

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): LARSON ALBERT LLP William L. Larson, Esq. (SBN 119951) 601 S. Figueroa St., Ste. 2370 Los Angeles, CA 90017 TELEPHONE NO.: (213) 687-1515 FAX NO.: (213) 622-2144 ATTORNEY FOR (Name): Plaintiff, Randhir S. Tuli	FOR COURT USE ONLY CONFORMED COPY ORIGINAL FILED Superior Court of California County of Los Angeles APR 11 2014 Sherri R. Carter, Executive Officer/Clerk By Cristina Grijalva, Deputy
SUPERIOR COURT OF CALIFORNIA, COUNTY OF Los Angeles STREET ADDRESS: 111 North Hill St. MAILING ADDRESS: (Same) CITY AND ZIP CODE: Los Angeles, CA 90012 BRANCH NAME: Stanley Mosk Courthouse	CASE NAME: Randhir S. Tuli v. Specialty Surgical Center of Thousand Oaks LLC et. al
CIVIL CASE COVER SHEET <input checked="" type="checkbox"/> Unlimited <input type="checkbox"/> Limited (Amount demanded exceeds \$25,000) (Amount demanded is \$25,000 or less)	Complex Case Designation <input type="checkbox"/> Counter <input type="checkbox"/> Joinder Filed with first appearance by defendant (Cal. Rules of Court, rule 3.402)
CASE NUMBER: BC542850	JUDGE: DEPT:

Items 1-6 below must be completed (see instructions on page 2).

1. Check one box below for the case type that best describes this case:

Auto Tort <input type="checkbox"/> Auto (22) <input type="checkbox"/> Uninsured motorist (46) Other PI/PD/WD (Personal Injury/Property Damage/Wrongful Death) Tort <input type="checkbox"/> Asbestos (04) <input type="checkbox"/> Product liability (24) <input type="checkbox"/> Medical malpractice (45) <input type="checkbox"/> Other PI/PD/WD (23) Non-PI/PD/WD (Other) Tort <input checked="" type="checkbox"/> Business tort/unfair business practice (07) <input type="checkbox"/> Civil rights (08) <input type="checkbox"/> Defamation (13) <input type="checkbox"/> Fraud (16) <input type="checkbox"/> Intellectual property (19) <input type="checkbox"/> Professional negligence (25) <input type="checkbox"/> Other non-PI/PD/WD tort (35) Employment <input type="checkbox"/> Wrongful termination (36) <input type="checkbox"/> Other employment (15)	Contract <input type="checkbox"/> Breach of contract/warranty (06) <input type="checkbox"/> Rule 3.740 collections (09) <input type="checkbox"/> Other collections (09) <input type="checkbox"/> Insurance coverage (18) <input type="checkbox"/> Other contract (37) Real Property <input type="checkbox"/> Eminent domain/Inverse condemnation (14) <input type="checkbox"/> Wrongful eviction (33) <input type="checkbox"/> Other real property (26) Unlawful Detainer <input type="checkbox"/> Commercial (31) <input type="checkbox"/> Residential (32) <input type="checkbox"/> Drugs (38) Judicial Review <input type="checkbox"/> Asset forfeiture (05) <input type="checkbox"/> Petition re: arbitration award (11) <input type="checkbox"/> Writ of mandate (02) <input type="checkbox"/> Other judicial review (39)	Provisionally Complex Civil Litigation (Cal. Rules of Court, rules 3.400-3.403) <input type="checkbox"/> Antitrust/Trade regulation (03) <input type="checkbox"/> Construction defect (10) <input type="checkbox"/> Mass tort (40) <input type="checkbox"/> Securities litigation (28) <input type="checkbox"/> Environmental/Toxic tort (30) <input checked="" type="checkbox"/> Insurance coverage claims arising from the above listed provisionally complex case types (41) Enforcement of Judgment <input type="checkbox"/> Enforcement of judgment (20) Miscellaneous Civil Complaint <input type="checkbox"/> RICO (27) <input type="checkbox"/> Other complaint (not specified above) (42) Miscellaneous Civil Petition <input type="checkbox"/> Partnership and corporate governance (21) <input type="checkbox"/> Other petition (not specified above) (43)
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2. This case is is not complex under rule 3.400 of the California Rules of Court. If the case is complex, mark the factors requiring exceptional judicial management:
- | | |
|---|--|
| a. <input checked="" type="checkbox"/> Large number of separately represented parties
b. <input checked="" type="checkbox"/> Extensive motion practice raising difficult or novel issues that will be time-consuming to resolve
c. <input checked="" type="checkbox"/> Substantial amount of documentary evidence | d. <input checked="" type="checkbox"/> Large number of witnesses
e. <input type="checkbox"/> Coordination with related actions pending in one or more courts in other counties, states, or countries, or in a federal court
f. <input checked="" type="checkbox"/> Substantial postjudgment judicial supervision |
|---|--|
3. Remedies sought (check all that apply): a. monetary b. nonmonetary; declaratory or injunctive relief c. punitive
4. Number of causes of action (specify):
5. This case is is not a class action suit.
6. If there are any known related cases, file and serve a notice of related case. (You may use form CM-015.)

