000 and, upon losses exceeding such dollar amount, all losses shall be indemnifiable from $0.

(p) Neither the Subscriber nor any Owner has borrowed any funds from the Company, HoldCo or either of their respective Managers or any other investor in HoldCo for Subscriber to purchase the Class C Units hereunder.

(q) Each of the Owners will provide services to Medicare and Medicaid patients in a non-discriminating manner.

(r) Except as disclosed below, neither the Subscriber now any Owner owns an interest in, leases or manages, or is employed by or serving as a medical director of, a competing business that is located within thirty (30) miles of the Center.

_____

_____

_____

(attach additional pages if necessary)

7. Miscellaneous.

(a) Notices. Any notice, demand or other communication which any party hereto may be required, or may elect, to give to any other party shall be effective upon delivery to the address of each party set forth in this Agreement. If notice is to be given to the Subscriber, such notice shall be sent to the Subscriber's address given on the last page of this Agreement. If notice is to be given to HoldCo, such notice shall be sent to HoldCo's Manager as follows:

Ocean State Endoscopy Holdings, LLC
33 Staniford Street
Providence, RI 02905
Attention: President

with a copy of any notice given hereunder to:

Nixon Peabody LLP
One Citizens Plaza, 5th Floor
Providence, RI 02903

Attention: Stephen D. Zubiago, Esq.
Fax No.: (401) 454-1030

Each party, by similar written notice given to each other party, may change the address to which notice may be sent.

(b) Counterparts. This Agreement may be executed through the use of separate signature pages or in any number of counterparts, and such counterparts shall together constitute one agreement binding on all the parties, notwithstanding that all parties are not signatories to the same counterpart.

(c) Binding Effect. Except as otherwise provided in this Agreement, this Agreement shall be binding upon and inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

(d) Entire Agreement. This Agreement contains the entire agreement of the parties with respect to the subject matter of this Agreement, and the parties shall not rely upon any representations, covenants or other agreements that are not set forth in this Agreement.

(e) Assignability. This Agreement is not transferable or assignable by the Subscriber.

(f) Applicable Law. This Agreement shall be governed by and construed in accordance with the substantive laws of the State of Rhode Island without regard to any conflict of law provisions contained therein.

[Remainder of page left intentionally blank.]

IN WITNESS HEREOF, the Subscriber and the Subscriber's Owner have executed this Subscription Agreement on this ___ day of _____, 2013.

OCEAN STATE ENDOSCOPY CENTER, INC.

By:_____
Name:
Title:

With respect to Section 6:

_____
Joel Spellun, M.D.

_____
Jay Sorgman, M.D.

_____
Phillip McAndrew, M.D.

_____
Steven Kirshner, M.D.

E

Exhibit E

Landlord Consent

F

Exhibit F

Non-Competition Agreement

NON-COMPETITION AGREEMENT

THIS NON-COMPETITION AGREEMENT (this "Agreement") is entered into as of _____, 2013, among Ocean State Endoscopy Holdings, LLC, a Rhode Island limited liability company (the "Company"), and _____ ("Owner"), a shareholder of Ocean State Endoscopy, Inc., a Rhode Island corporation (the "Physician Group"), with reference to the following facts and objectives:

RECITALS:

(i) The Physician Group is a member in the Company;

(ii) Each of the Company's members is subject to a covenant not to compete;

(iii) Owner will realize a substantial benefit from the Physician Group being a Member in the Company; and

(iv) The Company would not have admitted the Physician Group as a Member, nor paid the Physician Group the cash consideration paid in consideration of the Physician Group's contribution of its business and assets to the Company (the date of such contribution, the "Contribution Date"), without Owner's execution of this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein set forth, the parties hereto agree as follows:

1. Defined Terms. Terms capitalized herein, and not defined, will have the meaning set forth in the Company's Operating Agreement (the "Operating Agreement") unless the context otherwise requires.

2. Non-Competition Provision.

2.1 Owner agrees that for the longer of (x) five (5) years from the Contribution Date or (y) for two (2) years from the date that the Physician Group is a Member, neither Owner nor any of Owner's Affiliates shall, directly or indirectly, own an interest in, lease, manage, joint venture with or be employed by a Competing Business that is located within a radius of thirty (30) miles of the Center; provided however, that such restriction shall not apply to any Owner in case of the purchase of Owner's Physician Group pursuant to 10.2.2 of the Operating Agreement. Nothing in this Section 2.1 is intended to prevent Owner from practicing medicine, being a member of the medical staff of, or referring patients to, any other hospital or health care facility. Owner agrees that the restrictions contained in this Section 2.1 are reasonable and necessary to protect the legitimate interests of the Company and that any violation of this provision would result in damages to the Company which cannot be compensated by money alone. Owner agrees that the Company will be entitled to injunctive relief without proving actual damages or posting any bond. If a court shall hold that the duration and/or scope (geographic or otherwise) of the agreement contained in this Section 2.1 is unreasonable, then, to the extent permitted by law, the court may prescribe a duration and/or scope (geographic or otherwise) that is reasonable and judicially enforceable. The parties agree to accept such determination, subject

to their rights of appeal, which the parties hereto agree shall be substituted in place of any and every offensive part of this Section 2.1, and as so modified, Section 2.1 of this Agreement shall be as fully enforceable as if set forth herein by the parties in the modified form.

2.2 If a judicial determination is made that any of the provisions of this Section 2 constitute an unreasonable or otherwise unenforceable restriction then the provisions of this Section 2 shall be rendered void only to the extent that such judicial determination finds such provisions to be unreasonable or otherwise unenforceable. In this regard, the parties hereto hereby agree that any judicial authority construing this Agreement shall be empowered to sever any portion of the territory or prohibited activity from the coverage of Section 2.1 and to apply the provisions of Section 2.1 to the remaining portion of the territory or the remaining activities not so severed by such judicial authority. Moreover, notwithstanding the fact that any provisions of this Section 2 are determined not to be specifically enforceable, the Company shall nevertheless be entitled to recover monetary damages, as described in Section 2.4 below, as a result of the breach of Section 2.1. The time period during which the prohibitions set forth in Section 2.1 shall apply shall be tolled and suspended for a period equal to the aggregate quantity of time during which the Owner violates such prohibitions in any respect.

2.3 Owner specifically acknowledges and agrees that the restrictions set forth in Section 2.1 hereof are reasonable and necessary to protect the legitimate interests of the Company and that the Company would not have entered into the Operating Agreement, nor paid the Physician Group the cash consideration paid in consideration of the Physician Group's contribution of its business and assets to the Company, in the absence of such restrictions.

2.4 Owner specifically acknowledges and agrees that the damages that would be sustained by the Company as a result of Owner's violation of the provisions of this Section 2 are difficult to estimate, the Owner, therefore, agrees that upon Owner's violation of this Section 2, to pay liquidated damages to the Company equal to the product of four and the distribution received by the Physician Group during the fiscal year immediately preceding the Owner's breach of Section 2.1, divided by the number of Physician Owners of the Physician Group on the last day of such fiscal year. The parties specifically agree that the foregoing liquidated damages are intended to estimate the actual damages that the Company will recognize as a result of a breach by Owner of this Section 2 through diminished distributions and the diminution in value of its interest in the Company.

3. Transfer. Owner agrees that Owner will not Transfer Owner's ownership interest in Physician Group without the approval of the Governing Board. In the event a court of competent jurisdiction holds this restriction on Transfer invalid, the Physician Group shall have a right of first refusal with respect to any proposed Transfer by Owner for ninety (90) days from the date that a court of competent jurisdiction determines this provision to be unenforceable. The purchase price pursuant to the right of first refusal shall be an amount equal to the lesser of (a) the Formula Value of the ownership interest held by Physician Group in the Company, multiplied times the percentage ownership in the Physician Group represented by the interest which is the subject of the proposed Transfer and (b) the amount offered by the third party to acquire such interest. In the event the third party offer includes consideration, other than cash, the value of the consideration will be determined by the Governing Board in good faith. The purchase price may be paid, at the option of the Physician Group, on the same terms and

conditions as set forth in the third party offer or by delivery of 20% of the purchase price in cash at closing and the balance by the delivery of a non-recourse promissory note secured by the interest purchased (the "Note"). The Note will be payable in forty-eight (48) equal monthly installments of principal and interest and will bear interest at the rate of 5% per annum. The Physician Group may prepay the Note in whole or in part without penalty. The closing shall occur at the Company's principal place of business ninety (90) days after a decision by a court of competent jurisdiction validating the prohibition of Transfer. Any Transfer in violation of this provision shall be void.

4. Specific Enforcement. Owner acknowledges and agrees that any violation of the provisions of Section 2.1 or Section 3 hereof will result in irreparable injury to the Company, that the remedy at law for any violation or threatened violation of such Section will be inadequate and that, in the event of any such breach, the Company, in addition to any other remedies or damages available to it at law or in equity, shall be entitled to temporary injunctive relief before trial from any court of competent jurisdiction as a matter of course and to permanent injunctive relief without the necessity of proving actual damages.

5. Assignment. This Agreement may not be assigned by the Company except to an Affiliate of the Company, provided, however, that if the Company shall merge or effect a share exchange with or into, or sell or otherwise transfer substantially all its assets to, another corporation, the Company may assign its rights hereunder to that corporation.

6. Notices. Any notice or other communications under this Agreement shall be in writing, signed by the party making the same, and shall be delivered personally or sent by certified or registered mail, postage prepaid, addressed as follows:

If to Owner: _____

_____

_____

Telephone No.:
Facsimile No.:

If to the Company: Ocean State Endoscopy Holdings, LLC
40 Burton Hills Boulevard, Suite 500
Nashville, Tennessee 37215
Telephone No.: (615) 234-7900
Facsimile No.: (615) 234-7999
Attention: President

With a copy to: Nixon Peabody LLP
One Citizens Plaza, Suite 500
Providence, Rhode Island 02903
Telephone No.: (401) 454-1017
Facsimile No.: (401) 454-1030
Attention: Stephen D. Zubiago, Esq.

or to such other address as may hereafter be designated by either party hereto. All such notices shall be deemed given on the date personally delivered or mailed.

7. Governing Law. This Agreement shall be interpreted and enforced in accordance with the laws of the State of Rhode Island, without giving effect to the choice of law provisions of such State.

8. Legal Fees and Costs. In the event a party elects to incur legal expenses to enforce or interpret any provision of this Agreement by judicial proceedings, the prevailing party will be entitled to recover such legal expenses, including, without limitation, reasonable attorney's fees, costs and necessary disbursements at all court levels in addition to any other relief to which such party shall be entitled.

9. Modification. No waiver of modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless in writing and duly executed by the party to be charged therewith and no evidence of any waiver or modification shall be offered or received in evidence of any proceeding, arbitration or litigation between the parties hereunder, unless such waiver or modification is in writing, duly executed as aforesaid and the parties further agree that the provisions of this Section may not be waived except as herein set forth.

10. Entire Agreement. This Agreement contains the entire agreement of the parties hereto with respect to the subject matter contained herein. There are no restrictions, promises, covenants or undertakings, other than those expressly set forth herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter. This Agreement may not be changed except by a writing executed by the parties.

11. Term. This Agreement shall terminate upon its third anniversary from the date that the Physician Group disposes of its entire interest in the Company.

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the day and year first above written.

OCEAN STATE ENDOSCOPY HOLDINGS, LLC

By:_____
Name:_____
Title:_____

OWNER

By:_____
Print Name:_____

G

Exhibit G

Bayside LLC Operating Agreement

THE MEMBERSHIP INTERESTS CREATED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE RHODE ISLAND SECURITIES ACT AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SUCH ACTS. EXCEPT AS SPECIFICALLY OTHERWISE PROVIDED IN THIS AGREEMENT, THE INTERESTS MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED WITHOUT REGISTRATION UNDER SUCH ACTS OR AN OPINION OF COUNSEL THAT SUCH TRANSFER MAY BE LEGALLY EFFECTED WITHOUT SUCH REGISTRATION. ADDITIONAL RESTRICTIONS ON TRANSFER AND SALE ARE SET FORTH IN THIS AGREEMENT.

SECOND AMENDED AND RESTATED

OPERATING AGREEMENT

OF

BAYSIDE ENDOSCOPY CENTER, LLC

(a Rhode Island Limited Liability Company)

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SECOND AMENDED AND RESTATED

OPERATING AGREEMENT

OF

BAYSIDE ENDOSCOPY CENTER, LLC
(a Rhode Island Limited Liability Company)

THIS SECOND AMENDED AND RESTATED OPERATING AGREEMENT ("Agreement") is entered into and shall be effective as of the ____ day of _____, 2013 (the "Effective Date"), by and between SARC/PROVIDENCE, LLC., a Tennessee limited liability company ("Symbion"), BAYSIDE ENDOSCOPY GROUP, INC., a Rhode Island corporation ("Bayside"), KENT, LLC, a Rhode Island limited liability company ("Kent"), OCEAN STATE ENDOSCOPY HOLDINGS, LLC, a Rhode Island limited liability company ("OSEH"), and the persons admitted to the Company as members who shall be identified on Schedule 1, as amended from time to time.

W I T N E S S E T H:

WHEREAS, the Company is a limited liability company formed under and pursuant to the Rhode Island Limited Liability Company Act; and

WHEREAS, the Members desire to set forth herein their respective relationships, rights, obligations and agreements with respect to the Company and the governance thereof.

NOW, THEREFORE, for and in consideration of the premises, agreements and covenants hereinafter set forth and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Members agree as follows:

1. DEFINITIONS.

As used herein the following terms have the following meanings. The definitions in this Article 1 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms.

1.1. **"Act"** means the Rhode Island Limited Liability Company Act, as amended from time to time.

1.2. **Adjusted Capital Contribution"** shall mean the Capital Contribution (as defined below) of a Member reduced, but not below zero, by cash distributions to such Member and tax losses allocated to such Member. A substitute Member shall succeed to the Adjusted Capital Contribution of his predecessor.

1.3. **"Affiliate"** means, with respect to any Person, (i) any person directly or indirectly controlling, controlled by or under common control with such Person; (ii) any person owning or controlling ten percent (10%) or more of the outstanding voting securities of such Person (iii) any officer, director or partner of such Person; (iv) any company in which such Person is an officer, director or partner and (v) in the case of a Class A Member

or Class C Member, also includes (a) a Family Member of such Class A Member or Class C Member, as applicable; (b) any trust for the benefit of such Class A Member or Class C Member, as applicable; (c) any Affiliate of a Family Member and (d) any entity through or to which the Class A Member or Class C Member, as applicable, provides medical services.

1.4. "**Agreement**" means this Second Amended and Restated Operating Agreement of Bayside Endoscopy Center, LLC, including all Schedules hereto, as such Agreement or Schedules may be amended from time to time pursuant to Section 16.2 hereof.

1.5. "**Annual Business Plan**" has the meaning set forth in Section 8.3.

1.6. "**Approval of the Governing Board**", "**Approved by the Governing Board**" and similar expressions mean approval given by not less than a majority of the Governors.

1.7. "**Approval of the Members**" or "**Approved by the Members**" means the approval of at least eighty percent (80%) of the aggregate Voting Percentages of all Members entitled to vote thereon.

1.8. "**Articles**" means the Articles of Organization of the Company, as heretofore or hereafter amended.

1.9. "**Bankruptcy**" means, as to any Member, the Member's taking or acquiescing to the taking of any action seeking relief under, or advantage of, any applicable debtor relief, liquidation, receivership, conservatorship, bankruptcy, moratorium, rearrangement, insolvency, reorganization or similar law affecting the rights or remedies of creditors generally, as in effect from time to time. For the purpose of this definition, the term "acquiescing" shall include, without limitation, the failure to file within the time specified by law, an answer or opposition to any proceeding against such Member under any such law and a failure to file, within thirty (30) days after its entry, a petition, answer or motion to vacate or to discharge any order, judgment or decree providing for any relief under any such law.

1.10. "**Bayside**" means Bayside Endoscopy Group, Inc., a Rhode Island corporation.

1.11. "**Bayside Investor**" means a licensed physician who is actively practicing clinical medicine in the State of Rhode Island, who has staff privileges at the Providence Center and who is a member of University Gastroenterology, LLC.

1.12. "**Capital Account**" means, as to each Member, an account which is increased by his Capital Contribution and allocations of Net Profit and items thereof to him and decreased by distributions and allocations of Net Loss and items thereof to him and otherwise maintained in accordance with the Code and Treasury Regulation Section 1.704-1(b) as determined necessary by the Class B Member so that such allocations in Article III of this Agreement are respected for federal income tax purposes.

1.13. "**Capital Contribution**" means of, or in respect of, any Member or of such Member the amount of all cash, notes, and the fair market value of other property, tangible or intangible, contributed by such Member to the capital of the Company.

1.14. "**Cash Available for Distribution-Kent**" means all cash funds of the Company on hand or in bank accounts beneficially owned by the Company and generated from the Kent Center, other than proceeds received from the sale of Units after the date hereof, less the sum of the following to the extent paid or set aside, in such amounts and for such time periods as the Manager deems appropriate, by the Company:

(a) All regularly scheduled principal and interest payments on indebtedness of the Company and all other sums paid to lenders related to the Kent Center;

(b) All cash expenditures incurred incidental to the general operation of the Company's business pursuant to the operating and capital budgets allocable to the Kent Center; and

(c) The Reserve established for the Kent Center.

1.15. "**Cash Available for Distribution-OSEH**" means all cash funds of the Company on hand or in bank accounts beneficially owned by the Company and generated from the OSEH Center, other than proceeds received from the sale of Units after the date hereof, less the sum of the following to the extent paid or set aside, in such amounts and for such time periods as the Manager deems appropriate, by the Company:

(a) All regularly scheduled principal and interest payments on indebtedness of the Company and all other sums paid to lenders related to the OSEH Center;

(b) All cash expenditures incurred incidental to the general operation of the Company's business pursuant to the operating and capital budgets allocable to the OSEH Center; and

(c) The Reserve established for the OSEH Center.

1.16. "**Cash Available for Distribution-Providence**" means all cash funds of the Company on hand or in bank accounts beneficially owned by the Company and generated from the Providence Center, other than proceeds received from the sale of Units after the date hereof, less the sum of the following to the extent paid or set aside, in such amounts and for such time periods as the Manager deems appropriate, by the Company:

(a) All regularly scheduled principal and interest payments on indebtedness of the Company and all other sums paid to lenders related to the Providence Center;

(b) All cash expenditures incurred incidental to the general operation of the Company's business pursuant to the operating and capital budgets allocable to the Providence Center; and

(c) The Reserve established for the Providence Center.

1.17. "**Class A Governors**" means the members of the Governing Board elected or appointed from time to time by the Class A Members, the number of which shall be determined pursuant to Section 12.1.

1.18. "**Class B Governors**" means the members of the Governing Board elected or appointed from time to time by Symbion or any Affiliate of Symbion, the number of which shall be determined pursuant to Section 12.1.

1.19. "**Class A Member**" means Bayside Endoscopy Group, Inc.

1.20. "**Class B Member**" means Symbion and/or any Affiliate of Symbion which holds a Unit(s), and/or the SARC Pledgee or Permitted Pledgee Transferee as defined in Section 13.1, as applicable.

1.21. "**Class C Members**" means any Physician Investor or Physician Entity who or that holds Class C Units.

1.22. "**Class D Member**" means Kent.

1.23. "**Class E Member**" means OSEH.

1.24. "**Code**" means the Internal Revenue Code of 1986, as amended from time to time. All references herein to Sections of the Code shall include any provision or any corresponding provisions of succeeding law.

1.25. "**Company**" means Bayside Endoscopy Center, LLC, a Rhode Island limited liability company, the business and affairs of which are governed by this Agreement.

1.26. "**Competing Business**" means any health care business which provides a facility in which surgical procedures are performed and shall include, without limitation, a specialty hospital, hospital or ambulatory surgery center; provided, however, the private practice of a physician will not be a Competing Business as long as substantively all of the physician's professional services are rendered through such practice and such practice only performs surgeries which do not (i) require a separate license, (ii) require the presence of an anesthesiologist, (iii) involve conscious sedation or (iv) generate a separate facility fee.

1.27. "**Family Member**" means a person's siblings, ancestors and lineal descendants, as well as the spouse of each, and such person's spouse.

1.28. "**Fiscal Year**" means (a) the period commencing on the effective date of this Agreement and ending on December 31, (b) any subsequent twelve (12) month period commencing on January 1 and ending on December 31, or (c) any portion of the period described in clause (b) for which the Company is required to allocate Net Profits, Net Losses and other items of Company income, gain, loss or deduction pursuant to Article 15 hereof.

1.29. "**Formula Value-Providence**" means the positive difference between (x) the product of four (4) times Trailing EBITDA-Providence, minus (y) the Company's long-term indebtedness, including the current portion of long-term indebtedness, allocable to the Providence Center as determined by the Manager.

1.30. "**GAAP**" means generally accepted accounting principles as determined by the Governing Board, applied on a consistent basis.

1.31. "**Governing Board**" has the meaning set forth in Section 12.1.

1.32. "**Governors**" means the Class B Governors and the Class A Governors.

1.33. "**Kent Center**" means a free-standing ambulatory surgical center located at Building #4, 1405 South County Trail, East Greenwich, Rhode Island.

1.34. "**Management Agreement-Providence**" means that certain Management Agreement by and between SymbionARC Management Services, Inc. (or its Affiliate or proper designee) and the Company relating to the Providence Center.

1.35. "**Management Agreement-Kent**" means that certain Management Agreement by and between SymbionARC Management Services, Inc. (or its Affiliate or proper designee) and the Company relating to Kent Center.

1.36. "**Management Agreement-OSEH**" means that certain Management Agreement by and between SymbionARC Management Services, Inc. (or its Affiliate or proper designee) and the Company relating to OSEH Center.

1.37. "**Manager**" means Symbion or any replacement manager of the Company Approved by the Governing Board.

1.38. "**Member**" means any Class A Member, Class B Member, Class C Member, Class D Member or Class E Member or Substituted Member as set forth on Schedule 1 as amended from time to time, but excludes any Person who ceases to be a Member of the Company pursuant to this Agreement. "Members" means all of the Persons who are members of the Company.

1.39. "**Membership Interest**" shall mean a Member's interest in the Company, including the Member's right to vote on or participate in governance or management of the Company.

1.40. "**Multi-Facility Transaction**" shall mean any transaction in which the Class B Member or any of its Affiliates acquires, invests in, is acquired by or is combined with a Person which, directly or indirectly, has an interest in or manages two or more ambulatory surgery centers if at least one of those centers either does not perform endoscopy procedures or is located within a radius of thirty (30) miles or more from the Providence Center, the Kent Center or the OSEH Center.

1.41. "**Net Book Value**" means the book value of the Company's assets less the Company's liabilities as determined by the Company's regular accountant in accordance with GAAP.

1.42. "**Net Profits**" and "**Net Losses**" means, for each Fiscal Year, an amount equal to the Company's taxable income or loss for such Fiscal Year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(i) any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Net Profits or Net Losses shall be added to such taxable income or loss;

(ii) any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-(1)(b)(2)(iv)(i), and not otherwise taken into account in computing Net Profits or Net Losses shall be subtracted from such taxable income or loss;

(iii) if the book value of property is adjusted pursuant to Treasury Regulation Sections 1.704-1(b)(2)(iv)(f) or (e), such adjustment shall be taken into account as gain or loss from the disposition of an asset and, in lieu of depreciation as calculated for federal income tax purposes, subsequently such deductions shall be computed in accordance with Treasury Regulation Sections 1.704-1(b)(2)(iv)(g)(3) or 1.704-3(d)(2), as the case may be. Subsequent calculating of gain or loss resulting from the disposition of an asset for federal income tax purposes shall be computed by reference to its book value as reflected in Members' Capital Accounts rather than its adjusted tax basis.

(iv) to the extent an adjustment to the tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Net Profits and Net Losses; and

(v) any items which are specially allocated pursuant to Section 5.4 hereof shall not be taken into account in computing Net Profits or Net Losses.

The amount of items of Company income, gain, loss or deduction available to be specially allocated pursuant to Sections 5.2(b), 5.3, 5.4 and 5.8 shall be determined by applying rules analogous to those set forth in paragraphs (i) through [(iv)][(v)][?].

1.43. "**OSEH Center**" means a free-standing ambulatory surgical center located at 148 West River Street, Suite 3, Providence, Rhode Island.

1.44. "**Owner**" shall mean a shareholder, member, partner or other owner of a Physician Entity.

1.45. "**Owner Non-Competition Agreement**" shall mean a written agreement between an Owner and the Company in the form of Exhibit A hereto.

1.46. "**Parent**" means Symbion, Inc., a Tennessee corporation.

1.47. "**Person**" means any individual, partnership, corporation, trust, limited liability company or other entity.

1.48. "**Physician Entity**" shall mean an entity wholly-owned by Physician Investors or, with respect to Bayside, Bayside Investors.

1.49. "**Physician Investors**" means licensed physicians actively practicing full-time clinical medicine in the State of Rhode Island who have staff privileges at the Providence Center, the Kent Center or the OSEH Center and who utilize the Providence Center, the Kent Center or the OSEH Center in the manner required by the Governing Board, in its discretion and in accordance with applicable law, as an extension of their private practices.

1.50. "**Providence Center**" means a free-standing ambulatory surgical center located at 33 Staniford Street, Providence, Rhode Island.

1.51. "**Regulations**" means, except as expressly provided to the contrary herein, the regulations promulgated by the United States Department of the Treasury pursuant to and in respect of provisions of the Code. Unless otherwise provided herein and subject to applicable transition rules, if any, all references to sections of the Regulations shall include any corresponding provision or provisions of succeeding, substitute, proposed, or final Regulations the effective dates of which are applicable to the Company.

1.52. "**Reserve**" means a cash reserve equal to (x) sixty (60) days of the Company's operating expenses plus (y) sixty (60) days of the Company's debt service payments, or such other amount as determined by the Manager.

1.53. "**Sharing Percentage-Providence**" means, as to a Member, the percentage obtained by dividing the number of Class A Units or Class B Units owned by such Member by the total number of Class A Units and Class B Units owned by all the Class A and Class B Members.

1.54. "**Substituted Member**" means any Person admitted to the Company as a Member pursuant to Section 13.2.

1.55. "**Symbion**" means SARC/Providence, Inc., a Tennessee corporation, and any successor thereto.

1.56. "**Syndication Expenses**" means direct costs and expenses incurred with respect to the issuance by the Company of ownership interests in the Company (including Units redeemed or repurchased by the Company and reissued), including, without limitation, printing and copy costs, attorneys' fees, accounting fees and broker/dealer and placement fees, but excluding the costs and expenses incurred in connection with the initial issuance of Units to Bayside and Symbion on the date hereof as described in Section 4.1.

1.57. "**Terminating Event**" means any of the following:

(i) A Class A Member or Class C Member has breached the terms and conditions of this Agreement in any material respects (provided, however, that any breach of Section 10.3 shall be deemed to be a material breach of this Agreement), as determined in the reasonable discretion of the Governing Board, including without limitation, violating the restrictions with respect to ownership of an interest in a Competing Business or a breach of the transfer restrictions set forth in Article 10;

(ii) A Class A Member or Class C Member, or with respect to any Class C Member which is a Physician Entity any Owner of that Physician Entity, has disrupted the affairs of the Company in any material respects or has acted adversely

to the best interests of the Company in any material respects, as determined in the reasonable discretion of the Governing Board;

(iii) A Class C Member who is a Physician Investor ceases to qualify as a Physician Investor, as determined in the reasonable discretion of the Governing Board, or fails to promptly certify to the Company upon the Company's reasonable request that such Class C Member qualifies as a Physician Investor;

(iv) A Class A Member or Class C Member that is a Physician Entity ceases to qualify as a Physician Entity, as determined in the reasonable discretion of the Governing Board, or fails to promptly certify to the Company upon the Company's reasonable request that such Class A Member or Class C Member, as applicable, qualifies as a Physician Entity;

(v) With respect to a Class A Member or Class C Member that is a Physician Entity, the Physician Entity's admission of any Owner who does not qualify as a Physician Investor or, with respect to Bayside, a Bayside Investor, and/or who does not execute the Owner Non-Competition Agreement and deliver it to the Company within thirty (30) days after his admission as or otherwise becoming an Owner of the Physician Entity;

(vi) Bankruptcy of a Class A Member or Class C Member, or, with respect to any Class C Member which is a Physician Entity, any Owner of that Physician Entity;

(vii) Death or disability (as such disability is determined in the reasonable discretion of the Governing Board) of a Class C Member, or, with respect to any Class C Member which is a Physician Entity, any Owner of that Physician Entity; and

(viii) Retirement of a Class C Member, or with respect to any Class C Member which is a Physician Entity, any Owner of that Physician Entity.

1.58. "**Trailing EBITDA-Providence**" means the earnings before depreciation, interest, taxes and amortization of the Company from the Providence Center for the most recently ended Fiscal Year, all of which components shall be determined by the Governing Board in accordance with GAAP.

1.59. "**Transfer**" means any involuntary or voluntary sale, lease, pledge, assignment, grant of a security interest, subcontract, dividend, merger, consolidation, gift or other disposition, direct or indirect, by operation of law or otherwise. A change in ownership of Parent, or its successor, including a change of control, or a sale by Parent, or its successor, of all, or substantially all of its assets shall not be treated as a Transfer of Symbion's Units.

1.60. "**Unit**" means a unit of issued and outstanding Membership Interest in the Company. "**Class A Units,**" "**Class B Units,**" "**Class C Units,**" "**Class D Units**" or "**Class E Units**" means Units held by Class A Members, Class B Members, Class C Members, Class D Members and Class E Member, respectively. Class A Units and Class C Units acquired by Symbion, or any Affiliate of Symbion, shall automatically become Class B Units. Class B Units that are transferred, sold or assigned by Symbion to a Physician

Investor or Physician Entity, or Class B Units that are redeemed or repurchased by the Company from Symbion and concurrently reissued to a Physician Investor or Physician Entity, shall automatically become Class C Units, unless otherwise expressly approved by the affirmative vote of at least 80% of the members of the Governing Board. The Company is authorized to issue up to one thousand one hundred sixty-six (1,066) Units.

1.61. **"Voting Percentage"** shall mean the fraction with a numerator equal to the total number of Units held by a Member and a denominator equal to the total number of Units outstanding.

2. ORGANIZATION

2.1. **Formation**. The Company was formed pursuant to the Act by causing the Articles to be filed with the Rhode Island Secretary of State. Except as stated in this Agreement, the Act and the Articles shall govern the rights and liabilities of the Members.

2.2. **Name**. The name of the Company is "Bayside Endoscopy Center, LLC", and the business of the Company shall be conducted under that name or such other name or names as may be Approved by the Governing Board from time to time.

2.3. **Principal Office**. The principal office of the Company shall be located at 33 Staniford Street, Providence, Rhode Island 02905, or at such other place or places as may be Approved by the Governing Board from time to time.

2.4. **Term**. The Company was formed on August 26, 2003, the date the Articles were filed with the Rhode Island Secretary of State, and shall continue until the date on which the Company is dissolved pursuant to Article 16 and thereafter, to the extent provided for by applicable law, until wound up and terminated pursuant to Article 16 hereof.

2.5. **Registered Agent and Office**. The registered agent of the Company in the State of Rhode Island shall be the Manager, and the registered office of the Company in the State of Rhode Island shall be located at 33 Staniford Street, Providence, Rhode Island 02905. The registered offices or the registered agents, or both, may be changed by the Manager from time to time upon filing the statement required by the Act. The Company shall maintain at its registered office such records as may be specified by the Act.

2.6. **No State Law Partnership**. The Members intend that the Company not be a partnership or joint venture and that no Member be a partner or joint venturer of any other Member as a result of being Members, for any purposes other than federal and state tax purposes, and this Agreement shall not be construed to suggest otherwise.

3. PURPOSES AND POWERS OF THE COMPANY; NATURE OF THE BUSINESS OF THE COMPANY

3.1. **Purposes**. The purposes of the Company are (i) to own, manage, operate, lease or take any action in connection with operating the Providence Center, the Kent Center and the OSEH Center and other healthcare related services and businesses; (ii) to acquire (through asset acquisition, stock acquisition, lease or otherwise) and develop other property, both real and personal, in connection with providing healthcare related services; (iii) to enter into, from time to time, such financial arrangements as may be necessary,

appropriate or advisable, including, without limitation, borrowing money and issuing evidences of indebtedness and securing the same by mortgage, deed of trust, security interest or other encumbrance upon one or more or all of the Company's assets; (iv) to sell, assign, lease, exchange or otherwise dispose of, or refinance or additionally finance, one or more or all of the Company's assets; and (v) generally to engage in such other business and activities and to do any and all other acts and things in furtherance of the purposes of the Company as set forth in this Section 3.1 (subject to the provisions of this Agreement).

3.2. **Powers**. Subject to the limitations contained in this Agreement and in the Act, the purposes of the Company may be accomplished by the Governing Board or, to the extent specifically set forth herein, the Manager.

3.3 **Separateness and Operations.** Notwithstanding any other provision of this Agreement to the contrary, the Company shall:

(a) maintain a separate set of books and records for the Providence Center, a separate set of books and records for the Kent Center and a separate set of books and records for the OSEH Center, and in each case, such books and records shall be separate from those of any other Person;

(b) maintain bank accounts separate from those of any other Person;

(c) hold regular Company meetings, as appropriate, to conduct the business of the Company, and observe all other Company formalities;

(d) hold itself out to creditors and the public as a legal entity separate and distinct from any other entity;

(e) prepare separate tax returns and financial statements, or, if part of a consolidated group, then it will be shown as a separate member of such group;

(f) allocate and charge fairly and reasonably any common employee or overhead shared with Affiliates;

(g) transact all business with Affiliates on an arm's-length basis and pursuant to enforceable agreements;

(h) conduct business in its own name and use separate stationery, invoices and checks;

(i) not commingle its assets or funds with those of any other Person (unless approved in advance by the Governing Board upon the affirmative vote of at least 80% of the members of the Governing Board); and

(j) except as provided in this Agreement, not assume, guarantee or pay the debts or obligations of any other Person.

4. CAPITAL CONTRIBUTIONS, LOANS, CAPITAL ACCOUNTS

4.1. **Ownership Interests**. Until such time as additional classes are established by the Governing Board, the Company shall have five (5) classes of Members. The classes of Members shall be designated as the "Class A Members," "Class B Members," "Class C Members," "Class D Members" and "Class E Members." On the date of this Agreement, Bayside owns (i) two hundred fifty (250) Class A Units and (ii) Symbion owns seven hundred fifty (750) Class B Units. In addition, the Company has issued sixty-six (66) Class D Units to Kent in consideration of the amounts set forth on Schedule 1 and will issue one hundred (100) Class E Units to OSEH in consideration of the amounts set forth on Schedule 1. Units issued after the date hereof shall be issued at such price as determined by the Company. Schedule 1 shall be amended to reflect all issuances and transfers of Units. The Company is authorized to issue a maximum of one thousand one hundred sixty-six (1,166) Units.

4.2. **Additional Contributions**. No Member shall be required to make any Additional Capital Contributions to the Company.

4.3 **No Interest or Right to Withdraw**. No Member shall have the right to demand the return of, or otherwise withdraw, his contribution or to receive any specific property of the Company except as specifically provided in this Agreement. No Member shall have the right to demand and receive property other than cash in return for his contributions. No interest shall be paid on Capital Contributions or on balances in the Capital Accounts.

4.4 **Capital Accounts**. The Company will maintain a Capital Account for each Member.

4.5 **Effect of Transfer of Units**. Upon the transfer by any Member of any or all of his interest in the Units, or any fraction thereof, pursuant to the provisions of this Agreement, the proportionate amount of his respective Capital Account balance, shall be transferred to the transferee of such Unit; provided, however, that no transfer of any Unit shall, in and of itself, relieve the transferor of any obligation to the Company.

4.6 **No Negative Capital Account Make-up**. Notwithstanding any other provision in this Agreement or any inference from any provision in this Agreement, no Member shall have an obligation to the Company, to the other Members or to third parties to restore a negative Capital Account balance during the existence of the Company or upon the dissolution or termination of the Company.

5. ALLOCATION OF INCOME AND LOSS

5.1 **Allocation of Net Profit and Net Loss**.

(a) All Net Profit or Net Loss of the Company, except those arising on the Company's liquidation or the sale of all or substantially all of its assets, and all items of income, gain, deduction and loss entering into the determination of such Net Profit or Net Loss shall be calculated separately for the Kent Center, OSEH Center and Providence Center. All such amounts calculated with respect to the Kent Center will be allocated to the Class D Member. All such amounts calculated with respect to the OSEH Center will be allocated to the Class E Member. All such amounts calculated with respect to the

Providence Center shall be allocated between the Class A Member and the Class B Member in accordance with their Sharing Percentage-Providence.

(b) Upon the Company's liquidation, or sale of all, or substantially all of its assets, all items of gain, income, deduction and loss will be specifically allocated among the Members so as to cause each Member's ending Capital Account balance to be equal to the amount of distribution, such Member would be entitled to if all such proceeds related to the Kent Center and any assets held by the Company related to the Kent Center were distributed to the Class D Member, all such proceeds related to the OSEH Center and any assets held by the Company related to the OSEH Center were distributed to the Class E Member and all of such proceeds related to the Providence Center and any assets held by the Company related to the Providence Center were distributed among the Members in accordance with their Sharing Percentage-Providence.

5.2 **Curative Allocations**. If any special allocation of gain, income, loss or deduction is made pursuant to Treasury Regulation Sections 1.704-1(b) or 1.704-2 (the "Regulatory Allocations") with respect to one or more Members, then gross income, gain, loss and deduction shall be allocated by the Manager to the extent permitted by Treasury Regulation Section 1.704-1 and Code § 704 and related provisions, in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if no Regulatory Allocations were made.

5.3 **Section 704(c) Allocations Code**. Income, gain, loss and deduction as computed for income tax purposes with respect to Company property subject to Code Section 704(c) and/or Treasury Regulation Sections 1.704-1(b)(2)(iv)(f) shall be allocated in accordance with said Code Section and/or Treasury Regulation Sections 1.704-1(b)(4)(i), as the case may be, using any reasonable method permitted or Treasury Regulation Sections 1.704-3 that is selected by the Manager. Allocations made pursuant to this paragraph shall not affect the Capital Account of the Members.

5.4 **Allocations in Case of Transfers**. Except as provided below, Net Profit and Net Loss, and items of income, gain, deduction and loss allocable to any Member whose Units have been transferred, in whole or in part, during any Fiscal Year shall be allocated among the persons who were the holders of such Units during such year in proportion to their respective holding periods, without separate determination of the results of Company operations during such periods. Net Profit, Net Loss, and items of income, gain, deduction and loss, attributable to a sale or other disposition of all or any portion of the assets of the Company shall be allocated to those Members who were Members at the time of the occurrence of the disposition giving rise to such Net Profit, Net Loss and items of income, gain and loss.

5.5 **Interpretation**. The provisions of this Article V are intended to comply with Treasury Regulation Sections 1.704-1(b), 1.704-2 and 1.704-3 and any successor regulations, and shall be defined and interpreted consistently with this intention and the Manager shall make such special allocations reasonably determined necessary by the Manager for the allocations of income and loss to be respected for federal income tax purposes pursuant to Treasury Regulation Section 1.704-1(b) and 1.704-2 (i.e., loss limitations, qualified income offset, minimum gain chargebacks, and non-recourse deductions)

5.6 **Syndication Expenses**. Syndication Expenses for any Fiscal Year shall be specially allocated to the Members in proportion to their ownership of Units, provided that if additional Members are admitted to the Company on different dates, all Syndication Expenses shall be divided among the Members who own Units from time to time so that, to the extent possible, the cumulative amount of the Syndication Expenses allocated with respect to each Unit held by a Member at any time is the same amount. In the event the Manager determines that such result is not likely to be achieved through future allocations of Syndication Expenses, the Manager may allocate other items of income, gain, deduction or loss so as to achieve the same effect on the Capital Accounts of the Members.