Date: April 10, 2014
 William L. Larson, Esq. (SBN 119951)
(TYPE OR PRINT NAME)


(SIGNATURE OF PARTY OR ATTORNEY FOR PARTY)

NOTICE

- Plaintiff must file this cover sheet with the first paper filed in the action or proceeding (except small claims cases or cases filed under the Probate Code, Family Code, or Welfare and Institutions Code). (Cal. Rules of Court, rule 3.220.) Failure to file may result in sanctions.
- File this cover sheet in addition to any cover sheet required by local court rule.
- If this case is complex under rule 3.400 et seq. of the California Rules of Court, you must serve a copy of this cover sheet on all other parties to the action or proceeding.
- Unless this is a collections case under rule 3.740 or a complex case, this cover sheet will be used for statistical purposes only.

SHORT TITLE: RANDHIR S. S. TULI v. SPECIALTY SURGICAL CENTER et al.	CASE NUMBER BC542350
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**CIVIL CASE COVER SHEET ADDENDUM AND
STATEMENT OF LOCATION
(CERTIFICATE OF GROUNDS FOR ASSIGNMENT TO COURTHOUSE LOCATION)**

This form is required pursuant to Local Rule 2.0 in all new civil case filings in the Los Angeles Superior Court.

Item I. Check the types of hearing and fill in the estimated length of hearing expected for this case:

JURY TRIAL? YES CLASS ACTION? YES LIMITED CASE? YES TIME ESTIMATED FOR TRIAL _____ HOURS/ DAYS

Item II. Indicate the correct district and courthouse location (4 steps – If you checked “Limited Case”, skip to Item III, Pg. 4):

Step 1: After first completing the Civil Case Cover Sheet form, find the main Civil Case Cover Sheet heading for your case in the left margin below, and, to the right in Column **A**, the Civil Case Cover Sheet case type you selected.

Step 2: Check one Superior Court type of action in Column **B** below which best describes the nature of this case.

Step 3: In Column **C**, circle the reason for the court location choice that applies to the type of action you have checked. For any exception to the court location, see Local Rule 2.0.

Applicable Reasons for Choosing Courthouse Location (see Column C below)

- | | |
|---|---|
| <ul style="list-style-type: none"> 1. Class actions must be filed in the Stanley Mosk Courthouse, central district. 2. May be filed in central (other county, or no bodily injury/property damage). 3. Location where cause of action arose. 4. Location where bodily injury, death or damage occurred. 5. Location where performance required or defendant resides. | <ul style="list-style-type: none"> 6. Location of property or permanently garaged vehicle. 7. Location where petitioner resides. 8. Location wherein defendant/respondent functions wholly. 9. Location where one or more of the parties reside. 10. Location of Labor Commissioner Office |
|---|---|

Step 4: Fill in the information requested on page 4 in Item III; complete Item IV. Sign the declaration.

	A Civil Case Cover Sheet Category No.	B Type of Action (Check only one)	C Applicable Reasons - See Step 3 Above
Auto Tort	Auto (22)	<input type="checkbox"/> A7100 Motor Vehicle - Personal Injury/Property Damage/Wrongful Death	1., 2., 4.
	Uninsured Motorist (46)	<input type="checkbox"/> A7110 Personal Injury/Property Damage/Wrongful Death – Uninsured Motorist	1., 2., 4.
Other Personal Injury/ Property Damage/ Wrongful Death Tort	Asbestos (04)	<input type="checkbox"/> A6070 Asbestos Property Damage <input type="checkbox"/> A7221 Asbestos - Personal Injury/Wrongful Death	2. 2.
	Product Liability (24)	<input type="checkbox"/> A7260 Product Liability (not asbestos or toxic/environmental)	1., 2., 3., 4., 8.
	Medical Malpractice (45)	<input type="checkbox"/> A7210 Medical Malpractice - Physicians & Surgeons	1., 4.
		<input type="checkbox"/> A7240 Other Professional Health Care Malpractice	1., 4.
	Other Personal Injury Property Damage Wrongful Death (23)	<input type="checkbox"/> A7250 Premises Liability (e.g., slip and fall) <input type="checkbox"/> A7230 Intentional Bodily Injury/Property Damage/Wrongful Death (e.g., assault, vandalism, etc.) <input type="checkbox"/> A7270 Intentional Infliction of Emotional Distress <input type="checkbox"/> A7220 Other Personal Injury/Property Damage/Wrongful Death	1., 4. 1., 4. 1., 3. 1., 4.

SHORT TITLE:

RANDHIR S. S. TULI v. SPECIALTY SURGICAL CENTER et al.

CASE NUMBER

	A Civil Case Cover Sheet Category No.	B Type of Action (Check only one)	C Applicable Reasons - See Step 3 Above
Non-Personal Injury/Property Damage/ Wrongful Death Tort	Business Tort (07)	<input checked="" type="checkbox"/> A6029 Other Commercial/Business Tort (not fraud/breach of contract)	1., 3.
	Civil Rights (08)	<input type="checkbox"/> A6005 Civil Rights/Discrimination	1., 2., 3.
	Defamation (13)	<input type="checkbox"/> A6010 Defamation (slander/libel)	1., 2., 3.
	Fraud (16)	<input type="checkbox"/> A6013 Fraud (no contract)	1., 2., 3.
	Professional Negligence (25)	<input type="checkbox"/> A6017 Legal Malpractice <input type="checkbox"/> A6050 Other Professional Malpractice (not medical or legal)	1., 2., 3. 1., 2., 3.
	Other (35)	<input type="checkbox"/> A6025 Other Non-Personal Injury/Property Damage tort	2., 3.
Employment	Wrongful Termination (36)	<input type="checkbox"/> A6037 Wrongful Termination	1., 2., 3.
	Other Employment (15)	<input type="checkbox"/> A6024 Other Employment Complaint Case <input type="checkbox"/> A6109 Labor Commissioner Appeals	1., 2., 3. 10.
Contract	Breach of Contract/ Warranty (06) (not insurance)	<input type="checkbox"/> A6004 Breach of Rental/Lease Contract (not unlawful detainer or wrongful eviction) <input type="checkbox"/> A6008 Contract/Warranty Breach -Seller Plaintiff (no fraud/negligence) <input type="checkbox"/> A6019 Negligent Breach of Contract/Warranty (no fraud) <input type="checkbox"/> A6028 Other Breach of Contract/Warranty (not fraud or negligence)	2., 5. 2., 5. 1., 2., 5. 1., 2., 5.
	Collections (09)	<input type="checkbox"/> A6002 Collections Case-Seller Plaintiff <input type="checkbox"/> A6012 Other Promissory Note/Collections Case	2., 5., 6. 2., 5.
	Insurance Coverage (18)	<input type="checkbox"/> A6015 Insurance Coverage (not complex)	1., 2., 5., 8.
	Other Contract (37)	<input type="checkbox"/> A6009 Contractual Fraud <input type="checkbox"/> A6031 Tortious Interference <input type="checkbox"/> A6027 Other Contract Dispute(not breach/insurance/fraud/negligence)	1., 2., 3., 5. 1., 2., 3., 5. 1., 2., 3., 8.
		Eminent Domain/Inverse Condemnation (14)	<input type="checkbox"/> A7300 Eminent Domain/Condemnation Number of parcels_____
Real Property	Wrongful Eviction (33)	<input type="checkbox"/> A6023 Wrongful Eviction Case	2., 6.
	Other Real Property (26)	<input type="checkbox"/> A6018 Mortgage Foreclosure <input type="checkbox"/> A6032 Quiet Title <input type="checkbox"/> A6060 Other Real Property (not eminent domain, landlord/tenant, foreclosure)	2., 6. 2., 6. 2., 6.
		Unlawful Detainer-Commercial (31)	<input type="checkbox"/> A6021 Unlawful Detainer-Commercial (not drugs or wrongful eviction)
Unlawful Detainer	Unlawful Detainer-Residential (32)	<input type="checkbox"/> A6020 Unlawful Detainer-Residential (not drugs or wrongful eviction)	2., 6.
	Unlawful Detainer- Post-Foreclosure (34)	<input type="checkbox"/> A6020F Unlawful Detainer-Post-Foreclosure	2., 6.
	Unlawful Detainer-Drugs (38)	<input type="checkbox"/> A6022 Unlawful Detainer-Drugs	2., 6.