5.7 **Allocations Relating to Taxable Issuance of Company Interests**. Any income, gain, loss or deduction realized as a direct or indirect result of the issuance of an interest in the Company to a Member (the "Issuance Items") shall be allocated among the Members so that, to the extent possible, the net amount of such Issuance Items, together with all other allocations under this Agreement to each Member, shall be equal to the net amount that would have been allocated to each such Member if the Issuance Items had not been realized.

5.8 **Modification**. The Manager may modify the provisions of this Article V or any other provisions of this Agreement without the consent of the Members if, after consultation with counsel to the Company, the Manager reasonably and in good faith determines that such modification is necessary to (a) cause the allocations contained in this Article V to have substantial economic effect or otherwise be respected for Federal Income Tax purposes under Section 704 of the Code; (b) cause the allocation of Net Profits and Net Losses or items thereof under Section 5.1 to conform, in accordance with the requirements of Section 704 of the Code, to the distributions provided in Section 6.1; or (c) cause the provisions of the Agreement to comply with any applicable legislation, regulation or rule enacted or promulgated after the date of this Agreement, which change is necessary to enable the Company to carry out its purposes in the manner contemplated by this Agreement. Any such amendment shall be so as to cause the least significant deviation from the provisions of this Agreement as originally set forth.

6. DISTRIBUTIONS

6.1. **Distribution of Cash Available for Distribution**. The Manager shall determine in its reasonable judgment the Company's Cash Available for Distribution – Kent, the Cash Available for Distribution - OSEH, and the Cash Available for Distribution - Providence. Except as provided in Article 15, the Company shall distribute quarterly its Cash Available for Distribution – Kent to the Class D Member, shall distribute quarterly its Cash Available for Distribution – OSEH to the Class E Member and shall distribute its Cash Available for Distribution – Providence to the Class A Member and the Class B Member, pro rata in accordance with their respective Sharing Percentages-Providence unless, however, the distribution of a smaller amount is required under the Act or Approved by the Governing Board. The Company shall, to the extent it has cash available, make a distribution on or before April 1 of each year in an amount equal to the federal income tax that would be due and payable with respect to its taxable income for the preceding year, with such tax calculated at the highest marginal rate.

6.2. **Compensation or Reimbursement Not a Distribution**. Authorized amounts payable as compensation or reimbursement to any Person other than in its

capacity as a Member in the Company, such as for services rendered, goods purchased or money borrowed, shall not be treated as a distribution for purposes of this Article 6.

6.3 **Consequences of Distributions**. Upon the determination to distribute funds in any manner expressly provided in this Agreement, made in good faith, no Covered Party shall incur any liability on account of such distribution, even though such distribution may have resulted in the Company retaining insufficient funds for the operation of its business which insufficiency resulted in loss to the Company or necessitated the borrowing of funds by the Company.

7. BOOKS OF ACCOUNT, TAX COMPLIANCE AND FISCAL YEAR

7.1. **Books and Records**. The Manager shall keep books of account and records relative to the Company's business, which shall be the property of the Company; provided that the Manager may maintain copies of such books and records. For purposes of determining profit and loss distributions to the Members, as well as other matters set forth in this Agreement, a separate set of books of account and records shall be maintained for the Providence Center, the Kent Center and the OSEH Center. The books shall be prepared in accordance with generally accepted accounting principles using the accrual method of accounting. The Company's books and records shall at all times be maintained at the principal business office of the Company or its accountants (and, to the extent required by the Act, at the registered office of the Company) and shall be available for inspection by the Members or their duly authorized representatives during reasonable business hours.

7.2. **Determination of Net Profit and Net Loss; Financial Statements**. All items of Company income, expense, gain, loss, deduction and credit shall be determined with respect to, and allocated in accordance with, this Agreement for each Member for each Fiscal Year, except as required by the Code and/or the Regulations. Within thirty (30) days after the end of each month, and within ninety (90) days after the end of each Fiscal Year, or as soon thereafter as is practicable, the Manager shall cause to be prepared, at Company expense, financial statements of the Company for the preceding month or Fiscal Year, as applicable, including, without limitation, a balance sheet, profit and loss statement, statement of cash flows and statement of the balances in the Members' Capital Accounts, prepared in accordance with the terms of this Agreement and generally accepted accounting principles consistently applied with prior periods. These financial statements shall be available for inspection and copying during ordinary business hours at the reasonable request of any Member. The Members hereby agree that "interests in the Company profits" for purposes of determining their respective shares of the Company's "excess non-recourse liabilities" (within the meaning of Section 1.752-3(a)(3) of the Regulations) shall, with respect to any excess non-recourse liabilities related to the Providence Center be their Sharing Percentage-Providence, shall, with respect to any excess non-recourse liabilities related to the Kent Center shall be 100%, shall, with respect to any excess non-recourse liabilities related to the OSEH Center shall be 100% and shall, in the case of any other excess non-recourse liabilities be their Voting Percentages.

7.3. **Tax Returns and Information**. The Members intend for the Company to be treated as a partnership for tax purposes, but not for any other purposes. The Manager shall prepare or cause to be prepared, at Company expense, all federal, state and local income and other tax returns which the Company is required to file and shall furnish such returns to the Members, together with a copy of each Member's Schedule K-1 and any other

information which any Member may reasonably request relating to such returns, within ninety (90) days after the end of each Fiscal Year of the Company.

7.4. **Tax Audits**. The Manager shall be the "tax matters member" of the Company under Section 6231(a)(7) of the Code (the "Tax Matters Member"). The Tax Matters Member shall represent the Company in all administrative and judicial proceedings involving federal income tax matters as the "Tax Matters Member." In connection therewith, the powers of the Tax Matters Member shall include, but are not limited to, the power to:

(a) appoint an attorney-in-fact to represent the Company in such proceeding;

(b) engage in any activities enumerated in Subchapter C of Chapter 63 of the Internal Revenue Code;

(c) employ attorneys, accountants, appraisers, consultants, and such other persons as deemed appropriate;

(d) make any and all elections for federal, state, and local tax purposes, including, without limitation, any election if permitted by applicable law: (i) to adjust the basis of Company assets pursuant to Code Sections 754, 734(b) and 743(b), or comparable provisions of state or local law; and (ii) to extend the statute of limitations for assessment of tax deficiencies against Members with respect to adjustments to the Company's federal, state or local tax returns; and

(e) represent the Company and Members before taxing authorities or courts of competent jurisdiction in tax matters affecting the Company and Members in their capacity as Members, and to execute any agreements or other documents relating to or affecting such tax matters including agreements or other documents that bind the Members with respect to such tax matters or otherwise affect the rights of the Company or Members.

The Tax Matters Member shall provide all Members affected by any Company level proceeding before the Internal Revenue Service with such notice of the proceeding as is required by the Code. The preceding sentence shall be deemed to be satisfied by mailing such notice to each Member's last known address. The Company shall indemnify and reimburse the Tax Matters Member for all expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with any administrative or judicial proceeding with respect to the tax liability of the Members and against any and all loss, liability, cost or expense, including judgments, fines, amounts paid in settlement and attorneys fees and expenses, incurred by the Tax Matters Member in any civil, criminal or investigative proceeding in which the Tax Matters Member is involved or threatened to be involved solely by virtue of being Tax Matters Member, except such loss, liability, cost or expense arising by virtue of the Tax Matters Member's gross negligence, fraud, malfeasance, breach of fiduciary duty or intentional misconduct. The payment of all such expenses shall be made before any distributions are made to any Member. No Member, nor any other Person shall have any obligation to provide funds for such purpose.

7.5. **Fiscal Year**. The Company fiscal year shall be the Fiscal Year.

8. POWERS OF MANAGER

8.1. **Appointment, Rights, Powers and Compensation of Manager**. The Manager shall possess all of the rights and powers delegated to the Manager hereunder and by the Governing Board. The Manager shall not receive any additional compensation for its services as the Manager; provided that the Manager shall be reimbursed by the Company for its reasonable out-of-pocket expenses incurred by it in connection with the performance of its duties as the Manager.

8.2. **Duties of the Manager**. The Manager shall use reasonable efforts to carry out its duties and responsibilities as the Manager, and shall carry out such duties and responsibilities in accordance with the Act and applicable law.

8.3. **Annual Business Plan**. For each Fiscal Year after 2013, the Manager shall prepare an annual operating and capital budget with respect the Providence Center, the Kent Center and the OSEH Center (individually and/or collectively, an "Annual Business Plan"). The Manager shall submit a draft of its proposed Annual Business Plan for such Fiscal Year to the Governing Board for its review and approval no later than December 15 of the immediately preceding Fiscal Year (subject to a reasonable extension for *forces majeure* or other events that are beyond the Manager's control).

8.4. **Right to Rely on Manager**. No Person or governmental body dealing with the Company shall be required to inquire into, or to obtain any other documentation as to, the authority of the Manager to take any action permitted by this Agreement. Furthermore, any Person or governmental body dealing with the Company may rely upon a certificate signed by the Manager as to the following:

(a) the identity of the Manager or any Member;

(b) the existence or nonexistence of any fact or facts that constitute a condition precedent to acts by the Manager or which are in any other manner germane to the affairs of the Company;

(c) the Persons who are authorized to execute and deliver any instrument or document of the Company; or

(d) any act or failure to act by the Company on any other matter whatsoever involving the Company or any Member.

9. RIGHTS AND STATUS OF MEMBERS

9.1. **General**. Except to the extent expressly otherwise provided in this Agreement, the Members shall not take part in the management or control of the Company business, or sign for or bind the Company, such powers being vested exclusively in the Governing Board and the Manager.

9.2. **Limitation of Liability**. No Member shall, solely by reason of its status as a Member of the Company, have any personal liability whatsoever, whether to the Company, the Manager or any creditor of the Company, for the debts of the Company or any of its

losses beyond the amount of the Member's Capital Contribution to the Company. In the event that any Member shall, by reason of its conduct within the scope of this Agreement, be subject to personal liability to a third party by being a Member of the Company, then such Member shall be entitled to the same rights of indemnification by the Company as that afforded to the Manager under Section 12.9 of this Agreement.

9.3. **Consent of Members**. Notwithstanding anything in this Agreement to the contrary, the Company shall not take any of the following actions, and the Governing Board shall not take any of the following actions on behalf of the Company, except with the Approval of the Members:

(a) a sale or transfer of all or substantially all of the Company's assets or ownership interests, or a merger or consolidation of the Company;

(b) any material change in the business of the Company; and

(c) a dissolution, liquidation or bankruptcy of the Company, or any action that reasonably could result in the dissolution, liquidation or bankruptcy of the Company.

10. ADMISSION AND WITHDRAWAL OF MEMBERS AND CERTAIN TRANSFERS OF COMPANY INTERESTS

10.1 **Admission of New Members**. Persons may be admitted as Class C Members or, with respect to Affiliates of Symbion or the SARC Pledgee or Permitted Pledgee Transferee (each as defined in Section 13.1 below), as Class B Members of the Company consistent with this Agreement and the Act, and at such time and on such terms as may be deemed appropriate by the Manager, provided that each Physician Investor may be required to execute a subordination agreement with the Company's creditors as negotiated by the Manager. Further, to be admitted as a Member, a Person shall agree to be bound by this Agreement by executing an instrument satisfactory to the Manager, delivering same to the Manager and Manager accepting same on behalf of the Company. Members have no preemptive rights, except as expressly set forth in this Agreement.

10.2 **Required Transfer of Class A or Class C Member's Interest**. Under certain circumstances, a Class A Member or a Class C Member may be required to transfer such Member's Units.

10.2.1 **Terminating Event**. If a Terminating Event occurs with respect to a Class A Member or Class C Member, such Member, or his successor, shall promptly give written notice of the Terminating Event to the Class B Member (the "Termination Notice"). The Class B Member shall have the right, but not the obligation, to purchase the Units of such Class A Member or Class C Member, as applicable, from such Terminating Event until and through the one hundred eightieth (180th) day following the date on which the Class B Member receives such written notice of the occurrence of the Terminating Event (the "Class B Member Purchase Right"). In the event the Class A Member or Class C Member, as applicable, which has experienced a Terminating Event is a Physician Entity, the Class B Member Purchase Right shall, except with respect to such Physician Entity's breach of Section 10.3 hereof or a Terminating Event described in Section 1.57(iv), be limited to the product of (x) the number of Units held by such Physician Entity, times (y) the percentage

ownership in the Physician Entity held by the Owner who is responsible for the occurrence of the Terminating Event (the "Responsible Owner").

The purchase price therefor shall be:

(i) 10% of the Class A Member's or Class C Member's, as applicable, Adjusted Capital Contribution as of the date of breach, if the Terminating Event is for a breach of Section 10.3 hereof (Restriction on Ownership Provision) or a Terminating Event described in Section 1.57(iv); or

(ii) the greater of (A) the product of the Formula Value-Providence times the Sharing Percentage-Providence represented by the Units to be purchased, and (B) the Adjusted Capital Contribution represented by the Units to be purchased, if the Terminating Event is the death, retirement (at any time after the fifth (5^{th}) anniversary of the date the Class C Member who sustains the Terminating Event becomes a Member), relocation (at any time after the fifth anniversary of the date the Class C Member who sustains the Terminating Event becomes a Class C Member) more than seventy-five (75) miles from either the Providence Center, the Kent Center or the OSEH Center or disability, as determined by the Company, of a Class C Member or an Owner of a Class C Member, as the case may be,; or

(iii) the lesser of (A) the product of the Formula Value-Providence times the Sharing Percentage-Providence represented by the Units to be purchased and (B) the Adjusted Capital Contribution represented by the Units to be purchased, if the Terminating Event is an event other than those described in clauses (i) or (ii) of this subsection.

Upon notice of the Class B Member's election to purchase his/her/its Unit(s), the Class A Member or Class C Member, as applicable, shall transfer good and marketable title to the Units to the Class B Member, free and clear from all liens and encumbrances. The Class B Member may, however, complete the transfer of the Units by amending this Agreement pursuant to Article 13 regardless of whether the Class A Member or Class C Member, as applicable, executes documents of transfer required to effect such transaction.

10.2.2 **Subsequent Legislation**.

(a) (i) If, following consultation with legal counsel to the Company or the Manager, the Company determines that any Class A Member or Class C Member, as applicable, is prohibited from owning an interest in the Company as a result of the enactment of any statute, regulation or other law or the judicial or administrative interpretation of any existing or future statute, regulation or other law, the Governing Board shall attempt to restructure the Company in order to comply with such enactment or interpretation. If any Class A Member or Class C Member, as applicable, shall be so prohibited from owning an interest in the Company and the Company cannot be so restructured, the Company will purchase such Class A Member's or Class C Member's, as applicable, interests in the Company on the terms provided in Section 10.2.2(b). If the number of Class A Members or Class C Members, as applicable, whose interest is required to be purchased pursuant to the preceding sentence is substantial based on a reasonable and good faith determination of the Governing Board, the Company will purchase all

of the Class A Members' and/or Class C Members', as applicable, interests in the Company on the terms provided in Section 10.2.2(b).

(ii) Additionally, if, following consultation with legal counsel to the Company or the Manager, the Company determines that the enactment of any statute, regulation or other law or the judicial or administrative interpretation of any existing or future statute, regulation or law shall have the effect of materially and adversely limiting reimbursement to the Company of health care costs through government or other payer programs or otherwise materially and adversely affects the manner in which the Company or its Affiliates shall operate their businesses, the Manager shall attempt to restructure the Company to eliminate the adverse effect and if the Company cannot be so restructured, the Company shall purchase all of the Class A Members' and Class C Members', as applicable, interests in the Company on the terms provided in Section 10.2.2(b).

(iii) In addition, upon any liquidation of the Company, the Class B Member, in its sole and absolute discretion, shall have the option to purchase all of the Class A Units and Class C Units on the terms provided in Section 10.2.2(b) hereof.

(b) The Company shall pay each such Class A or Class C Member for his interest in the Company in an amount equal to the distribution he would receive if the Providence Center were sold for its fair market value and the Company was liquidated. Such amount will be paid to each such Member, at the sole and absolute discretion of the Class B Member, in a lump sum or in thirty-six (36) equal monthly payments with interest on the unpaid principal balance at the lesser of the prime rate or LIBOR (each as published in the Wall Street Journal or comparable publication if not then published). If the Company exercises its discretion to pay for a Unit in thirty-six (36) monthly installments, the first such installment shall be paid to such Class A Member or Class C Member, as applicable, on the first day of the month after thirty (30) days have expired since the Member's interest in the Company had been terminated, with subsequent installments paid on the first day of each successive month thereafter until paid in full. The Company may pre-pay in whole or in part the amount owed without penalty. The Company's obligation to pay the Members in thirty-six (36) equal monthly installments under this Section 10.2.2(b) will be evidenced by a promissory note executed by the Company. Such loan shall be subordinate to the Company's senior lenders. The fair market value of the Company shall be determined by an independent third party appraiser selected by the Company, which appraisal shall value the Company based upon its projected earnings before depreciation, interest, taxes and debt, less indebtedness and such other factors as the appraiser deems appropriate.

10.3 **Restriction on Ownership**.

10.3.1 Class A Members and Class C Members. Each Class A Member and Class C Member agrees that while he is a Member and for two (2) years thereafter neither he nor any of his Affiliates shall, directly or indirectly, own an interest in, lease, manage, joint venture with or be employed by a Competing Business that is located within a radius of thirty (30) miles of the Providence Center or other ambulatory surgical centers that may be owned or operated following the date hereof by the Company or its Affiliate within the State of Rhode Island. Nothing in this Section is intended to prevent a Class A Member or

Class C Member from practicing medicine, being a member of the medical staff of, or referring patients to, any other hospital or health care facility. Each Class A Member and Class C Member agrees that the restrictions contained in this Section are reasonable and necessary to protect the legitimate interests of the Company and that any violation of this provision would result in damages to the Company which cannot be compensated by money alone.

10.3.2 Class B Member.

(a) The Class B Member agrees that while it is a Member and for two (2) years thereafter, neither it nor any of its Affiliates shall, directly or indirectly, acquire an ownership interest, other than as a result of a Multi-Facility Transaction, in a Competing Business that performs endoscopy procedures and that is located within a radius of thirty (30) miles of the Providence Center, unless it gives Bayside written notice ("Notice") of its intention to engage in such an arrangement or transaction and permits Bayside the opportunity to acquire an interest in the Competing Business (the "New Business") equal to its Sharing Percentage-Providence, subject to Bayside and its shareholders meeting the requirements therefor and being otherwise eligible to participate therein under applicable federal and state laws, statutes and regulations. The Notice will include, to the extent available, preliminary draft documents, term sheet, the purchase price, a description of the New Business and the definitive documents that Bayside will be required to execute to acquire an interest in the New Business. The Notice will be provided to Bayside at least forty-five (45) days prior to the date the Class B Member or its Affiliate ("Purchaser Entity") closes its acquisition of such ownership interest in the New Business.

(b) The purchase price for any interest in the New Business acquired by Bayside shall be the same purchase price, on a proportional basis, as the purchase price paid by the Purchaser Entity with respect to the New Business. In the event any portion of the consideration paid by the Purchaser Entity to acquire the New Business is not cash, the fair market value of such consideration shall be the amount agreed to by the Purchaser Entity, and the party from whom an interest in the New Business was acquired or if there is no such valuation, fair market value as determined by an independent third party appraiser appointed by the Company.

(c) In connection with its acquisition of an interest of the New Business, Bayside will make representations, warranties and covenants to the New Business which are identical in all material respects to the representations, warranties and covenants made by the Purchaser Entity to the New Business in connection with its acquisition of an interest in the New Business. Bayside shall have thirty (30) days after its receipt of the Notice in which to elect to participate in the New Business. If Bayside does not elect, in writing, to participate within such thirty (30) day period, it will be deemed to have declined the opportunity to participate as an owner in the New Business and the Class B Member may proceed with the New Business without being subject to any further restriction or obligation hereunder with respect to the New Business. Bayside shall pay the purchase price in cash at the closing.

10.3.3 Remedies. Each Member agrees that the party having rights pursuant to this Section 10.2 will be entitled to injunctive relief without proving actual

damages or posting any bond. If a court shall hold that the duration and/or scope (geographic or otherwise) of the agreement contained in this Section is unreasonable, then, to the extent permitted by law, the court may prescribe a duration and/or scope (geographic or otherwise) that is reasonable and judicially enforceable. The parties agree to accept such determination, subject to their rights of appeal, which the parties hereto agree shall be substituted in place of any and every offensive part of this Section, and as so modified, this Section shall be as fully enforceable as if set forth herein by the parties in the modified form.

10.4 **Payment of Purchase Price of Member's Interest**. If the interest of a Member in the Company is being purchased pursuant to Section 10.2.1 or 10.2.2 the purchase price for the interest shall be determined as set forth above and payable in the manner hereinafter set forth:

10.4.1 All obligations, if any, of the selling Member to the Company shall become immediately due and payable upon purchase of the interest. To the extent not previously taken into account pursuant to this Section 10.4, the purchase price shall be reduced by the amount of any such obligations and the Managing Member shall pay to the Company an amount equal to any such reduction in the purchase price.

10.4.2 No payment other than those specifically provided for herein shall be due or payable with respect to the interest of the Member whose interest in the Company is being purchased. Any debt due by the Company to the Member shall be payable according to its terms.

10.4.3 The closing of the purchase of the interest in the Company pursuant to this Section 10.4 shall be held at the principal office of the Company within 90 days following the giving of written notice to the Member of the election to purchase such interest. At the closing, the purchaser shall pay, upon the terms specified hereinabove, the purchase price of such Member's interest in the Company to the Member after receiving appropriate releases and satisfactions.

11. MEETINGS AND MEANS OF VOTING.

11.1. **Meetings of the Members**. Meetings of the Members may be called by either (a) the Class B Member, (b) the holder(s) of a majority in ownership of the Class A Units or (c) the holder(s) of a majority in ownership of the Class C Units. The notice of a meeting shall state the nature of the business to be transacted at such meeting, and actions taken at any such meeting shall be limited to those matters specified in the notice of the meeting. Notice of any meeting shall be given to all Members not less than five (5) and not more than sixty (60) days prior to the date of the meeting. A waiver of notice signed by a Member entitled to notice, whether before, at or after the meeting, shall be the equivalent of notice. The presence of any Member at a meeting shall constitute a waiver of notice of the meeting with respect to such Member. Members may vote in person or by proxy at such meeting. All meetings shall be held in Providence, Rhode Island, unless another location is Approved by the Members.

Except as otherwise expressly provided in this Agreement or required by the express provisions of the Act, the requisite vote of the Members on any matter for which the vote of the Members is required hereunder or by law shall be the Approval of the Members, which vote shall control all decisions for which the vote of the Members is required hereunder or

by law. Each Member's voting rights shall be the same as that Member's Voting Percentage at the time of the vote. The Members may, at their election, participate in any regular or special meeting by means of conference telephone or similar communications equipment by means of which all Persons participating in the meeting can hear each other. A Member's participation in a meeting pursuant to the preceding sentence shall constitute presence in person at such meeting for all purposes of this Agreement.

11.2. **Vote By Proxy**. Each Member may authorize any Person to act on the Member's behalf by proxy on all matters in which a Member is entitled to participate, including waiving notice of any meeting or voting or participating at a meeting. Every proxy must be signed by the Member authorizing such proxy or such Member's attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months after the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Member executing it.

11.3. **Conduct of Meeting**. Each meeting of the Members shall be conducted by the Chairman of the Governing Board (who shall be designated by a majority of the Governors) or by an individual appointed by the Chairman of the Governing Board. The meeting shall be conducted pursuant to such reasonable rules as may be adopted by the Governing Board. Minutes shall be taken by a person appointed by the Chairman of the Governing Board and all minutes shall be Approved by the Governing Board.

11.4. **Action Without a Meeting**. Notwithstanding anything to the contrary in this Agreement, any action that may be taken at a meeting of the Members may be taken without a meeting if a consent in writing setting forth the action so taken is Approved by the Members, which consent may be executed in multiple counterparts. In the event any action is taken pursuant to this Section 11.4, the Company shall give written notice of the action taken without a meeting to each Member promptly after the Company shall have been notified of such action. For purposes of obtaining a vote under this Agreement, the Governing Board may require a written response within a specified time, but not less than 15 days nor more than 45 days, and provide that failure to respond in such time shall constitute a vote which is consistent with the Governing Board's recommendation, if made, with respect to the proposal.

11.5. **Closing of Transfer Record; Record Date**. For the purpose of determining the Members entitled to notice of or to vote at any meeting of Members, any reconvening thereof, or to act by consent, the Governing Board may provide that the transfer record shall be closed for at least ten (10) days immediately preceding such meeting (or such shorter time as may be reasonable in light of the period of the notice) or the first solicitation of consents in writing. If the transfer record is not closed and if no record date is fixed for determining the Members entitled to notice of or to vote at a meeting of Members or by consent, the date on which the notice of the meeting is mailed or a copy of the first written consent is received by the Governing Board shall be the record date for such determination.

12. GOVERNING BOARD AND MEDICAL ADVISORY COMMITTEE.

12.1. **Governing Board**.

(a) Effective for all purposes on the date of this Agreement, the Members shall form a Governing Board of the Company consisting of five (5) members (the

"Governing Board"), by appointing thereto the Class B Governors and the Class A Governors, as applicable. The Class B Member shall be entitled to elect or appoint three (3) Class B Governors, and the Class A Members shall be entitled to elect two (2) Class A Governors by the affirmative vote of the holder(s) of a majority of the Class A Units, such election to be held in such manner as the Manager shall determine.

(b) The Governing Board shall be created and operate to consider all matters pertaining to the business of the Company. Each individual selected to serve on the Governing Board shall serve for a term of one (1) year and thereafter until his successor is appointed or elected, unless he sooner resigns or is removed. A member of the Governing Board may be removed without cause only by the Members who had the right to vote for his initial appointment. The unexpired term of a member of the Governing Board who resigns or is removed shall be filled by an individual appointed by those Members who had the right to vote on such Governing Board member's initial appointment to the Governing Board. The Chairman of the Governing Board shall be selected annually from the members of the Governing Board.

12.2. **Powers of the Governing Board**. In addition to the powers granted to any Governing Board under the Act and the powers granted to the Governing Board pursuant to other provisions of this Agreement, the Governing Board shall have the exclusive right and power to manage the business and the affairs of the Company with all powers necessary, advisable, or convenient to manage, control, administer and operate the business and affairs of the Company for the purposes herein stated, to make all decisions affecting such business and affairs, and to do all things which are necessary or desirable in the conduct of the business and affairs of the Company. Notwithstanding the foregoing, the Governing Board shall not possess the rights and powers delegated to the Manager herein and Manager shall have the exclusive right to exercise the rights and powers delegated to Manager herein. The rights and powers of the Governing Board shall include, without limitation, for Company purposes, the powers to:

(a) employ, retain or otherwise secure or enter into contracts with employees, consultants, agents or firms to assist in the business of the Company, all on such terms and for such consideration as the Governing Board deems advisable, such consideration to be a normal operating expense;

(b) pay all operating costs and expenses associated with the ownership of Company assets including without limitation, insurance, ad valorem taxes, maintenance costs, accounting and legal fees, and principal and interest due on any indebtedness encumbering the Company's assets;

(c) borrow money and, if security is required therefor, to mortgage or subject to any other security device, any portion of the Company assets, to obtain replacements of any mortgage, security deed or other security device, and to prepay, in whole or in part, refinance, increase, modify, consolidate, or extend any mortgage, security deed or other device, all of the foregoing at such terms and in such amount as it deems to be in the best interest of the Company;

(d) acquire and enter into any contract of insurance which the Governing Board deems necessary and proper for the protection of the Company, for the conservation of the Company assets, or for any purpose beneficial to the Company;

(e) invest in short-term government obligations, certificates of deposit, tax-exempt obligations, interest-bearing deposits, money market accounts, or other cash equivalents, such funds of the Company as are temporarily not required in the Governing Board's opinion for use in conducting the business of the Company;

(f) open and maintain bank accounts for the deposit of Company funds, with withdrawals to be made upon such signature or signatures as the Governing Board may designate;

(g) execute, acknowledge and deliver any and all instruments, documents, certifications, or agreements necessary or convenient in connection with the conduct and operation of the business and purpose of the Company and/or in furtherance of any of the foregoing, including without limitation, executing amendments to the Agreement in accordance with the terms of this Agreement, both as Governing Board, and if required, as attorney-in-fact for the Members pursuant to any power of attorney granted by the Members to the Governing Board;

(h) acquire, buy, lease, sell, transfer, or dispose of assets of the Company, subject to Section 9.3;

(i) set pricing for goods and services provided by the Company;

(j) establish policies and procedures for the management and ongoing operations of the Company's business;

(k) establish operating and capital budgets;

(l) enter into managed care contracts;

(m) appoint the Manager;

(n) remove the Manager;

(o) assign rights and powers to the Manager; and

(p) approve the Annual Business Plan.

12.3. **Manner of Exercise of Governing Board's Authority**. All responsibilities granted to the Governing Board under this Agreement shall be exercised by the Governing Board as a body, and no member of the Governing Board, acting alone, shall have the authority to act on behalf of the Governing Board. All Governing Board action shall require the Approval of the Board; provided, however, that approval by the affirmative vote of at

least eighty percent (80%) of the members of the Governing Board shall be required for any action to:

(a) make capital expenditures in any calendar year in excess of the greater of (A) twenty percent (20%) of the fair value of the Company's total assets, and (B) twenty percent (20%) of the net book value of the Company's total assets; or

(b) borrow money during any calendar year in excess of the greater of (A) twenty percent (20%) of the fair value of the Company's total assets, and (B) twenty percent (20%) of the net book value of the Company's total assets; or

(c) admit a Person as a Member of the Company, other than Transferees of Class B Units who or that are Affiliates of the Class B Member or are the SARC Pledgee or Permitted Pledgee Transferee; or

(d) except for distributions to Members permitted by this Agreement or the Act, that certain Shared Services Agreement, dated ____, 2003, between the Company and University Gastroenterology, Inc., the Management Agreement-Providence, the Management Agreement-Kent, the Management Agreement – OSEH and any documentation of indebtedness to Symbion or its Affiliates, enter into or amend any contract or agreement between the Company and any Member or Affiliate thereof; or

(e) guarantee the indebtedness of any other person or entity in excess of the greater of (A) ten percent (10%) of the fair value of the Company's total assets, and (B) ten percent (10%) of the net book value of the Company's total assets; or

(f) approve the appointment of any appraiser appointed or selected pursuant to Section 10.3.2 hereof (provided that such approval shall not be unreasonably withheld or delayed); or

(g) amend this Agreement to reflect an addition to the representations, duties or obligations of the Manager pursuant to Section 16.2(d) hereof.

12.4. **Meetings of the Governing Board**. The Governing Board shall hold regular meetings on a quarterly basis or on such other periodic basis as the Governing Board shall determine from time to time. Special meetings of the Governing Board shall be held at the call of the Chairman of the Governing Board, or any three members of the Governing Board requesting such meeting through such Chairman, upon not less than five (5) business days written or telephonic notice to the members of the Governing Board, such notice specifying all matters to come before the Governing Board for action at such meeting. All meetings shall be held in Providence, Rhode Island, unless another location is Approved by the Governing Board. The presence of any member of the Governing Board at a meeting shall constitute a waiver of notice of the meeting with respect to such member. The members of the Governing Board may, at their election, participate in any regular or special meeting by means of conference telephone or similar communications equipment by

means of which all persons participating in the meeting can hear each other. A member of the Governing Board's participation in a meeting pursuant to the preceding sentence shall constitute presence in person at such meeting for all purposes of this Agreement. Minutes shall be taken by a person appointed by the Chairman of the Governing Board and all minutes shall be Approved by the Governing Board.

12.5. **Quorum**. A quorum of the Governing Board shall consist of a majority of the Governors.

12.6. **Vote By Proxy**. Each Governor may authorize any individual to act on the Governor's behalf by proxy on all matters in which a Governor is entitled to participate, whether by waiving notice of any meeting or by voting or participating at a meeting. Every proxy must be signed by the Governor authorizing such proxy or such Governor's attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months after the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Governor executing it.

12.7. **Action Without a Meeting**. Notwithstanding anything to the contrary in this Agreement, any action that may be taken at a meeting of the Governors may be taken without a meeting by a consent signed by all Governors. Such consent shall be in writing and shall set forth the action so taken. The consent may be executed in multiple counterparts.

12.8. **Medical Advisory Committee.** The Company shall establish a Medical Advisory Committee comprised of three (3) members of the medical staff of either the Providence Center, the Kent Center and/or the OSEH Center or appointed by the Governing Board. The members of the Medical Advisory Committee shall represent different specialties to the extent possible. The Medical Advisory Committee will be responsible for developing utilization, peer review and quality assurance standards for the Providence Center, the Kent Center and the OSEH Center, reviewing utilization of the Providence Center services, the Kent Center services and the OSEH Center services and generally making recommendations to the Governing Board regarding the services provided at the Providence Center, the Kent Center and the OSEH Center. The Medical Advisory Committee shall take no action that would subject any members of the Medical Advisory Committee to liability as a member of the Governing Board of the Company.

12.9. **Liability of Covered Persons for Actions**.

(a) Notwithstanding any provision of this Agreement, common law or the Act, no member of the Governing Board, Manager, principal officer of the Company or the Tax Matters Member (the "Covered Persons") shall be liable to the Members or to the Company for any loss suffered which arises out of an act or omission of such person, if, in good faith, it was determined by such persons that such act or omission was in the best interests of the Company and such act or omission did not constitute gross negligence or fraud. The Covered Persons shall be indemnified by the Company against any and all claims, demands and losses whatsoever if: (i) the indemnitee conducted himself in good faith; and (ii) reasonably believed (x) in the case of conduct in his official capacity with the Company, that his conduct was in its best interests and (y) in all other cases, that his conduct was at least not opposed to its best interests; and (iii) in the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful. The payment of any amounts for indemnification shall be made before any distribution is made by the

Company. No Member shall have any obligation to provide funds for any indemnification obligation hereunder.

(b) The right to indemnification shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles, provision of this Agreement, vote of Members or otherwise.

(c) The Company may maintain insurance, at its expense, to protect itself and any Member, the Governing Board, Governing Board committees, officer, employee or agent of the Company against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under Rhode Island law.

(d) Any amendment, repeal or modification of any provision of this Section 12.9 shall not adversely affect any right or protection of a Member, the Governing Board, Governing Board committee, officer, employee or agent of the Company existing at the time of such amendment, repeal or modification.

12.10. **Distribution of Kent Center**. Notwithstanding any provision herein to the contrary, the Company shall, upon Approval of the Governing Board, distribute all of the assets attributable to the Kent Center to the Class D Member in redemption of the Class D Units. Any such distribution shall include all working capital associated with the Kent Center. Upon such distribution, the Class D Member shall assume all liabilities known and unknown, associated with the Kent Center and shall purchase professional malpractice insurance that covers any acts of professional malpractice that may have occurred at the Kent Center prior to the date of such distribution. Such transfer shall take place pursuant to documents Approved by the Governing Board. Upon such distribution, all Class D Units shall be immediately cancelled.

12.11. **Distribution of OSEH Center**. Notwithstanding any provision herein to the contrary, the Company shall, upon Approval of the Governing Board, distribute all of the assets attributable to the OSEH Center to the Class E Member in redemption of the Class E Units. Any such distribution shall include all working capital associated with the OSEH Center. Upon such distribution, the Class E Member shall assume all liabilities known and unknown, associated with the OSEH Center and shall purchase professional malpractice insurance that covers any acts of professional malpractice that may have occurred at the OSEH Center prior to the date of such distribution. Such transfer shall take place pursuant to documents Approved by the Governing Board. Upon such distribution, all Class E Units shall be immediately cancelled.

13. TRANSFER OF RIGHTS

13.1. **Transfers by Members**. Except as otherwise set forth in this Article 13, a Member may not Transfer all or any part of its Units without approval by the affirmative vote of at least eighty percent (80%) of the members of the Governing Board other than Transfers of Class B Units to a Transferee who or that is then an Affiliate of the Class B Member or is the SARC Pledgee or Permitted Pledgee Transferee (each as defined below). If a Member receives the approval of such Transfer by the affirmative vote of at least eighty percent (80%) of the members of the Governing Board, a Member may transfer his interest in the Company if the following conditions are satisfied:

(a) the Member and his transferee execute, acknowledge and deliver to the Company such instruments of transfer and assignment with respect to such transaction as are in form and substance Approved by the Governing Board;

(b) unless waived by Approval of the Governing Board, the Member delivers to the Company an opinion of counsel Approved by the Governing Board, covering such securities and tax laws and other aspects of the proposed Transfer as the Governing Board may reasonably request;

(c) except with respect to the admission of the SARC Pledgee, the Member pays the Company a transfer fee that is sufficient to pay all reasonable expenses of the Company in connection with such transaction.

Any Member who thereafter Transfers all or any portion of his Units shall promptly notify the Company of such Transfer and shall furnish to the Company the name and address of the transferee and such other information as may be required under Section 6050K of the Code and the Regulations thereunder.

Notwithstanding any other provision to the contrary, Symbion or any Affiliate of Symbion may encumber its Units (the "SARC Interest"), without the consent of any other Member or of the Governing Board, for the limited purpose of securing loans, but not otherwise, by granting a security interest in the SARC Interest to a creditor(s). Any party to whom the SARC Interest is pledged (together with such party's successors and assigns, the "SARC Pledgee") may foreclose on the SARC Interest and transfer the SARC Interest, or any portion thereof, to any Permitted Pledgee Transferee (as that term is defined below) without the consent of any other Member, the Company or the Governing Board (such foreclosure and subsequent transfer being a "SARC Foreclosure"); provided, however, that prior to such transfer the SARC Pledgee shall provide written notice to the Class A Member of the SARC Pledgee's intent to so transfer the SARC Interest and the Class A Member shall then have twenty (20) days following such notice (the "Negotiation Period") to enter into a written sale and purchase agreement with the SARC Pledgee upon terms and conditions mutually acceptable to the SARC Pledgee and the Class A Member (a "Purchase Agreement"). In the event that the SARC Pledgee and the Class A Member cannot reach agreement on the terms and conditions of such purchase and sale and fail to enter into a Purchase Agreement prior to the expiration of the Negotiation Period, the SARC Pledgee shall then be free to transfer the SARC Interest to a Permitted Pledgee Transferee. "Permitted Pledgee Transferee" means, with respect to any natural person, a transferee that qualifies as a Physician Investor, and with respect to any non-natural person, a transferee whose ownership would not violate applicable federal or state laws, and, in either case, who shall assume and agree to be bound by all of the provisions of this Agreement, except as otherwise provided below. The foregoing provisions shall be self-operative, but the Company, the Governing Board and each Member hereby agree to execute any writing requested by the SARC Pledgee or any proposed SARC Pledgee to evidence its consent to foreclosure on or transfer of the SARC Interest and the admission of the SARC Pledgee and/or a Permitted Pledgee Transferee as a Member.