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	A Civil Case Cover Sheet Category No.	B Type of Action (Check only one)	C Applicable Reasons - See Step 3 Above
Judicial Review	Asset Forfeiture (05)	<input type="checkbox"/> A6108 Asset Forfeiture Case	2., 6.
	Petition re Arbitration (11)	<input type="checkbox"/> A6115 Petition to Compel/Confirm/Vacate Arbitration	2., 5.
	Writ of Mandate (02)	<input type="checkbox"/> A6151 Writ - Administrative Mandamus <input type="checkbox"/> A6152 Writ - Mandamus on Limited Court Case Matter <input type="checkbox"/> A6153 Writ - Other Limited Court Case Review	2., 8. 2. 2.
	Other Judicial Review (39)	<input type="checkbox"/> A6150 Other Writ /Judicial Review	2., 8.
Provisionally Complex Litigation	Antitrust/Trade Regulation (03)	<input type="checkbox"/> A6003 Antitrust/Trade Regulation	1., 2., 8.
	Construction Defect (10)	<input type="checkbox"/> A6007 Construction Defect	1., 2., 3.
	Claims Involving Mass Tort (40)	<input type="checkbox"/> A6006 Claims Involving Mass Tort	1., 2., 8.
	Securities Litigation (28)	<input checked="" type="checkbox"/> A6035 Securities Litigation Case	1., 2., 8.
	Toxic Tort Environmental (30)	<input type="checkbox"/> A6036 Toxic Tort/Environmental	1., 2., 3., 8.
	Insurance Coverage Claims from Complex Case (41)	<input checked="" type="checkbox"/> A6014 Insurance Coverage/Subrogation (complex case only)	1., 2., 5., 8.
Enforcement of Judgment	Enforcement of Judgment (20)	<input type="checkbox"/> A6141 Sister State Judgment	2., 9.
		<input type="checkbox"/> A6160 Abstract of Judgment	2., 6.
		<input type="checkbox"/> A6107 Confession of Judgment (non-domestic relations)	2., 9.
		<input type="checkbox"/> A6140 Administrative Agency Award (not unpaid taxes)	2., 8.
		<input type="checkbox"/> A6114 Petition/Certificate for Entry of Judgment on Unpaid Tax	2., 8.
<input type="checkbox"/> A6112 Other Enforcement of Judgment Case	2., 8., 9.		
Miscellaneous Civil Complaints	RICO (27)	<input type="checkbox"/> A6033 Racketeering (RICO) Case	1., 2., 8.
	Other Complaints (Not Specified Above) (42)	<input type="checkbox"/> A6030 Declaratory Relief Only	1., 2., 8.
		<input type="checkbox"/> A6040 Injunctive Relief Only (not domestic/harassment)	2., 8.
		<input type="checkbox"/> A6011 Other Commercial Complaint Case (non-tort/non-complex)	1., 2., 8.
<input type="checkbox"/> A6000 Other Civil Complaint (non-tort/non-complex)	1., 2., 8.		
Miscellaneous Civil Petitions	Partnership Corporation Governance (21)	<input type="checkbox"/> A6113 Partnership and Corporate Governance Case	2., 8.
	Other Petitions (Not Specified Above) (43)	<input type="checkbox"/> A6121 Civil Harassment	2., 3., 9.
		<input type="checkbox"/> A6123 Workplace Harassment	2., 3., 9.
		<input type="checkbox"/> A6124 Elder/Dependent Adult Abuse Case	2., 3., 9.
		<input type="checkbox"/> A6190 Election Contest	2.
		<input type="checkbox"/> A6110 Petition for Change of Name	2., 7.
		<input type="checkbox"/> A6170 Petition for Relief from Late Claim Law	2., 3., 4., 8.
<input type="checkbox"/> A6100 Other Civil Petition	2., 9.		

SHORT TITLE: RANDHIR S. S. TULI v. SPECIALTY SURGICAL CENTER et al.	CASE NUMBER
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Item III. Statement of Location: Enter the address of the accident, party's residence or place of business, performance, or other circumstance indicated in Item II., Step 3 on Page 1, as the proper reason for filing in the court location you selected.

REASON: Check the appropriate boxes for the numbers shown under Column C for the type of action that you have selected for this case. <input checked="" type="checkbox"/> 1. <input type="checkbox"/> 2. <input checked="" type="checkbox"/> 3. <input type="checkbox"/> 4. <input type="checkbox"/> 5. <input type="checkbox"/> 6. <input type="checkbox"/> 7. <input type="checkbox"/> 8. <input type="checkbox"/> 9. <input type="checkbox"/> 10.			ADDRESS: Operative transactions and occurrences occurred in Los Angeles County;
CITY: Westlake Village (County of Los Angeles)	STATE: CA	ZIP CODE: 91361	

Item IV. Declaration of Assignment: I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that the above-entitled matter is properly filed for assignment to the Stanley Mosk Courthouse courthouse in the Central District of the Superior Court of California, County of Los Angeles [Code Civ. Proc., § 392 et seq., and Local Rule 2.0, subds. (b), (c) and (d)].

Dated: April 10, 2014



(SIGNATURE OF ATTORNEY/FILING PARTY)

PLEASE HAVE THE FOLLOWING ITEMS COMPLETED AND READY TO BE FILED IN ORDER TO PROPERLY COMMENCE YOUR NEW COURT CASE:

1. Original Complaint or Petition.
2. If filing a Complaint, a completed Summons form for issuance by the Clerk.
3. Civil Case Cover Sheet, Judicial Council form CM-010.
4. Civil Case Cover Sheet Addendum and Statement of Location form, LACIV 109, LASC Approved 03-04 (Rev. 03/11).
5. Payment in full of the filing fee, unless fees have been waived.
6. A signed order appointing the Guardian ad Litem, Judicial Council form CIV-010, if the plaintiff or petitioner is a minor under 18 years of age will be required by Court in order to issue a summons.
7. Additional copies of documents to be conformed by the Clerk. Copies of the cover sheet and this addendum must be served along with the summons and complaint, or other initiating pleading in the case.