13.2. **Substituted Member**. No Person taking or acquiring, by whatever means, the Units of any Member, other than pursuant to Transfer approved pursuant to Section

13.1 and except for a Transfer of Class B Units to an Affiliate of the Class B Member or to the SARC Pledgee or Permitted Pledgee Transferee, shall be admitted as a Substituted Member without the approval by the affirmative vote of at least eighty percent (80%) of the members of the Governing Board, which approval shall not be unreasonably withheld or delayed, and unless such Person:

(a) elects to become a Substituted Member by delivering notice of such election to the Company;

(b) executes, acknowledges and delivers to the Company such other instruments as the Governing Board may deem necessary or advisable to effect the admission of such Person as a Substituted Member, including, without limitation, the written acceptance and adoption by such Person of the provisions of this Agreement; and

(c) except with respect to the admission of the SARC Pledgee, pays a Transfer fee to the Company in an amount sufficient to cover all reasonable expenses connected with the admission of such Person as a Substituted Member.

13.3. **Basis Adjustment**. Upon the Transfer of all or any portion of the Units owned by a Member, at the request of the transferee of such Units, the Tax Matters Member may, in its sole discretion, cause the Company to elect, pursuant to Section 754 of the Code or the corresponding provisions of subsequent law, to adjust the basis of the Company's assets as provided by Sections 734 and 743 of the Code.

13.4. **Transfer Procedures**. The Manager shall establish a transfer procedure consistent with this Article 13 to ensure that all conditions precedent to the admission of a Substituted Member have been complied with, and shall, upon the written request of any Member, deliver to such Member a copy thereof.

13.5. **Invalid Transfer**. No Transfer of any Unit, that is in violation of this Article 13 shall be valid or effective, and the Company shall not recognize any improper Transfer for the purposes of making allocations, payments of profits, return of capital contributions or other distributions with respect to such Unit. The Company may enforce the provisions of this Article 13 either directly or indirectly or through its agents by entering an appropriate stop transfer order on its books or otherwise refusing to register or transfer or permit the registration or transfer on its books of any proposed Transfers not in accordance with this Article 13.

13.6. **Additional Requirements of Admission to Company**. No Person shall be admitted as a Member if such admission would have the effect of causing the Company to be reclassified for federal income tax purposes as an association (taxable as a corporation under the Code), would violate any Medicare or other healthcare law, rule or regulation, or would violate applicable exemptions from securities registration and securities disclosure provisions under federal and state securities laws.

13.7. **Amendment to Schedule 1**. The Governing Board shall direct that Schedule 1 attached hereto be amended from time to time to reflect the admission of any Substituted Member, or the termination of any Member's interest in the Company.

14. DISSOLUTION

14.1. **Causes**. Each Member expressly waives any right which he or it might otherwise have to dissolve the Company except as set forth in this Article 14. The Company shall be dissolved upon the first to occur of the following:

(a) the Approval by the Members of an instrument dissolving the Company; and

(b) the dissolution of the Company by judicial decree.

Nothing contained in this Section 14.1 is intended to grant to any Member the right to dissolve the Company at will (by retirement, resignation, withdrawal or otherwise), or to exonerate any Member from liability to the Company and the remaining Members if it dissolves the Company at will. Any dissolution at will of the Company, including dissolution caused under Section 14.1(b), shall be in contravention of this Agreement for purposes of the Act. Dissolution of the Company under Section 14.1(d) shall not constitute a dissolution at will. The Company shall not be dissolved by the replacement of the Manager.

14.2. **Reconstitution**. If the Company is dissolved as a result of an event described in Section 14.1(a) or 14.1(b), the Company may be reconstituted and its business continued if, within ninety (90) days after the date of dissolution, all Members affirmatively elect to reconstitute the Company and execute an instrument confirming such facts. If the Company is reconstituted, an amendment to this Agreement shall be executed, and if and to the extent required by the Act, Articles of Amendment to the Articles shall be filed with the Rhode Island Secretary of State.

14.3. **Interim Manager**. If the Company is dissolved as a result of an event described in Section 14.1(a) and the Manager is unable to continue acting as the manager of the Company, those Members (excluding the outgoing Manager) who own Units representing a majority of the aggregate Voting Percentage of all Members (excluding that owned by the Manager) may appoint an interim manager of the Company, who shall have and may exercise only the rights, powers and duties of a manager necessary to preserve the Company assets until (a) a new manager is elected if the Company is reconstituted; or (b) a liquidator is appointed under Article 15, if the Company is not reconstituted. The interim manager shall not be liable to the Members to the extent permitted in the Act and shall, while acting in the capacity of interim manager on behalf of the Company, be entitled to indemnity by the Company upon and subject to the same terms and conditions as indemnity is provided to the Covered Persons pursuant to Section 12.9. The interim manager appointed as provided herein shall be entitled to receive such reasonable compensation for its services as may be agreed upon by such interim manager and those Members who appointed the interim manager.

15. WINDING UP AND TERMINATION

15.1. **Sale of Assets**. Unless otherwise agreed by the Members, at the time of liquidation, any property owned by the Company shall be sold for cash, and each Member shall have the right to bid competitively for any such asset being sold. The Class B Member shall have a right of first refusal for forty-five (45) days to purchase Company property for which a third party offer is made in connection with liquidation on the same terms as such third party offer, which right of first refusal the Class B Member may exercise in its

discretion by giving written notice thereof to the Company within forty-five (45) days after receiving written notice of such third party offer (which the Company shall promptly provide the Class B Member a copy of). If the Class B Member does not exercise such right of first refusal within such timeframe, then the Class A Member shall then have a subsequent and comparable right, for fifteen (15) days following the earlier of the completion of the Class B Member's forty-five (45) day period or written notice from the Class B Member that it waives its right of first refusal, to purchase such Company property on the same terms as such third party offer, which right the Class A Member may exercise by giving written notice thereof to the Company within such fifteen (15) day period. Any such purchase shall close as soon as practicable following such notice of exercise from the Class B Member or Class A Member, as applicable. Any cash received from the sale of the Company's assets shall be used first to pay the Company's debts to creditors other than the Members; provided, however, for this purpose, a Member which is owed money for goods or services provided to the Company or is entitled to indemnification pursuant to Article 12 shall be deemed an unrelated creditor. Any cash remaining after payments to creditors, other than the Members, shall be used to repay other debts to Members. Once all Member debt is repaid, the remaining cash received from the sale of the Company's assets shall be distributed to the Members in proportion to their positive Capital Account balances (after giving effect to adjustments to Capital Accounts through the date of distribution).

15.2 **Distributions in Accordance with Capital Accounts**. In the event the Company is "liquidated" within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g), distributions shall be made in all cases, in accordance with the Members' positive Capital Account balances determined after all adjustments to the Members' Capital Accounts for the taxable year. Such distribution shall be made within the time periods required by Treasury Regulation Section 1.704-1(b). In the discretion of the Manager, a pro rata portion of the distributions that would otherwise be made to the Members may be:

(a) distributed to a trust established for the benefit of the Members for the purpose of liquidating Company assets, collecting amounts owed to the Company, and paying any contingent or unforeseen liabilities in connection with the Company or of the Class B Member arising out of or in connection with the Company. The assets of any such trust shall be distributed to the Members from time to time, in the reasonable discretion of the Manager, in the same proportions as the amount distributed to such trust by the Company would otherwise have been distributed to the Members under this Agreement; and

(b) withheld to provide a reasonable reserve for Company liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Company, provided that such withheld amounts shall be distributed to the Members as soon as practicable.

15.3. **Deemed Contribution and Distribution**. Notwithstanding any other provisions of this Article VI, in the event the Company is liquidated within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g) but the Company is not required to be dissolved and wound up pursuant to Section 14.1, the assets of the Company shall not be liquidated, the Company's liabilities shall not be discharged, and the Company's affairs shall not be wound up. Instead, solely for federal income tax purposes, the Company shall be deemed to have contributed the assets and liabilities of the Company in kind to a new Company in exchange for an interest in the new Company. Immediately thereafter, the

Company shall be deemed to have distributed interests in the new Company to the Members in proportion to their respective interests in the Company.

16. MISCELLANEOUS

16.1. **Notices**. All notices given pursuant to this Agreement shall be in writing and shall be deemed effective when personally delivered or when placed in the United States mail, registered or certified with return receipt requested, or when sent by prepaid telegram or facsimile followed by confirmatory letter. For purposes of notice, the addresses of the Members shall be as stated under their names on the attached Schedule 1; provided, however, that each Member shall have the right to change his address with notice hereunder to any other location by the giving of thirty (30) days notice to the Company in the manner set forth above.

16.2. **Amendments**. Except as otherwise expressly provided in Section 13.7 and in this Section 16.2 and 16.3, amendments or modifications may be made to this Agreement only by setting forth such amendments or modifications in a document Approved by the Members, and any alleged amendment or modification herein which is not so documented shall not be effective as to any Member. The Governing Board may amend any provision of this Agreement and, through Manager, execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith to reflect:

(a) a change in the location of the principal place of business of the Company, or a change in the registered office or the registered agent of the Company;

(b) qualification of the Company as a limited liability company under the laws of any state or that is necessary or advisable in the opinion of the Manager to ensure that the Company will not be treated as an association taxable as a corporation for federal income tax purposes, provided, in either case, such action shall not adversely affect any Member;

(c) a change (i) that is of an inconsequential nature and does not adversely affect the Members in any material respect; (ii) that is necessary or desirable to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or contained in any federal or state statute, compliance with any of which the Manager deems to be in the best interest of the Company and the Members which does not materially affect the interest of any Member in the capital, profits or losses of, or distributions or allocations of the Company, or a Member's rights of voting or approval as to the business of, or the right to appoint to boards or committees of the Company; or (iii) that is required or contemplated by this Agreement;

(d) an addition to the representations, duties, or obligations of the Manager (subject to approval by the affirmative vote of at least eighty percent (80%) of the members of the Governing Board); or

(e) an amendment required pursuant to Section 16.3.

Notwithstanding anything herein to the contrary, neither the SARC Pledgee nor any Permitted Pledgee Transferee shall be bound by any amendment to this Agreement made after the date hereof and prior to such time as the SARC Pledgee or a Permitted

Pledgee Transferee becomes a Member, unless the SARC Pledgee or Permitted Pledgee Transferee, as the case may be, consents in writing to such amendment.

16.3 **Consolidation**. It is the intention of the Members that Symbion shall have such rights as are necessary for Symbion to be able to consolidate the financial results of operations and financial condition of the Company with the financial results of operations and financial condition of Symbion under applicable requirements of generally accepted accounting principles, as such may change from time to time. Notwithstanding any provision in this Agreement to the contrary, Symbion may amend this Agreement without the approval of any other Member as necessary from time to time to add, amend or delete such provisions as necessary in the reasonable opinion of Symbion's independent certified accountants to permit Symbion to report the results of operations of the Company on the consolidation method of accounting under applicable generally accepted accounting principles in the future.

16.4. **Schedules**. Each Schedule to this Agreement is incorporated herein for all purposes.

16.5. **Entire Agreement**. This Agreement supersedes all previous operating agreements, and constitutes the entire agreement of whatsoever kind or nature existing between or among the Members respecting the subject matter contained herein and no Member shall be entitled to benefits other than those specified herein. As between or among the Members, no oral statements not specifically incorporated herein shall be of any force and effect. This Agreement may be executed in two or more counterparts, each and all of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

16.6. **Divisions and Headings**. The divisions of this Agreement into sections and subsections and the use of captions and headings in connection therewith are solely for convenience and shall have no legal effect in construing the provisions of this Agreement.

16.7. **Gender and Number**. Whenever the context of this Agreement requires, the gender of all words herein shall include the masculine, feminine and neuter, and the number of all words herein shall include the singular and plural.

16.8. **Severability**. In the event any provision of this Agreement is held to be invalid, illegal or unenforceable for any reason and in any respect, such invalidity, illegality, or unenforceability shall in no event affect, prejudice or disturb the validity of the remainder of this Agreement, which shall be and remain in full force and effect, enforceable in accordance with its terms.

16.9. **Governing Law**. This Agreement shall be construed and enforced in accordance with the laws of the State of Rhode Island without regard to its principles of conflicts of laws.

16.10. **Benefit/Assignment**. Subject to provisions herein to the contrary, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors and assigns; provided, however, that nothing contained herein shall negate or diminish the restrictions set forth in Articles 10 or 13 hereof. This Agreement is intended solely for the benefit of the parties hereto and is not intended to, and shall not, create any enforceable third party beneficiary rights.

16.11. **Waiver**. Failure by any party to enforce any of the provisions hereof for any length of time shall not be deemed a waiver of its rights set forth in this Agreement. Such a waiver may be made only by an instrument in writing signed by the party sought to be charged with the waiver. No waiver of any condition or covenant of this Agreement shall be deemed to imply or constitute a further waiver of the same or any other condition or covenant, and nothing contained in this Agreement shall be construed to be a waiver on the part of the parties of any right or remedy at law or in equity or otherwise.

16.12. **Attorneys' Fees**. In the event a party elects to incur legal expenses to enforce, defend or interpret any provision of this Agreement by judicial proceedings, the prevailing party will be entitled to recover such legal expenses, including, without limitation, reasonable attorneys' fees, costs and necessary disbursements at all court levels, in addition to any other relief to which such party shall be entitled.

16.13. **Time**. Time is of the essence with respect to all provisions of this Agreement.

16.14. **Business Day**. Should any due date hereunder fall on a Saturday, Sunday or legal holiday, then such due date shall be deemed timely if given on the first business day following such Saturday, Sunday or legal holiday.

16.15. **Waiver of Jury Trial**. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO DEMAND THAT ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR THE RELATIONSHIPS OF THE PARTIES HERETO BE TRIED BY JURY. THIS WAIVER EXTENDS TO ANY AND ALL RIGHTS TO DEMAND A TRIAL BY JURY ARISING FROM ANY SOURCE INCLUDING, BUT NOT LIMITED TO, THE CONSTITUTION OF THE UNITED STATES OR ANY STATE THEREIN, COMMON LAW OR ANY APPLICABLE STATUTE OR REGULATIONS. EACH PARTY HERETO ACKNOWLEDGES THAT IT IS KNOWINGLY AND VOLUNTARILY WAIVING ITS RIGHT TO DEMAND TRIAL BY JURY.

16.16. **Construction**. Every covenant, term, and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any Member. The words "include," "includes," and "including" shall be deemed to be followed by the phrase "without limitation." All references to Articles and Sections shall be deemed references to Articles and Sections of this Agreement, unless the context shall otherwise require. All references herein to a Schedule shall be deemed to be references to the Schedule(s) attached to this Agreement. The terms "this Agreement," "hereof," "hereunder" and similar expressions refer to this Agreement as a whole and not to any particular Article or Section or other portion hereof and include any agreement supplemental hereto. The conjunction "or" shall be understood in its inclusive sense (and/or).

16.17. **Waiver of Partition**. Notwithstanding any statute or principle of law to the contrary, each Member hereby agrees that, during the term of the Company, it shall have no right (and hereby waives any right that it might otherwise have had) to cause any Company asset to be partitioned and/or distributed in kind.

16.18. **Additional Documents**. Each Member agrees to perform all further acts and execute, acknowledge and deliver any documents that may be reasonably necessary, appropriate or desirable to carry out the provisions of this Agreement.

16.19. **Arbitration**. Each of the Members agree to submit to resolution by binding arbitration any unresolved claim, controversy, issue or dispute arising among or between the Members or Manager out of or with respect to this Agreement or the parties' respective rights, duties and obligations hereunder (each, a "Dispute"), upon written notice by any party to the other parties. Such arbitration shall be conducted as follows:

(a) Rules. The Arbitration shall be conducted in accordance with and governed by the Commercial Arbitration Rules then in effect of the American Arbitration Association ("AAA"), except as expressly provided otherwise in this section, and administered by the AAA. The Company shall provide a copy of this arbitration clause to the arbitrator(s). The arbitrator(s) shall apply the appropriate substantive law, and the Federal Rules of Civil Procedure with respect to procedural, discovery or evidentiary matters.

(b) Location of Arbitration. The arbitration shall be conducted in Nashville, Tennessee.

(c) Selection of Arbitrator(s). The arbitrator or arbitrators, as applicable, for such arbitration shall be selected as follows:

(i) Disputes Less than or Equal To $100,000. In the event of arbitration with an amount in controversy equal to or less than $100,000, arbitration shall be conducted by one neutral arbitrator mutually agreed upon by the parties. If no arbitrator is agreed upon within ten (10) days following commencement of arbitration, or if the arbitrator selected by the parties is unable or unwilling to arbitrate the Dispute, the arbitrator shall be such neutral arbitrator as is selected by the AAA.

(ii) Disputes More than $100,000. In the event of arbitration with an amount in controversy greater than $100,000, arbitration shall be conducted by a panel of three neutral arbitrators. Within fifteen (15) days following commencement of arbitration, each party shall select one neutral arbitrator in whatever area(s) of expertise such party believes is relevant to the dispute. Within ten (10) days following such appointment, the two neutral arbitrators so selected shall select the third neutral arbitrator from a list provided by the AAA who shall be a practicing attorney having experience in the area of commercial contracts, preferably in the area of healthcare, and who shall act as chair of the arbitration panel. If the arbitrators selected by the parties are unable or fail to agree upon the third arbitrator within such ten (10) day period, the third arbitrator shall be selected by the AAA.

(d) Discovery. The sole arbitrator or chair of the arbitration panel, as applicable, shall establish a limited time period for discovery and procedures designed to reduce the cost and time for discovery while allowing the parties an opportunity, in the discretion of the sole arbitrator or chair of the arbitration panel, as applicable, to discover relevant information from the opposing party about the subject matter of the Dispute. Any dispute regarding discovery, or the relevance or scope thereof, shall be determined by the sole arbitrator or the chair of the arbitration panel, as the case may be, and shall be governed by the Federal Rules of Civil Procedure.

(e) Award. The award by the arbitrator(s) shall be in writing, shall be signed by the sole arbitrator or a majority of the panel of arbitrators, as the case may be, and shall include a statement of findings of fact and conclusions regarding the reasons for the disposition of any Dispute. The arbitrator(s) shall have the authority to award any remedy or relief that a court of competent jurisdiction could order or grant, including without limitation, specific performance of any obligation created under any agreement between or among the parties, the awarding of punitive damages, the issuance of an injunction, or the imposition of sanctions for abuse or frustration of the arbitration process. The arbitrator(s) shall have the authority to determine the comparative responsibility of the parties hereto for any loss or damages and assign liability and award relief based upon such comparison. Arbitration of such issues, including the determination of the amount of any damages suffered by any party, shall be to the exclusion of any court of law and the decision of the arbitrator(s) shall be final and binding upon the parties and their respective personal representatives, heirs, devisees, successors and assignees. Judgment on the award entered by the arbitrator(s) may be entered in and enforced by any court of competent jurisdiction.

(f) Costs and Expenses. Each party shall bear its own expenses and its attorney's fees and expenses, and shall equally share the arbitrators' fees, administrative fees and travel expenses; provided that the arbitrator(s) shall award to the prevailing party, if any, as determined by the arbitrator(s) all of the prevailing party's reasonable costs and expenses with respect to the arbitration, including arbitrator fees, administrative fees, travel expenses, out-of-pocket expenses such as copying and telephone, witness fees and attorneys' fees and expenses.

(g) Confidentiality. Statements made by any party or any party's representative during the arbitration shall be deemed confidential and no party or party's representative will attempt to use any such statement as evidence in any court or other legal proceeding. The parties also agree and acknowledge that the arbitrator(s) shall not be subject to subpoena to trial or deposition by any party for the purpose of divulging statements made or information disclosed by any party or witness in the arbitration proceedings. The parties further agree that and acknowledge that the arbitrator(s) shall not disclose any matter learned in the arbitration proceedings unless given permission by all of the parties or unless required by law.

(h) Injunctive Relief. Notwithstanding the foregoing, each of the parties shall be entitled to an injunction or injunctions or other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions thereof in any court of the United States or any state having jurisdiction, without having to post bond therefor or prove actual damages, this being in addition to any other remedy to which they are entitled, without submitting such action to arbitration.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Members have executed this Operating Agreement as of the date first above written.

MEMBERS:

SARC/PROVIDENCE, LLC

By:_____
Name:_____
Title: _____

BAYSIDE ENDOSCOPY GROUP, INC.

By:_____
Name:_____
Title: _____

KENT, LLC

By:_____
Name:_____
Title: _____

OCEAN STATE ENDOSCOPY HOLDINGS, LLC

By:_____
Name:_____
Title: _____

SCHEDULE 1

MEMBERS	CAPITAL ACCOUNT	# OF UNITS
SARC/Providence, LLC. 40 Burton Hills Boulevard, Suite 500 Nashville, Tennessee 37215 Attention: President Fax No.: (615) 234-5999 with a copy of any notice given hereunder to: Symbion 40 Burton Hills Boulevard, Suite 500 Nashville, Tennessee 37215 Attention: Jennifer Blaylock, Esq. Fax No.: (615) 244-6804		750 Class B Units
Bayside Endoscopy Group, Inc. 33 Staniford Street Providence, RI 02905 Attention: President Fax No.: (401) 278-4070 with a copy of any notice given hereunder to: Nixon Peabody LLP One Citizens Plaza, 5th Floor Providence, RI 02903 Attention: Stephen D. Zubiago, Esq. Fax No.: (401) 454-1030		250 Class A Units
Kent, LLC 33 Staniford Street Providence, RI 02905 Attention: President Fax No.: (401) 278-4070 Nixon Peabody LLP One Citizens Plaza, 5th Floor Providence, RI 02903 Attention: Stephen D. Zubiago, Esq. Fax No.: (401) 454-1030	$755,000	66 Class D Units
Ocean State Endoscopy Holdings, LLC 33 Staniford Street Providence, RI 02905 Attention: President Fax No.: (401) 278-4070 Nixon Peabody LLP One Citizens Plaza, 5th Floor Providence, RI 02903 Attention: Stephen D. Zubiago, Esq. Fax No.: (401) 454-1030	$[_____]	100 Class E Units

H

Exhibit H

Management Agreement

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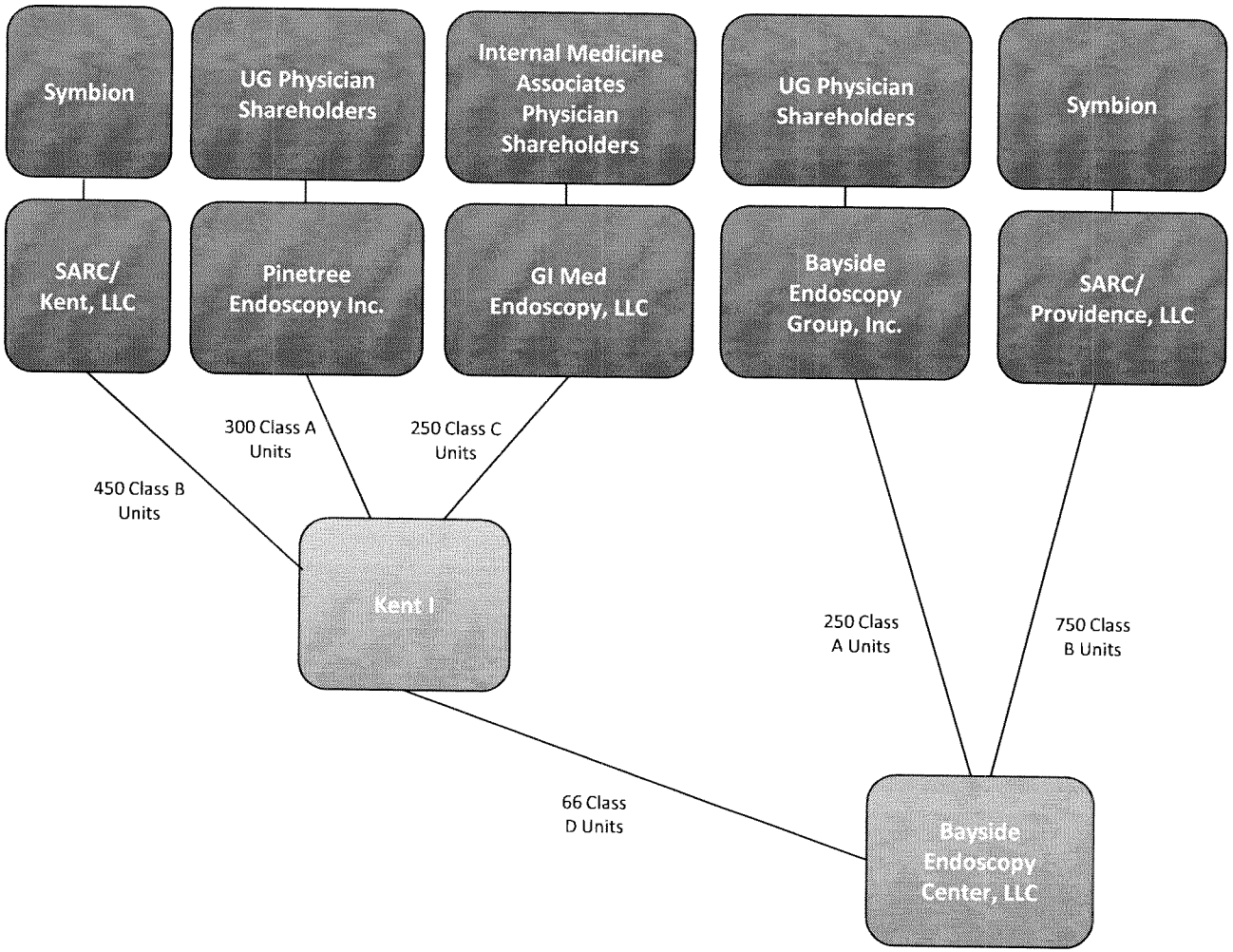
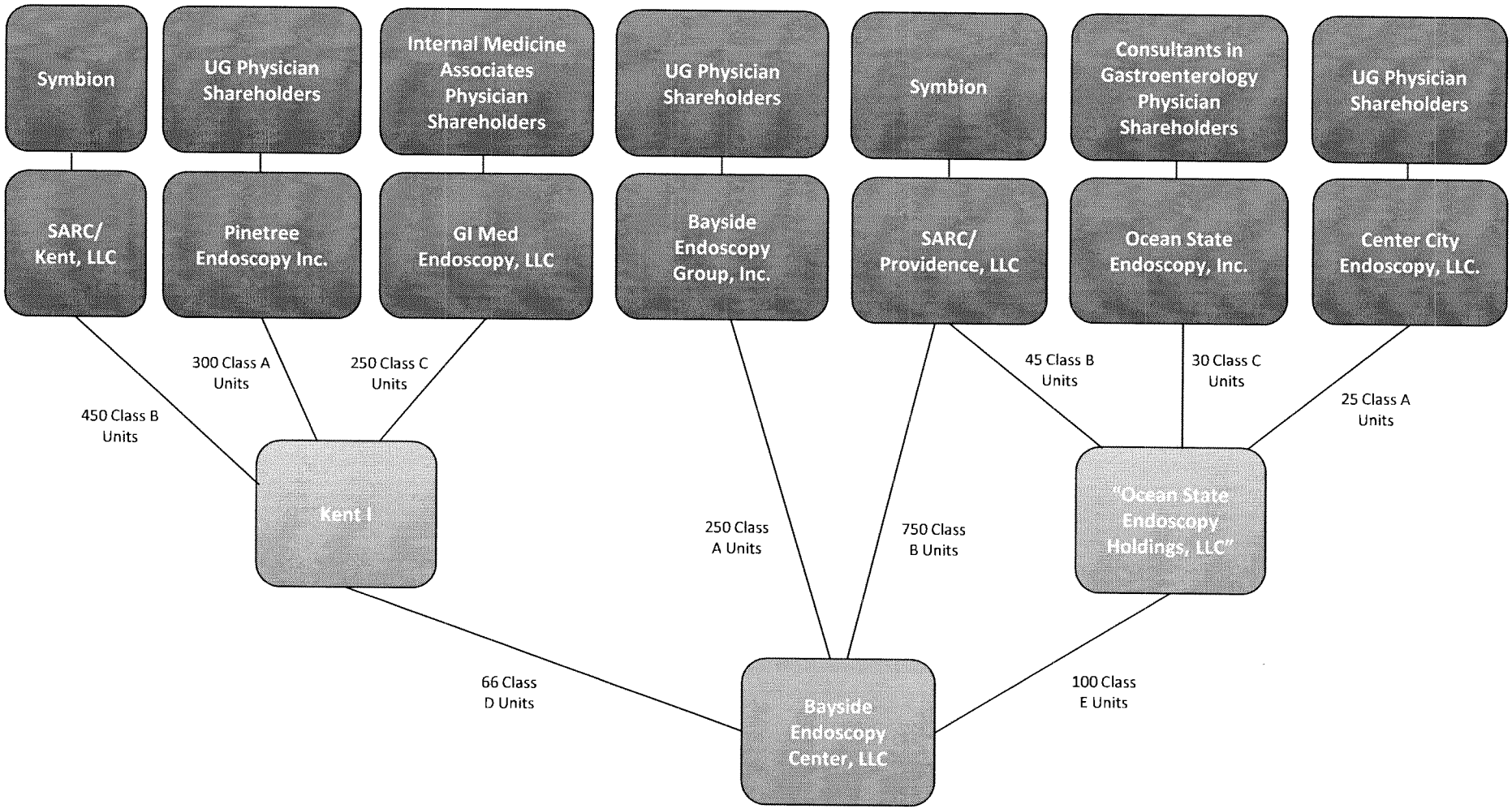
Ocean State Endoscopy, Inc. Ownership
Pre-Transaction

Consultants in Gastroenterology Physician Shareholders are:
Joel Spellun, M.D.
Jay Sorgman, M.D.
Phillip McAndrew, M.D.
Steven Kirshner, M.D.

Bayside Endoscopy Center, LLC Ownership
Pre-Transaction



Bayside Endoscopy Center, LLC and Ocean State Endoscopy, Inc. Ownership Post-Transaction



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Bayside Endoscopy Center

- Charity Care

CHARITY CARE STATISTICS

BAYSIDE

	Cases	2010	Cases	2011	Cases	2012	Cases	2013
January	5	$ 4,072.12	9	$ 12,662.10	9	$ 15,741.00	6	$ 15,030.00
February	3	$ 5,192.00	8	$ 9,534.16	13	$ 19,676.42	9	$ 19,539.00
March	2	$ 1,389.60	10	$ 13,630.00	13	$ 21,465.00	22	$ 42,084.00
April	7	$ 7,925.40	7	$ 9,541.00	11	$ 19,809.45		
May	7	$ 7,963.00	4	$ 10,904.00	24	$ 44,361.00		
June	8	$ 11,174.00	12	$ 20,445.00	17	$ 27,189.00		
July	6	$ 9,086.00	5	$ 10,236.03	11	$ 16,681.22		
August	12	$ 14,960.00	4	$ 7,750.00	16	$ 27,189.00		
September	3	$ 3,415.00	7	$ 10,904.00	20	$ 28,171.00		
October	7	$ 11,797.04	7	$ 13,630.00	17	$ 36,757.00		
November	1	$ 633.00	3	$ 4,089.00	18	$ 35,326.00		
December	2	$ 4,089.00	8	$ 14,310.00	11	$ 23,904.00		
	63	**$ 81,696.16**	**84**	**$ 137,635.29**	**180**	**$ 316,270.09**	**37**	**$ 76,653.00**

East Greenwich Endoscopy Center

- Charity Care

CHARITY CARE STATISTICS

EAST GREENWICH

	Cases		2010	Cases		2011	Cases		2012	Cases		2013
January	1	$	1,298.00	10	$	15,519.71	6	$	8,586.00	13	$	23,576.00
February	0	$	-	18	$	27,260.00	6	$	10,017.00	2	$	3,565.00
March	2	$	3,894.00	7	$	16,356.00	3	$	4,293.00	8	$	13,527.00
April	2	$	3,894.00	5	$	6,815.00	3	$	5,724.00			
May	4	$	5,254.00	1	$	5,452.00	10	$	14,310.00			
June	4	$	6,490.00	3	$	4,089.00	11	$	15,741.00			
July	8	$	11,682.00	5	$	4,089.00	3	$	5,724.00			
August	12	$	19,470.00	5	$	8,178.00	3	$	4,293.00			
September	7	$	12,980.00	2	$	4,089.00	6	$	4,293.00			
October	7	$	12,980.00	3	$	4,089.00	5	$	8,586.00			
November	8	$	14,278.00	4	$	6,815.00	9	$	14,310.00			
December	7	$	10,904.00	4	$	5,724.00	5	$	9,393.00			
	62	**$**	**103,124.00**	**67**	**$**	**108,475.71**	**70**	**$**	**105,270.00**	**23**	**$**	**40,668.00**

Bayside

Medicaid Revenues

	2012	2011	2010	2009	2008
Cases	346	352	250	60	91
Gross	$ 597,925	$ 594,233	$ 389,301	$ 73,514	$ 135,426
Contractuals	$ (483,577)	$ (466,743)	$ (307,032)	$ (72,135)	$ (129,788)
Net	$ 114,348	$ 127,490	$ 82,269	$ 1,379	$ 5,638

East Greenwich

Medicaid Revenues

	2012	2011	2010	2009	2008
Cases	215	175	89	30	27
Gross	$ 331,826	$ 291,199	$ 127,487	$ 38,533	$ 36,118
Contractuals	$ (262,058)	$ (226,481)	$ (99,933)	$ (32,743)	$ (25,772)
Net	$ 69,768	$ 64,718	$ 27,554	$ 5,790	$ 10,346

Ocean State Endoscopy
Outreach and Charity Care Policy

1. Purpose. It shall be the policy of Ocean State Endoscopy (the "Center") to provide free care to patients consistent with this policy. This policy is modeled after the charity care obligations set forth in the May 20, 2008 Report of the Health Services Council with respect to the Application of Symbion Holdings Corporation for a change in effective control of Bayside Endoscopy Center, LLC which was adopted by the Rhode Island Department of Health pursuant to a May 23, 2008 letter from Raymond Rusin the Chief of the Office of Facilities Regulation..

2. Qualifying Patients. Qualifying Patients will be those uninsured or underinsured patients with incomes up to 200% of the Federal Poverty Limits and with limited assets. Asset limits shall be $8,000 for an individual and $12,000 for a family. Because of the nature of the Center's services, all patients must be referred to the Center from one of the following appropriate screening institutions:

a) The Community Health Centers listed on Exhibit A attached hereto;
b) Rhode Island Primary Care Physician Advisory Committee; or
c) Another health care provider.

3. Charity Care Policy. The Center agrees it will neither bill Qualifying Patients for endoscopy or colonoscopy services nor collect any fees for provision of such services in order to satisfy the charity care requirements.

4. Outreach. The Center shall establish an Outreach Program as follows.

4.1 Outreach Coordinator. The Center shall designate an Outreach Coordinator who shall be responsible for outreach efforts on behalf of the Center.

4.2 Written Outreach Materials. The Center will send out a written communication annually to the Community Health Centers listed in Exhibit A to make them aware of the Center's Charity Care Policy. The written communication will be substantially similar to the letter attached hereto as Exhibit B. In addition, annually, the Center will send out information about the existence of its Charity Care Policy to the Rhode Island Primary Care Physician Advisory Committee ("RIPCPAC") in order to facilitate the dissemination of the Center's Charity Care Policy to primary care physicians. The Center will also forward information about the Charity Care Policy upon request of any patient or physician.

4.3 Review of Outreach. The Outreach Coordinator shall review the effectiveness of the outreach efforts of the Center, at a minimum, on a semi-annual basis. The Outreach Coordinator shall report to the Center's Board of Managers upon completion of any review. If the Center's charity care goal is not being met, the Outreach Coordinator will suggest alternative outreach methods for consideration and implementation. The Center

shall take all reasonable efforts suggested by the Outreach Coordinator to reach its charity care goal and create an effective Outreach Program.

5. Monitoring.

5.1 The Center Front Desk and Staff will keep a log of patients and calls received regarding the Center's Charity Care Policy. The Log Form is attached hereto as Exhibit C.

5.2 Annually a questionnaire will be sent to the entities listed in Section 2(a)-(b) of this Policy as well as all physicians that were sent charity care information. The questionnaire is attached hereto as Exhibit D. The Outreach Coordinator will review the results captured on this Questionnaire and make follow up calls to any physician or entity who rated our program less than an average of a score of 3 overall. Feedback provided by the physicians and entities will be utilized to make necessary changes to the provision of charity care at the Center, including the charity care process and the charity care materials or presentations utilized by the Center.

5.3 The Log Form and Quarterly Questionnaires will be presented at the Center's Board of Managers meetings for consideration and review.

5.4 An Outreach Calendar will be maintained and updated by the Outreach Coordinator and will include the event, date, and attendance at the outreach event. At each Board of Managers meeting, the outreach calendar will be presented and discussed, and concerns or changes will be implemented as determined appropriate.

5.5 An Annual Summary of Outreach activity based on the Outreach Calendar and Board of Managers meetings will be drafted and provided to the Board of Managers on an annual basis.

6. Application. A copy of the charity care application form is attached as Exhibit E.

Exhibit A

Community Health Centers

Bayside Family Healthcare
308 Callahan Road
North Kingstown, RI 02852

Blackstone Valley Community Health Care
Pawtucket
42 Park Place
Pawtucket, RI 02860

Blackstone Valley Community Health Center
Central Falls
9 Chestnut Street
Central Falls, RI 02863

Block Island Health Services
Box 919
Block Island, RI 02807

Chad Brown Health Center
285 A Chad Brown Street
Providence, RI 02908

East Bay Family Health Care
100 Bullocks Point Avenue
Riverside, RI 02915

Family Health Services
Cranston
1090 Cranston Street
Cranston, RI 02920

Family Health Services
Coventry
191 McArthur Blvd.
Coventry, RI 02816

New Visions for Newport County
Newport
19 Broadway
Newport, RI 02840

New Visions for Newport County
Tiverton
1048 Stafford Road
Tiverton, RI 02878

Northwest Health Center
36 Bridgeway
Pascoag, RI 02859

Providence Community Health Centers
Administrative Offices
375 Allens Avenue
Providence, RI 02905-5010

Providence Community Health Centers
Allen Berry Health Center
202 Prarie Avenue
Providence, RI 02905

Providence Community Health Centers
Capitol Hill Health Center
40 Candace Street
Providence, RI 02908

Providence Community Health Centers
Central Health Center
239 Caranston Street
Providence, RI 02907

Providence Community Health Centers
Fox Point Health Center
550 Wickenden Street
Providence, RI 02903

Providence Community Health Centers
Olneyville Health Center
100 Curtis Street
Providence, RI 02909

Thundermist Health Center
Administration, Dental, WIC Offices
191 Social Street, 9th Floor
Woonsocket, RI 02895

Thundermist Health Center of Woonsocket
383 Arnold Street
Woonsocket, RI 02895

Thundermist Health Center For Women and Children
206 Cass Avenue
Woonsocket, RI 02895

Thundermist Health Center of South County
1 River Street
Wakefield, RI 02879

Traveler's Aid Society of RI
Health Care for the Homeless
177 Union Street
Providence, RI 02903

Tri-Town Health Center
1126 Hartford Avenue
Johnston, RI 02919

Wood River Health Services
823 Main Street
Hope Valley, RI 02832

Rhode Island Health Center Association
235 Promenade Street, Suite 104
Providence, RI 02908

Exhibit B

Letter to Community Health Centers

Re: Ocean State Endoscopy
Charity Care Policy

Dear [Community Health Center]:

Ocean State Endoscopy currently provides endoscopy and colonoscopy services at its location at 148 West River Street, Suite 3, Providence, RI (the "Center"). We are pleased to announce the commencement of our Outreach Program to fulfill our mission of providing high quality care to the people of Rhode Island who may be uninsured or underinsured. Accordingly, the Center will provide endoscopy and colonoscopy services free of charge to any patient who qualifies for charity care. Qualifying patients will be those uninsured or underinsured patients with incomes up to 200% of the Federal Poverty Limits and with limited assets. Asset limits shall be $8,000 for an individual and $12,000 for a family.