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CONFORMED COPY
ORIGINAL FILED
Superior Court of California
County of Los Angeles

APR 11 2014

Sherri R. Carter, Executive Officer/Clerk
By Cristina Grijalva, Deputy

8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **COUNTY OF LOS ANGELES**
10 **CENTRAL DISTRICT**

BC 542850

11 RANDHIR S. TULI, an Individual,

12 Plaintiff,

13 vs.

14 SPECIALTY SURGICAL CENTER OF
15 THOUSAND OAKS LLC, a California Limited
16 Liability Company d/b/a SPECIALTY
17 SURGERY CENTER OF WESTLAKE
18 VILLAGE; SYMBION, INC., a Delaware
19 Corporation; SYMBION AMBULATORY
20 RESOURCE CENTERS, INC., a Tennessee
21 Corporation; SYMBIONARC MANAGEMENT
22 SERVICES, INC., a Tennessee Corporation;
23 SMBISS THOUSAND OAKS, LLC, a California
24 Limited Liability Company; GEORGE
25 GOODWIN, an Individual; G. MILES
26 KEENEDY, an individual; ANDREW A.
27 BROOKS, MD, an Individual; DAVID CHI, MD,
28 an Individual; GLENN COHEN, MD, an
individual; MARC FARNUM, MD, an
individual; and DOES 1 through 20, inclusive,

Defendants.

) Case No.

) **COMPLAINT FOR:**

- 1. **Breach of Fiduciary Duties;**
- 2. **Aiding and Abetting Breach of Fiduciary Duties;**
- 3. **Breach of Contract No. 1;**
- 4. **Breach of Contract No. 2;**
- 5. **Breach of the Implied Covenant of Good Faith and Fair Dealing;**
- 6. **Tortious Breach of the Implied Covenant of Good Faith and Fair Dealing;**
- 7. **Tortious Interference with Contractual Relations;**
- 8. **Violation of Cal. Bus. & Prof. Code § 17200 et seq.; and**
- 9. **Declaratory and Injunctive Relief.**

JURY TRIAL DEMANDED

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1 **I. INTRODUCTION**

2 1. This lawsuit involves a cabal of financially-sophisticated and money-hungry
3 physicians and ambulatory surgical center (“ASC”) investors and operators who conspired together
4 in bad faith and in breach of their fiduciary duties to “freeze out” and “squeeze out” Plaintiff
5 Randhir S. Tuli (“Tuli” or “Plaintiff”) as the founding 11.3% minority interest holder in defendant
6 Specialty Surgical Center of Thousand Oaks, LLC (“SSC T.O.”), which owns a highly successful
7 and profitable ASC in affluent Westlake Village, California. Their conspiratorial goal -- which they
8 achieved after two years of oppressive efforts through bad faith breaches of their fiduciary duties
9 and their contractual and statutory obligations – was (i) to expropriate for themselves the ratable
10 annual income generated by Tuli’s 11.3% ownership interest, which was more than \$1.15 Million in
11 2013 and was expected to substantially increase in 2014 and beyond; (ii) steal over \$506,000 from
12 Tuli’s SSC T.O. capital account; (iii) misappropriate in excess of \$800,000 owed to Tuli as a
13 “Deferred Payment” for the sale of his management rights regarding SSC T.O.; (iv) purloin Tuli’s
14 11.3% share of the proceeds of a Private Placement syndication of new Class A Units that occurred
15 between December 2013 and February 2014; and (v) pilfer Tuli’s ratable share of the \$641,000
16 account receivable owed to SSC T.O. by Cigna.

17 2. As explained by F. Hodge O’Neal & Robert B. Thompson in OPPRESSION OF
18 MINORITY SHAREHOLDERS AND LLC MEMBERS, at § 1:1:

19 ‘Squeeze out’ means the use by some of the owners or participants in a business
20 enterprise of strategic position, inside information, or powers of control, or the
21 utilization of some legal device or technique, to eliminate from the enterprise one
22 or more of its owners or participants[.] ‘Partial squeeze-outs’ [also called ‘freeze-
23 outs’ refer to] actions which reduce the participation or powers or a group of
24 participants in the enterprise, diminishes their claims on earnings or assets, or
25 otherwise deprives them of business income or advantages to which they are
26 entitled. A squeeze-out normally does not contemplate fair payment to the
27 squeezes for the interests, rights, or powers which they lose.”

28 This is a textbook case of a bad faith “freeze out” and “squeeze out” scheme driven by arrogance,

1 corruption, and greed, which cries out for justice and redress.

2 3. Commencing not later than February 2012, Tuli’s partner and co-founder of SSC
3 T.O. – defendant Andrew A. Brooks, MD (“Brooks”) – betrayed Tuli in breach of his fiduciary and
4 partnership duties of loyalty and good faith by conspiring with defendant Symbion, Inc. and other
5 controlling interest holders at SSC T.O. in a scheme to circumvent the contractually-negotiated and
6 agreed-upon purchase price formulas for a buy-out of Tuli’s membership interest and management
7 rights at SSC T.O.

8 4. In particular, in the Membership Interest Purchase Agreement and applicable SSC
9 T.O. Operating Agreement, the Symbion purchaser had an express option (the “Second Purchase
10 Option”) to buy out all of Tuli’s 11.3% ownership interest, together with all of Brooks’ ownership
11 interest, and as much of the remaining members’ interests so as to increase Symbion’s ownership
12 share to 55%, for a price calculated by multiplying 6.8 times SSC T.O.’s earnings before interest,
13 taxes, depreciation, and amortization (“EBITDA”) for the prior 12 months, minus long term debt not
14 used for net working capital. The “6.8 x trailing EBITA minus debt” purchase price formula was
15 extensively negotiated and designed to ensure that both defendant Brooks and Tuli were bought out
16 100% at the agreed-upon price, so that neither one would be bought out or forced out individually at
17 a lesser price. This was intended and designed to provide valuation and income protections: either
18 Brooks and Tuli (as SSC T.O.’s two founding members) would be bought out by Symbion
19 concurrently at the contracted-for price together, or they would remain as unit holder investors and
20 receive regular distributions along with the other members in proportion to their respective
21 ownership interests.

22 5. Likewise, in the Management Rights Purchase Agreement, if either the Symbion
23 purchaser exercised its option to purchase Tuli’s and Brooks’ remaining membership interests in
24 SSC T.O., or if it decided to terminate Tuli’s and Brooks’ related Parthenon Management
25 Consulting Agreement regarding SSC T.O., the Symbion purchaser was required to pay to Tuli and
26 Brooks a “Deferred Payment” equal to 2.72 times the annual Symbion management fee paid by SSC
27 T.O., equivalent to 6.8 multiplied by the percentage of fees to be paid for the prior twelve months
28 under Tuli’s and Brooks’ Consulting Agreement.

1 6. However, in February 2012, when the time came to exercise their option to buy-out
2 Tuli's ownership and management rights at the contracted-for price and valuations – which would
3 have required a uniform and across-the-board buy-out of Brooks and all other members, *pari passu*,
4 not just Tuli singled out – the Symbion defendants refused to pay what they agreed to pay. (For
5 2013, 6.8 times SSC T.O.'s EBITDA minus long term debt would yield an implied value for Tuli's
6 11.3% SSC T.O. membership interest of nearly \$8 Million.) Instead, Brooks, Symbion, Inc., and the
7 other defendants embarked on a systematic and prolonged campaign to oppress, intimidate, and
8 harass Tuli to sell his units at a fire-sale price, force him to relinquish his contractual and statutory
9 rights under duress, and otherwise terminate his interests in SSC T.O. in the cheapest possible
10 manner.

11 7. First, in response to Tuli's refusal in February 2012 to sell his 11.3% ownership
12 interest for less than the contracted-for option price, the Defendants conspired together in bad faith
13 to terminate his Consulting Agreement on pre-textual grounds, effective May 31, 2012. Then, they
14 refused to pay the "Deferred Payment" due upon such cancellation under the Management Rights
15 Purchase Agreement, in the approximate amount of \$1.6 Million (Tuli's 50% share would be in
16 excess of \$800,000). Brooks then refused to grant permission for Parthenon Management (the ASC
17 management company he owned and operated with Tuli) to sue for the breach. In return, Symbion
18 and the other Defendants continued to secretly pay consulting fees to Brooks, who was Randhir's
19 partner – after terminating Tuli's and Brooks' joint Consulting Agreement – thereby aiding and
20 abetting Brooks' fiduciary breaches.

21 8. Apart from his proportionate share of the theft of Tuli's interests, Brooks had a strong
22 financial incentive to breach his fiduciary duties to Tuli and conspire with Goodwin, Symbion and
23 the other Defendants to squeeze out Tuli's founding membership interest. Brooks is the owner
24 (through another LLC he owns and controls) of the building where the Thousand Oaks Center
25 operates and leases its premises. Brooks also has developed, owns and operates an extended stay
26 facility where patients of the Thousand Oaks Center can recuperate after surgeries performed at the
27 Center – for a hefty fee. Brooks stood to lose millions of dollars in income if he stood in the way of
28 the plot to eliminate Tuli's lucrative 11.3% membership interest; so he actively encouraged it.