If you have any questions regarding the Center's provision of free care to the uninsured or underinsured or you would like to refer a patient that may qualify for free care, please contact our Outreach Program Coordinator, _____ at (401) ____-_____.

We look forward to working with you in the future and hope that our charity care policy will allow your patients to receive necessary endoscopy and colonoscopy services without regard to their ability to pay.

Sincerely,

Exhibit C

Log Form

Number	Name of Referring Physician or Healthcare Entity	Patient Name	Date of Initial Contact	Result
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				

Exhibit D

Ocean State Endoscopy
Charity Care Outreach Program Questionnaire

Ocean State Endoscopy (the "Center") provides the following questionnaire to obtain your evaluation of the effectiveness of our Outreach Program and the written materials that we provide to interested parties regarding our Charity Care Policy. Your input will be considered for the effectiveness of our Outreach Program and for changes to our future outreach activities. Thank you for your time.

Name:_____ **Phone Number:**_____

Please rate the following aspects of our program on a scale of 1 to 5 (1 being the lowest and 5 being the highest.

Written Materials

Material is easy to understand	1	2	3	4	5
Material is useful	1	2	3	4	5
Material adequately explains terms of free care	1	2	3	4	5

Referral Process

Referral process was easy	1	2	3	4	5
Response from Center Staff was adequate	1	2	3	4	5
Response from Center Staff was timely	1	2	3	4	5
Center accepted patients that qualified for charity care	1	2	3	4	5

Patient Care

Patients referred to the Center received a timely appointment	1	2	3	4	5
Patients referred to the Center appeared satisfied with the Center's provision of free care	1	2	3	4	5

Comments/Suggestions

Exhibit E

Ocean State Endoscopy
Charity Care Application

Patient Name:_____ Date of Birth: _____

Address:_____

Telephone: (c)_____ (h)_____ (w)_____

Previous Year Income: _____ * Please provide documentation such as a W-2 form, tax return, pay stub, or other similar documentation.

Size of Family Unit: _____

I hereby attest and affirm that the information provided in this Charity Care Application is true and accurate to the best of my knowledge.

Signature:_____ Date:_____

100% Recycled 30% PCW

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OCEAN STATE ENDOSCOPY, INC

QUALITY IMPROVEMENT MANUAL

1) Quality Improvement Program

QUALITY MANAGEMENT AND IMPROVEMENT PROGRAM
OCEAN STATE ENDOSCOPY

I. PURPOSE AND OBJECTIVES

The purpose of the Quality Management (QM) process is to improve the quality of care and to promote effective and efficient utilization of facilities and services. The goal is to maintain an organized peer-based program of quality management and improvement. Components of this process include peer review, quality improvement with development of valid outcome measures, and risk management. These initiatives will be coordinated with other like-oriented professional organizations in the health care industry.

II. PEER REVIEW

1. The professional and administrative staff understands, supports and participates in a peer review program as part of the quality improvement program.
2. At least two physicians on the Board of Ocean State Endoscopy are involved and provide peer-based review.
3. The Board provides ongoing monitoring of important aspects of care provided by physicians and clinical staff.
4. Ongoing monitoring of acceptable and unacceptable trends or occurrences, complications, utilization and review of ongoing studies is carried out and reported to the Board of Ocean State Endoscopy.
5. The results of peer review are used to educate and improve clinical performance in the endoscopy unit, and are part of the basis for granting continuation of clinical privileges.
6. To improve the professional competence and skill, as well as the quality of performance, of the health care professionals and clinical staff, Ocean State Endoscopy provides convenient access to reliable up-to-date information and encourages health care professionals to participate in educational programs and activities.
7. Ocean State Endoscopy provides a monitoring function to ensure the continued maintenance of licensure and certification of professional personnel who provide health care services at the unit.

III. QUALITY IMPROVEMENT PROGRAM

1. Ocean State Endoscopy maintains an active, integrated, peer-based quality improvement program to address clinical, administrative, cost-of-care performance issues and actual patient outcomes.
2. The purpose of this program is to assure the safety of every patient while at our facility, ensure that patients and their families are treated with respect and dignity and with regard to appropriate patient rights, assure satisfaction with the services provided by Ocean State Endoscopy, and to compare efficiency and quality of specific services provided by the facility

in order to define and improve outcomes, timeliness and cost-effectiveness.

3. Written policy and procedure manuals will be maintained and available for all clinical services provided at Ocean State Endoscopy. These will include endoscopic protocols, nursing protocols, cleaning and disinfection protocols, and patient care protocols, as well as information relating to Occupational Safety and Health Association (OSHA) standards.
4. The Board of Ocean State Endoscopy will consist of at least two physicians and is responsible for development, implementation and oversight of the program.
5. Ocean State Endoscopy will participate in quality improvement activities such as studies, including benchmarking studies, to continually assess and improve the delivery of quality care. Results of benchmarking activities will be reported to the Board and incorporated into other quality improvement activities of the organization.
6. The quality improvement program will entail:
    i. Identification of performance measures, goals and objectives
    ii. Identification of data related to established criteria to evaluate and analyze the frequency, severity and source of suspected problems and concerns
    iii. Implementation of corrective actions such as interventions to resolve important problems and concerns that have been identified
    iv. Re-measurement of the problem to determine objectively whether the corrective actions have achieved and sustained demonstrable improvement
    v. Identification, analysis and implementation of additional corrective actions, if the problem remains, to achieve and sustain demonstrable improvement
    vi. Communication of the findings of the quality improvement activities to the Board of Ocean State Endoscopy and throughout the organization as appropriate, and incorporation of such findings into the organization's educational activities
7. Quality improvement activities will include:
    i. Monitoring of unacceptable or unexpected outcomes, including perforations, hospital transfers, medication errors, and malpractice cases
    ii. Monitoring the clinical performance and practice patterns of health care professionals
    iii. Monitoring of variances from expected performance, including quality of care and completeness and accuracy of records and documentation
    iv. Assessment of, and response to, patient satisfaction surveys
    v. Direct observation of process and practices
    vi. Elicitation of, and response to, staff concerns
    vii. Monitoring of access to care and timeliness of services
    viii. Addressing medical/legal issues

ix. Assessing wasteful practices and overutilization or underutilization of services
x. Testing new or enhanced processes, procedures and methods of care
xi. Benchmarking against best practices, professional practice guidelines and performance measures, and established health care goals
xii. Assessing and adjusting short and long term planning goals

8. The effectiveness of the quality improvement program will be evaluated annually and the findings reported to the appropriate personnel.

IV. RISK MANAGEMENT

1. Ocean State Endoscopy maintains an active risk management program designed to protect the life and welfare of the patients and employees.
   i. Malpractice is a major issue with health care costs and quality of care. Heightened expectations and poor understanding of health care delivery and limitation may be driving an increased number of cases.
   ii. Poor communication is one of the most common reasons for litigation, while other lawsuits relate to failure to diagnose, misdiagnosis, bad outcomes and unrealistic expectations of medical care on the part of the patient.
   iii. This risk management program is intended to try to eliminate conditions that could result in claim against Ocean State Endoscopy and its providers, as well as to minimize the severity of claims which may occur.

2. Components of the risk management program include:
   i. Implementation of policies that pay attention to the emotional needs and states of the patients and families that utilize the facility
   ii. Education as to the process of care, as well as the risks and benefits of care; clear and informed consent is paramount
   iii. Prompt identification, investigation and intervention into any specific events
   iv. Early identification, intervention and sympathetic care after any untoward event, especially clear explanations to patients and families as to procedures and what will happen next
   v. Preparation of detailed and useful incident reports
   vi. Evaluation of the frequency and severity of untoward events
   vii. Identification of the cause of such untoward events
   viii. Formulation and implementation of corrective actions to reduce risk and limit potential liability
   ix. Attention to safety at every level
   x. Adequate, legible and complete documentation
3. NURSING PROTOCOLS

i. Nursing protocols will be maintained to assure patient safety, quality of care, and proper documentation
ii. Components of the nursing protocols will include:
    1. assessing indications for procedure and appropriateness of testing
    2. preoperative assessment including vital signs, mental status, bleeding risks, medications, allergies, and appropriate physician preoperative documentation
    3. obtaining and documenting informed consent
    4. intraoperative documentation and flow sheets
    5. postoperative monitoring and assessment for complications and adverse events
iii. Nursing will compile monthly and quarterly reports of statistics, including number of cases, preoperative indications, postoperative finding, and complication rates
    1. findings will be reviewed at least bi-yearly by physicians and nurse manager
    2. corrective action will be taken to resolve any problems found

4. REPORTING OF EVENTS
    i. Reportable events include procedure complications, deaths, trauma, medication reactions, infections, medication errors and other adverse incidents
    ii. Incident reports will be completed in a timely fashion by involved staff member
    iii. Reports will be obtained from other individuals aware of the incident
    iv. Documentation will be maintained regarding all communication, including letters, phone calls and messages, for or from staff members, patients and families
5. QUALITY MANAGEMENT COORDINATOR
    i. The nurse manager will act as quality management coordinator and is responsible for compiling information, organizing it and presenting it to the Medical Director and the governing Board
    ii. Such information will include all incident reports, patient satisfaction surveys, reports of written or verbal complaints, and other issues pertaining to quality of care
    iii. Maintenance and retention of records will be in accordance with State and Federal standards
6. MEDICAL DIRECTOR
    i. The Medical Director will be in charge of following all known litigation or potential malpractice actions. He/she will also carry out any communications with the professional liability insurance carrier and appropriate licensing authorities
    ii. The Medical Director will communicate all pertinent information promptly with the Board

iii. All adverse events will be reviewed by a physician designated by the Medical Director

7. INCAPACITATION DURING A PROCEDURE
    i. In the event of a physician being incapacitated or unable to continue the procedure, the assisting nurse will notify the nurse manager or charge nurse of the day. Patient will be stabilized and will be rescheduled at a later date if appropriate
8. IMPAIRED HEALTH CARE PRACTITIONER
    i. Ocean State Endoscopy is committed to maintaining the highest standards of professional conduct and competence
    ii. If there is a suspicion or question of practitioner impairment, the Rhode Island Medical Society Impaired Physician Committee will be contacted for guidelines and procedures
    iii. The practitioner may have his/her privileges suspended pending review
9. COVERAGE AFTER WORKING HOURS
    i. Handling of urgent calls from patients, families and physicians after normal working hours and on weekends will be the responsibility of the on-call physician for Consultants in Gastroenterology
    ii. Non-urgent issues will be handled on the next business day on which Ocean State Endoscopy is open
10. QUALITY ASSURANCE
    i. Attempts will be made to identify and participate in any benchmarking studies that may exist which are pertinent to the organization. If deemed appropriate, future studies may be designed to compare Ocean State Endoscopy to like facilities, in an attempt to measure quality and improve outcome

Rev/Update 2/10/07 MJ
Rev/ Update 2/28/08 CD
Rev/Update 4/3/09 CD

OCEAN STATE ENDOSCOPY

148 West River Street #3 Providence, RI 0290 (401) 274-1260

QUALITY ASSURANCE PROGRAM FOR OCEAN STATE ENDOSCOPY PROTOCOL

PURPOSE: Review for quality issues:

Section 1. Evaluation of Patient Assessment:

(a) Indications for procedure. Symptoms, findings appropriate for test.

(b) Preoperative assessments complete. Vitals stable, mental status, bleeding, clotting risks. Medications, allergies, physical exam in the chart,

(c) Patient noted to be stable post procedure and signed off by physician.

(d) Complications. If any complications occur for a six-month period individual incidence reports will be dictated in summary fashion.

(e) Nursing to compile reports of number of procedures done, number of complications by category.

(f) Random reviews of charts to be done twice yearly to check for

i. Completeness of charts.
ii. Above assessments.
iii. Appropriate follow-up orders.
iv. Clinical indications or triggers for review will include but not be limited to, at the present time, pain, bleeding, fever, IV infiltration, compromise respiratory status, need for transfer to ER or follow-up X-rays.

2) Section 2. Primary initial responsibility: **Director of Ocean State Endoscopy.**

(a) Monthly and quarterly reports of statistics of number of cases and complication rates.

(b) Bi-yearly review by a physician or nurse.

(c) Disciplinary action to be imposed on physicians using the unit whose practice falls below the minimum standards.

(d) Flow sheets and statistics will be maintained on each individual patient and collected on a monthly and quarterly basis. Such indicators as pre-operative diagnosis, bleeding, clotting, risks, need for antibiotic prophylaxis, mental status, medications, allergies, and past medical history will all be reviewed and checked off on appropriate forms. A complete physical exam will also be present on the chart prior to procedures

(e) Flow sheets will be reviewed to assure they detail vital signs including blood pressure and pulse as well as oxygen saturation in appropriate situations. These will be done post-operative as well as assessment of mental status, pain, symptoms, discomfort, abdominal distention and physical exam and the ability to ambulate in a manner equivalent to pre-operative status.

(f) Post-operative complication rate will also be observed and monitored for Post-operative discomfort, bleeding, IV site infiltration or infection, and alterantion in respiratory status.

(g) Post-operative complications such as bleeding, pain or infection will also be monitored after discharge from the endoscopy unit per follow-up nursing phone call and or clinical follow-up.

(h) Monthly statistics will be reported as to the number of procedures performed, pre-operative indications, and post-operations findings.

(i) The number of complications including bleeding, infection, fever, etc. will also be maintained on a monthly basis or more frequently, if necessary.

Section 3. Should the expected complication rate be exceeded, an outside reviewer will be asked to review individual records pertaining to those cases that trigger quality screens.

(a) In terms of effectiveness of quality control, should any of the indicators be triggered and follow-up determines that quality problems exist, specific corrective guidelines will be set up.
(b) An outside reviewer will review these complications.

Section 4. All reports will be kept on file for not less than five years.

June 1995
Rev: MJ 10/06 CD 9/07 CD 9/08 CD 10/09 CD 10/10 CD 9/11 CD

Ocean State Endoscopy

148 West River Street Providence, RI 02904

QUALITY ASSURANCE PROGRAM FOR OCEAN STATE ENDOSCOPY PROTOCOL

PURPOSE: Review for quality issues:

I. Section 1. Evaluation of Nursing Assessment:

A.) Indications for procedure. Symptoms, findings appropriate for test.

B.) Preoperative assessment complete. Vitals stable, mental statue, bleeding, clotting risks. Medications, allergies, physical exam in the chart.

C.) Patient noted to be stable post procedure and signed off by physician.

D.) Complications - If any complications occur for a six month period individual incidence reports will be dictated in summary fashion.

E.) Nursing to compile reports of number of procedures done, number of complications by category.

F.) Random reviews of charts to be done twice yearly to check for:
   a. Completeness of charts.
   b. Above assessments.
   c. Appropriate follow-up orders.
   d. Clinical indications or triggers for review will include but not be limited to, at the present time, pain, bleeding fever, IV infiltration, compromise respiratory status, need for transfer to ER or follow-up X-rays.

Section 2. Primary initial responsibility: Director of Ocean State Endoscopy

Section 3. Monthly and quarterly reports of statistics of number of cases and complication rates.

Section 4. Bi-yearly review by a physician or nurse.

Section 5. Disciplinary actions to be imposed on physicians using the unit whose practice falls below the minimum standards.

II. Section 1. Flow sheets and statistics will be maintained on each individual patient and collected on a monthly and quarterly

basis. Such indicators as pre- operative diagnosis, bleeding, clotting, risks, need for antibiotic prophylaxis, mental status, medications, allergies, and past medical history will all be reviewed and checked off on appropriate forms. A complete physical exam will also be present on the chart prior to procedures.

Section 2. Flow sheets will be reviewed to assure they detail vital signs including blood pressure and pulse as well as oxygen saturation in appropriate situations. These will be done post-operative as well as assessment of mental status, pain, symptoms, discomfort, abdominal distention and physical exam and the ability to ambulate in a orderly fashion.

Section 3. Post-operative complication rate will also be observed and monitored as to Post-operative discomfort, bleeding, IV site infiltration or infection, and respiratory status.

Section 4. Post-operative complications, such as bleeding, pain or infection will also be monitored after discharge from the Endoscopy unit either on a clinical follow-up on follow-up questionnaires.

III. Section 1. Monthly statistics will be reported as to the number of procedures performed, pre-operative indications, and post-operation findings.

Section 2. The number of complications including bleeding, infection, fever, etc. will also be maintained on a monthly basis or more frequently, if necessary.

Section 3. Should the expected complication rate be exceeded, an outside reviewer will be asked to review individual records pertaining to those cases that trigger quality screens.

IV. Section 1. In terms of effectiveness of quality control, should any of the indicators be triggered and follow-up determine that quality problems exist, specific corrective guidelines will be set up. These will also be reviewed by an outside reviewer.

Section 2. All reports will be kept on file for not less that five years.

OSE: **6/95**
Revised: **5/97**
Revised: **5/01/98**
Revised: **8/01**
Revised: **10/02**
Revised: **9/06**
9/07 CA
10/08 GD
10/09 CA

OCEAN STATE ENDOSCOPY NURSING ASSESSMENT

DATE_____

Med.Rec.No._____
ADV. DIR——**Y**——**N**
Age_____

Procedure_____

REFERRING PHYSICIAN:_____ **PT. ID: TIme** _____ **Verbal** ____ **Wristband**____
REASON:_____ **PREP: NPO PREP:** _____ **PAIN**** _____ **ABD** _____
DENTURES: Y N GLASSES/CONTACTS/HEARING AIDES: Y N PROC.EXPLAINED_____ CONSENT SIGNED:_____
BP_____ Arm____ **P**____ **R**____ **T**___ **SAO2** ___ **MENTAL STATUS** ____ **PREGNANCY STATUS**_____ LMP_____

Medical History	YES	NO		YES	NO	Medications: See Medication Reconciliation Form	Pt. Stated Height & Weight:
DIABETES			SEIZURES			Surgery:	Allergies: Latex: yes no
GLAUCOMA			CARDIAC				
HYPERTENSION			HEPATITIS				
RESPIRATORY			ANTICOAGULANTS				
PROSTHESIS			OTHER				

OTHER_____
_____. SMOKER: Y N If yes, # of packs /day ____ If no, did you ever smoke? _____
IV ACESS/FLUID_____ **IV RATE**_____ **NURSE**_____

PROCEDURE ROOM Time_____ Endoscopist and Nurse: ID PT___, ID Procedure, ___Review Plan____
TIME OUT done at_____ Correct Pt._____ Correct Procedure: Colon_____ EGD_____
PROCEDURE START TIME_____ **BP**_____ **P**_____ **R**_____ **SaO_2**_____ **O_2**_____
PROCEDURE VITAL SIGN MONITORING-As per standards(Minimum q 5 mim.)
INTRA * LOC& **PAIN ASSESSMENT SEE SCALE ON REVERSE SIDE. **Use Initials for Pt. ID and VORB.**

Time	BP	HR	R	SaO2	*LOC	**PAIN		Time	Medication	DOSE	Route	**PAIN	Given By	Vorb^
									PRE OP:					
									INTRA OP					
									Demerol		IV			
									Versed		IV			
									Versed		IV			
									Versed		IV			
									Fentanyl		IV			
									Toprex Spray		PO			
									POST OP					

SPECIMEN: _____

Note:_____

Scope #_____ Cautery_____ Pad Site_____ Condition of Pad site_____ Abdomen_____

TIME ENDED:_____ **BP**_____ **P**_____**R**_____ **O_2 Sat**_____
Complications_____Y___ N LOC_____
Endoscopist: Reviewed plan of postoperative care __
Procedure & Protocol evaluated

_____
Nurse's Signature

PHYSICIAN_____

6] National Patient Safety Goals -2011-2012

NPSG 01.01.01	**Use at least two patient identifiers when providing care, treatment and services**
01.03.01	**Eliminate transfusion errors related to patient misidentification**
03.04.01	**Label all medications, medication containers, and other solutions on and off the sterile field in perioperative and other procedural settings**
03.05.01	**Reduce the likelihood of patient harm associated with the use of anticoagulant therapy**
03.07.01	**Maintain and communicate accurate patient medication information**
07.01.01	**Comply with either the current Centers for Disease Control (CDC) hand hygiene guidelines or the current World Health Organization (WHO) hand hygiene guidelines**
07.05.01	**Implement evidence-based practices for preventing surgical site infections**
UP 01.01.01	**Conduct a preprocedure verification process**
UP 01.02.01	**Mark the procedure site**
UP 01.03.01	**A time-out is performed before the procedure**

OCEAN STATE ENDOSCOPY INC.

HIPAA RULES AND REGULATIONS

1) Patients will sign consent forms at the time of visit and check to be sure a HIPPA form is filed for that patient, if not have, them sign a new one and circle the appropriate answers to the 2 questions. Some forms just need to be updated. Enter the answer to the HIPPA questions on the sticker in front of their medical record.

2) Use sliding glass doors at the secretary's desk to prevent listening from the waiting room.

3) Face computer terminals inward where patients cannot look at them closely.

4) It is ok to address patients by their name.

5) Limit telephone conversations at front desk or at the nurse's station re: test results or other personal information about patients. If it is necessary to discuss patient information to book a study etc. please use common sense in keeping your voice low. This can be difficult to do but the effort should be made.

6) Keeping voice low while discussing a patients diagnosis, procedure scheduling etc. any where in the building is very important to patient confidentiality.

7) Keep voices low behind curtains in recovery room, especially when discussing their medical issues.

8) Any staff member who is having a break or lunch in the kitchen while patients are in recovery needs to remember to keep voices low, not to discuss any patient details and when necessary, close the door.

9) Get permission from patients who want family members in recovery room with them after a procedure. Do not assume the person who is taking the patient home is wanted in recovery at the time the physician speaks to the patient, or at all. Please ask the patient for their preference.

10) Keep day log schedules out of view from any patient or visitor. Use binder in preop and fold logs over in recovery when necessary.

11) When leaving a post op follow up call message, be sure to check privacy consent form or sticker on front of their medical record. The patient may not allow us to leave messages on answering machines.

12) When speaking to a patient's interpreter, be sure to have that person explain to the patient that she/he is giving the interpreter permission to discuss confidential matters.

After reading, please initial:

Reviewed 12/12 cd

100% Recycled 30% PCW

SUBLEASE

This Sublease entered into as of the __ day of April, 2013, by and between Consutlants in Gastroenterology, Inc. ("Sublessor") and Bayside Endoscopy Center, LLC ("Subtenant").

W I T N E S S E T H:

WHEREAS, pursuant to that certain lease dated February 7, 2005 (the "Prime Lease"), West River Commerce Center, LLC ("Landlord") leased to Sublessor 10,475 rentable square feet of space (the "Prime Space") located at 148 West River Center, Suite 3, Providence, RI 02904, all as more particularly described in the Prime Lease attached hereto as Exhibit A; and

WHEREAS, Sublessor now desires to sublease the Prime Space to Subtenant and Subtenant desires to sublease the Prime Space from Sublessor; and

NOW, THEREFORE, in consideration of the premises contained herein and of other good and valuable consideration, the parties hereto agree as follows:

1. Sublease.

(a) For the rent and upon the terms and conditions set forth in the Prime Lease, Sublessor hereby subleases to Subtenant, and Subtenant hereby subleases from Sublessor, the Prime Space.

(b) Primacy and Incorporation of Prime Lease. This Sublease is subject and subordinate to the Prime Lease and Sublessor purports hereby to convey, and Subtenant takes hereby, no greater rights hereunder than those accorded to or taken by Sublessor as tenant under the terms of the Prime Lease during the Term. Except as otherwise expressly provided herein, or except as may be inapplicable or inconsistent with the other provisions hereof, all of the terms and provisions in the Prime Lease are incorporated herein by reference as if set forth herein in full and shall be applicable to this Sublease with the same force and effect as if Sublessor were the landlord under the Prime Lease and Subtenant were the tenant thereunder and the Prime Space were the Prime Premises. Unless otherwise expressly provided herein, all capitalized terms defined in the Prime Lease and used herein shall have the meanings ascribed to them in the Prime Lease. Except as otherwise expressly provided herein, Subtenant covenants with Sublessor to fully and faithfully perform all of Sublessor's obligations, covenants and conditions under the Prime Lease to be paid, performed and observed with respect to the Prime Space from and after the Commencement Date, and Sublessor covenants with Subtenant to fully and faithfully perform, or cause Landlord to fully and faithfully perform, all of Landlord's obligations, covenants and conditions under the Prime Lease to be paid, performed and observed with respect to the Prime Space from and after the Commencement Date.

This Sublease shall in all respects be subject to the Prime Lease and if the Prime Lease shall terminate during the term hereof, this Sublease shall terminate upon such termination date with the same force and effect and, except as otherwise provided herein, without liability to Sublessor, as if such termination date had been set forth herein as the date of termination hereof.

2. Term and Rent.

(a) Term and Rent. The Term and Base Rent shall be the same as set forth in the Prime Lease. Subtenant shall pay to Sublessor any and all Base Rent and additional payments set forth in the Prime Lease when and upon such terms as the Base Rent and additional payments are owed by the Sublessor to Landlord under the Prime Lease.

3. Subtenant Representations and Warranties. Subtenant represents and warrants to Sublessor as follows:

(a) Subtenant shall have no right to make or cause to be made any alterations to the Prime Space, to assign this Sublease, or to sublet the Prime Space;

(b) Subtenant represents that it will comply with any applicable provision of the Prime Lease;

(c) Subtenant agrees to take the Prime Space "as is" and agrees that Sublessor shall not be obligated to make any changes or alterations to the Prime Space in order to make them ready for occupancy by Subtenant;

5. Sublessor Representations and Warranties. Sublessor represents and warrants to Subtenant that it has the right to possession, use and occupancy of the Prime Space for the entire Term, and it knows of no facts whereby its right to possession, use and occupancy of the Premises might be terminated, canceled or forfeited.

6. Default and Termination.

(a) If Subtenant defaults in the payment of any rent due under this Sublease for ten (10) days after written notice of said default or if Subtenant defaults in the performance of any other obligation hereunder for a period of thirty (30) days after notice of default, Sublessor may terminate this Sublease.

(b) Upon the expiration or sooner termination of this Sublease, Subtenant shall surrender and deliver up the Prime Space together with any and all furniture, fixtures and personal property therein of the Sublessor in good order, condition and repair, ordinary wear and tear and damage by fire or unavoidable casualty excepted and shall execute any and all documents which Sublessor may deem necessary to effectuate the same. Notwithstanding any other provision of this Section, Subtenant shall have the option of removing its personal property including but not limited to computers, furniture, telephones and other office equipment upon the expiration or sooner termination of this Sublease.

7. Entire Understanding. This Sublease expresses the entire understanding between the parties and supersedes and preempts all prior agreements between the parties pertaining to the subject matter hereof. No change, modification or amendment of this Sublease shall be valid unless in writing and executed by the parties hereto.

8. Governing Law. This Sublease shall be governed by and construed in accordance with the laws of the State of Rhode Island.

9. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one instrument.

10. Notice. Any bill, statement, notice or other communication which either party may desire to provide to the other shall be sent registered or certified mail, return receipt requested, addressed to the other at the address set forth below. Either party may designate a new address by giving notice thereof in writing to the other party.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed or caused their duly authorized representatives to execute this Sublease as of the day and year first above written.

SUBTENANT

BAYSIDE ENDOSCOPY CENTER, LLC

By:_____

Print Name: _____

Title: _____

Address: _____

SUBLESSOR

CONSULTANTS IN GASTROENTEROLOGY, INC.

By:_____

Print Name: _____

Title: _____

Address: _____

EXHIBIT A

Prime Lease

30% PCW

28

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
Office of the Secretary of State

Matthew A. Brown
Secretary of State

CERTIFICATE OF AMENDMENT TO ARTICLES OF ORGANIZATION OF

33 Staniford Street, LLC

I, MATTHEW BROWN, Secretary of State of the State of Rhode Island and Providence Plantations, hereby certify that Articles of Amendment to Articles of Organization of

33 Staniford Street, LLC

a limited liability company, duly executed pursuant to the provisions of Chapter 7-16 of the General Laws, 1956, as amended, have been received in this office and are found to conform to law. The affixed is a duplicate of the Articles of Amendment to Articles of Organization.

WITNESS my hand and the seal of the State of Rhode Island and Providence Plantations this 1st day of December, 2003.

Matthew Brown
Secretary of State

By Kathleen McCaughey

SEAL OF THE STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS · 1636 ·

Certificate/Form 401
Revised: 01/99

Filing Fee: $50.00
(See footnote below)

ID Number: 134355

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Office of the Secretary of State
Corporations Division
100 North Main Street
Providence, Rhode Island 02903-1335

LIMITED LIABILITY COMPANY

ARTICLES OF AMENDMENT TO ARTICLES OF ORGANIZATION

(To Be Filed In Duplicate)

Pursuant to the provisions of Section 7-16-12 of the General Laws, 1956, as amended, the undersigned limited liability company hereby amends its Articles of Organization as follows:

1. The name of the limited liability company is:

   33 Staniford Street, LLC

2. The Articles of Organization of the limited liability company as amended or restated to date are amended as follows:

   [Insert Amendment(s)]

   (If additional space is required, please list on separate attachment)

   That the name of the company be changed to: Bayside Endoscopy Center, LLC

3. The effective date of this amendment, if later than the date of the filing of these Articles of Amendment, is:

   upon filing

   (not prior to, nor more than 30 days after, the filing of these Articles of Amendment)

Under penalty of perjury, I declare and affirm that I have examined these Articles of Amendment, including any accompanying attachments, and that all statements contained herein are true and correct.

Date: 12/1/03

33 Staniford Street, LLC
Print Name of Limited Liability Company

By _____
Signature of Authorized Person

FILED
2003

Filing fee footnote

If the purpose of this amendment is solely to indicate a change in managers pursuant to Section 7-16-12(a)(2), the filing fee shall be $10.00.

LMC
C1294

Form No. 401
Revised: 01/99

CONSENT TO USE OF NAME

Bayside Endoscopy Group, Inc., a Rhode Island profit corporation (ID#35085), located at 33 Staniford Street, Providence, Rhode Island hereby consents to the use of the name Bayside Endoscopy Center, LLC by Stephen D. Zubiago, Esq. of Nixon Peabody LLP to amend the name of 33 Staniford Street, LLC, a Rhode Island limited liability company.

Dated this 1ST day of December, 2003.

Bayside Endoscopy Group, Inc.

By: Nicholas A. Califano, MD
Its: President

Filing Fee: $150.00

ID Number: 134355

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Office of the Secretary of State
Corporations Division
100 North Main Street
Providence, Rhode Island 02903-1335

LIMITED LIABILITY COMPANY

ARTICLES OF ORGANIZATION

(To Be Filed In Duplicate)

Pursuant to the provisions of Chapter 7-16 of the General Laws, 1956, as amended, the following Articles of Organization are adopted for the limited liability company to be organized hereby:

1. The name of the limited liability company is:

   33 Staniford Street, LLC

2. The address of the limited liability company's resident agent in Rhode Island is:

   10 Weybosset Street (Street Address, not P.O. Box) **Providence** (City/Town), RI **02903** (Zip Code)

   and the name of the resident agent at such address is **CT Corporation System** (Name of Agent)

3. Under the terms of these Articles of Organization and any written operating agreement made or intended to be made, the limited liability company is intended to be treated for purposes of federal income taxation as:

   (Check one box only)

   ☑ a partnership *or* ☐ a corporation *or* ☐ disregarded as an entity separate from its member

4. The address of the principal office of the limited liability company if it is determined at the time of organization:

   40 Burton Hills Boulevard, Suite 500
   Nashville, Tennessee 37215
   (If not determined, so state)

5. The limited liability company has the purpose of engaging in any lawful business, and shall have perpetual existence until dissolved or terminated in accordance with Chapter 7-16, unless a more limited purpose or duration is set forth in paragraph 6 of these Articles of Organization.

FILED
AUG 26 2003
By Emc
C3974

Form No. 400
Revised: 10/15/02

6. Additional provisions, if any, not inconsistent with law, which the members elect to have set forth in these Articles of Organization, including, but not limited to, any limitation of the purposes or duration for which the limited liability company is formed, and any other provision which may be included in an operating agreement:

See Exhibit A Attached hereto.

7. The limited liability company is to be managed by:

(Check one box only)

☐ its members *or* ☑ by one (1) or more managers

8. If the limited liability company has managers at the time of filing these Articles of Organization, state the name and address of each manager:

Manager	Address
SARC/Providence, Inc.	**40 Burton Hills Boulevard, Suite 500, Nashville, TN 37125**

9. The date these Articles of Organization are to become effective, if later than the date of filing, is:

upon filing

(not prior to, nor more than 30 days after, the filing of these Articles of Organization)

Under penalty of perjury, I declare and affirm that I have examined these Articles of Organization, including any accompanying attachments, and that all statements contained herein are true and correct.

Date: **August 26, 2003**

Joseph B. White

Signature of Authorized Person

EXHIBIT A

Article Sixth: Additional provisions not inconsistent with law set forth in these Articles of Organization:

I. A manager of the limited liability company shall not be personally liable to the limited liability company or to its members for monetary damages for breach of any duty provided for in Section 17 of the Rhode Island Limited Liability Company Act, as may hereafter be amended (the "Act"), except for (i) liability for breach of the manager's duty of loyalty to the limited liability company or its members, (ii) liability for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) liability imposed pursuant to the provisions of Section 32 of the Act, or (iv) liability for any transaction from which the manager derived an improper personal benefit, unless said transaction was with the informed consent of the members or a majority of the disinterested managers.

II. (A) The members of the limited liability company may include provisions in the limited liability company's operating agreement, or the managers may authorize agreements to be entered into with each member, manager, agent or employee, past or present, of the limited liability company (an "Indemnified Person"), for the purpose of indemnifying an Indemnified Person in the manner and to the extent permitted by the Act.

(B) In addition to the authority conferred upon the members and managers of the limited liability company by the foregoing paragraph (A), the members of the limited liability company may include provisions in the operating agreement, or the managers may authorize agreements to be entered into with each Indemnified Person, for the purpose of indemnifying such person in the manner and to the extent provided herein:

(i) The operating agreement provisions or agreements authorized hereby may provide that the limited liability company shall, subject to the provisions of this Article Sixth II(B), pay, on behalf of an Indemnified Person any Loss or Expenses arising from any claim or claims which are made against the Indemnified Persons (whether individually or jointly with other Indemnified Persons) by reason of any Covered Act of the Indemnified Person.

(1) "Manager(s)" means any or all of the managers of the limited liability company or those one or more members or other persons who are exercising any powers normally vested in the managers;

(2) "Loss" means any amount which an Indemnified Person is legally obligated to pay for any claim for Covered Acts and shall include, without being limited to, damages, settlements, fines, penalties or with respect to employee benefit plans, excise taxes;

(3) "Expenses" means any expenses incurred in connection with the defense any claim for Covered Acts, including, without being limited to, legal, accounting or investigative fees and expenses or bonds necessary to pursue an appeal of an adverse judgment; and

(4) "Covered Act" means any act or omission by the Indemnified Person in the Indemnified Person's official capacity with the limited liability company and while serving as such or while serving at the request of the limited liability company as a member of the governing body, manager, officer, employee or agent or another limited liability company, corporation, partnership, joint venture, trust, other entity or enterprise, including, but not limited to any entities and enterprises which are subsidiaries or affiliates of the limited liability company, or employee benefit plan.

(iii) The operating agreement provisions or agreements authorized hereby may cover Loss or Expenses arising from any claim made against a retired Indemnified Person, the estate, heirs or legal representative of a deceased Indemnified person or the legal representative of an incompetent, insolvent or bankrupt Indemnified Person, where the Indemnified person was an Indemnified Person at the time the Covered Act upon which such claims are based occurred.

(iv) Any operating agreement provisions or agreements authorized hereby may provide for the advancement of Expenses to an Indemnified Person prior to the final disposition of any section, suit or proceeding, or any appeal therefrom, involving each Indemnified Person and based on the alleged commission by such Indemnified Person of a Covered Act, subject to an undertaking by or on behalf of such Indemnified Person to repay the same to the limited liability company if the Covered Act involves a claim for which indemnification is not permitted under clause (v) below, and the final disposition of such action, suit, proceeding or appeal results in an adjudication adverse to such Indemnified Person.

(v) The operating agreement provisions or agreements authorized hereby may not indemnify an Indemnified Person from and against any Loss, and the limited liability company shall not reimburse for any expenses, in connection with any claim or claims made against an Indemnified Person which the limited liability company has determined to have resulted from: (1) any breach of the Indemnified Person's duty of loyalty to the limited liability company or its members; (2) acts or omission not in good faith or which involve intentional misconduct or knowing violation of law; (3) action contravening Section 17 of the Act; or (4) a transaction from which the person seeking indemnification derived an improper personal benefit.

THE MEMBERSHIP INTERESTS CREATED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE RHODE ISLAND SECURITIES ACT AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SUCH ACTS. EXCEPT AS SPECIFICALLY OTHERWISE PROVIDED IN THIS AGREEMENT, THE INTERESTS MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED WITHOUT REGISTRATION UNDER SUCH ACTS OR AN OPINION OF COUNSEL THAT SUCH TRANSFER MAY BE LEGALLY EFFECTED WITHOUT SUCH REGISTRATION. ADDITIONAL RESTRICTIONS ON TRANSFER AND SALE ARE SET FORTH IN THIS AGREEMENT.

SECOND AMENDED AND RESTATED

OPERATING AGREEMENT

OF

BAYSIDE ENDOSCOPY CENTER, LLC

(a Rhode Island Limited Liability Company)

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SECOND AMENDED AND RESTATED

OPERATING AGREEMENT

OF

BAYSIDE ENDOSCOPY CENTER, LLC
(a Rhode Island Limited Liability Company)

THIS SECOND AMENDED AND RESTATED OPERATING AGREEMENT ("Agreement") is entered into and shall be effective as of the ____ day of _____, 2013 (the "Effective Date"), by and between SARC/PROVIDENCE, LLC., a Tennessee limited liability company ("Symbion"), BAYSIDE ENDOSCOPY GROUP, INC., a Rhode Island corporation ("Bayside"), KENT, LLC, a Rhode Island limited liability company ("Kent"), OCEAN STATE ENDOSCOPY HOLDINGS, LLC, a Rhode Island limited liability company ("OSEH"), and the persons admitted to the Company as members who shall be identified on Schedule 1, as amended from time to time.

W I T N E S S E T H:

WHEREAS, the Company is a limited liability company formed under and pursuant to the Rhode Island Limited Liability Company Act; and

WHEREAS, the Members desire to set forth herein their respective relationships, rights, obligations and agreements with respect to the Company and the governance thereof.

NOW, THEREFORE, for and in consideration of the premises, agreements and covenants hereinafter set forth and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Members agree as follows:

1. DEFINITIONS.

As used herein the following terms have the following meanings. The definitions in this Article 1 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms.

1.1. **"Act"** means the Rhode Island Limited Liability Company Act, as amended from time to time.