1 9. All the while, Defendants stopped sending member meeting notices to Tuli, withheld
2 vital financial and operational information from him, excluded him from meetings, denied him
3 access to internal company documents, and engaged in other, related bad faith “freeze out” tactics.
4 Among other critical omissions, Defendants withheld from Tuli the Confidential Offering
5 Memorandum, Valuation Report, and related financial information relating to a Confidential Private
6 Placement Offering by SSC T.O. of up to 84.88 new Class A Units at SSC T.O. for only \$17,261 per
7 unit (the “Private Placement”). Finally, at a member meeting held on January 29, 2014, Brooks, in
8 front of the Governing Board and other members and administrators, threatened Tuli that the
9 Defendants intended to do “everything in their power” to squeeze him out of the company at a
10 discounted price.

11 10. After being denied access for months to member meeting notices, member meeting
12 packages, complete company financial statements, and other materials supplied to other members of
13 SSC T.O., including but not limited to company valuations and other offering materials relating to
14 the Private Placement, and worried about Defendants’ threat to “do everything in their power” to
15 extinguish his ownership interest, Tuli informed the Defendants in writing in February 2014 that the
16 proposed Private Placement appeared to be predicated on a low-ball unit and company valuation that
17 served (i) to undervalue Tuli’s ownership interest in connection with Defendants’ coercive buy-out
18 efforts, and (ii) to induce high-performing physician investors to buy into SSC T.O. far below fair
19 market value. As the founding member and largest individual unit holder of SSC T.O., Tuli was
20 concerned that the Private Placement might violate anti-kickback statutes and regulations under both
21 state and federal law governing ASC investments by referring physicians, and be dilutive to his
22 11.3% ownership percentage, thereby impacting his investment and potentially exposing SSC T.O.
23 and its other members and employees to criminal and civil anti-kickback penalties.

24 11. In response, and in retaliation for his anti-kickback whistleblowing, Defendants
25 asserted in bad faith that Tuli’s expression of concerns and assertion of his rights as a founding
26 member of SSC T.O. “disrupted” the affairs of the company, on which basis they purported to
27 terminate Tuli’s 11.3% founding membership interest in SSC T.O. – which generated in excess of
28 \$1.15M in 2013 (over \$100,000 in income per month) – for \$0.00. Rather than buy out Tuli’s SSC

1 T.O. ownership interest and management rights according to the agreed-up pricing formula –in
2 excess of \$8 Million based on SSC T.O.’s reported 2013 EBITDA (inclusive of the “Deferred
3 Payment” due to Tuli under the Management Rights Purchase Agreement) – the Defendants
4 conspired together to force Tuli out of the company and extinguish his multi-million-dollar interests
5 without paying a single dim for them, thereby allowing them to divide his capital and income among
6 themselves at his expense. This case is about the role the Defendants played in their conspiratorial
7 scheme to strip Tuli of his membership and management interests and steal his money, and the
8 equitable and legal redress to which Tuli is entitled under the circumstances, including but not
9 limited to punitive damages to punish Defendants for their thievery and fiduciary breaches and make
10 an example of them so that others are deterred from engaging in similar tortious and illegal conduct.

11 **II. PARTIES**

12 12. Plaintiff Tuli is an individual who resides in Los Angeles County, California.
13 Plaintiff asserts his claims herein solely in his individual capacity, based on Defendants’
14 infringement of the Plaintiff’s individual rights, oppression of his minority ownership and
15 management interests, and fiduciary breaches and other bad faith conduct alleged herein that were
16 directed to him specifically, which harms and injuries are separate and distinct from any harms and
17 injuries suffered by all members collectively or to SSC T.O. itself. Plaintiff does not assert any
18 derivative claims in this Complaint.

19 13. Defendant SSC T.O. is a California Limited Liability Company which does business
20 in the name of the Center and maintains its principal place of business at the Center in Westlake
21 Village, in Los Angeles County, California.

22 14. Defendant Symbion, Inc. (“Symbion”) is a foreign corporation organized and
23 existing under the laws of the State of Delaware and which maintains its principal place of business
24 in Nashville, Tennessee. Symbion was formed through the combination of Ambulatory Resource
25 Centers (ARC), an owner and operator of ambulatory surgery facilities, and UniPhy, an operator of
26 multi-specialty clinics, independent practice associations (IPAs), and related outpatient services.
27 According to Symbion’s website, it focuses primarily on the acquisition, development, and
28 operation of ASCs. In February, 2004, Symbion completed an initial public offering and began

1 trading on NASDAQ under the symbol “SMBI.” The company went private in August of 2007 after
2 stockholders approved an agreement providing for the merger of Symbion with Crestview Partners,
3 LP, a private equity firm. On information and belief, Symbion is in the process of going public
4 again.

5 15. Defendant Symbion Ambulatory Resource Centres, Inc. (“SARC”) is a foreign
6 corporation organized and existing under the laws of the State of Tennessee and which maintains its
7 principal place of business in Nashville, Tennessee. On information and belief, SARC is a wholly-
8 owned subsidiary of Symbion, and is in the business of developing, acquiring, and operating
9 freestanding, short-stay surgery centers that offer a variety of surgical services in partnership with
10 physicians, hospitals, and hospital networks.