1.2. **Adjusted Capital Contribution"** shall mean the Capital Contribution (as defined below) of a Member reduced, but not below zero, by cash distributions to such Member and tax losses allocated to such Member. A substitute Member shall succeed to the Adjusted Capital Contribution of his predecessor.

1.3. **"Affiliate"** means, with respect to any Person, (i) any person directly or indirectly controlling, controlled by or under common control with such Person; (ii) any person owning or controlling ten percent (10%) or more of the outstanding voting securities of such Person (iii) any officer, director or partner of such Person; (iv) any company in which such Person is an officer, director or partner and (v) in the case of a Class A Member

or Class C Member, also includes (a) a Family Member of such Class A Member or Class C Member, as applicable; (b) any trust for the benefit of such Class A Member or Class C Member, as applicable; (c) any Affiliate of a Family Member and (d) any entity through or to which the Class A Member or Class C Member, as applicable, provides medical services.

1.4. "**Agreement**" means this Second Amended and Restated Operating Agreement of Bayside Endoscopy Center, LLC, including all Schedules hereto, as such Agreement or Schedules may be amended from time to time pursuant to Section 16.2 hereof.

1.5. "**Annual Business Plan**" has the meaning set forth in Section 8.3.

1.6. "**Approval of the Governing Board**", "**Approved by the Governing Board**" and similar expressions mean approval given by not less than a majority of the Governors.

1.7. "**Approval of the Members**" or "**Approved by the Members**" means the approval of at least eighty percent (80%) of the aggregate Voting Percentages of all Members entitled to vote thereon.

1.8. "**Articles**" means the Articles of Organization of the Company, as heretofore or hereafter amended.

1.9. "**Bankruptcy**" means, as to any Member, the Member's taking or acquiescing to the taking of any action seeking relief under, or advantage of, any applicable debtor relief, liquidation, receivership, conservatorship, bankruptcy, moratorium, rearrangement, insolvency, reorganization or similar law affecting the rights or remedies of creditors generally, as in effect from time to time. For the purpose of this definition, the term "acquiescing" shall include, without limitation, the failure to file within the time specified by law, an answer or opposition to any proceeding against such Member under any such law and a failure to file, within thirty (30) days after its entry, a petition, answer or motion to vacate or to discharge any order, judgment or decree providing for any relief under any such law.

1.10. "**Bayside**" means Bayside Endoscopy Group, Inc., a Rhode Island corporation.

1.11. "**Bayside Investor**" means a licensed physician who is actively practicing clinical medicine in the State of Rhode Island, who has staff privileges at the Providence Center and who is a member of University Gastroenterology, LLC.

1.12. "**Capital Account**" means, as to each Member, an account which is increased by his Capital Contribution and allocations of Net Profit and items thereof to him and decreased by distributions and allocations of Net Loss and items thereof to him and otherwise maintained in accordance with the Code and Treasury Regulation Section 1.704-1(b) as determined necessary by the Class B Member so that such allocations in Article III of this Agreement are respected for federal income tax purposes.

1.13. "**Capital Contribution**" means of, or in respect of, any Member or of such Member the amount of all cash, notes, and the fair market value of other property, tangible or intangible, contributed by such Member to the capital of the Company.

1.14. "**Cash Available for Distribution-Kent**" means all cash funds of the Company on hand or in bank accounts beneficially owned by the Company and generated from the Kent Center, other than proceeds received from the sale of Units after the date hereof, less the sum of the following to the extent paid or set aside, in such amounts and for such time periods as the Manager deems appropriate, by the Company:

(a) All regularly scheduled principal and interest payments on indebtedness of the Company and all other sums paid to lenders related to the Kent Center;

(b) All cash expenditures incurred incidental to the general operation of the Company's business pursuant to the operating and capital budgets allocable to the Kent Center; and

(c) The Reserve established for the Kent Center.

1.15. "**Cash Available for Distribution-OSEH**" means all cash funds of the Company on hand or in bank accounts beneficially owned by the Company and generated from the OSEH Center, other than proceeds received from the sale of Units after the date hereof, less the sum of the following to the extent paid or set aside, in such amounts and for such time periods as the Manager deems appropriate, by the Company:

(a) All regularly scheduled principal and interest payments on indebtedness of the Company and all other sums paid to lenders related to the OSEH Center;

(b) All cash expenditures incurred incidental to the general operation of the Company's business pursuant to the operating and capital budgets allocable to the OSEH Center; and

(c) The Reserve established for the OSEH Center.

1.16. "**Cash Available for Distribution-Providence**" means all cash funds of the Company on hand or in bank accounts beneficially owned by the Company and generated from the Providence Center, other than proceeds received from the sale of Units after the date hereof, less the sum of the following to the extent paid or set aside, in such amounts and for such time periods as the Manager deems appropriate, by the Company:

(a) All regularly scheduled principal and interest payments on indebtedness of the Company and all other sums paid to lenders related to the Providence Center;

(b) All cash expenditures incurred incidental to the general operation of the Company's business pursuant to the operating and capital budgets allocable to the Providence Center; and

(c) The Reserve established for the Providence Center.

1.17. "**Class A Governors**" means the members of the Governing Board elected or appointed from time to time by the Class A Members, the number of which shall be determined pursuant to Section 12.1.

1.18. "**Class B Governors**" means the members of the Governing Board elected or appointed from time to time by Symbion or any Affiliate of Symbion, the number of which shall be determined pursuant to Section 12.1.

1.19. "**Class A Member**" means Bayside Endoscopy Group, Inc.

1.20. "**Class B Member**" means Symbion and/or any Affiliate of Symbion which holds a Unit(s), and/or the SARC Pledgee or Permitted Pledgee Transferee as defined in Section 13.1, as applicable.

1.21. "**Class C Members**" means any Physician Investor or Physician Entity who or that holds Class C Units.

1.22. "**Class D Member**" means Kent.

1.23. "**Class E Member**" means OSEH.

1.24. "**Code**" means the Internal Revenue Code of 1986, as amended from time to time. All references herein to Sections of the Code shall include any provision or any corresponding provisions of succeeding law.

1.25. "**Company**" means Bayside Endoscopy Center, LLC, a Rhode Island limited liability company, the business and affairs of which are governed by this Agreement.

1.26. "**Competing Business**" means any health care business which provides a facility in which surgical procedures are performed and shall include, without limitation, a specialty hospital, hospital or ambulatory surgery center; provided, however, the private practice of a physician will not be a Competing Business as long as substantively all of the physician's professional services are rendered through such practice and such practice only performs surgeries which do not (i) require a separate license, (ii) require the presence of an anesthesiologist, (iii) involve conscious sedation or (iv) generate a separate facility fee.

1.27. "**Family Member**" means a person's siblings, ancestors and lineal descendants, as well as the spouse of each, and such person's spouse.

1.28. "**Fiscal Year**" means (a) the period commencing on the effective date of this Agreement and ending on December 31, (b) any subsequent twelve (12) month period commencing on January 1 and ending on December 31, or (c) any portion of the period described in clause (b) for which the Company is required to allocate Net Profits, Net Losses and other items of Company income, gain, loss or deduction pursuant to Article 15 hereof.

1.29. "**Formula Value-Providence**" means the positive difference between (x) the product of four (4) times Trailing EBITDA-Providence, minus (y) the Company's long-term indebtedness, including the current portion of long-term indebtedness, allocable to the Providence Center as determined by the Manager.

1.30. "**GAAP**" means generally accepted accounting principles as determined by the Governing Board, applied on a consistent basis.

1.31. "**Governing Board**" has the meaning set forth in Section 12.1.

1.32. "**Governors**" means the Class B Governors and the Class A Governors.

1.33. "**Kent Center**" means a free-standing ambulatory surgical center located at Building #4, 1405 South County Trail, East Greenwich, Rhode Island.

1.34. "**Management Agreement-Providence**" means that certain Management Agreement by and between SymbionARC Management Services, Inc. (or its Affiliate or proper designee) and the Company relating to the Providence Center.

1.35. "**Management Agreement-Kent**" means that certain Management Agreement by and between SymbionARC Management Services, Inc. (or its Affiliate or proper designee) and the Company relating to Kent Center.

1.36. "**Management Agreement-OSEH**" means that certain Management Agreement by and between SymbionARC Management Services, Inc. (or its Affiliate or proper designee) and the Company relating to OSEH Center.

1.37. "**Manager**" means Symbion or any replacement manager of the Company Approved by the Governing Board.

1.38. "**Member**" means any Class A Member, Class B Member, Class C Member, Class D Member or Class E Member or Substituted Member as set forth on Schedule 1 as amended from time to time, but excludes any Person who ceases to be a Member of the Company pursuant to this Agreement. "Members" means all of the Persons who are members of the Company.

1.39. "**Membership Interest**" shall mean a Member's interest in the Company, including the Member's right to vote on or participate in governance or management of the Company.

1.40. "**Multi-Facility Transaction**" shall mean any transaction in which the Class B Member or any of its Affiliates acquires, invests in, is acquired by or is combined with a Person which, directly or indirectly, has an interest in or manages two or more ambulatory surgery centers if at least one of those centers either does not perform endoscopy procedures or is located within a radius of thirty (30) miles or more from the Providence Center, the Kent Center or the OSEH Center.

1.41. "**Net Book Value**" means the book value of the Company's assets less the Company's liabilities as determined by the Company's regular accountant in accordance with GAAP.

1.42. "**Net Profits**" and "**Net Losses**" means, for each Fiscal Year, an amount equal to the Company's taxable income or loss for such Fiscal Year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(i) any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Net Profits or Net Losses shall be added to such taxable income or loss;

(ii) any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-(1)(b)(2)(iv)(i), and not otherwise taken into account in computing Net Profits or Net Losses shall be subtracted from such taxable income or loss;

(iii) if the book value of property is adjusted pursuant to Treasury Regulation Sections 1.704-1(b)(2)(iv)(f) or (e), such adjustment shall be taken into account as gain or loss from the disposition of an asset and, in lieu of depreciation as calculated for federal income tax purposes, subsequently such deductions shall be computed in accordance with Treasury Regulation Sections 1.704-1(b)(2)(iv)(g)(3) or 1.704-3(d)(2), as the case may be. Subsequent calculating of gain or loss resulting from the disposition of an asset for federal income tax purposes shall be computed by reference to its book value as reflected in Members' Capital Accounts rather than its adjusted tax basis.

(iv) to the extent an adjustment to the tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Net Profits and Net Losses; and

(v) any items which are specially allocated pursuant to Section 5.4 hereof shall not be taken into account in computing Net Profits or Net Losses.

The amount of items of Company income, gain, loss or deduction available to be specially allocated pursuant to Sections 5.2(b), 5.3, 5.4 and 5.8 shall be determined by applying rules analogous to those set forth in paragraphs (i) through [(iv)][(v)][?].

1.43. "**OSEH Center**" means a free-standing ambulatory surgical center located at 148 West River Street, Suite 3, Providence, Rhode Island.

1.44. "**Owner**" shall mean a shareholder, member, partner or other owner of a Physician Entity.

1.45. "**Owner Non-Competition Agreement**" shall mean a written agreement between an Owner and the Company in the form of Exhibit A hereto.

1.46. "**Parent**" means Symbion, Inc., a Tennessee corporation.

1.47. "**Person**" means any individual, partnership, corporation, trust, limited liability company or other entity.

1.48. "**Physician Entity**" shall mean an entity wholly-owned by Physician Investors or, with respect to Bayside, Bayside Investors.

1.49. "**Physician Investors**" means licensed physicians actively practicing full-time clinical medicine in the State of Rhode Island who have staff privileges at the Providence Center, the Kent Center or the OSEH Center and who utilize the Providence Center, the Kent Center or the OSEH Center in the manner required by the Governing Board, in its discretion and in accordance with applicable law, as an extension of their private practices.

1.50. "**Providence Center**" means a free-standing ambulatory surgical center located at 33 Staniford Street, Providence, Rhode Island.

1.51. "**Regulations**" means, except as expressly provided to the contrary herein, the regulations promulgated by the United States Department of the Treasury pursuant to and in respect of provisions of the Code. Unless otherwise provided herein and subject to applicable transition rules, if any, all references to sections of the Regulations shall include any corresponding provision or provisions of succeeding, substitute, proposed, or final Regulations the effective dates of which are applicable to the Company.

1.52. "**Reserve**" means a cash reserve equal to (x) sixty (60) days of the Company's operating expenses plus (y) sixty (60) days of the Company's debt service payments, or such other amount as determined by the Manager.

1.53. "**Sharing Percentage-Providence**" means, as to a Member, the percentage obtained by dividing the number of Class A Units or Class B Units owned by such Member by the total number of Class A Units and Class B Units owned by all the Class A and Class B Members.

1.54. "**Substituted Member**" means any Person admitted to the Company as a Member pursuant to Section 13.2.

1.55. "**Symbion**" means SARC/Providence, Inc., a Tennessee corporation, and any successor thereto.

1.56. "**Syndication Expenses**" means direct costs and expenses incurred with respect to the issuance by the Company of ownership interests in the Company (including Units redeemed or repurchased by the Company and reissued), including, without limitation, printing and copy costs, attorneys' fees, accounting fees and broker/dealer and placement fees, but excluding the costs and expenses incurred in connection with the initial issuance of Units to Bayside and Symbion on the date hereof as described in Section 4.1.

1.57. "**Terminating Event**" means any of the following:

(i) A Class A Member or Class C Member has breached the terms and conditions of this Agreement in any material respects (provided, however, that any breach of Section 10.3 shall be deemed to be a material breach of this Agreement), as determined in the reasonable discretion of the Governing Board, including without limitation, violating the restrictions with respect to ownership of an interest in a Competing Business or a breach of the transfer restrictions set forth in Article 10;

(ii) A Class A Member or Class C Member, or with respect to any Class C Member which is a Physician Entity any Owner of that Physician Entity, has disrupted the affairs of the Company in any material respects or has acted adversely

to the best interests of the Company in any material respects, as determined in the reasonable discretion of the Governing Board;

(iii) A Class C Member who is a Physician Investor ceases to qualify as a Physician Investor, as determined in the reasonable discretion of the Governing Board, or fails to promptly certify to the Company upon the Company's reasonable request that such Class C Member qualifies as a Physician Investor;

(iv) A Class A Member or Class C Member that is a Physician Entity ceases to qualify as a Physician Entity, as determined in the reasonable discretion of the Governing Board, or fails to promptly certify to the Company upon the Company's reasonable request that such Class A Member or Class C Member, as applicable, qualifies as a Physician Entity;

(v) With respect to a Class A Member or Class C Member that is a Physician Entity, the Physician Entity's admission of any Owner who does not qualify as a Physician Investor or, with respect to Bayside, a Bayside Investor, and/or who does not execute the Owner Non-Competition Agreement and deliver it to the Company within thirty (30) days after his admission as or otherwise becoming an Owner of the Physician Entity;

(vi) Bankruptcy of a Class A Member or Class C Member, or, with respect to any Class C Member which is a Physician Entity, any Owner of that Physician Entity;

(vii) Death or disability (as such disability is determined in the reasonable discretion of the Governing Board) of a Class C Member, or, with respect to any Class C Member which is a Physician Entity, any Owner of that Physician Entity; and

(viii) Retirement of a Class C Member, or with respect to any Class C Member which is a Physician Entity, any Owner of that Physician Entity.

1.58. "**Trailing EBITDA-Providence**" means the earnings before depreciation, interest, taxes and amortization of the Company from the Providence Center for the most recently ended Fiscal Year, all of which components shall be determined by the Governing Board in accordance with GAAP.

1.59. "**Transfer**" means any involuntary or voluntary sale, lease, pledge, assignment, grant of a security interest, subcontract, dividend, merger, consolidation, gift or other disposition, direct or indirect, by operation of law or otherwise. A change in ownership of Parent, or its successor, including a change of control, or a sale by Parent, or its successor, of all, or substantially all of its assets shall not be treated as a Transfer of Symbion's Units.

1.60. "**Unit**" means a unit of issued and outstanding Membership Interest in the Company. "**Class A Units,**" "**Class B Units,**" "**Class C Units,**" "**Class D Units**" or "**Class E Units**" means Units held by Class A Members, Class B Members, Class C Members, Class D Members and Class E Member, respectively. Class A Units and Class C Units acquired by Symbion, or any Affiliate of Symbion, shall automatically become Class B Units. Class B Units that are transferred, sold or assigned by Symbion to a Physician

Investor or Physician Entity, or Class B Units that are redeemed or repurchased by the Company from Symbion and concurrently reissued to a Physician Investor or Physician Entity, shall automatically become Class C Units, unless otherwise expressly approved by the affirmative vote of at least 80% of the members of the Governing Board. The Company is authorized to issue up to one thousand one hundred sixty-six (1,066) Units.

1.61. **"Voting Percentage"** shall mean the fraction with a numerator equal to the total number of Units held by a Member and a denominator equal to the total number of Units outstanding.

2. ORGANIZATION

2.1. **Formation**. The Company was formed pursuant to the Act by causing the Articles to be filed with the Rhode Island Secretary of State. Except as stated in this Agreement, the Act and the Articles shall govern the rights and liabilities of the Members.

2.2. **Name**. The name of the Company is "Bayside Endoscopy Center, LLC", and the business of the Company shall be conducted under that name or such other name or names as may be Approved by the Governing Board from time to time.

2.3. **Principal Office**. The principal office of the Company shall be located at 33 Staniford Street, Providence, Rhode Island 02905, or at such other place or places as may be Approved by the Governing Board from time to time.

2.4. **Term**. The Company was formed on August 26, 2003, the date the Articles were filed with the Rhode Island Secretary of State, and shall continue until the date on which the Company is dissolved pursuant to Article 16 and thereafter, to the extent provided for by applicable law, until wound up and terminated pursuant to Article 16 hereof.

2.5. **Registered Agent and Office**. The registered agent of the Company in the State of Rhode Island shall be the Manager, and the registered office of the Company in the State of Rhode Island shall be located at 33 Staniford Street, Providence, Rhode Island 02905. The registered offices or the registered agents, or both, may be changed by the Manager from time to time upon filing the statement required by the Act. The Company shall maintain at its registered office such records as may be specified by the Act.

2.6. **No State Law Partnership**. The Members intend that the Company not be a partnership or joint venture and that no Member be a partner or joint venturer of any other Member as a result of being Members, for any purposes other than federal and state tax purposes, and this Agreement shall not be construed to suggest otherwise.

3. PURPOSES AND POWERS OF THE COMPANY; NATURE OF THE BUSINESS OF THE COMPANY

3.1. **Purposes**. The purposes of the Company are (i) to own, manage, operate, lease or take any action in connection with operating the Providence Center, the Kent Center and the OSEH Center and other healthcare related services and businesses; (ii) to acquire (through asset acquisition, stock acquisition, lease or otherwise) and develop other property, both real and personal, in connection with providing healthcare related services; (iii) to enter into, from time to time, such financial arrangements as may be necessary,

appropriate or advisable, including, without limitation, borrowing money and issuing evidences of indebtedness and securing the same by mortgage, deed of trust, security interest or other encumbrance upon one or more or all of the Company's assets; (iv) to sell, assign, lease, exchange or otherwise dispose of, or refinance or additionally finance, one or more or all of the Company's assets; and (v) generally to engage in such other business and activities and to do any and all other acts and things in furtherance of the purposes of the Company as set forth in this Section 3.1 (subject to the provisions of this Agreement).

3.2. **Powers**. Subject to the limitations contained in this Agreement and in the Act, the purposes of the Company may be accomplished by the Governing Board or, to the extent specifically set forth herein, the Manager.

3.3 **Separateness and Operations.** Notwithstanding any other provision of this Agreement to the contrary, the Company shall:

(a) maintain a separate set of books and records for the Providence Center, a separate set of books and records for the Kent Center and a separate set of books and records for the OSEH Center, and in each case, such books and records shall be separate from those of any other Person;

(b) maintain bank accounts separate from those of any other Person;

(c) hold regular Company meetings, as appropriate, to conduct the business of the Company, and observe all other Company formalities;

(d) hold itself out to creditors and the public as a legal entity separate and distinct from any other entity;

(e) prepare separate tax returns and financial statements, or, if part of a consolidated group, then it will be shown as a separate member of such group;

(f) allocate and charge fairly and reasonably any common employee or overhead shared with Affiliates;

(g) transact all business with Affiliates on an arm's-length basis and pursuant to enforceable agreements;

(h) conduct business in its own name and use separate stationery, invoices and checks;

(i) not commingle its assets or funds with those of any other Person (unless approved in advance by the Governing Board upon the affirmative vote of at least 80% of the members of the Governing Board); and

(j) except as provided in this Agreement, not assume, guarantee or pay the debts or obligations of any other Person.

4. CAPITAL CONTRIBUTIONS, LOANS, CAPITAL ACCOUNTS

4.1. **Ownership Interests**. Until such time as additional classes are established by the Governing Board, the Company shall have five (5) classes of Members. The classes of Members shall be designated as the "Class A Members," "Class B Members," "Class C Members," "Class D Members" and "Class E Members." On the date of this Agreement, Bayside owns (i) two hundred fifty (250) Class A Units and (ii) Symbion owns seven hundred fifty (750) Class B Units. In addition, the Company has issued sixty-six (66) Class D Units to Kent in consideration of the amounts set forth on Schedule 1 and will issue one hundred (100) Class E Units to OSEH in consideration of the amounts set forth on Schedule 1. Units issued after the date hereof shall be issued at such price as determined by the Company. Schedule 1 shall be amended to reflect all issuances and transfers of Units. The Company is authorized to issue a maximum of one thousand one hundred sixty-six (1,166) Units.

4.2. **Additional Contributions**. No Member shall be required to make any Additional Capital Contributions to the Company.

4.3 **No Interest or Right to Withdraw**. No Member shall have the right to demand the return of, or otherwise withdraw, his contribution or to receive any specific property of the Company except as specifically provided in this Agreement. No Member shall have the right to demand and receive property other than cash in return for his contributions. No interest shall be paid on Capital Contributions or on balances in the Capital Accounts.

4.4 **Capital Accounts**. The Company will maintain a Capital Account for each Member.

4.5 **Effect of Transfer of Units**. Upon the transfer by any Member of any or all of his interest in the Units, or any fraction thereof, pursuant to the provisions of this Agreement, the proportionate amount of his respective Capital Account balance, shall be transferred to the transferee of such Unit; provided, however, that no transfer of any Unit shall, in and of itself, relieve the transferor of any obligation to the Company.

4.6 **No Negative Capital Account Make-up**. Notwithstanding any other provision in this Agreement or any inference from any provision in this Agreement, no Member shall have an obligation to the Company, to the other Members or to third parties to restore a negative Capital Account balance during the existence of the Company or upon the dissolution or termination of the Company.

5. ALLOCATION OF INCOME AND LOSS

5.1 **Allocation of Net Profit and Net Loss**.

(a) All Net Profit or Net Loss of the Company, except those arising on the Company's liquidation or the sale of all or substantially all of its assets, and all items of income, gain, deduction and loss entering into the determination of such Net Profit or Net Loss shall be calculated separately for the Kent Center, OSEH Center and Providence Center. All such amounts calculated with respect to the Kent Center will be allocated to the Class D Member. All such amounts calculated with respect to the OSEH Center will be allocated to the Class E Member. All such amounts calculated with respect to the

Providence Center shall be allocated between the Class A Member and the Class B Member in accordance with their Sharing Percentage-Providence.

(b) Upon the Company's liquidation, or sale of all, or substantially all of its assets, all items of gain, income, deduction and loss will be specifically allocated among the Members so as to cause each Member's ending Capital Account balance to be equal to the amount of distribution, such Member would be entitled to if all such proceeds related to the Kent Center and any assets held by the Company related to the Kent Center were distributed to the Class D Member, all such proceeds related to the OSEH Center and any assets held by the Company related to the OSEH Center were distributed to the Class E Member and all of such proceeds related to the Providence Center and any assets held by the Company related to the Providence Center were distributed among the Members in accordance with their Sharing Percentage-Providence.

5.2 **Curative Allocations**. If any special allocation of gain, income, loss or deduction is made pursuant to Treasury Regulation Sections 1.704-1(b) or 1.704-2 (the "Regulatory Allocations") with respect to one or more Members, then gross income, gain, loss and deduction shall be allocated by the Manager to the extent permitted by Treasury Regulation Section 1.704-1 and Code § 704 and related provisions, in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if no Regulatory Allocations were made.

5.3 **Section 704(c) Allocations Code**. Income, gain, loss and deduction as computed for income tax purposes with respect to Company property subject to Code Section 704(c) and/or Treasury Regulation Sections 1.704-1(b)(2)(iv)(f) shall be allocated in accordance with said Code Section and/or Treasury Regulation Sections 1.704-1(b)(4)(i), as the case may be, using any reasonable method permitted or Treasury Regulation Sections 1.704-3 that is selected by the Manager. Allocations made pursuant to this paragraph shall not affect the Capital Account of the Members.

5.4 **Allocations in Case of Transfers**. Except as provided below, Net Profit and Net Loss, and items of income, gain, deduction and loss allocable to any Member whose Units have been transferred, in whole or in part, during any Fiscal Year shall be allocated among the persons who were the holders of such Units during such year in proportion to their respective holding periods, without separate determination of the results of Company operations during such periods. Net Profit, Net Loss, and items of income, gain, deduction and loss, attributable to a sale or other disposition of all or any portion of the assets of the Company shall be allocated to those Members who were Members at the time of the occurrence of the disposition giving rise to such Net Profit, Net Loss and items of income, gain and loss.

5.5 **Interpretation**. The provisions of this Article V are intended to comply with Treasury Regulation Sections 1.704-1(b), 1.704-2 and 1.704-3 and any successor regulations, and shall be defined and interpreted consistently with this intention and the Manager shall make such special allocations reasonably determined necessary by the Manager for the allocations of income and loss to be respected for federal income tax purposes pursuant to Treasury Regulation Section 1.704-1(b) and 1.704-2 (i.e., loss limitations, qualified income offset, minimum gain chargebacks, and non-recourse deductions)

5.6 **Syndication Expenses**. Syndication Expenses for any Fiscal Year shall be specially allocated to the Members in proportion to their ownership of Units, provided that if additional Members are admitted to the Company on different dates, all Syndication Expenses shall be divided among the Members who own Units from time to time so that, to the extent possible, the cumulative amount of the Syndication Expenses allocated with respect to each Unit held by a Member at any time is the same amount. In the event the Manager determines that such result is not likely to be achieved through future allocations of Syndication Expenses, the Manager may allocate other items of income, gain, deduction or loss so as to achieve the same effect on the Capital Accounts of the Members.

5.7 **Allocations Relating to Taxable Issuance of Company Interests**. Any income, gain, loss or deduction realized as a direct or indirect result of the issuance of an interest in the Company to a Member (the "Issuance Items") shall be allocated among the Members so that, to the extent possible, the net amount of such Issuance Items, together with all other allocations under this Agreement to each Member, shall be equal to the net amount that would have been allocated to each such Member if the Issuance Items had not been realized.

5.8 **Modification**. The Manager may modify the provisions of this Article V or any other provisions of this Agreement without the consent of the Members if, after consultation with counsel to the Company, the Manager reasonably and in good faith determines that such modification is necessary to (a) cause the allocations contained in this Article V to have substantial economic effect or otherwise be respected for Federal Income Tax purposes under Section 704 of the Code; (b) cause the allocation of Net Profits and Net Losses or items thereof under Section 5.1 to conform, in accordance with the requirements of Section 704 of the Code, to the distributions provided in Section 6.1; or (c) cause the provisions of the Agreement to comply with any applicable legislation, regulation or rule enacted or promulgated after the date of this Agreement, which change is necessary to enable the Company to carry out its purposes in the manner contemplated by this Agreement. Any such amendment shall be so as to cause the least significant deviation from the provisions of this Agreement as originally set forth.

6. DISTRIBUTIONS

6.1. **Distribution of Cash Available for Distribution**. The Manager shall determine in its reasonable judgment the Company's Cash Available for Distribution – Kent, the Cash Available for Distribution - OSEH, and the Cash Available for Distribution - Providence. Except as provided in Article 15, the Company shall distribute quarterly its Cash Available for Distribution – Kent to the Class D Member, shall distribute quarterly its Cash Available for Distribution – OSEH to the Class E Member and shall distribute its Cash Available for Distribution – Providence to the Class A Member and the Class B Member, pro rata in accordance with their respective Sharing Percentages-Providence unless, however, the distribution of a smaller amount is required under the Act or Approved by the Governing Board. The Company shall, to the extent it has cash available, make a distribution on or before April 1 of each year in an amount equal to the federal income tax that would be due and payable with respect to its taxable income for the preceding year, with such tax calculated at the highest marginal rate.

6.2. **Compensation or Reimbursement Not a Distribution**. Authorized amounts payable as compensation or reimbursement to any Person other than in its

capacity as a Member in the Company, such as for services rendered, goods purchased or money borrowed, shall not be treated as a distribution for purposes of this Article 6.

6.3 **Consequences of Distributions**. Upon the determination to distribute funds in any manner expressly provided in this Agreement, made in good faith, no Covered Party shall incur any liability on account of such distribution, even though such distribution may have resulted in the Company retaining insufficient funds for the operation of its business which insufficiency resulted in loss to the Company or necessitated the borrowing of funds by the Company.

7. BOOKS OF ACCOUNT, TAX COMPLIANCE AND FISCAL YEAR

7.1. **Books and Records**. The Manager shall keep books of account and records relative to the Company's business, which shall be the property of the Company; provided that the Manager may maintain copies of such books and records. For purposes of determining profit and loss distributions to the Members, as well as other matters set forth in this Agreement, a separate set of books of account and records shall be maintained for the Providence Center, the Kent Center and the OSEH Center. The books shall be prepared in accordance with generally accepted accounting principles using the accrual method of accounting. The Company's books and records shall at all times be maintained at the principal business office of the Company or its accountants (and, to the extent required by the Act, at the registered office of the Company) and shall be available for inspection by the Members or their duly authorized representatives during reasonable business hours.

7.2. **Determination of Net Profit and Net Loss; Financial Statements**. All items of Company income, expense, gain, loss, deduction and credit shall be determined with respect to, and allocated in accordance with, this Agreement for each Member for each Fiscal Year, except as required by the Code and/or the Regulations. Within thirty (30) days after the end of each month, and within ninety (90) days after the end of each Fiscal Year, or as soon thereafter as is practicable, the Manager shall cause to be prepared, at Company expense, financial statements of the Company for the preceding month or Fiscal Year, as applicable, including, without limitation, a balance sheet, profit and loss statement, statement of cash flows and statement of the balances in the Members' Capital Accounts, prepared in accordance with the terms of this Agreement and generally accepted accounting principles consistently applied with prior periods. These financial statements shall be available for inspection and copying during ordinary business hours at the reasonable request of any Member. The Members hereby agree that "interests in the Company profits" for purposes of determining their respective shares of the Company's "excess non-recourse liabilities" (within the meaning of Section 1.752-3(a)(3) of the Regulations) shall, with respect to any excess non-recourse liabilities related to the Providence Center be their Sharing Percentage-Providence, shall, with respect to any excess non-recourse liabilities related to the Kent Center shall be 100%, shall, with respect to any excess non-recourse liabilities related to the OSEH Center shall be 100% and shall, in the case of any other excess non-recourse liabilities be their Voting Percentages.

7.3. **Tax Returns and Information**. The Members intend for the Company to be treated as a partnership for tax purposes, but not for any other purposes. The Manager shall prepare or cause to be prepared, at Company expense, all federal, state and local income and other tax returns which the Company is required to file and shall furnish such returns to the Members, together with a copy of each Member's Schedule K-1 and any other

information which any Member may reasonably request relating to such returns, within ninety (90) days after the end of each Fiscal Year of the Company.

7.4. **Tax Audits**. The Manager shall be the "tax matters member" of the Company under Section 6231(a)(7) of the Code (the "Tax Matters Member"). The Tax Matters Member shall represent the Company in all administrative and judicial proceedings involving federal income tax matters as the "Tax Matters Member." In connection therewith, the powers of the Tax Matters Member shall include, but are not limited to, the power to:

(a) appoint an attorney-in-fact to represent the Company in such proceeding;

(b) engage in any activities enumerated in Subchapter C of Chapter 63 of the Internal Revenue Code;

(c) employ attorneys, accountants, appraisers, consultants, and such other persons as deemed appropriate;

(d) make any and all elections for federal, state, and local tax purposes, including, without limitation, any election if permitted by applicable law: (i) to adjust the basis of Company assets pursuant to Code Sections 754, 734(b) and 743(b), or comparable provisions of state or local law; and (ii) to extend the statute of limitations for assessment of tax deficiencies against Members with respect to adjustments to the Company's federal, state or local tax returns; and

(e) represent the Company and Members before taxing authorities or courts of competent jurisdiction in tax matters affecting the Company and Members in their capacity as Members, and to execute any agreements or other documents relating to or affecting such tax matters including agreements or other documents that bind the Members with respect to such tax matters or otherwise affect the rights of the Company or Members.

The Tax Matters Member shall provide all Members affected by any Company level proceeding before the Internal Revenue Service with such notice of the proceeding as is required by the Code. The preceding sentence shall be deemed to be satisfied by mailing such notice to each Member's last known address. The Company shall indemnify and reimburse the Tax Matters Member for all expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with any administrative or judicial proceeding with respect to the tax liability of the Members and against any and all loss, liability, cost or expense, including judgments, fines, amounts paid in settlement and attorneys fees and expenses, incurred by the Tax Matters Member in any civil, criminal or investigative proceeding in which the Tax Matters Member is involved or threatened to be involved solely by virtue of being Tax Matters Member, except such loss, liability, cost or expense arising by virtue of the Tax Matters Member's gross negligence, fraud, malfeasance, breach of fiduciary duty or intentional misconduct. The payment of all such expenses shall be made before any distributions are made to any Member. No Member, nor any other Person shall have any obligation to provide funds for such purpose.

7.5. **Fiscal Year**. The Company fiscal year shall be the Fiscal Year.

8. POWERS OF MANAGER

8.1. **Appointment, Rights, Powers and Compensation of Manager**. The Manager shall possess all of the rights and powers delegated to the Manager hereunder and by the Governing Board. The Manager shall not receive any additional compensation for its services as the Manager; provided that the Manager shall be reimbursed by the Company for its reasonable out-of-pocket expenses incurred by it in connection with the performance of its duties as the Manager.

8.2. **Duties of the Manager**. The Manager shall use reasonable efforts to carry out its duties and responsibilities as the Manager, and shall carry out such duties and responsibilities in accordance with the Act and applicable law.

8.3. **Annual Business Plan**. For each Fiscal Year after 2013, the Manager shall prepare an annual operating and capital budget with respect the Providence Center, the Kent Center and the OSEH Center (individually and/or collectively, an "Annual Business Plan"). The Manager shall submit a draft of its proposed Annual Business Plan for such Fiscal Year to the Governing Board for its review and approval no later than December 15 of the immediately preceding Fiscal Year (subject to a reasonable extension for *forces majeure* or other events that are beyond the Manager's control).

8.4. **Right to Rely on Manager**. No Person or governmental body dealing with the Company shall be required to inquire into, or to obtain any other documentation as to, the authority of the Manager to take any action permitted by this Agreement. Furthermore, any Person or governmental body dealing with the Company may rely upon a certificate signed by the Manager as to the following:

(a) the identity of the Manager or any Member;

(b) the existence or nonexistence of any fact or facts that constitute a condition precedent to acts by the Manager or which are in any other manner germane to the affairs of the Company;

(c) the Persons who are authorized to execute and deliver any instrument or document of the Company; or

(d) any act or failure to act by the Company on any other matter whatsoever involving the Company or any Member.

9. RIGHTS AND STATUS OF MEMBERS

9.1. **General**. Except to the extent expressly otherwise provided in this Agreement, the Members shall not take part in the management or control of the Company business, or sign for or bind the Company, such powers being vested exclusively in the Governing Board and the Manager.

9.2. **Limitation of Liability**. No Member shall, solely by reason of its status as a Member of the Company, have any personal liability whatsoever, whether to the Company, the Manager or any creditor of the Company, for the debts of the Company or any of its

losses beyond the amount of the Member's Capital Contribution to the Company. In the event that any Member shall, by reason of its conduct within the scope of this Agreement, be subject to personal liability to a third party by being a Member of the Company, then such Member shall be entitled to the same rights of indemnification by the Company as that afforded to the Manager under Section 12.9 of this Agreement.

9.3. **Consent of Members**. Notwithstanding anything in this Agreement to the contrary, the Company shall not take any of the following actions, and the Governing Board shall not take any of the following actions on behalf of the Company, except with the Approval of the Members:

(a) a sale or transfer of all or substantially all of the Company's assets or ownership interests, or a merger or consolidation of the Company;

(b) any material change in the business of the Company; and

(c) a dissolution, liquidation or bankruptcy of the Company, or any action that reasonably could result in the dissolution, liquidation or bankruptcy of the Company.

10. ADMISSION AND WITHDRAWAL OF MEMBERS AND CERTAIN TRANSFERS OF COMPANY INTERESTS

10.1 **Admission of New Members**. Persons may be admitted as Class C Members or, with respect to Affiliates of Symbion or the SARC Pledgee or Permitted Pledgee Transferee (each as defined in Section 13.1 below), as Class B Members of the Company consistent with this Agreement and the Act, and at such time and on such terms as may be deemed appropriate by the Manager, provided that each Physician Investor may be required to execute a subordination agreement with the Company's creditors as negotiated by the Manager. Further, to be admitted as a Member, a Person shall agree to be bound by this Agreement by executing an instrument satisfactory to the Manager, delivering same to the Manager and Manager accepting same on behalf of the Company. Members have no preemptive rights, except as expressly set forth in this Agreement.

10.2 **Required Transfer of Class A or Class C Member's Interest**. Under certain circumstances, a Class A Member or a Class C Member may be required to transfer such Member's Units.

10.2.1 **Terminating Event**. If a Terminating Event occurs with respect to a Class A Member or Class C Member, such Member, or his successor, shall promptly give written notice of the Terminating Event to the Class B Member (the "Termination Notice"). The Class B Member shall have the right, but not the obligation, to purchase the Units of such Class A Member or Class C Member, as applicable, from such Terminating Event until and through the one hundred eightieth (180th) day following the date on which the Class B Member receives such written notice of the occurrence of the Terminating Event (the "Class B Member Purchase Right"). In the event the Class A Member or Class C Member, as applicable, which has experienced a Terminating Event is a Physician Entity, the Class B Member Purchase Right shall, except with respect to such Physician Entity's breach of Section 10.3 hereof or a Terminating Event described in Section 1.57(iv), be limited to the product of (x) the number of Units held by such Physician Entity, times (y) the percentage

ownership in the Physician Entity held by the Owner who is responsible for the occurrence of the Terminating Event (the "Responsible Owner").

The purchase price therefor shall be:

(i) 10% of the Class A Member's or Class C Member's, as applicable, Adjusted Capital Contribution as of the date of breach, if the Terminating Event is for a breach of Section 10.3 hereof (Restriction on Ownership Provision) or a Terminating Event described in Section 1.57(iv); or

(ii) the greater of (A) the product of the Formula Value-Providence times the Sharing Percentage-Providence represented by the Units to be purchased, and (B) the Adjusted Capital Contribution represented by the Units to be purchased, if the Terminating Event is the death, retirement (at any time after the fifth (5^{th}) anniversary of the date the Class C Member who sustains the Terminating Event becomes a Member), relocation (at any time after the fifth anniversary of the date the Class C Member who sustains the Terminating Event becomes a Class C Member) more than seventy-five (75) miles from either the Providence Center, the Kent Center or the OSEH Center or disability, as determined by the Company, of a Class C Member or an Owner of a Class C Member, as the case may be,; or

(iii) the lesser of (A) the product of the Formula Value-Providence times the Sharing Percentage-Providence represented by the Units to be purchased and (B) the Adjusted Capital Contribution represented by the Units to be purchased, if the Terminating Event is an event other than those described in clauses (i) or (ii) of this subsection.

Upon notice of the Class B Member's election to purchase his/her/its Unit(s), the Class A Member or Class C Member, as applicable, shall transfer good and marketable title to the Units to the Class B Member, free and clear from all liens and encumbrances. The Class B Member may, however, complete the transfer of the Units by amending this Agreement pursuant to Article 13 regardless of whether the Class A Member or Class C Member, as applicable, executes documents of transfer required to effect such transaction.

10.2.2 **Subsequent Legislation**.

(a) (i) If, following consultation with legal counsel to the Company or the Manager, the Company determines that any Class A Member or Class C Member, as applicable, is prohibited from owning an interest in the Company as a result of the enactment of any statute, regulation or other law or the judicial or administrative interpretation of any existing or future statute, regulation or other law, the Governing Board shall attempt to restructure the Company in order to comply with such enactment or interpretation. If any Class A Member or Class C Member, as applicable, shall be so prohibited from owning an interest in the Company and the Company cannot be so restructured, the Company will purchase such Class A Member's or Class C Member's, as applicable, interests in the Company on the terms provided in Section 10.2.2(b). If the number of Class A Members or Class C Members, as applicable, whose interest is required to be purchased pursuant to the preceding sentence is substantial based on a reasonable and good faith determination of the Governing Board, the Company will purchase all

of the Class A Members' and/or Class C Members', as applicable, interests in the Company on the terms provided in Section 10.2.2(b).

(ii) Additionally, if, following consultation with legal counsel to the Company or the Manager, the Company determines that the enactment of any statute, regulation or other law or the judicial or administrative interpretation of any existing or future statute, regulation or law shall have the effect of materially and adversely limiting reimbursement to the Company of health care costs through government or other payer programs or otherwise materially and adversely affects the manner in which the Company or its Affiliates shall operate their businesses, the Manager shall attempt to restructure the Company to eliminate the adverse effect and if the Company cannot be so restructured, the Company shall purchase all of the Class A Members' and Class C Members', as applicable, interests in the Company on the terms provided in Section 10.2.2(b).

(iii) In addition, upon any liquidation of the Company, the Class B Member, in its sole and absolute discretion, shall have the option to purchase all of the Class A Units and Class C Units on the terms provided in Section 10.2.2(b) hereof.

(b) The Company shall pay each such Class A or Class C Member for his interest in the Company in an amount equal to the distribution he would receive if the Providence Center were sold for its fair market value and the Company was liquidated. Such amount will be paid to each such Member, at the sole and absolute discretion of the Class B Member, in a lump sum or in thirty-six (36) equal monthly payments with interest on the unpaid principal balance at the lesser of the prime rate or LIBOR (each as published in the Wall Street Journal or comparable publication if not then published). If the Company exercises its discretion to pay for a Unit in thirty-six (36) monthly installments, the first such installment shall be paid to such Class A Member or Class C Member, as applicable, on the first day of the month after thirty (30) days have expired since the Member's interest in the Company had been terminated, with subsequent installments paid on the first day of each successive month thereafter until paid in full. The Company may pre-pay in whole or in part the amount owed without penalty. The Company's obligation to pay the Members in thirty-six (36) equal monthly installments under this Section 10.2.2(b) will be evidenced by a promissory note executed by the Company. Such loan shall be subordinate to the Company's senior lenders. The fair market value of the Company shall be determined by an independent third party appraiser selected by the Company, which appraisal shall value the Company based upon its projected earnings before depreciation, interest, taxes and debt, less indebtedness and such other factors as the appraiser deems appropriate.

10.3 **Restriction on Ownership**.

10.3.1 Class A Members and Class C Members. Each Class A Member and Class C Member agrees that while he is a Member and for two (2) years thereafter neither he nor any of his Affiliates shall, directly or indirectly, own an interest in, lease, manage, joint venture with or be employed by a Competing Business that is located within a radius of thirty (30) miles of the Providence Center or other ambulatory surgical centers that may be owned or operated following the date hereof by the Company or its Affiliate within the State of Rhode Island. Nothing in this Section is intended to prevent a Class A Member or

Class C Member from practicing medicine, being a member of the medical staff of, or referring patients to, any other hospital or health care facility. Each Class A Member and Class C Member agrees that the restrictions contained in this Section are reasonable and necessary to protect the legitimate interests of the Company and that any violation of this provision would result in damages to the Company which cannot be compensated by money alone.

10.3.2 Class B Member.

(a) The Class B Member agrees that while it is a Member and for two (2) years thereafter, neither it nor any of its Affiliates shall, directly or indirectly, acquire an ownership interest, other than as a result of a Multi-Facility Transaction, in a Competing Business that performs endoscopy procedures and that is located within a radius of thirty (30) miles of the Providence Center, unless it gives Bayside written notice ("Notice") of its intention to engage in such an arrangement or transaction and permits Bayside the opportunity to acquire an interest in the Competing Business (the "New Business") equal to its Sharing Percentage-Providence, subject to Bayside and its shareholders meeting the requirements therefor and being otherwise eligible to participate therein under applicable federal and state laws, statutes and regulations. The Notice will include, to the extent available, preliminary draft documents, term sheet, the purchase price, a description of the New Business and the definitive documents that Bayside will be required to execute to acquire an interest in the New Business. The Notice will be provided to Bayside at least forty-five (45) days prior to the date the Class B Member or its Affiliate ("Purchaser Entity") closes its acquisition of such ownership interest in the New Business.

(b) The purchase price for any interest in the New Business acquired by Bayside shall be the same purchase price, on a proportional basis, as the purchase price paid by the Purchaser Entity with respect to the New Business. In the event any portion of the consideration paid by the Purchaser Entity to acquire the New Business is not cash, the fair market value of such consideration shall be the amount agreed to by the Purchaser Entity, and the party from whom an interest in the New Business was acquired or if there is no such valuation, fair market value as determined by an independent third party appraiser appointed by the Company.

(c) In connection with its acquisition of an interest of the New Business, Bayside will make representations, warranties and covenants to the New Business which are identical in all material respects to the representations, warranties and covenants made by the Purchaser Entity to the New Business in connection with its acquisition of an interest in the New Business. Bayside shall have thirty (30) days after its receipt of the Notice in which to elect to participate in the New Business. If Bayside does not elect, in writing, to participate within such thirty (30) day period, it will be deemed to have declined the opportunity to participate as an owner in the New Business and the Class B Member may proceed with the New Business without being subject to any further restriction or obligation hereunder with respect to the New Business. Bayside shall pay the purchase price in cash at the closing.

10.3.3 Remedies. Each Member agrees that the party having rights pursuant to this Section 10.2 will be entitled to injunctive relief without proving actual

damages or posting any bond. If a court shall hold that the duration and/or scope (geographic or otherwise) of the agreement contained in this Section is unreasonable, then, to the extent permitted by law, the court may prescribe a duration and/or scope (geographic or otherwise) that is reasonable and judicially enforceable. The parties agree to accept such determination, subject to their rights of appeal, which the parties hereto agree shall be substituted in place of any and every offensive part of this Section, and as so modified, this Section shall be as fully enforceable as if set forth herein by the parties in the modified form.

10.4 **Payment of Purchase Price of Member's Interest**. If the interest of a Member in the Company is being purchased pursuant to Section 10.2.1 or 10.2.2 the purchase price for the interest shall be determined as set forth above and payable in the manner hereinafter set forth:

10.4.1 All obligations, if any, of the selling Member to the Company shall become immediately due and payable upon purchase of the interest. To the extent not previously taken into account pursuant to this Section 10.4, the purchase price shall be reduced by the amount of any such obligations and the Managing Member shall pay to the Company an amount equal to any such reduction in the purchase price.

10.4.2 No payment other than those specifically provided for herein shall be due or payable with respect to the interest of the Member whose interest in the Company is being purchased. Any debt due by the Company to the Member shall be payable according to its terms.

10.4.3 The closing of the purchase of the interest in the Company pursuant to this Section 10.4 shall be held at the principal office of the Company within 90 days following the giving of written notice to the Member of the election to purchase such interest. At the closing, the purchaser shall pay, upon the terms specified hereinabove, the purchase price of such Member's interest in the Company to the Member after receiving appropriate releases and satisfactions.

11. MEETINGS AND MEANS OF VOTING.

11.1. **Meetings of the Members**. Meetings of the Members may be called by either (a) the Class B Member, (b) the holder(s) of a majority in ownership of the Class A Units or (c) the holder(s) of a majority in ownership of the Class C Units. The notice of a meeting shall state the nature of the business to be transacted at such meeting, and actions taken at any such meeting shall be limited to those matters specified in the notice of the meeting. Notice of any meeting shall be given to all Members not less than five (5) and not more than sixty (60) days prior to the date of the meeting. A waiver of notice signed by a Member entitled to notice, whether before, at or after the meeting, shall be the equivalent of notice. The presence of any Member at a meeting shall constitute a waiver of notice of the meeting with respect to such Member. Members may vote in person or by proxy at such meeting. All meetings shall be held in Providence, Rhode Island, unless another location is Approved by the Members.

Except as otherwise expressly provided in this Agreement or required by the express provisions of the Act, the requisite vote of the Members on any matter for which the vote of the Members is required hereunder or by law shall be the Approval of the Members, which vote shall control all decisions for which the vote of the Members is required hereunder or

by law. Each Member's voting rights shall be the same as that Member's Voting Percentage at the time of the vote. The Members may, at their election, participate in any regular or special meeting by means of conference telephone or similar communications equipment by means of which all Persons participating in the meeting can hear each other. A Member's participation in a meeting pursuant to the preceding sentence shall constitute presence in person at such meeting for all purposes of this Agreement.

11.2. **Vote By Proxy**. Each Member may authorize any Person to act on the Member's behalf by proxy on all matters in which a Member is entitled to participate, including waiving notice of any meeting or voting or participating at a meeting. Every proxy must be signed by the Member authorizing such proxy or such Member's attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months after the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Member executing it.

11.3. **Conduct of Meeting**. Each meeting of the Members shall be conducted by the Chairman of the Governing Board (who shall be designated by a majority of the Governors) or by an individual appointed by the Chairman of the Governing Board. The meeting shall be conducted pursuant to such reasonable rules as may be adopted by the Governing Board. Minutes shall be taken by a person appointed by the Chairman of the Governing Board and all minutes shall be Approved by the Governing Board.

11.4. **Action Without a Meeting**. Notwithstanding anything to the contrary in this Agreement, any action that may be taken at a meeting of the Members may be taken without a meeting if a consent in writing setting forth the action so taken is Approved by the Members, which consent may be executed in multiple counterparts. In the event any action is taken pursuant to this Section 11.4, the Company shall give written notice of the action taken without a meeting to each Member promptly after the Company shall have been notified of such action. For purposes of obtaining a vote under this Agreement, the Governing Board may require a written response within a specified time, but not less than 15 days nor more than 45 days, and provide that failure to respond in such time shall constitute a vote which is consistent with the Governing Board's recommendation, if made, with respect to the proposal.

11.5. **Closing of Transfer Record; Record Date**. For the purpose of determining the Members entitled to notice of or to vote at any meeting of Members, any reconvening thereof, or to act by consent, the Governing Board may provide that the transfer record shall be closed for at least ten (10) days immediately preceding such meeting (or such shorter time as may be reasonable in light of the period of the notice) or the first solicitation of consents in writing. If the transfer record is not closed and if no record date is fixed for determining the Members entitled to notice of or to vote at a meeting of Members or by consent, the date on which the notice of the meeting is mailed or a copy of the first written consent is received by the Governing Board shall be the record date for such determination.

12. GOVERNING BOARD AND MEDICAL ADVISORY COMMITTEE.

12.1. **Governing Board**.

(a) Effective for all purposes on the date of this Agreement, the Members shall form a Governing Board of the Company consisting of five (5) members (the

"Governing Board"), by appointing thereto the Class B Governors and the Class A Governors, as applicable. The Class B Member shall be entitled to elect or appoint three (3) Class B Governors, and the Class A Members shall be entitled to elect two (2) Class A Governors by the affirmative vote of the holder(s) of a majority of the Class A Units, such election to be held in such manner as the Manager shall determine.

(b) The Governing Board shall be created and operate to consider all matters pertaining to the business of the Company. Each individual selected to serve on the Governing Board shall serve for a term of one (1) year and thereafter until his successor is appointed or elected, unless he sooner resigns or is removed. A member of the Governing Board may be removed without cause only by the Members who had the right to vote for his initial appointment. The unexpired term of a member of the Governing Board who resigns or is removed shall be filled by an individual appointed by those Members who had the right to vote on such Governing Board member's initial appointment to the Governing Board. The Chairman of the Governing Board shall be selected annually from the members of the Governing Board.

12.2. **Powers of the Governing Board**. In addition to the powers granted to any Governing Board under the Act and the powers granted to the Governing Board pursuant to other provisions of this Agreement, the Governing Board shall have the exclusive right and power to manage the business and the affairs of the Company with all powers necessary, advisable, or convenient to manage, control, administer and operate the business and affairs of the Company for the purposes herein stated, to make all decisions affecting such business and affairs, and to do all things which are necessary or desirable in the conduct of the business and affairs of the Company. Notwithstanding the foregoing, the Governing Board shall not possess the rights and powers delegated to the Manager herein and Manager shall have the exclusive right to exercise the rights and powers delegated to Manager herein. The rights and powers of the Governing Board shall include, without limitation, for Company purposes, the powers to:

(a) employ, retain or otherwise secure or enter into contracts with employees, consultants, agents or firms to assist in the business of the Company, all on such terms and for such consideration as the Governing Board deems advisable, such consideration to be a normal operating expense;

(b) pay all operating costs and expenses associated with the ownership of Company assets including without limitation, insurance, ad valorem taxes, maintenance costs, accounting and legal fees, and principal and interest due on any indebtedness encumbering the Company's assets;

(c) borrow money and, if security is required therefor, to mortgage or subject to any other security device, any portion of the Company assets, to obtain replacements of any mortgage, security deed or other security device, and to prepay, in whole or in part, refinance, increase, modify, consolidate, or extend any mortgage, security deed or other device, all of the foregoing at such terms and in such amount as it deems to be in the best interest of the Company;

(d) acquire and enter into any contract of insurance which the Governing Board deems necessary and proper for the protection of the Company, for the conservation of the Company assets, or for any purpose beneficial to the Company;

(e) invest in short-term government obligations, certificates of deposit, tax-exempt obligations, interest-bearing deposits, money market accounts, or other cash equivalents, such funds of the Company as are temporarily not required in the Governing Board's opinion for use in conducting the business of the Company;

(f) open and maintain bank accounts for the deposit of Company funds, with withdrawals to be made upon such signature or signatures as the Governing Board may designate;

(g) execute, acknowledge and deliver any and all instruments, documents, certifications, or agreements necessary or convenient in connection with the conduct and operation of the business and purpose of the Company and/or in furtherance of any of the foregoing, including without limitation, executing amendments to the Agreement in accordance with the terms of this Agreement, both as Governing Board, and if required, as attorney-in-fact for the Members pursuant to any power of attorney granted by the Members to the Governing Board;

(h) acquire, buy, lease, sell, transfer, or dispose of assets of the Company, subject to Section 9.3;

(i) set pricing for goods and services provided by the Company;

(j) establish policies and procedures for the management and ongoing operations of the Company's business;

(k) establish operating and capital budgets;

(l) enter into managed care contracts;

(m) appoint the Manager;

(n) remove the Manager;

(o) assign rights and powers to the Manager; and

(p) approve the Annual Business Plan.

12.3. **Manner of Exercise of Governing Board's Authority**. All responsibilities granted to the Governing Board under this Agreement shall be exercised by the Governing Board as a body, and no member of the Governing Board, acting alone, shall have the authority to act on behalf of the Governing Board. All Governing Board action shall require the Approval of the Board; provided, however, that approval by the affirmative vote of at

least eighty percent (80%) of the members of the Governing Board shall be required for any action to:

(a) make capital expenditures in any calendar year in excess of the greater of (A) twenty percent (20%) of the fair value of the Company's total assets, and (B) twenty percent (20%) of the net book value of the Company's total assets; or

(b) borrow money during any calendar year in excess of the greater of (A) twenty percent (20%) of the fair value of the Company's total assets, and (B) twenty percent (20%) of the net book value of the Company's total assets; or

(c) admit a Person as a Member of the Company, other than Transferees of Class B Units who or that are Affiliates of the Class B Member or are the SARC Pledgee or Permitted Pledgee Transferee; or

(d) except for distributions to Members permitted by this Agreement or the Act, that certain Shared Services Agreement, dated ____, 2003, between the Company and University Gastroenterology, Inc., the Management Agreement-Providence, the Management Agreement-Kent, the Management Agreement – OSEH and any documentation of indebtedness to Symbion or its Affiliates, enter into or amend any contract or agreement between the Company and any Member or Affiliate thereof; or

(e) guarantee the indebtedness of any other person or entity in excess of the greater of (A) ten percent (10%) of the fair value of the Company's total assets, and (B) ten percent (10%) of the net book value of the Company's total assets; or

(f) approve the appointment of any appraiser appointed or selected pursuant to Section 10.3.2 hereof (provided that such approval shall not be unreasonably withheld or delayed); or

(g) amend this Agreement to reflect an addition to the representations, duties or obligations of the Manager pursuant to Section 16.2(d) hereof.

12.4. **Meetings of the Governing Board**. The Governing Board shall hold regular meetings on a quarterly basis or on such other periodic basis as the Governing Board shall determine from time to time. Special meetings of the Governing Board shall be held at the call of the Chairman of the Governing Board, or any three members of the Governing Board requesting such meeting through such Chairman, upon not less than five (5) business days written or telephonic notice to the members of the Governing Board, such notice specifying all matters to come before the Governing Board for action at such meeting. All meetings shall be held in Providence, Rhode Island, unless another location is Approved by the Governing Board. The presence of any member of the Governing Board at a meeting shall constitute a waiver of notice of the meeting with respect to such member. The members of the Governing Board may, at their election, participate in any regular or special meeting by means of conference telephone or similar communications equipment by

means of which all persons participating in the meeting can hear each other. A member of the Governing Board's participation in a meeting pursuant to the preceding sentence shall constitute presence in person at such meeting for all purposes of this Agreement. Minutes shall be taken by a person appointed by the Chairman of the Governing Board and all minutes shall be Approved by the Governing Board.

12.5. **Quorum**. A quorum of the Governing Board shall consist of a majority of the Governors.

12.6. **Vote By Proxy**. Each Governor may authorize any individual to act on the Governor's behalf by proxy on all matters in which a Governor is entitled to participate, whether by waiving notice of any meeting or by voting or participating at a meeting. Every proxy must be signed by the Governor authorizing such proxy or such Governor's attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months after the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Governor executing it.

12.7. **Action Without a Meeting**. Notwithstanding anything to the contrary in this Agreement, any action that may be taken at a meeting of the Governors may be taken without a meeting by a consent signed by all Governors. Such consent shall be in writing and shall set forth the action so taken. The consent may be executed in multiple counterparts.

12.8. **Medical Advisory Committee.** The Company shall establish a Medical Advisory Committee comprised of three (3) members of the medical staff of either the Providence Center, the Kent Center and/or the OSEH Center or appointed by the Governing Board. The members of the Medical Advisory Committee shall represent different specialties to the extent possible. The Medical Advisory Committee will be responsible for developing utilization, peer review and quality assurance standards for the Providence Center, the Kent Center and the OSEH Center, reviewing utilization of the Providence Center services, the Kent Center services and the OSEH Center services and generally making recommendations to the Governing Board regarding the services provided at the Providence Center, the Kent Center and the OSEH Center. The Medical Advisory Committee shall take no action that would subject any members of the Medical Advisory Committee to liability as a member of the Governing Board of the Company.

12.9. **Liability of Covered Persons for Actions**.

(a) Notwithstanding any provision of this Agreement, common law or the Act, no member of the Governing Board, Manager, principal officer of the Company or the Tax Matters Member (the "Covered Persons") shall be liable to the Members or to the Company for any loss suffered which arises out of an act or omission of such person, if, in good faith, it was determined by such persons that such act or omission was in the best interests of the Company and such act or omission did not constitute gross negligence or fraud. The Covered Persons shall be indemnified by the Company against any and all claims, demands and losses whatsoever if: (i) the indemnitee conducted himself in good faith; and (ii) reasonably believed (x) in the case of conduct in his official capacity with the Company, that his conduct was in its best interests and (y) in all other cases, that his conduct was at least not opposed to its best interests; and (iii) in the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful. The payment of any amounts for indemnification shall be made before any distribution is made by the

Company. No Member shall have any obligation to provide funds for any indemnification obligation hereunder.

(b) The right to indemnification shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles, provision of this Agreement, vote of Members or otherwise.

(c) The Company may maintain insurance, at its expense, to protect itself and any Member, the Governing Board, Governing Board committees, officer, employee or agent of the Company against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under Rhode Island law.

(d) Any amendment, repeal or modification of any provision of this Section 12.9 shall not adversely affect any right or protection of a Member, the Governing Board, Governing Board committee, officer, employee or agent of the Company existing at the time of such amendment, repeal or modification.

12.10. **Distribution of Kent Center**. Notwithstanding any provision herein to the contrary, the Company shall, upon Approval of the Governing Board, distribute all of the assets attributable to the Kent Center to the Class D Member in redemption of the Class D Units. Any such distribution shall include all working capital associated with the Kent Center. Upon such distribution, the Class D Member shall assume all liabilities known and unknown, associated with the Kent Center and shall purchase professional malpractice insurance that covers any acts of professional malpractice that may have occurred at the Kent Center prior to the date of such distribution. Such transfer shall take place pursuant to documents Approved by the Governing Board. Upon such distribution, all Class D Units shall be immediately cancelled.

12.11. **Distribution of OSEH Center**. Notwithstanding any provision herein to the contrary, the Company shall, upon Approval of the Governing Board, distribute all of the assets attributable to the OSEH Center to the Class E Member in redemption of the Class E Units. Any such distribution shall include all working capital associated with the OSEH Center. Upon such distribution, the Class E Member shall assume all liabilities known and unknown, associated with the OSEH Center and shall purchase professional malpractice insurance that covers any acts of professional malpractice that may have occurred at the OSEH Center prior to the date of such distribution. Such transfer shall take place pursuant to documents Approved by the Governing Board. Upon such distribution, all Class E Units shall be immediately cancelled.

13. TRANSFER OF RIGHTS

13.1. **Transfers by Members**. Except as otherwise set forth in this Article 13, a Member may not Transfer all or any part of its Units without approval by the affirmative vote of at least eighty percent (80%) of the members of the Governing Board other than Transfers of Class B Units to a Transferee who or that is then an Affiliate of the Class B Member or is the SARC Pledgee or Permitted Pledgee Transferee (each as defined below). If a Member receives the approval of such Transfer by the affirmative vote of at least eighty percent (80%) of the members of the Governing Board, a Member may transfer his interest in the Company if the following conditions are satisfied:

(a) the Member and his transferee execute, acknowledge and deliver to the Company such instruments of transfer and assignment with respect to such transaction as are in form and substance Approved by the Governing Board;

(b) unless waived by Approval of the Governing Board, the Member delivers to the Company an opinion of counsel Approved by the Governing Board, covering such securities and tax laws and other aspects of the proposed Transfer as the Governing Board may reasonably request;

(c) except with respect to the admission of the SARC Pledgee, the Member pays the Company a transfer fee that is sufficient to pay all reasonable expenses of the Company in connection with such transaction.

Any Member who thereafter Transfers all or any portion of his Units shall promptly notify the Company of such Transfer and shall furnish to the Company the name and address of the transferee and such other information as may be required under Section 6050K of the Code and the Regulations thereunder.

Notwithstanding any other provision to the contrary, Symbion or any Affiliate of Symbion may encumber its Units (the "SARC Interest"), without the consent of any other Member or of the Governing Board, for the limited purpose of securing loans, but not otherwise, by granting a security interest in the SARC Interest to a creditor(s). Any party to whom the SARC Interest is pledged (together with such party's successors and assigns, the "SARC Pledgee") may foreclose on the SARC Interest and transfer the SARC Interest, or any portion thereof, to any Permitted Pledgee Transferee (as that term is defined below) without the consent of any other Member, the Company or the Governing Board (such foreclosure and subsequent transfer being a "SARC Foreclosure"); provided, however, that prior to such transfer the SARC Pledgee shall provide written notice to the Class A Member of the SARC Pledgee's intent to so transfer the SARC Interest and the Class A Member shall then have twenty (20) days following such notice (the "Negotiation Period") to enter into a written sale and purchase agreement with the SARC Pledgee upon terms and conditions mutually acceptable to the SARC Pledgee and the Class A Member (a "Purchase Agreement"). In the event that the SARC Pledgee and the Class A Member cannot reach agreement on the terms and conditions of such purchase and sale and fail to enter into a Purchase Agreement prior to the expiration of the Negotiation Period, the SARC Pledgee shall then be free to transfer the SARC Interest to a Permitted Pledgee Transferee. "Permitted Pledgee Transferee" means, with respect to any natural person, a transferee that qualifies as a Physician Investor, and with respect to any non-natural person, a transferee whose ownership would not violate applicable federal or state laws, and, in either case, who shall assume and agree to be bound by all of the provisions of this Agreement, except as otherwise provided below. The foregoing provisions shall be self-operative, but the Company, the Governing Board and each Member hereby agree to execute any writing requested by the SARC Pledgee or any proposed SARC Pledgee to evidence its consent to foreclosure on or transfer of the SARC Interest and the admission of the SARC Pledgee and/or a Permitted Pledgee Transferee as a Member.

13.2. **Substituted Member**. No Person taking or acquiring, by whatever means, the Units of any Member, other than pursuant to Transfer approved pursuant to Section

13.1 and except for a Transfer of Class B Units to an Affiliate of the Class B Member or to the SARC Pledgee or Permitted Pledgee Transferee, shall be admitted as a Substituted Member without the approval by the affirmative vote of at least eighty percent (80%) of the members of the Governing Board, which approval shall not be unreasonably withheld or delayed, and unless such Person:

(a) elects to become a Substituted Member by delivering notice of such election to the Company;

(b) executes, acknowledges and delivers to the Company such other instruments as the Governing Board may deem necessary or advisable to effect the admission of such Person as a Substituted Member, including, without limitation, the written acceptance and adoption by such Person of the provisions of this Agreement; and

(c) except with respect to the admission of the SARC Pledgee, pays a Transfer fee to the Company in an amount sufficient to cover all reasonable expenses connected with the admission of such Person as a Substituted Member.

13.3. **Basis Adjustment**. Upon the Transfer of all or any portion of the Units owned by a Member, at the request of the transferee of such Units, the Tax Matters Member may, in its sole discretion, cause the Company to elect, pursuant to Section 754 of the Code or the corresponding provisions of subsequent law, to adjust the basis of the Company's assets as provided by Sections 734 and 743 of the Code.

13.4. **Transfer Procedures**. The Manager shall establish a transfer procedure consistent with this Article 13 to ensure that all conditions precedent to the admission of a Substituted Member have been complied with, and shall, upon the written request of any Member, deliver to such Member a copy thereof.

13.5. **Invalid Transfer**. No Transfer of any Unit, that is in violation of this Article 13 shall be valid or effective, and the Company shall not recognize any improper Transfer for the purposes of making allocations, payments of profits, return of capital contributions or other distributions with respect to such Unit. The Company may enforce the provisions of this Article 13 either directly or indirectly or through its agents by entering an appropriate stop transfer order on its books or otherwise refusing to register or transfer or permit the registration or transfer on its books of any proposed Transfers not in accordance with this Article 13.

13.6. **Additional Requirements of Admission to Company**. No Person shall be admitted as a Member if such admission would have the effect of causing the Company to be reclassified for federal income tax purposes as an association (taxable as a corporation under the Code), would violate any Medicare or other healthcare law, rule or regulation, or would violate applicable exemptions from securities registration and securities disclosure provisions under federal and state securities laws.

13.7. **Amendment to Schedule 1**. The Governing Board shall direct that Schedule 1 attached hereto be amended from time to time to reflect the admission of any Substituted Member, or the termination of any Member's interest in the Company.

14. DISSOLUTION

14.1. **Causes**. Each Member expressly waives any right which he or it might otherwise have to dissolve the Company except as set forth in this Article 14. The Company shall be dissolved upon the first to occur of the following:

(a) the Approval by the Members of an instrument dissolving the Company; and

(b) the dissolution of the Company by judicial decree.

Nothing contained in this Section 14.1 is intended to grant to any Member the right to dissolve the Company at will (by retirement, resignation, withdrawal or otherwise), or to exonerate any Member from liability to the Company and the remaining Members if it dissolves the Company at will. Any dissolution at will of the Company, including dissolution caused under Section 14.1(b), shall be in contravention of this Agreement for purposes of the Act. Dissolution of the Company under Section 14.1(d) shall not constitute a dissolution at will. The Company shall not be dissolved by the replacement of the Manager.

14.2. **Reconstitution**. If the Company is dissolved as a result of an event described in Section 14.1(a) or 14.1(b), the Company may be reconstituted and its business continued if, within ninety (90) days after the date of dissolution, all Members affirmatively elect to reconstitute the Company and execute an instrument confirming such facts. If the Company is reconstituted, an amendment to this Agreement shall be executed, and if and to the extent required by the Act, Articles of Amendment to the Articles shall be filed with the Rhode Island Secretary of State.

14.3. **Interim Manager**. If the Company is dissolved as a result of an event described in Section 14.1(a) and the Manager is unable to continue acting as the manager of the Company, those Members (excluding the outgoing Manager) who own Units representing a majority of the aggregate Voting Percentage of all Members (excluding that owned by the Manager) may appoint an interim manager of the Company, who shall have and may exercise only the rights, powers and duties of a manager necessary to preserve the Company assets until (a) a new manager is elected if the Company is reconstituted; or (b) a liquidator is appointed under Article 15, if the Company is not reconstituted. The interim manager shall not be liable to the Members to the extent permitted in the Act and shall, while acting in the capacity of interim manager on behalf of the Company, be entitled to indemnity by the Company upon and subject to the same terms and conditions as indemnity is provided to the Covered Persons pursuant to Section 12.9. The interim manager appointed as provided herein shall be entitled to receive such reasonable compensation for its services as may be agreed upon by such interim manager and those Members who appointed the interim manager.

15. WINDING UP AND TERMINATION

15.1. **Sale of Assets**. Unless otherwise agreed by the Members, at the time of liquidation, any property owned by the Company shall be sold for cash, and each Member shall have the right to bid competitively for any such asset being sold. The Class B Member shall have a right of first refusal for forty-five (45) days to purchase Company property for which a third party offer is made in connection with liquidation on the same terms as such third party offer, which right of first refusal the Class B Member may exercise in its

discretion by giving written notice thereof to the Company within forty-five (45) days after receiving written notice of such third party offer (which the Company shall promptly provide the Class B Member a copy of). If the Class B Member does not exercise such right of first refusal within such timeframe, then the Class A Member shall then have a subsequent and comparable right, for fifteen (15) days following the earlier of the completion of the Class B Member's forty-five (45) day period or written notice from the Class B Member that it waives its right of first refusal, to purchase such Company property on the same terms as such third party offer, which right the Class A Member may exercise by giving written notice thereof to the Company within such fifteen (15) day period. Any such purchase shall close as soon as practicable following such notice of exercise from the Class B Member or Class A Member, as applicable. Any cash received from the sale of the Company's assets shall be used first to pay the Company's debts to creditors other than the Members; provided, however, for this purpose, a Member which is owed money for goods or services provided to the Company or is entitled to indemnification pursuant to Article 12 shall be deemed an unrelated creditor. Any cash remaining after payments to creditors, other than the Members, shall be used to repay other debts to Members. Once all Member debt is repaid, the remaining cash received from the sale of the Company's assets shall be distributed to the Members in proportion to their positive Capital Account balances (after giving effect to adjustments to Capital Accounts through the date of distribution).

15.2 **Distributions in Accordance with Capital Accounts**. In the event the Company is "liquidated" within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g), distributions shall be made in all cases, in accordance with the Members' positive Capital Account balances determined after all adjustments to the Members' Capital Accounts for the taxable year. Such distribution shall be made within the time periods required by Treasury Regulation Section 1.704-1(b). In the discretion of the Manager, a pro rata portion of the distributions that would otherwise be made to the Members may be:

(a) distributed to a trust established for the benefit of the Members for the purpose of liquidating Company assets, collecting amounts owed to the Company, and paying any contingent or unforeseen liabilities in connection with the Company or of the Class B Member arising out of or in connection with the Company. The assets of any such trust shall be distributed to the Members from time to time, in the reasonable discretion of the Manager, in the same proportions as the amount distributed to such trust by the Company would otherwise have been distributed to the Members under this Agreement; and

(b) withheld to provide a reasonable reserve for Company liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Company, provided that such withheld amounts shall be distributed to the Members as soon as practicable.

15.3. **Deemed Contribution and Distribution**. Notwithstanding any other provisions of this Article VI, in the event the Company is liquidated within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g) but the Company is not required to be dissolved and wound up pursuant to Section 14.1, the assets of the Company shall not be liquidated, the Company's liabilities shall not be discharged, and the Company's affairs shall not be wound up. Instead, solely for federal income tax purposes, the Company shall be deemed to have contributed the assets and liabilities of the Company in kind to a new Company in exchange for an interest in the new Company. Immediately thereafter, the

Company shall be deemed to have distributed interests in the new Company to the Members in proportion to their respective interests in the Company.

16. MISCELLANEOUS

16.1. **Notices**. All notices given pursuant to this Agreement shall be in writing and shall be deemed effective when personally delivered or when placed in the United States mail, registered or certified with return receipt requested, or when sent by prepaid telegram or facsimile followed by confirmatory letter. For purposes of notice, the addresses of the Members shall be as stated under their names on the attached Schedule 1; provided, however, that each Member shall have the right to change his address with notice hereunder to any other location by the giving of thirty (30) days notice to the Company in the manner set forth above.

16.2. **Amendments**. Except as otherwise expressly provided in Section 13.7 and in this Section 16.2 and 16.3, amendments or modifications may be made to this Agreement only by setting forth such amendments or modifications in a document Approved by the Members, and any alleged amendment or modification herein which is not so documented shall not be effective as to any Member. The Governing Board may amend any provision of this Agreement and, through Manager, execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith to reflect:

(a) a change in the location of the principal place of business of the Company, or a change in the registered office or the registered agent of the Company;

(b) qualification of the Company as a limited liability company under the laws of any state or that is necessary or advisable in the opinion of the Manager to ensure that the Company will not be treated as an association taxable as a corporation for federal income tax purposes, provided, in either case, such action shall not adversely affect any Member;

(c) a change (i) that is of an inconsequential nature and does not adversely affect the Members in any material respect; (ii) that is necessary or desirable to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or contained in any federal or state statute, compliance with any of which the Manager deems to be in the best interest of the Company and the Members which does not materially affect the interest of any Member in the capital, profits or losses of, or distributions or allocations of the Company, or a Member's rights of voting or approval as to the business of, or the right to appoint to boards or committees of the Company; or (iii) that is required or contemplated by this Agreement;

(d) an addition to the representations, duties, or obligations of the Manager (subject to approval by the affirmative vote of at least eighty percent (80%) of the members of the Governing Board); or

(e) an amendment required pursuant to Section 16.3.

Notwithstanding anything herein to the contrary, neither the SARC Pledgee nor any Permitted Pledgee Transferee shall be bound by any amendment to this Agreement made after the date hereof and prior to such time as the SARC Pledgee or a Permitted

Pledgee Transferee becomes a Member, unless the SARC Pledgee or Permitted Pledgee Transferee, as the case may be, consents in writing to such amendment.

16.3 **Consolidation**. It is the intention of the Members that Symbion shall have such rights as are necessary for Symbion to be able to consolidate the financial results of operations and financial condition of the Company with the financial results of operations and financial condition of Symbion under applicable requirements of generally accepted accounting principles, as such may change from time to time. Notwithstanding any provision in this Agreement to the contrary, Symbion may amend this Agreement without the approval of any other Member as necessary from time to time to add, amend or delete such provisions as necessary in the reasonable opinion of Symbion's independent certified accountants to permit Symbion to report the results of operations of the Company on the consolidation method of accounting under applicable generally accepted accounting principles in the future.

16.4. **Schedules**. Each Schedule to this Agreement is incorporated herein for all purposes.

16.5. **Entire Agreement**. This Agreement supersedes all previous operating agreements, and constitutes the entire agreement of whatsoever kind or nature existing between or among the Members respecting the subject matter contained herein and no Member shall be entitled to benefits other than those specified herein. As between or among the Members, no oral statements not specifically incorporated herein shall be of any force and effect. This Agreement may be executed in two or more counterparts, each and all of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

16.6. **Divisions and Headings**. The divisions of this Agreement into sections and subsections and the use of captions and headings in connection therewith are solely for convenience and shall have no legal effect in construing the provisions of this Agreement.

16.7. **Gender and Number**. Whenever the context of this Agreement requires, the gender of all words herein shall include the masculine, feminine and neuter, and the number of all words herein shall include the singular and plural.

16.8. **Severability**. In the event any provision of this Agreement is held to be invalid, illegal or unenforceable for any reason and in any respect, such invalidity, illegality, or unenforceability shall in no event affect, prejudice or disturb the validity of the remainder of this Agreement, which shall be and remain in full force and effect, enforceable in accordance with its terms.

16.9. **Governing Law**. This Agreement shall be construed and enforced in accordance with the laws of the State of Rhode Island without regard to its principles of conflicts of laws.

16.10. **Benefit/Assignment**. Subject to provisions herein to the contrary, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors and assigns; provided, however, that nothing contained herein shall negate or diminish the restrictions set forth in Articles 10 or 13 hereof. This Agreement is intended solely for the benefit of the parties hereto and is not intended to, and shall not, create any enforceable third party beneficiary rights.

16.11. **Waiver**. Failure by any party to enforce any of the provisions hereof for any length of time shall not be deemed a waiver of its rights set forth in this Agreement. Such a waiver may be made only by an instrument in writing signed by the party sought to be charged with the waiver. No waiver of any condition or covenant of this Agreement shall be deemed to imply or constitute a further waiver of the same or any other condition or covenant, and nothing contained in this Agreement shall be construed to be a waiver on the part of the parties of any right or remedy at law or in equity or otherwise.

16.12. **Attorneys' Fees**. In the event a party elects to incur legal expenses to enforce, defend or interpret any provision of this Agreement by judicial proceedings, the prevailing party will be entitled to recover such legal expenses, including, without limitation, reasonable attorneys' fees, costs and necessary disbursements at all court levels, in addition to any other relief to which such party shall be entitled.

16.13. **Time**. Time is of the essence with respect to all provisions of this Agreement.

16.14. **Business Day**. Should any due date hereunder fall on a Saturday, Sunday or legal holiday, then such due date shall be deemed timely if given on the first business day following such Saturday, Sunday or legal holiday.

16.15. **Waiver of Jury Trial**. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO DEMAND THAT ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR THE RELATIONSHIPS OF THE PARTIES HERETO BE TRIED BY JURY. THIS WAIVER EXTENDS TO ANY AND ALL RIGHTS TO DEMAND A TRIAL BY JURY ARISING FROM ANY SOURCE INCLUDING, BUT NOT LIMITED TO, THE CONSTITUTION OF THE UNITED STATES OR ANY STATE THEREIN, COMMON LAW OR ANY APPLICABLE STATUTE OR REGULATIONS. EACH PARTY HERETO ACKNOWLEDGES THAT IT IS KNOWINGLY AND VOLUNTARILY WAIVING ITS RIGHT TO DEMAND TRIAL BY JURY.

16.16. **Construction**. Every covenant, term, and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any Member. The words "include," "includes," and "including" shall be deemed to be followed by the phrase "without limitation." All references to Articles and Sections shall be deemed references to Articles and Sections of this Agreement, unless the context shall otherwise require. All references herein to a Schedule shall be deemed to be references to the Schedule(s) attached to this Agreement. The terms "this Agreement," "hereof," "hereunder" and similar expressions refer to this Agreement as a whole and not to any particular Article or Section or other portion hereof and include any agreement supplemental hereto. The conjunction "or" shall be understood in its inclusive sense (and/or).

16.17. **Waiver of Partition**. Notwithstanding any statute or principle of law to the contrary, each Member hereby agrees that, during the term of the Company, it shall have no right (and hereby waives any right that it might otherwise have had) to cause any Company asset to be partitioned and/or distributed in kind.

16.18. **Additional Documents**. Each Member agrees to perform all further acts and execute, acknowledge and deliver any documents that may be reasonably necessary, appropriate or desirable to carry out the provisions of this Agreement.

16.19. **Arbitration**. Each of the Members agree to submit to resolution by binding arbitration any unresolved claim, controversy, issue or dispute arising among or between the Members or Manager out of or with respect to this Agreement or the parties' respective rights, duties and obligations hereunder (each, a "Dispute"), upon written notice by any party to the other parties. Such arbitration shall be conducted as follows:

(a) Rules. The Arbitration shall be conducted in accordance with and governed by the Commercial Arbitration Rules then in effect of the American Arbitration Association ("AAA"), except as expressly provided otherwise in this section, and administered by the AAA. The Company shall provide a copy of this arbitration clause to the arbitrator(s). The arbitrator(s) shall apply the appropriate substantive law, and the Federal Rules of Civil Procedure with respect to procedural, discovery or evidentiary matters.

(b) Location of Arbitration. The arbitration shall be conducted in Nashville, Tennessee.

(c) Selection of Arbitrator(s). The arbitrator or arbitrators, as applicable, for such arbitration shall be selected as follows:

(i) Disputes Less than or Equal To $100,000. In the event of arbitration with an amount in controversy equal to or less than $100,000, arbitration shall be conducted by one neutral arbitrator mutually agreed upon by the parties. If no arbitrator is agreed upon within ten (10) days following commencement of arbitration, or if the arbitrator selected by the parties is unable or unwilling to arbitrate the Dispute, the arbitrator shall be such neutral arbitrator as is selected by the AAA.

(ii) Disputes More than $100,000. In the event of arbitration with an amount in controversy greater than $100,000, arbitration shall be conducted by a panel of three neutral arbitrators. Within fifteen (15) days following commencement of arbitration, each party shall select one neutral arbitrator in whatever area(s) of expertise such party believes is relevant to the dispute. Within ten (10) days following such appointment, the two neutral arbitrators so selected shall select the third neutral arbitrator from a list provided by the AAA who shall be a practicing attorney having experience in the area of commercial contracts, preferably in the area of healthcare, and who shall act as chair of the arbitration panel. If the arbitrators selected by the parties are unable or fail to agree upon the third arbitrator within such ten (10) day period, the third arbitrator shall be selected by the AAA.

(d) Discovery. The sole arbitrator or chair of the arbitration panel, as applicable, shall establish a limited time period for discovery and procedures designed to reduce the cost and time for discovery while allowing the parties an opportunity, in the discretion of the sole arbitrator or chair of the arbitration panel, as applicable, to discover relevant information from the opposing party about the subject matter of the Dispute. Any dispute regarding discovery, or the relevance or scope thereof, shall be determined by the sole arbitrator or the chair of the arbitration panel, as the case may be, and shall be governed by the Federal Rules of Civil Procedure.

(e) Award. The award by the arbitrator(s) shall be in writing, shall be signed by the sole arbitrator or a majority of the panel of arbitrators, as the case may be, and shall include a statement of findings of fact and conclusions regarding the reasons for the disposition of any Dispute. The arbitrator(s) shall have the authority to award any remedy or relief that a court of competent jurisdiction could order or grant, including without limitation, specific performance of any obligation created under any agreement between or among the parties, the awarding of punitive damages, the issuance of an injunction, or the imposition of sanctions for abuse or frustration of the arbitration process. The arbitrator(s) shall have the authority to determine the comparative responsibility of the parties hereto for any loss or damages and assign liability and award relief based upon such comparison. Arbitration of such issues, including the determination of the amount of any damages suffered by any party, shall be to the exclusion of any court of law and the decision of the arbitrator(s) shall be final and binding upon the parties and their respective personal representatives, heirs, devisees, successors and assignees. Judgment on the award entered by the arbitrator(s) may be entered in and enforced by any court of competent jurisdiction.

(f) Costs and Expenses. Each party shall bear its own expenses and its attorney's fees and expenses, and shall equally share the arbitrators' fees, administrative fees and travel expenses; provided that the arbitrator(s) shall award to the prevailing party, if any, as determined by the arbitrator(s) all of the prevailing party's reasonable costs and expenses with respect to the arbitration, including arbitrator fees, administrative fees, travel expenses, out-of-pocket expenses such as copying and telephone, witness fees and attorneys' fees and expenses.

(g) Confidentiality. Statements made by any party or any party's representative during the arbitration shall be deemed confidential and no party or party's representative will attempt to use any such statement as evidence in any court or other legal proceeding. The parties also agree and acknowledge that the arbitrator(s) shall not be subject to subpoena to trial or deposition by any party for the purpose of divulging statements made or information disclosed by any party or witness in the arbitration proceedings. The parties further agree that and acknowledge that the arbitrator(s) shall not disclose any matter learned in the arbitration proceedings unless given permission by all of the parties or unless required by law.

(h) Injunctive Relief. Notwithstanding the foregoing, each of the parties shall be entitled to an injunction or injunctions or other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions thereof in any court of the United States or any state having jurisdiction, without having to post bond therefor or prove actual damages, this being in addition to any other remedy to which they are entitled, without submitting such action to arbitration.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Members have executed this Operating Agreement as of the date first above written.

MEMBERS:

SARC/PROVIDENCE, LLC

By:_____
Name:_____
Title: _____

BAYSIDE ENDOSCOPY GROUP, INC.

By:_____
Name:_____
Title: _____

KENT, LLC

By:_____
Name:_____
Title: _____

OCEAN STATE ENDOSCOPY HOLDINGS, LLC

By:_____
Name:_____
Title: _____

SCHEDULE 1

MEMBERS	CAPITAL ACCOUNT	# OF UNITS
SARC/Providence, LLC. 40 Burton Hills Boulevard, Suite 500 Nashville, Tennessee 37215 Attention: President Fax No.: (615) 234-5999 with a copy of any notice given hereunder to: Symbion 40 Burton Hills Boulevard, Suite 500 Nashville, Tennessee 37215 Attention: Jennifer Blaylock, Esq. Fax No.: (615) 244-6804		750 Class B Units
Bayside Endoscopy Group, Inc. 33 Staniford Street Providence, RI 02905 Attention: President Fax No.: (401) 278-4070 with a copy of any notice given hereunder to: Nixon Peabody LLP One Citizens Plaza, 5th Floor Providence, RI 02903 Attention: Stephen D. Zubiago, Esq. Fax No.: (401) 454-1030		250 Class A Units
Kent, LLC 33 Staniford Street Providence, RI 02905 Attention: President Fax No.: (401) 278-4070 Nixon Peabody LLP One Citizens Plaza, 5th Floor Providence, RI 02903 Attention: Stephen D. Zubiago, Esq. Fax No.: (401) 454-1030	$755,000	66 Class D Units
Ocean State Endoscopy Holdings, LLC 33 Staniford Street Providence, RI 02905 Attention: President Fax No.: (401) 278-4070 Nixon Peabody LLP One Citizens Plaza, 5th Floor Providence, RI 02903 Attention: Stephen D. Zubiago, Esq. Fax No.: (401) 454-1030	$[_____]	100 Class E Units

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Ocean State Endoscopy, Inc.
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Exhibit "A" - Statements of Assets, Liabilities, and Equity/(Deficit) - Income Tax Basis

Exhibit "B" - Statements of Revenues and Expenses - Income Tax Basis

Exhibit "C" - Statements of Changes in Financial Position - Income Tax Basis

SINEL
WILFAND
& VINCI, CPAs, INC.

Certified Public Accountants & Business Consultants

Members of: CPAmerica International • Private Companies Practice Section of AICPA Division of Firms

Alec B. Sinel, CPA, MST, CVA
Wayne L. Wilfand, CPA
Vincent J. Vinci, CPA
Michael J. Orabona, CPA, MST

To: Ocean State Endoscopy, Inc.
148 West River Street, Suite 3
Providence, RI 02904

We have compiled the accompanying statements of assets, liabilities, and equity/(deficit)-income tax basis of Ocean State Endoscopy, Inc. (an "S" corporation) as of December 31, 2011 and 2010 and the related statements of revenues and expenses and changes in financial position - income tax basis for the years then ended. We have not audited or reviewed the accompanying financial statements and, accordingly do not express an opinion or provide any assurance about whether the financial statements are in accordance with the income tax basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Sinel, Wilfand & Vinci
CERTIFIED PUBLIC ACCOUNTANTS, INC.

February 22, 2012

1150 New London Avenue, Cranston, Rhode Island 02920 Tel: 401.463.8600 Fax: 401.463.6277
960 Tiogue Avenue, Bldg. A, Coventry, Rhode Island 02816 Tel: 401.822.0100
60 Rock Street, Fall River, Massachusetts 02720 Tel: 508.324.8031

Website: www.swvcpas.com *E-mail:* swv@swvcpas.com

EXHIBIT "A"

Ocean State Endoscopy, Inc.
STATEMENTS OF ASSETS, LIABILITIES, AND EQUITY/(DEFICIT) -
INCOME TAX BASIS
December 31, 2011 and 2010

ASSETS

	2011	2010
Current Assets:		
Cash In Bank	$ 8,090	$ 2,704
Stock Subscription Receivable	1,000	0
Loan Receivable - Officer	12,978	0
Due From Consultants In Gastroenterology, Inc	10,016	0
Total Current Assets	32,084	2,704
Property And Equipment:		
Medical Equipment	407,055	419,666
Office Equipment	42,765	22,765
Furniture And Fixtures	2,752	2,752
	452,572	445,183
Less - Accumulated Depreciation	438,343	412,535
Property And Equipment - Net	14,229	32,648
Other Asset:		
Closing Costs - Less Accumulated Amortization of $2,321. and $1,964., respectively	179	536
Total Assets	$ 46,492	$ 35,888

See Accountants' Compilation Report

EXHIBIT "A"

Ocean State Endoscopy, Inc.
STATEMENTS OF ASSETS, LIABILITIES, AND EQUITY/(DEFICIT) -
INCOME TAX BASIS
December 31, 2011 and 2010

LIABILITIES AND STOCKHOLDERS' EQUITY/(DEFICIT)

	2011	2010
Current Liabilities:		
Payroll Withholdings Payable	$ 1,350	$ 1,326
Note Payable - Current	0	16,083
Profit Sharing Contribution Payable	8,727	16,324
Due To Consultants In Gastroenterology, Inc.	0	46,366
Total Liabilities	10,077	80,099
Stockholders' Equity/(Deficit):		
Common Stock - $1.00 Par Value 8,000 Shares Authorized, 1,000 Shares Issued And Outstanding	1,075	1,000
Additional Paid In Capital	925	0
Retained Earnings/(Accumulated Deficit)	34,415	(45,211)
Total Stockholders' Equity/(Deficit)	36,415	(44,211)
Total Liabilities And Stockholders' Equity/(Deficit)	$ 46,492	$ 35,888

See Accountants' Compilation Report

EXHIBIT "B"

Ocean State Endoscopy, Inc.
STATEMENTS OF REVENUES AND EXPENSES - INCOME TAX BASIS
For the Years Ended December 31, 2011 and 2010

	2011	%	2010	%
Fee Income - Net	$ 1,350,426	100.0	$ 1,129,396	100.0
Operating Expenses				
Payroll - Staff	366,125	27.1	336,716	29.8
Payroll Taxes	36,682	2.7	33,352	3.0
Accounting	3,165	0.2	4,691	0.4
Amortization	357	0.0	357	0.0
Bank Charges	25	0.0	10	0.0
Billing Service Fee	14,499	1.1	0	0.0
Depreciation	38,418	2.8	18,449	1.6
Dues And Publications	0	0.0	10,230	0.9
Insurance - Health	33,152	2.5	35,990	3.2
Laundry And Linen	11,569	0.9	11,253	1.0
Licenses, Fees, And Permits	798	0.1	472	0.0
Maintenance Contracts	30,309	2.2	26,990	2.4
Management Fees	42,000	3.1	42,000	3.7
Medical Supplies	118,734	8.8	118,248	10.5
Medical Waste Removal	3,055	0.2	2,647	0.2
Meetings	1,400	0.1	0	0.0
Office Supplies And Expenses	4,870	0.4	3,943	0.3
Outside Clerical Services	559	0.0	4,561	0.4
Payroll Service	2,074	0.2	1,912	0.2
Professional Fees	6,232	0.5	3,415	0.3
Profit Sharing Contribution	8,727	0.6	16,324	1.4
Promotion And Goodwill	182	0.0	174	0.0
Rent	114,900	8.5	97,812	8.7
Repairs And Maintenance	184	0.0	176	0.0
Taxes - Franchise	500	0.0	500	0.0
Taxes - Property	4,944	0.4	5,645	0.5
Taxes - Xray Surcharge	25,543	1.9	21,982	1.9
Utilities	34,287	2.5	33,257	2.9
Total Operating Expenses	903,290	66.8	831,106	73.3
Income From Operations	447,136	33.2	298,290	26.7

(continued)

See Accountants' Compilation Report

EXHIBIT "B"

Ocean State Endoscopy, Inc.
STATEMENTS OF REVENUES AND EXPENSES - INCOME TAX BASIS
For the Years Ended December 31, 2011 and 2010

	2011	%	2010	%
Income From Operations (brought forward)	447,136	33.2	298,290	26.7
Other Income/(Expense):				
Interest Expense	(259)	0.0	(3,165)	(0.3)
Interest Income	6	0.0	16	0.0
Miscellaneous Income	1,326	0.1	0	0.0
Total Other Income/(Expense)	1,073	0.1	(3,149)	(0.3)
Net Income	$ 448,209	33.3	$ 295,141	26.4

See Accountants' Compilation Report

EXHIBIT "C"
Ocean State Endoscopy, Inc.
STATEMENTS OF CHANGES IN FINANCIAL POSITION -
INCOME TAX BASIS
For the Years Ended December 31, 2011 and 2010

	Common Stock	Paid In Capital	Accumulated Deficit	Total
Balance - January 1, 2011	$ 1,000	$ 0	$ (45,211)	$ (44,211)
Net Income			448,209	448,209
Shareholder Distributions			(368,583)	(368,583)
75 Shares of Common Stock Issued	75			75
Contribution of Additional Paid In Capital		925		925
Balance - December 31, 2011	$ 1,075	$ 925	$ 34,415	$ 36,415
Balance - January 1, 2010	$ 1,000	$ 0	$ (55,352)	$ (54,352)
Net Income			295,141	295,141
Shareholder Distributions			(285,000)	(285,000)
Balance - December 31, 2010	$ 1,000	0	$ (45,211)	$ (44,211)

See Accountants' Compilation Report

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For the Years Ended December 31, 2012 and 2011

Accountants' Compilation Report

Exhibit "A" - Statements of Assets, Liabilities, and Equity - Income Tax Basis

Exhibit "B" - Statements of Revenues and Expenses - Income Tax Basis

Exhibit "C" - Statements of Retained Earnings/(Accumulated Deficit) - Income Tax Basis

To: Ocean State Endoscopy, Inc.
148 West River Street,Suite 3
Providence, RI 02904

We have compiled the accompanying statements of assets, liabilities, and equity- income tax basis of Ocean State Endoscopy, Inc. (an "S" corporation) as of December 31, 2012 and 2011 and the related statements of revenues and expenses and retained earnings/ (accumulated deficit) - income tax basis for the years then ended. We have not audited or reviewed the accompanying financial statements and, accordingly do not express an opinion or provide any assurance about whether the financial statements are in accordance with the income tax basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

February 12, 2013

EXHIBIT "A"

Ocean State Endoscopy, Inc.
STATEMENTS OF ASSETS, LIABILITIES, AND EQUITY -
INCOME TAX BASIS
December 31, 2012 and 2011

ASSETS

	2012	2011
Current Assets:		
Cash In Bank	$ 4,151	$ 8,090
Stock Subscription Receivable	0	1,000
Loan Receivable - Officer	12,978	12,978
Due From Consultants In Gastroenterology, Inc	15,866	10,016
Prepaid Retirement Contribution	758	0
Total Current Assets	33,753	32,084
Property And Equipment:		
Medical Equipment	407,055	407,055
Office Equipment	42,765	42,765
Furniture And Fixtures	2,752	2,752
	452,572	452,572
Less - Accumulated Depreciation	452,453	438,343
Property And Equipment - Net	119	14,229
Other Asset:		
Closing Costs - Less Accumulated Amortization of $2,500. and $2,321., respectively	0	179
Total Assets	$ 33,872	$ 46,492

See Accountants' Compilation Report

EXHIBIT "A"

Ocean State Endoscopy, Inc.
STATEMENTS OF ASSETS, LIABILITIES, AND EQUITY -
INCOME TAX BASIS
December 31, 2012 and 2011

LIABILITIES AND STOCKHOLDERS' EQUITY

	2012	2011
Current Liabilities:		
Payroll Withholdings Payable	$ 1,350	$ 1,350
Profit Sharing Contribution Payable	0	8,727
Total Liabilities	1,350	10,077
Stockholders' Equity:		
Common Stock - $1.00 Par Value 8,000 Shares Authorized, 1,000 Shares Issued And Outstanding	1,075	1,075
Additional Paid In Capital	925	925
Retained Earnings	30,522	34,415
Total Stockholders' Equity	32,522	36,415
Total Liabilities And Stockholders' Equity	$ 33,872	$ 46,492

See Accountants' Compilation Report

EXHIBIT "B"

Ocean State Endoscopy, Inc.
STATEMENTS OF REVENUES AND EXPENSES - INCOME TAX BASIS
For the Years Ended December 31, 2012 and 2011

	2012	%	2011	%
Fee Income - Net	$ 1,410,161	100.0	$ 1,350,432	100.0
Operating Expenses:				
Payroll - Staff	377,433	26.8	366,125	27.1
Payroll Taxes	37,492	2.7	36,680	2.7
Accounting	3,906	0.3	3,165	0.2
Amortization	179	0.0	357	0.0
Bank Charges	19	0.0	25	0.0
Billing Service Fee	41,590	2.9	14,499	1.1
Cleaning	6,281	0.4	0	0.0
Computer Expense	12,734	0.9	0	0.0
Depreciation	14,111	1.0	38,418	2.8
Dues And Publications	268	0.0	0	0.0
Insurance - Health	42,011	3.0	33,152	2.5
Laundry And Linen	11,508	0.8	11,569	0.9
Licenses, Fees, And Permits	192	0.0	798	0.1
Maintenance Contracts	24,096	1.7	30,309	2.2
Management Fees	42,000	3.0	42,000	3.1
Medical Supplies	115,259	8.2	118,734	8.8
Medical Waste Removal	2,629	0.2	3,055	0.2
Meetings	85	0.0	1,400	0.1
Office Supplies And Expenses	4,048	0.3	4,870	0.4
Outside Clerical Services	0	0.0	559	0.0
Payroll Service	2,254	0.2	2,074	0.2
Professional Fees	8,158	0.6	6,232	0.5
Profit Sharing Contribution	9,261	0.7	8,727	0.6
Promotion And Goodwill	209	0.0	182	0.0
Rent	97,223	6.9	114,900	8.5
Repairs And Maintenance	1,460	0.1	184	0.0
Taxes - Franchise	500	0.0	500	0.0
Taxes - Property	4,213	0.3	4,944	0.4
Taxes - Xray Surcharge	28,359	2.0	25,543	1.9
Utilities	28,960	2.1	34,287	2.5
Total Operating Expenses	916,438	65.1	903,288	66.8
Income From Operations	493,723	34.9	447,144	33.2

(continued)

EXHIBIT "B"

Ocean State Endoscopy, Inc.
STATEMENTS OF REVENUES AND EXPENSES - INCOME TAX BASIS
For the Years Ended December 31, 2012 and 2011

	2012	%	2011	%
Income From Operations (brought forward)	493,723	34.9	447,144	33.2
Other Income/(Expense):				
Interest Expense	0	0.0	(259)	0.0
Interest Income	3	0.0	6	0.0
Miscellaneous Income	430	0.0	1,326	0.1
Total Other Income/(Expense)	433	0.0	1,073	0.1
Net Income	$ 494,156	34.9	$ 448,217	33.3

See Accountants' Compilation Report

EXHIBIT "C"

Ocean State Endoscopy, Inc.
STATEMENTS OF RETAINED EARNINGS/
(ACCUMULATED DEFICIT) - INCOME TAX BASIS
For the Years Ended December 31, 2012 and 2011

	2012	2011
Retained Earnings/ (Accumulated Deficit)- Beginning	$ 34,415	$ (45,219)
Net Income	494,156	448,217
Stockholder Distributions	(498,049)	(368,583)
Retained Earnings - Ending	$ 30,522	$ 34,415

See Accountants' Compilation Report

EAST GREENWICH ENDOSCOPY CENTER, LLC
Comparative Balance Sheet
December 2012

	Current Month	*Last Month*	*Change Last to Current*	*Prior Year Ending*	*Change Prior YE to Current*
ASSETS					
Current Assets					
Cash & Equivalents	426,599	321,931	104,667	437,423	(10,824)
Accounts Receivable (Net)	215,479	255,888	(40,408)	263,539	(48,059)
Total Other Receivables	(13,183)	(7,311)	(5,871)	(12,590)	(593)
Inventories	34,325	35,285	(960)	52,082	(17,757)
Prepaid Expenses	27,535	30,309	(2,773)	27,050	485
Total Current Assets	**690,756**	**636,102**	**54,654**	**767,503**	**(76,747)**
Property & Equipment					
Total Leasehold Improvements	1,841,675	1,841,675	-	1,841,675	-
Total Furniture, Fixtures, & Equipment	28,109	28,109	-	28,109	-
Total Computers & Software	168,726	168,726	-	160,982	7,744
Total Medical Equipment	821,772	812,160	9,612	799,856	21,916
Accumulated Depreciation	(1,085,176)	(1,062,336)	(22,840)	(806,434)	(278,742)
Property & Equipment (Net)	**1,775,105**	**1,788,333**	**(13,228)**	**2,024,187**	**(249,082)**
Other Assets					
Total Assets	***2,465,862***	***2,424,435***	***41,426***	***2,791,690***	***(325,829)***
LIABILITIES & SHAREHOLDERS' EQUITY					
Current Liabilities					
Total Accounts Payable	12,468	24,178	(11,709)	25,682	(13,214)
Total Due (To)/From SYMB	4,050	2,849	1,201	5,468	(1,418)
Total Accrued Payroll	57,501	58,709	(1,208)	57,998	(497)
Total Employer Liabilities	31,371	27,250	4,121	30,940	432
Total Taxes Payable	35,587	32,715	2,872	35,318	269
Total Other Current Liabilities	6,871	6,919	(48)	9,318	(2,447)
Total Current Liabilities	**147,849**	**152,620**	**(4,771)**	**164,724**	**(16,875)**
Long Term Liabilities					
Intercompany Activity, Liability	2,077,941	2,117,608	(39,667)	2,442,305	(364,365)
Total Other/LT Liabilities	**2,077,941**	**2,117,608**	**(39,667)**	**2,442,305**	**(364,365)**
Shareholders' Equity					
Partnership Capital	(2,935,546)	(2,935,546)	-	(1,677,884)	(1,257,662)
Retained Earnings	1,862,545	1,862,545	-	869,890	992,655
Retained Earnings - Increases/Decreases	1,313,073	1,227,208	85,865	992,655	320,418
Total Shareholders' Equity	***240,072***	***154,207***	***85,865***	***184,661***	***55,411***
Total Liabilities & Shareholders' Equity	***2,465,862***	***2,424,435***	***41,426***	***2,791,690***	***(325,829)***

EAST GREENWICH ENDOSCOPY CENTER, LLC
Comparative Statement of Operations (Actual vs. Budget)
For Month Ended December 2012

Current Month ACTUAL	Net Rev %	Current Month BUDGET	Net Rev %	Current Month VARIANCE	Var %		Current YTD ACTUAL	Net Rev %	Current YTD BUDGET	Net Rev %	Current YTD VARIANCE	Var %
592		585		7	1.2%	CASES	7,711		7,141		570	8.0%
						REVENUE						
1,042,784	-	1,031,810	-	10,974	1.1%	Patient Revenue	13,504,887	-	12,595,379	-	909,508	7.2%
(667,323)	-	(682,085)	-	14,762	2.2%	Contractual Adjustments	(8,853,478)	-	(8,326,258)	-	(527,219)	(6.3)%
375,461	-	*349,725*	-	*25,736*	*7.4%*	*Net Patient Revenue*	*4,651,409*	-	*4,269,121*	-	*382,288*	*9.0%*
375,461	-	*349,725*	-	*25,736*	*7.4%*	*Net Revenue*	*4,651,409*	-	*4,269,121*	-	*382,288*	*9.0%*
375,461	-	*349,725*	-	*25,736*	*7.4%*	Net Revenue	*4,651,409*	-	*4,269,121*	-	*382,288*	*9.0%*
375,461	-	*349,725*	-	*25,736*	*7.4%*	*Net Revenue*	*4,651,409*	-	*4,269,121*	-	*382,288*	*9.0%*
						OPERATING EXPENSE						
100,085	26.7%	93,345	26.7%	(6,741)	(7.2)%	Salaries & Wages	1,166,164	25.1%	1,142,198	26.8%	(23,966)	(2.1)%
19,587	5.2%	19,332	5.5%	(255)	(1.3)%	Employee Benefits	241,923	5.2%	243,361	5.7%	1,438	0.6%
962	0.3%	1,400	0.4%	438	31.3%	Employee G & A	2,816	0.1%	5,661	0.1%	2,845	50.3%
-	-	302	0.1%	302	100.0%	Seminars & Education	2,420	0.1%	1,628	0.0%	(792)	(48.7)%
498	0.1%	302	0.1%	(196)	(64.8)%	Dues, Fees, & Subscriptions	5,100	0.1%	4,754	0.1%	(346)	(7.3)%
1,065	0.3%	1,637	0.5%	572	34.9%	Travel & Entertainment	12,104	0.3%	13,555	0.3%	1,451	10.7%
4,040	1.1%	2,888	0.8%	(1,152)	(39.9)%	Office Supplies	32,615	0.7%	35,977	0.8%	3,363	9.3%
27,009	7.2%	20,844	6.0%	(6,164)	(29.6)%	Medical Supplies	344,302	7.4%	254,444	6.0%	(89,858)	(35.3)%
7,205	1.9%	6,011	1.7%	(1,194)	(19.9)%	Professional Fees	97,320	2.1%	68,538	1.6%	(28,782)	(42.0)%
5,517	1.5%	5,168	1.5%	(349)	(6.8)%	Medical Related Fees	66,187	1.4%	62,010	1.5%	(4,177)	(6.7)%
30,834	8.2%	28,544	8.2%	(2,290)	(8.0)%	Leases & Rentals	351,288	7.6%	342,524	8.0%	(8,764)	(2.6)%
13,183	3.5%	10,955	3.1%	(2,227)	(20.3)%	Allocation Expense	140,863	3.0%	137,187	3.2%	(3,677)	(2.7)%
6,572	1.8%	6,471	1.9%	(100)	(1.6)%	Repairs & Maintenance	97,610	2.1%	79,106	1.9%	(18,504)	(23.4)%
7,407	2.0%	6,458	1.8%	(949)	(14.7)%	Utilities	73,775	1.6%	77,941	1.8%	4,166	5.3%
19,358	5.2%	14,400	4.1%	(4,958)	(34.4)%	Insurance, Taxes, & Licenses	201,515	4.3%	174,268	4.1%	(27,247)	(15.6)%
10,212	2.7%	5,246	1.5%	(4,966)	(94.7)%	Bad Debts	60,424	1.3%	64,037	1.5%	3,613	5.6%
253,532	**67.5%**	**223,303**	**63.9%**	**(30,230)**	**(13.5)%**	**Total Operating Expense**	**2,896,426**	**62.3%**	**2,707,189**	**63.4%**	**(189,237)**	**(7.0)%**
121,929	**32.5%**	**126,422**	**36.1%**	**(4,493)**	**(3.6)%**	**Total Operating Income/(Loss)**	**1,754,984**	**37.7%**	**1,561,932**	**36.6%**	**193,052**	**12.4%**
121,929	**32.5%**	**126,422**	**36.1%**	**(4,493)**	**(3.6)%**	EBITDA	**1,754,984**	**37.7%**	**1,561,932**	**36.6%**	**193,052**	**12.4%**
22,840	6.1%	23,209	6.6%	369	1.6%	Depreciation	278,742	6.0%	279,106	6.5%	364	0.1%
99,089	*26.4%*	*103,213*	*29.5%*	*(4,124)*	*(4.0)%*	*EBIT*	*1,476,241*	*31.7%*	*1,282,826*	*30.0%*	*193,416*	*15.1%*
227	0.1%	6	0.0%	222	3,859.5%	Interest & Other Income	722	0.0%	69	0.0%	653	947.2%
(13,452)	(3.6)%	(15,991)	(4.6)%	2,539	(15.9)%	Intercompany Interest (Net)	(163,890)	(3.5)%	(203,559)	(4.8)%	39,669	(19.5)%
85,865	*22.9%*	*87,228*	*24.9%*	*(1,363)*	*(1.6)%*	*Net Income*	*1,313,073*	*28.2%*	*1,079,336*	*25.3%*	*233,737*	*21.7%*

EAST GREENWICH ENDOSCOPY CENTER, LLC
Statement of Cash Flows
YTD for the Month Ending December 2012

	Dec
Operating Activities	
Net Income (Loss) - Cash Flow	**$1,313,073**
Adjustments to reconcile net income (loss)	
to net cash provided (used) by operating activities:	
Depreciation	278,742
Accounts Receivable	(12,365)
Bad Debts	60,424
Other Receivables	593
Inventories	17,757
Prepaid Expenses	(485)
Accounts Payable	(13,214)
Accrued Payroll	(497)
Accrued Employee Liabilities	432
Other Current Liabilities	(2,178)
Due From (To) Related Party	(1,418)
Cash Provided (Used) By Operating Activities	**1,640,864**
Investing Activities	
Fixed Assets	(29,661)
Cash Provided (Used) By Investing Activities	**(29,661)**
Financing Activities	
Intercompany Transacations	(364,365)
Acquisition Equity	0
GP Distributions	(565,948)
LP Distributions	(691,714)
Cash Provided (Used) By Financing Activities	**(1,622,027)**
Net Increase (Decrease) In Cash	**(10,824)**
Cash at Beginning of Period	**437,423**
Cash at End of Period	**$426,599**

RI-East Greenwich MOR Rollup
Comparative Balance Sheet
December 2010

	Current Month	*Last Month*	*Change Last to Current*	*Prior Year Ending*	*Change Prior YE to Current*
ASSETS					
Current Assets					
Cash & Equivalents	584,611	507,792	76,820	568,880	15,731
Accounts Receivable (Net)	156,488	190,308	(33,820)	172,517	(16,029)
Total Other Receivables	(9,946)	(8,544)	(1,403)	(9,568)	(379)
Inventories	53,589	43,068	10,521	43,499	10,090
Prepaid Expenses	32,699	28,127	4,571	15,225	17,473
Total Current Assets	**817,440**	**760,750**	**56,690**	**790,554**	**26,886**
Property & Equipment					
Total Leasehold Improvements	1,841,675	1,841,675	-	1,842,455	(781)
Total Furniture, Fixtures, & Equipment	26,109	26,109	-	26,694	1,415
Total Computers & Software	94,094	94,094	-	92,934	1,160
Total Medical Equipment	458,800	458,800	-	427,649	31,150
Accumulated Depreciation	(551,791)	(534,261)	(17,530)	(330,343)	(221,447)
Property & Equipment (Net)	**1,870,887**	**1,888,417**	**(17,530)**	**2,059,390**	**(188,503)**
Other Assets					
Other Assets	-	-	-	8,640	(8,640)
Total Assets	***2,688,327***	***2,649,167***	***39,160***	***2,858,583***	***(170,256)***
LIABILITIES & SHAREHOLDERS' EQUITY					
Current Liabilities					
Total Accounts Payable	35,065	33,970	1,095	8,546	26,519
Total Due (To)/From SYMB	4,158	4,357	(199)	8,693	(4,535)
Total Accrued Payroll	58,427	61,528	(3,101)	62,745	(4,319)
Total Employer Liabilities	20,894	34,772	(13,878)	21,008	(114)
Total Taxes Payable	28,950	24,192	4,758	18,940	10,011
Total Other Current Liabilities	8,114	10,713	(2,599)	11,692	(3,578)
Total Current Liabilities	**155,609**	**169,533**	**(13,924)**	**131,625**	**23,984**
Long Term Liabilities					
Intercompany Activity, Liability	2,357,828	2,376,132	(18,304)	2,568,747	(210,919)
Total Other/LT Liabilities	**2,357,828**	**2,376,132**	**(18,304)**	**2,568,747**	**(210,919)**
Shareholders' Equity					
Partnership Capital	(695,000)	(695,000)	-	155,000	(850,000)
Retained Earnings	3,211	3,211	-	(458,553)	461,764
Retained Earnings - Increases/Decreases	866,679	795,292	71,387	461,764	404,915
Total Shareholders' Equity	***174,890***	***103,503***	***71,387***	***158,211***	***16,679***
Total Liabilities & Shareholders' Equity	***2,688,327***	***2,649,167***	***39,160***	***2,858,583***	***(170,256)***

RI-East Greenwich MOR Rollup
Comparative Statement of Operations
For Month Ended December 2010

Current Month ACTUAL	Net Rev %	Current Month BUDGET	Net Rev %	Current Month VARIANCE	Var %		Current YTD ACTUAL	Net Rev %	Current YTD BUDGET	Net Rev %	Current YTD VARIANCE	Var %
512		529		(17)	(3.2)%	CASES	6,203		6,157		46	0.7%
						REVENUE						
839,816	100.0%	820,411	100.0%	19,405	2.4%	Patient Revenue	9,817,238	100.0%	9,548,713	100.0%	268,525	2.8%
(535,984)	(63.8)%	(513,935)	(62.6)%	(22,049)	(4.3)%	Contractual Adjustments	(6,192,537)	(63.1)%	(5,981,663)	(62.6)%	(210,874)	(3.5)%
303,832	***36.2%***	***306,475***	***37.4%***	***(2,644)***	***(0.9)%***	***Net Patient Revenue***	***3,624,701***	***36.9%***	***3,567,050***	***37.4%***	***57,651***	***1.6%***
						OPERATING EXPENSE						
80,719	26.6%	91,557	29.9%	10,838	11.8%	Salaries & Wages	952,786	26.3%	1,041,782	29.2%	88,996	8.5%
1,925	0.6%	-	-	(1,925)	-	Contract Labor	5,169	0.1%	-	-	(5,169)	-
8,975	3.0%	16,149	5.3%	7,174	44.4%	Employee Benefits	188,341	5.2%	189,151	5.3%	810	0.4%
2,225	0.7%	2,158	0.7%	(67)	(3.1)%	Employee G & A	4,361	0.1%	3,375	0.1%	(986)	(29.2)%
945	0.3%	-	-	(945)	-	Seminars & Education	2,306	0.1%	2,780	0.1%	474	17.0%
250	0.1%	33	0.0%	(217)	(650.0)%	Dues, Fees, & Subscriptions	8,972	0.2%	3,650	0.1%	(5,322)	(145.8)%
608	0.2%	2,019	0.7%	1,410	69.9%	Travel & Entertainment	16,149	0.4%	24,222	0.7%	8,073	33.3%
1,932	0.6%	3,131	1.0%	1,199	38.3%	Office Supplies	32,751	0.9%	37,540	1.1%	4,788	12.8%
16,757	5.5%	18,250	6.0%	1,493	8.2%	Medical Supplies	198,774	5.5%	213,283	6.0%	14,508	6.8%
5,923	1.9%	4,538	1.5%	(1,384)	(30.5)%	Professional Fees	74,360	2.1%	61,234	1.7%	(13,126)	(21.4)%
9,419	3.1%	3,196	1.0%	(6,223)	(194.7)%	Medical Related Fees	45,416	1.3%	37,560	1.1%	(7,856)	(20.9)%
30,897	10.2%	31,241	10.2%	344	1.1%	Leases & Rentals	374,203	10.3%	374,896	10.5%	692	0.2%
9,946	3.3%	9,660	3.2%	(287)	(3.0)%	Allocation Expense	108,390	3.0%	111,040	3.1%	2,651	2.4%
6,710	2.2%	4,949	1.6%	(1,761)	(35.6)%	Repairs & Maintenance	64,898	1.8%	52,228	1.5%	(12,670)	(24.3)%
5,284	1.7%	7,225	2.4%	1,941	26.9%	Utilities	70,561	1.9%	86,700	2.4%	16,139	18.6%
15,126	5.0%	15,770	5.1%	644	4.1%	Insurance, Taxes, & Licenses	163,013	4.5%	180,352	5.1%	17,339	9.6%
3,138	1.0%	3,105	1.0%	(33)	(1.1)%	Bad Debts	47,806	1.3%	36,088	1.0%	(11,718)	(32.5)%
200,781	**66.1%**	**212,982**	**69.5%**	**12,201**	**5.7%**	**Total Operating Expense**	**2,358,257**	**65.1%**	**2,455,881**	**68.8%**	**97,623**	**4.0%**
103,051	**33.9%**	**93,494**	**30.5%**	**9,557**	**10.2%**	**Total Operating Income/(Loss)**	**1,266,444**	**34.9%**	**1,111,169**	**31.2%**	**155,275**	**14.0%**
-	-	-	-	-	-	Loss on Disposal of Assets	3,157	0.1%	-	-	(3,157)	-
103,051	**33.9%**	**93,494**	**30.5%**	**9,557**	**10.2%**	**EBITDA**	**1,263,287**	**34.9%**	**1,111,169**	**31.2%**	**152,117**	**13.7%**
17,530	5.8%	19,551	6.4%	2,021	10.3%	Depreciation	221,645	6.1%	231,672	6.5%	10,027	4.3%
85,521	***28.1%***	***73,942***	***24.1%***	***11,578***	***15.7%***	***EBIT***	***1,041,642***	***28.7%***	***879,497***	***24.7%***	***162,145***	***18.4%***
13	0.0%	-	-	13	-	Interest & Other Income	133	0.0%	-	-	133	-
(14,147)	(4.7)%	(11,347)	(3.7)%	(2,800)	24.7%	Intercompany Interest (Net)	(175,096)	(4.8)%	(143,996)	(4.0)%	(31,100)	21.6%
71,387	***23.5%***	***62,595***	***20.4%***	***8,792***	***14.0%***	***Net Income***	***866,679***	***23.9%***	***735,501***	***20.6%***	***131,178***	***17.8%***

RI-East Greenwich MOR Rollup
Statement of Cash Flows
YTD for the Month Ending December 2010

	Dec
Operating Activities	
Net Income (Loss) - Cash Flow	**$866,679**
Adjustments to reconcile net income (loss)	
to net cash provided (used) by operating activities:	
Depreciation	221,645
Accounts Receivable	(31,777)
Bad Debts	47,806
Other Receivables	379
Inventories	(10,090)
Prepaid Expenses	(17,473)
Accounts Payable	26,519
Accrued Payroll	(4,318)
Accrued Employee Liabilities	(114)
Other Current Liabilities	6,432
Due From (To) Related Party	(4,535)
Cash Provided (Used) By Operating Activities	**1,101,152**
Investing Activities	
Fixed Assets	(33,142)
Other Assets	8,640
Cash Provided (Used) By Investing Activities	**(24,502)**
Financing Activities	
Intercompany Transacations	(210,919)
Acquisition Equity	0
GP Distributions	(382,500)
LP Distributions	(467,500)
Minority Interest (Distributions)	0
Cash Provided (Used) By Financing Activities	**(1,060,919)**
Net Increase (Decrease) In Cash	**15,731**
Cash at Beginning of Period	**568,880**
Cash at End of Period	**$584,611**

RI-East Greenwich MOR Rollup
Comparative Balance Sheet
December 2011

	Current Month	*Last Month*	*Change Last to Current*	*Prior Year Ending*	*Change Prior YE to Current*
ASSETS					
Current Assets					
Cash & Equivalents	437,423	298,397	139,026	584,611	(147,189)
Accounts Receivable (Net)	263,539	304,802	(41,263)	156,488	107,051
Total Other Receivables	(12,590)	(10,592)	(1,998)	(9,946)	(2,643)
Inventories	52,082	52,082	-	53,589	(1,507)
Prepaid Expenses	27,050	28,712	(1,662)	32,699	(5,649)
Total Current Assets	**767,503**	**673,400**	**94,103**	**817,440**	**(49,937)**
Property & Equipment					
Total Leasehold Improvements	1,841,675	1,841,675	-	1,841,675	-
Total Furniture, Fixtures, & Equipment	28,109	28,109	-	28,109	-
Total Computers & Software	160,982	159,169	1,813	94,094	66,888
Total Medical Equipment	799,856	799,856	-	458,800	341,056
Accumulated Depreciation	(806,434)	(783,350)	(23,084)	(551,791)	(254,643)
Property & Equipment (Net)	**2,024,187**	**2,045,458**	**(21,271)**	**1,870,887**	**153,300**
Other Assets					
Total Assets	***2,791,690***	***2,718,858***	***72,832***	***2,688,327***	***103,363***
LIABILITIES & SHAREHOLDERS' EQUITY					
Current Liabilities					
Total Accounts Payable	25,682	27,147	(1,465)	35,065	(9,383)
Total Due (To)/From SYMB	5,468	964	4,504	4,158	1,310
Total Accrued Payroll	57,998	71,190	(13,191)	58,427	(429)
Total Employer Liabilities	30,940	28,698	2,241	20,894	10,046
Total Taxes Payable	35,318	29,431	5,886	28,950	6,367
Total Other Current Liabilities	9,318	11,456	(2,138)	8,114	1,204
Total Current Liabilities	**164,724**	**168,886**	**(4,162)**	**155,609**	**9,115**
Long Term Liabilities					
Intercompany Activity, Liability	2,442,305	2,467,392	(25,087)	2,357,828	84,477
Total Other/LT Liabilities	**2,442,305**	**2,467,392**	**(25,087)**	**2,357,828**	**84,477**
Shareholders' Equity					
Partnership Capital	(1,677,884)	(1,677,884)	-	(695,000)	(982,884)
Retained Earnings	869,890	869,890	-	3,211	866,679
Retained Earnings - Increases/Decreases	992,655	890,573	102,082	866,679	125,976
Total Shareholders' Equity	***184,661***	***82,580***	***102,082***	***174,890***	***9,771***
Total Liabilities & Shareholders' Equity	***2,791,690***	***2,718,858***	***72,832***	***2,688,327***	***103,363***

RI-East Greenwich MOR Rollup
Comparative Statement of Operations
For Month Ended December 2011

Current Month ACTUAL	Net Rev %	Current Month BUDGET	Net Rev %	Current Month VARIANCE	Var %		Current YTD ACTUAL	Net Rev %	Current YTD BUDGET	Net Rev %	Current YTD VARIANCE	Var %
637		525		112	21.3%	CASES	6,690		6,376		314	4.9%
						REVENUE						
1,120,360	-	886,160	-	234,200	26.4%	Patient Revenue	11,427,264	-	10,762,208	-	665,056	6.2%
(730,407)	-	(574,113)	-	(156,294)	(27.2)%	Contractual Adjustments	(7,448,360)	-	(6,972,460)	-	(475,900)	(6.8)%
389,953	**-**	***312,048***	**-**	***77,905***	***25.0%***	***Net Patient Revenue***	***3,978,904***	**-**	***3,789,748***	**-**	***189,156***	***5.0%***
389,953	**-**	***312,048***	**-**	***77,905***	***25.0%***	***Net Revenue***	***3,978,904***	**-**	***3,789,748***	**-**	***189,156***	***5.0%***
						OPERATING EXPENSE						
103,391	26.5%	82,754	26.5%	(20,636)	(24.9)%	Salaries & Wages	1,053,149	26.5%	990,431	26.1%	(62,718)	(6.3)%
-	-	-	-	-	-	Contract Labor	6,768	0.2%	-	-	(6,768)	-
16,360	4.2%	17,423	5.6%	1,063	6.1%	Employee Benefits	207,935	5.2%	209,388	5.5%	1,453	0.7%
3,853	1.0%	1,950	0.6%	(1,903)	(97.6)%	Employee G & A	7,702	0.2%	2,850	0.1%	(4,852)	(170.2)%
-	-	123	0.0%	123	100.0%	Seminars & Education	1,388	0.0%	1,476	0.0%	88	6.0%
986	0.3%	28	0.0%	(957)	(3,366.3)%	Dues, Fees, & Subscriptions	6,253	0.2%	3,946	0.1%	(2,307)	(58.5)%
1,710	0.4%	1,821	0.6%	111	6.1%	Travel & Entertainment	12,479	0.3%	16,319	0.4%	3,841	23.5%
3,188	0.8%	2,806	0.9%	(382)	(13.6)%	Office Supplies	33,579	0.8%	34,004	0.9%	424	1.2%
30,608	7.8%	19,382	6.2%	(11,226)	(57.9)%	Medical Supplies	244,735	6.2%	235,596	6.2%	(9,139)	(3.9)%
3,761	1.0%	6,431	2.1%	2,670	41.5%	Professional Fees	68,121	1.7%	77,674	2.0%	9,554	12.3%
4,819	1.2%	4,224	1.4%	(595)	(14.1)%	Medical Related Fees	59,815	1.5%	51,020	1.3%	(8,795)	(17.2)%
28,419	7.3%	31,203	10.0%	2,784	8.9%	Leases & Rentals	339,312	8.5%	373,388	9.9%	34,076	9.1%
12,590	3.2%	9,767	3.1%	(2,823)	(28.9)%	Allocation Expense	121,898	3.1%	111,450	2.9%	(10,449)	(9.4)%
6,510	1.7%	5,443	1.7%	(1,067)	(19.6)%	Repairs & Maintenance	76,046	1.9%	57,909	1.5%	(18,137)	(31.3)%
6,289	1.6%	5,604	1.8%	(685)	(12.2)%	Utilities	80,796	2.0%	67,687	1.8%	(13,109)	(19.4)%
16,655	4.3%	13,513	4.3%	(3,142)	(23.3)%	Insurance, Taxes, & Licenses	169,862	4.3%	161,555	4.3%	(8,308)	(5.1)%
11,315	2.9%	4,369	1.4%	(6,946)	(159.0)%	Bad Debts	70,060	1.8%	53,056	1.4%	(17,003)	(32.0)%
250,453	**64.2%**	**206,842**	**66.3%**	**(43,611)**	**(21.1)%**	**Total Operating Expense**	**2,559,898**	**64.3%**	**2,447,748**	**64.6%**	**(112,149)**	**(4.6)%**
139,500	**35.8%**	**105,206**	**33.7%**	**34,294**	**32.6%**	**Total Operating Income/(Loss)**	**1,419,006**	**35.7%**	**1,341,999**	**35.4%**	**77,007**	**5.7%**
139,500	**35.8%**	**105,206**	**33.7%**	**34,294**	**32.6%**	**EBITDA**	**1,419,006**	**35.7%**	**1,341,999**	**35.4%**	**77,007**	**5.7%**
23,084	5.9%	19,524	6.3%	(3,560)	(18.2)%	Depreciation	254,643	6.4%	234,942	6.2%	(19,701)	(8.4)%
116,416	***29.9%***	***85,682***	***27.5%***	***30,734***	***35.9%***	***EBIT***	***1,164,363***	***29.3%***	***1,107,057***	***29.2%***	***57,306***	***5.2%***
0	-	3	-	(3)	(109.9)%	Interest & Other Income	54	0.0%	35	-	19	52.6%
(14,334)	(3.7)%	(12,619)	(4.0)%	(1,715)	13.6%	Intercompany Interest (Net)	(171,762)	(4.3)%	(160,394)	(4.2)%	(11,368)	7.1%
102,082	***26.2%***	***73,066***	***23.4%***	***29,016***	***39.7%***	***Net Income***	***992,655***	***24.9%***	***946,699***	***25.0%***	***45,956***	***4.9%***

BAYSIDE ENDOSCOPY, LLC
Comparative Balance Sheet
December 2012

	Current Month	*Last Month*	*Change Last to Current*	*Prior Year Ending*	*Change Prior YE to Current*
ASSETS					
Current Assets					
Cash & Equivalents	1,192,305	879,742	312,563	1,162,203	30,102
Accounts Receivable (Net)	368,951	443,210	(74,258)	466,758	(97,806)
Total Other Receivables	6,616	10,415	(3,799)	(4,443)	11,058
Inventories	38,337	48,129	(9,792)	76,380	(38,043)
Prepaid Expenses	59,777	69,815	(10,038)	51,455	8,322
Total Current Assets	**1,665,986**	**1,451,311**	**214,675**	**1,752,353**	**(86,367)**
Property & Equipment					
CAPLEASES	550,863	550,863	-	550,863	-
Total Leasehold Improvements	36,768	36,768	-	36,768	-
Total Furniture, Fixtures, & Equipment	29,386	29,386	-	16,001	13,385
Total Computers & Software	364,141	377,266	(13,125)	398,445	(34,304)
Total Medical Equipment	923,566	923,566	-	920,081	3,485
Accumulated Depreciation	(1,522,072)	(1,520,634)	(1,438)	(1,371,122)	(150,951)
Property & Equipment (Net)	**382,653**	**397,216**	**(14,563)**	**551,038**	**(168,385)**
Other Assets					
Total Assets	***2,048,639***	***1,848,527***	***200,113***	***2,303,390***	***(254,751)***
LIABILITIES & SHAREHOLDERS' EQUITY					
Current Liabilities					
Total Accounts Payable	16,776	24,445	(7,669)	45,809	(29,033)
Total Due (To)/From SYMB	9,060	6,933	2,127	6,359	2,701
Total Accrued Payroll	67,596	94,956	(27,361)	98,747	(31,152)
Total Employer Liabilities	72,343	68,556	3,788	70,884	1,460
Current Capital Leases	62,263	72,473	(10,209)	119,431	(57,167)
Total Taxes Payable	65,825	60,942	4,883	86,161	(20,336)
Total Other Current Liabilities	59,540	82,279	(22,739)	133,321	(73,781)
Total Current Liabilities	**353,403**	**410,583**	**(57,180)**	**560,712**	**(207,309)**
Long Term Liabilities					
Long Term Capital Leases	-	-	-	62,263	(62,263)
Total Other/LT Liabilities	**-**	**-**	**-**	**62,263**	**(62,263)**
Shareholders' Equity					
Partnership Capital	(32,869,382)	(32,869,382)	-	(29,279,575)	(3,589,806)
Retained Earnings	30,959,991	30,959,991	-	27,161,597	3,798,394
Retained Earnings - Increases/Decreases	3,604,627	3,347,335	257,292	3,798,394	(193,767)
Total Shareholders' Equity	***1,695,236***	***1,437,944***	***257,292***	***1,680,416***	***14,820***
Total Liabilities & Shareholders' Equity	***2,048,639***	***1,848,527***	***200,113***	***2,303,390***	***(254,751)***

BAYSIDE ENDOSCOPY, LLC
Comparative Statement of Operations (Actual vs. Prior Year)
For Month Ended December 2012

Current Month ACTUAL	Net Rev %	Current Month PRIOR YEAR	Net Rev %	Current Month VARIANCE	Var %		Current YTD ACTUAL	Net Rev %	Current YTD PRIOR YEAR	Net Rev %	Current YTD VARIANCE	Var %
981		1,045		(64)	(6.1)%	CASES	13,514		13,878		(364)	(2.6)%
						REVENUE						
2,024,889	-	1,951,574	-	73,315	3.8%	Patient Revenue	26,183,448	-	25,468,935	-	714,513	2.8%
(1,400,256)	-	(1,322,551)	-	(77,705)	(5.9)%	Contractual Adjustments	(17,990,870)	-	(17,209,663)	-	(781,207)	(4.5)%
624,633	-	***629,023***	-	***(4,390)***	***(0.7)%***	***Net Patient Revenue***	***8,192,578***	-	***8,259,272***	-	***(66,694)***	***(0.8)%***
624,633	-	***629,023***	-	***(4,390)***	***(0.7)%***	***Net Revenue***	***8,192,578***	-	***8,259,272***	-	***(66,694)***	***(0.8)%***
624,633	-	***629,023***	-	***(4,390)***	***(0.7)%***	Net Revenue	***8,192,578***	-	***8,259,272***	-	***(66,694)***	***(0.8)%***
624,633	-	***629,023***	-	***(4,390)***	***(0.7)%***	***Net Revenue***	***8,192,578***	-	***8,259,272***	-	***(66,694)***	***(0.8)%***
						OPERATING EXPENSE						
120,333	19.3%	158,070	25.1%	37,736	23.9%	Salaries & Wages	1,760,569	21.5%	1,752,247	21.2%	(8,322)	(0.5)%
32,071	5.1%	29,258	4.7%	(2,812)	(9.6)%	Employee Benefits	378,518	4.6%	359,280	4.4%	(19,238)	(5.4)%
2,032	0.3%	3,169	0.5%	1,137	35.9%	Employee G & A	4,690	0.1%	7,931	0.1%	3,241	40.9%
-	-	(247)	0.0%	(247)	(100.0)%	Seminars & Education	3,820	0.0%	4,393	0.1%	573	13.0%
656	0.1%	1,009	0.2%	353	34.9%	Dues, Fees, & Subscriptions	14,753	0.2%	6,827	0.1%	(7,926)	(116.1)%
2,518	0.4%	(1,096)	(0.2)%	(3,614)	(329.9)%	Travel & Entertainment	11,126	0.1%	16,022	0.2%	4,896	30.6%
5,482	0.9%	3,693	0.6%	(1,789)	(48.4)%	Office Supplies	47,498	0.6%	50,574	0.6%	3,076	6.1%
52,584	8.4%	44,337	7.0%	(8,246)	(18.6)%	Medical Supplies	622,133	7.6%	560,593	6.8%	(61,541)	(11.0)%
20,020	3.2%	9,410	1.5%	(10,610)	(112.8)%	Professional Fees	179,033	2.2%	117,263	1.4%	(61,769)	(52.7)%
7,063	1.1%	7,569	1.2%	506	6.7%	Medical Related Fees	105,791	1.3%	81,218	1.0%	(24,573)	(30.3)%
38,315	6.1%	37,585	6.0%	(731)	(1.9)%	Leases & Rentals	448,254	5.5%	438,059	5.3%	(10,195)	(2.3)%
21,845	3.5%	20,654	3.3%	(1,191)	(5.8)%	Allocation Expense	246,942	3.0%	252,361	3.1%	5,419	2.1%
9,189	1.5%	9,170	1.5%	(19)	(0.2)%	Repairs & Maintenance	134,917	1.6%	131,433	1.6%	(3,484)	(2.7)%
3,446	0.6%	3,065	0.5%	(381)	(12.4)%	Utilities	38,630	0.5%	32,165	0.4%	(6,466)	(20.1)%
27,986	4.5%	30,924	4.9%	2,938	9.5%	Insurance, Taxes, & Licenses	336,854	4.1%	358,292	4.3%	21,438	6.0%
-	-	-	-	-	-	Other Expenses	25	-	-	-	(25)	-
9,053	1.4%	21,140	3.4%	12,086	57.2%	Bad Debts	74,160	0.9%	103,828	1.3%	29,668	28.6%
352,594	**56.4%**	**377,710**	**60.0%**	**25,116**	**6.6%**	**Total Operating Expense**	**4,407,713**	**53.8%**	**4,272,486**	**51.7%**	**(135,228)**	**(3.2)%**
272,038	**43.6%**	**251,313**	**40.0%**	**20,725**	**8.2%**	**Total Operating Income/(Loss)**	**3,784,865**	**46.2%**	**3,986,787**	**48.3%**	**(201,922)**	**(5.1)%**
-	-	-	-	-	-	Loss on Disposal of Assets	1,197	0.0%	-	-	(1,197)	-
-	-	-	-	-	-	Gain on Disposal of Assets	2,000	0.0%	-	-	2,000	-
272,038	**43.6%**	**251,313**	**40.0%**	**20,725**	**8.2%**	**EBITDA**	**3,785,667**	**46.2%**	**3,986,787**	**48.3%**	**(201,119)**	**(5.0)%**
14,563	2.3%	18,831	3.0%	4,268	22.7%	Depreciation	176,313	2.2%	176,114	2.1%	(199)	(0.1)%
257,476	***41.2%***	***232,482***	***37.0%***	***24,993***	***10.8%***	***EBIT***	***3,609,354***	***44.1%***	***3,810,673***	***46.1%***	***(201,319)***	***(5.3)%***
155	0.0%	116	0.0%	39	33.7%	Interest & Other Income	2,413	0.0%	1,352	0.0%	1,062	78.6%
(338)	(0.1)%	(893)	(0.1)%	555	(62.1)%	Interest & Other Expense	(7,141)	(0.1)%	(13,630)	(0.2)%	6,490	(47.6)%
257,292	***41.2%***	***231,705***	***36.8%***	***25,587***	***11.0%***	***Net Income***	***3,604,627***	***44.0%***	***3,798,394***	***46.0%***	***(193,767)***	***(5.1)%***

BAYSIDE ENDOSCOPY, LLC
Statement of Cash Flows
YTD for the Month Ending December 2012

	Dec
Operating Activities	
Net Income (Loss) - Cash Flow	**$3,604,627**
Adjustments to reconcile net income (loss)	
to net cash provided (used) by operating activities:	
Depreciation	176,313
Accounts Receivable	23,647
Bad Debts	74,160
Other Receivables	(11,058)
Inventories	38,043
Prepaid Expenses	(8,322)
Accounts Payable	(29,033)
Accrued Payroll	(31,152)
Accrued Employee Liabilities	1,460
Other Current Liabilities	(94,117)
Due From (To) Related Party	2,701
Cash Provided (Used) By Operating Activities	**3,747,268**
Investing Activities	
Fixed Assets	(7,929)
Cash Provided (Used) By Investing Activities	**(7,929)**
Financing Activities	
Acquisition Equity	0
GP Distributions	(2,692,355)
LP Distributions	(897,452)
Long Term Debt	(119,431)
Minority Interest (Distributions)	0
Cash Provided (Used) By Financing Activities	**(3,709,237)**
Net Increase (Decrease) In Cash	**30,102**
Cash at Beginning of Period	**1,162,203**
Cash at End of Period	**$1,192,305**

BAYSIDE ENDOSCOPY, LLC
Comparative Balance Sheet
December 2010

	Current Month	Last Month	Change Last to Current	Prior Year Ending	Change Prior YE to Current
ASSETS					
Current Assets					
Cash & Equivalents	1,467,030	1,030,855	436,175	1,235,522	231,508
Accounts Receivable (Net)	317,769	437,872	(120,103)	396,744	(78,975)
Total Other Receivables	(3,078)	3,138	(6,216)	6,591	(9,669)
Inventories	72,321	74,021	(1,700)	109,308	(36,986)
Prepaid Expenses	52,517	57,346	(4,829)	51,445	1,072
Total Current Assets	**1,906,559**	**1,603,233**	**303,327**	**1,799,609**	**106,950**
Property & Equipment					
CAPLEASES	-	-	-	126,996	(126,996)
Total Leasehold Improvements	31,705	22,274	9,431	22,274	9,431
Total Furniture, Fixtures, & Equipment	16,001	16,001	-	16,001	-
Total Computers & Software	243,682	243,682	-	115,120	128,562
Total Medical Equipment	1,468,022	1,468,022	-	1,468,022	-
Construction-in-Progress	-	1,755	(1,755)	-	-
Accumulated Depreciation	(1,195,008)	(1,180,520)	(14,488)	(1,022,829)	(172,179)
Property & Equipment (Net)	**564,403**	**571,214**	**(6,812)**	**725,584**	**(161,181)**
Other Assets					
Total Assets	***2,470,962***	***2,174,447***	***296,515***	***2,525,193***	***(54,231)***
LIABILITIES & SHAREHOLDERS' EQUITY					
Current Liabilities					
Total Accounts Payable	44,852	40,423	4,429	19,677	25,175
Total Due (To)/From SYMB	3,891	7,883	(3,992)	5,222	(1,330)
Total Accrued Payroll	106,785	115,200	(8,415)	139,775	(32,991)
Total Employer Liabilities	50,107	74,190	(24,084)	48,249	1,858
Current Capital Leases	112,941	112,417	525	115,113	(2,172)
Total Taxes Payable	70,555	58,852	11,703	32,969	37,586
Total Other Current Liabilities	97,189	95,893	1,296	84,901	12,288
Total Current Liabilities	**486,319**	**504,857**	**(18,538)**	**445,906**	**40,413**
Long Term Liabilities					
Long Term Capital Leases	181,694	191,348	(9,655)	294,635	(112,941)
Total Other/LT Liabilities	**181,694**	**191,348**	**(9,655)**	**294,635**	**(112,941)**
Shareholders' Equity					
Partnership Capital	(25,358,648)	(25,358,648)	-	(21,300,020)	(4,058,628)
Retained Earnings	23,084,672	23,084,672	-	19,138,989	3,945,683
Retained Earnings - Increases/Decreases	4,076,925	3,752,218	324,707	3,945,683	131,242
Total Shareholders' Equity	***1,802,949***	***1,478,242***	***324,707***	***1,784,652***	***18,297***
Total Liabilities & Shareholders' Equity	***2,470,962***	***2,174,447***	***296,515***	***2,525,193***	***(54,231)***

BAYSIDE ENDOSCOPY, LLC
Comparative Statement of Operations
For Month Ended December 2010

Current Month ACTUAL	Net Rev %	Current Month BUDGET	Net Rev %	Current Month VARIANCE	Var %		Current YTD ACTUAL	Net Rev %	Current YTD BUDGET	Net Rev %	Current YTD VARIANCE	Var %
1,148		1,230		(82)	(6.7)%	CASES	14,187		14,671		(484)	(3.3)%
						REVENUE						
2,057,005	100.0%	2,051,729	100.0%	5,276	0.3%	Patient Revenue	24,515,570	100.0%	24,472,284	100.0%	43,286	0.2%
(1,368,619)	(66.5)%	(1,334,883)	(65.1)%	(33,735)	(2.5)%	Contractual Adjustments	(16,127,994)	(65.8)%	(15,922,009)	(65.1)%	(205,984)	(1.3)%
688,386	***33.5%***	***716,845***	***34.9%***	***(28,459)***	***(4.0)%***	***Net Patient Revenue***	***8,387,576***	***34.2%***	***8,550,275***	***34.9%***	***(162,699)***	***(1.9)%***
						OPERATING EXPENSE						
146,391	21.3%	161,712	22.6%	15,322	9.5%	Salaries & Wages	1,710,101	20.4%	1,817,114	21.3%	107,013	5.9%
20,234	2.9%	33,711	4.7%	13,477	40.0%	Employee Benefits	329,763	3.9%	394,480	4.6%	64,717	16.4%
3,148	0.5%	4,658	0.6%	1,510	32.4%	Employee G & A	11,342	0.1%	6,400	0.1%	(4,942)	(77.2)%
700	0.1%	2,000	0.3%	1,300	65.0%	Seminars & Education	6,738	0.1%	7,500	0.1%	762	10.2%
505	0.1%	319	0.0%	(186)	(58.3)%	Dues, Fees, & Subscriptions	6,628	0.1%	4,930	0.1%	(1,698)	(34.4)%
769	0.1%	1,708	0.2%	940	55.0%	Travel & Entertainment	12,759	0.2%	21,375	0.2%	8,616	40.3%
4,249	0.6%	4,249	0.6%	0	0.0%	Office Supplies	46,992	0.6%	51,073	0.6%	4,082	8.0%
47,445	6.9%	39,593	5.5%	(7,852)	(19.8)%	Medical Supplies	498,372	5.9%	477,812	5.6%	(20,560)	(4.3)%
8,304	1.2%	9,333	1.3%	1,029	11.0%	Professional Fees	98,674	1.2%	106,296	1.2%	7,621	7.2%
7,302	1.1%	5,750	0.8%	(1,551)	(27.0)%	Medical Related Fees	72,199	0.9%	70,468	0.8%	(1,731)	(2.5)%
37,407	5.4%	34,375	4.8%	(3,033)	(8.8)%	Leases & Rentals	495,752	5.9%	413,686	4.8%	(82,066)	(19.8)%
22,302	3.2%	22,897	3.2%	596	2.6%	Allocation Expense	247,134	2.9%	263,206	3.1%	16,072	6.1%
10,839	1.6%	11,242	1.6%	403	3.6%	Repairs & Maintenance	125,840	1.5%	135,023	1.6%	9,183	6.8%
2,070	0.3%	2,631	0.4%	561	21.3%	Utilities	25,082	0.3%	31,570	0.4%	6,488	20.6%
33,286	4.8%	32,601	4.5%	(685)	(2.1)%	Insurance, Taxes, & Licenses	384,308	4.6%	383,026	4.5%	(1,281)	(0.3)%
3,070	0.4%	5,811	0.8%	2,741	47.2%	Bad Debts	47,374	0.6%	69,202	0.8%	21,828	31.5%
348,021	**50.6%**	**372,592**	**52.0%**	**24,571**	**6.6%**	**Total Operating Expense**	**4,119,058**	**49.1%**	**4,253,162**	**49.7%**	**134,104**	**3.2%**
340,366	**49.4%**	**344,254**	**48.0%**	**(3,888)**	**(1.1)%**	**Total Operating Income/(Loss)**	**4,268,519**	**50.9%**	**4,297,113**	**50.3%**	**(28,594)**	**(0.7)%**
340,366	**49.4%**	**344,254**	**48.0%**	**(3,888)**	**(1.1)%**	**EBITDA**	**4,268,519**	**50.9%**	**4,297,113**	**50.3%**	**(28,594)**	**(0.7)%**
14,488	2.1%	21,232	3.0%	6,744	31.8%	Depreciation	174,517	2.1%	249,258	2.9%	74,740	30.0%
325,878	***47.3%***	***323,022***	***45.1%***	***2,856***	***0.9%***	***EBIT***	***4,094,001***	***48.8%***	***4,047,856***	***47.3%***	***46,146***	***1.1%***
247	0.0%	363	0.1%	(116)	(32.0)%	Interest & Other Income	2,755	0.0%	4,360	0.1%	(1,605)	(36.8)%
(1,418)	(0.2)%	(1,212)	(0.2)%	(206)	17.0%	Interest & Other Expense	(19,831)	(0.2)%	(18,385)	(0.2)%	(1,446)	7.9%
324,707	***47.2%***	***322,173***	***44.9%***	***2,534***	***0.8%***	***Net Income***	***4,076,925***	***48.6%***	***4,033,831***	***47.2%***	***43,094***	***1.1%***

BAYSIDE ENDOSCOPY, LLC
Statement of Cash Flows
YTD for the Month Ending December 2010

	Dec
Operating Activities	
Net Income (Loss) - Cash Flow	**$4,076,925**
Adjustments to reconcile net income (loss)	
to net cash provided (used) by operating activities:	
Depreciation	174,517
Accounts Receivable	31,601
Bad Debts	47,374
Other Receivables	9,669
Inventories	36,986
Prepaid Expenses	(1,072)
Accounts Payable	25,175
Accrued Payroll	(32,991)
Accrued Employee Liabilities	1,858
Other Current Liabilities	49,873
Due From (To) Related Party	(1,330)
Cash Provided (Used) By Operating Activities	**4,418,586**
Investing Activities	
Fixed Assets	(13,336)
Cash Provided (Used) By Investing Activities	**(13,336)**
Financing Activities	
Acquisition Equity	0
GP Distributions	(3,043,971)
LP Distributions	(1,014,657)
Long Term Debt	(115,113)
Minority Interest (Distributions)	0
Cash Provided (Used) By Financing Activities	**(4,173,742)**
Net Increase (Decrease) In Cash	**231,508**
Cash at Beginning of Period	**1,235,522**
Cash at End of Period	**$1,467,030**

BAYSIDE ENDOSCOPY, LLC
Comparative Balance Sheet
December 2011

	Current Month	Last Month	Change Last to Current	Prior Year Ending	Change Prior YE to Current
ASSETS					
Current Assets					
Cash & Equivalents	1,162,203	841,317	320,885	1,467,030	(304,827)
Accounts Receivable (Net)	466,758	567,136	(100,379)	317,769	148,988
Total Other Receivables	(4,443)	(4,366)	(77)	(3,078)	(1,365)
Inventories	76,380	53,240	23,140	72,321	4,059
Prepaid Expenses	51,455	58,101	(6,645)	52,517	(1,061)
Total Current Assets	**1,752,353**	**1,515,428**	**236,924**	**1,906,559**	**(154,207)**
Property & Equipment					
CAPLEASES	550,863	550,863	-	-	550,863
Total Leasehold Improvements	36,768	36,768	-	31,705	5,064
Total Furniture, Fixtures, & Equipment	16,001	16,001	-	16,001	-
Total Computers & Software	398,445	396,632	1,813	243,682	154,763
Total Medical Equipment	920,081	920,081	-	1,468,022	(547,941)
Accumulated Depreciation	(1,371,122)	(1,352,291)	(18,831)	(1,195,008)	(176,114)
Property & Equipment (Net)	**551,038**	**568,055**	**(17,018)**	**564,403**	**(13,366)**
Other Assets					
Total Assets	***2,303,390***	***2,083,484***	***219,907***	***2,470,962***	***(167,571)***
LIABILITIES & SHAREHOLDERS' EQUITY					
Current Liabilities					
Total Accounts Payable	45,809	53,749	(7,940)	44,852	957
Total Due (To)/From SYMB	6,359	8,044	(1,685)	3,891	2,468
Total Accrued Payroll	98,747	122,837	(24,090)	106,785	(8,038)
Total Employer Liabilities	70,884	69,330	1,553	50,107	20,777
Current Capital Leases	119,431	118,876	555	112,941	6,489
Total Taxes Payable	86,161	77,268	8,893	70,555	15,607
Total Other Current Liabilities	133,321	112,196	21,125	97,189	36,132
Total Current Liabilities	**560,712**	**562,301**	**(1,589)**	**486,319**	**74,392**
Long Term Liabilities					
Long Term Capital Leases	62,263	72,473	(10,209)	181,694	(119,430)
Total Other/LT Liabilities	**62,263**	**72,473**	**(10,209)**	**181,694**	**(119,430)**
Shareholders' Equity					
Partnership Capital	(29,279,576)	(29,279,576)	-	(25,358,648)	(3,920,928)
Retained Earnings	27,161,597	27,161,597	-	23,084,672	4,076,925
Retained Earnings - Increases/Decreases	3,798,394	3,566,689	231,705	4,076,925	(278,531)
Total Shareholders' Equity	***1,680,416***	***1,448,710***	***231,705***	***1,802,949***	***(122,533)***
Total Liabilities & Shareholders' Equity	***2,303,390***	***2,083,484***	***219,907***	***2,470,962***	***(167,572)***

BAYSIDE ENDOSCOPY, LLC
Comparative Statement of Operations
For Month Ended December 2011

Current Month ACTUAL	Net Rev %	Current Month BUDGET	Net Rev %	Current Month VARIANCE	Var %		Current YTD ACTUAL	Net Rev %	Current YTD BUDGET	Net Rev %	Current YTD VARIANCE	Var %
1,045		1,077		(32)	(3.0)%	CASES	13,878		14,456		(578)	(4.0)%
						REVENUE						
1,951,574	-	2,016,924	-	(65,350)	(3.2)%	Patient Revenue	25,468,935	-	27,079,738	-	(1,610,803)	(5.9)%
(1,322,551)	-	(1,375,251)	-	52,700	3.8%	Contractual Adjustments	(17,209,663)	-	(18,464,468)	-	1,254,805	6.8%
629,023	**-**	***641,673***	**-**	***(12,650)***	***(2.0)%***	***Net Patient Revenue***	***8,259,272***	**-**	***8,615,270***	**-**	***(355,998)***	***(4.1)%***
629,023	**-**	***641,673***	**-**	***(12,650)***	***(2.0)%***	***Net Revenue***	***8,259,272***	**-**	***8,615,270***	**-**	***(355,998)***	***(4.1)%***
						OPERATING EXPENSE						
158,070	25.1%	136,896	21.3%	(21,174)	(15.5)%	Salaries & Wages	1,752,247	21.2%	1,804,333	20.9%	52,085	2.9%
29,258	4.7%	29,409	4.6%	151	0.5%	Employee Benefits	359,280	4.4%	382,940	4.4%	23,660	6.2%
3,169	0.5%	5,083	0.8%	1,914	37.7%	Employee G & A	7,931	0.1%	11,500	0.1%	3,569	31.0%
(247)	0.0%	792	0.1%	1,038	131.2%	Seminars & Education	4,393	0.1%	9,500	0.1%	5,107	53.8%
1,009	0.2%	497	0.1%	(512)	(103.0)%	Dues, Fees, & Subscriptions	6,827	0.1%	7,215	0.1%	387	5.4%
(1,096)	(0.2)%	3,161	0.5%	4,257	134.7%	Travel & Entertainment	16,022	0.2%	20,181	0.2%	4,158	20.6%
3,693	0.6%	3,691	0.6%	(3)	(0.1)%	Office Supplies	50,574	0.6%	46,600	0.5%	(3,973)	(8.5)%
44,337	7.0%	38,685	6.0%	(5,652)	(14.6)%	Medical Supplies	560,593	6.8%	519,134	6.0%	(41,459)	(8.0)%
9,410	1.5%	9,811	1.5%	402	4.1%	Professional Fees	117,263	1.4%	111,375	1.3%	(5,888)	(5.3)%
7,569	1.2%	6,549	1.0%	(1,020)	(15.6)%	Medical Related Fees	81,218	1.0%	83,383	1.0%	2,165	2.6%
37,585	6.0%	38,189	6.0%	604	1.6%	Leases & Rentals	438,059	5.3%	457,425	5.3%	19,366	4.2%
20,654	3.3%	20,036	3.1%	(617)	(3.1)%	Allocation Expense	252,361	3.1%	251,748	2.9%	(613)	(0.2)%
9,170	1.5%	10,387	1.6%	1,216	11.7%	Repairs & Maintenance	131,433	1.6%	124,639	1.4%	(6,794)	(5.5)%
3,065	0.5%	2,103	0.3%	(962)	(45.7)%	Utilities	32,165	0.4%	25,240	0.3%	(6,924)	(27.4)%
30,924	4.9%	30,584	4.8%	(340)	(1.1)%	Insurance, Taxes, & Licenses	358,292	4.3%	383,243	4.4%	24,951	6.5%
21,140	3.4%	5,775	0.9%	(15,365)	(266.1)%	Bad Debts	103,828	1.3%	77,537	0.9%	(26,291)	(33.9)%
377,710	**60.0%**	**341,648**	**53.2%**	**(36,062)**	**(10.6)%**	**Total Operating Expense**	**4,272,486**	**51.7%**	**4,315,993**	**50.1%**	**43,507**	**1.0%**
251,313	**40.0%**	**300,026**	**46.8%**	**(48,712)**	**(16.2)%**	**Total Operating Income/(Loss)**	**3,986,787**	**48.3%**	**4,299,277**	**49.9%**	**(312,491)**	**(7.3)%**
251,313	**40.0%**	**300,026**	**46.8%**	(48,712)	**(16.2)%**	**EBITDA**	**3,986,787**	**48.3%**	**4,299,277**	**49.9%**	**(312,491)**	**(7.3)%**
18,831	3.0%	12,392	1.9%	(6,438)	(52.0)%	Depreciation	176,114	2.1%	173,777	2.0%	(2,337)	(1.3)%
232,482	***37.0%***	***287,633***	***44.8%***	***(55,151)***	***(19.2)%***	***EBIT***	***3,810,673***	***46.1%***	***4,125,501***	***47.9%***	***(314,828)***	***(7.6)%***
116	0.0%	235	0.0%	(120)	(50.8)%	Interest & Other Income	1,352	0.0%	2,821	0.0%	(1,470)	(52.1)%
(893)	(0.1)%	(893)	(0.1)%	-	0.0%	Interest & Other Expense	(13,630)	(0.2)%	(13,630)	(0.2)%	0	-
231,705	***36.8%***	***286,975***	***44.7%***	***(55,270)***	***(19.3)%***	***Net Income***	***3,798,394***	***46.0%***	***4,114,692***	***47.8%***	***(316,298)***	***(7.7)%***

BAYSIDE ENDOSCOPY, LLC
Statement of Cash Flows
YTD for the Month Ending December 2011

	Dec
Operating Activities	
Net Income (Loss) - Cash Flow	**$3,798,394**
Adjustments to reconcile net income (loss)	
to net cash provided (used) by operating activities:	
Depreciation	176,114
Accounts Receivable	(252,816)
Bad Debts	103,828
Other Receivables	1,365
Inventories	(4,059)
Prepaid Expenses	1,061
Accounts Payable	957
Accrued Payroll	(8,038)
Accrued Employee Liabilities	20,777
Other Current Liabilities	51,739
Due From (To) Related Party	2,468
Cash Provided (Used) By Operating Activities	**3,891,791**
Investing Activities	
Fixed Assets	(162,749)
Cash Provided (Used) By Investing Activities	**(162,749)**
Financing Activities	
Acquisition Equity	0
GP Distributions	(2,940,696)
LP Distributions	(980,232)
Long Term Debt	(112,941)
Minority Interest (Distributions)	0
Cash Provided (Used) By Financing Activities	**(4,033,869)**
Net Increase (Decrease) In Cash	(304,827)
Cash at Beginning of Period	**1,467,030**
Cash at End of Period	**$1,162,203**