11 16. Defendant SymbionARC Management Services, Inc. (“SymbionARC
12 Management”) is a foreign corporation organized and existing under the laws of the State of
13 Tennessee and which maintains its principal place of business in Nashville, Tennessee. On
14 information and belief, SymbionARC Management is a direct or indirect subsidiary of SARC, and is
15 in the business of providing management services for freestanding, short-stay surgery centers that
16 offer a variety of surgical services in partnership with physicians, hospitals and hospital networks.

17 17. Defendant SMBISS Thousand Oaks LLC (“SMBISS T.O.”) is, on information and
18 belief, a Tennessee Limited Liability Company which maintains its principal place of business in
19 Nashville, Tennessee. On information and belief, SMBISS T.O. is owned, in whole or in part, and
20 is controlled and governed by, SymbionARC Management.

21 18. Defendant George M. Goodwin (“Goodwin”) is an individual who, on information
22 and belief, resides in or near Nashville, Tennessee. Goodwin is the President of Symbion’s
23 American Group. At all relevant times, Goodwin was a Class B Governor of SSC T.O., appointed
24 by SMBISS T.O. in its capacity as Administrative Member of SSC T.O, acting under Goodwin’s
25 direction. At all relevant times alleged herein, Goodwin was an agent, principal, servant and/or
26 employee of defendants Symbion, SARC, SymbionARC Management, and SMBISS T.O.
27 (collectively, the “Symbion Defendants”); and in engaging in the conduct and making and/or
28 authorizing and approving the material representations and omissions described below, Goodwin

1 acted in his capacity as a principal, senior executive, and/or managing agent of the Symbion
2 Defendants. At all relevant times, Goodwin had the actual and apparent authority to speak for and
3 on behalf of the Symbion Defendants, and spoke on their behalf and/or ratified the acts, omissions,
4 transactions, representations, and omissions made on their behalf, including but not limited through
5 their counsel, on the occasions alleged in this Complaint.

6 19. Defendant G. Miles Kennedy (“Kennedy”), is an individual who, on information and
7 belief, resides in or near Nashville, Tennessee. At all relevant times alleged herein, Kennedy was an
8 agent, principal, servant and/or employee of the Symbion Defendants; and in engaging in the
9 conduct and making and/or authorizing and approving the material representations and omissions
10 described below, Kennedy acted in his capacity as a principal, senior executive, and/or managing
11 agent of the Symbion Defendants. At all relevant times, Kennedy had the actual and apparent
12 authority to speak for and on behalf of the Symbion Defendants, and spoke on their behalf and/or
13 ratified the acts, omissions, transactions, representations, and omissions made on their behalf,
14 including but not limited through their counsel, on the occasions alleged in this Complaint.

15 20. Defendant Brooks is an individual who, on information and belief, resides in Los
16 Angeles County, California. At all relevant times alleged herein, Brooks was an agent, principal,
17 servant and/or employee of defendant SSC T.O.; and in engaging in the conduct and making and/or
18 authorizing and approving the material representations and omissions described below, Brooks acted
19 in his capacity as a principal, senior executive, and/or managing agent of defendant SSC T.O. At all
20 relevant times, Brooks had the actual and apparent authority to speak for and on behalf of defendant
21 SSC T.O., and spoke on its behalf and/or ratified the acts, omissions, transactions, representations,
22 and omissions made on its behalf, including but not limited through its counsel, on the occasions
23 alleged in this Complaint.

24 21. Defendant David Chi, MD (“Chi”) is an individual who, on information and belief,
25 resides in Los Angeles, California. At all relevant times alleged herein, Chi was an agent, principal,
26 servant and/or employee of defendant SSC T.O.; and in engaging in the conduct and making and/or
27 authorizing and approving the material representations and omissions described below, Chi acted in
28 his capacity as a principal, senior executive, and/or managing agent of defendant SSC T.O. At all

1 relevant times, Chi had the actual and apparent authority to speak for and on behalf of SSC T.O.,
2 and spoke on its behalf and/or ratified the acts, omissions, transactions, representations, and
3 omissions made on its behalf, including but not limited through its counsel, on the occasions alleged
4 in this Complaint.

5 22. Defendant Glenn Cohen, MD (“Cohen”) is an individual who, on information and
6 belief, resides in Los Angeles, California. At all relevant times alleged herein, Cohen was an agent,
7 principal, servant and/or employee of defendant SSC T.O.; and in engaging in the conduct and
8 making and/or authorizing and approving the material representations and omissions described
9 below, Cohen acted in his capacity as a principal, senior executive, and/or managing agent of
10 defendant SSC T.O. At all relevant times, Cohen had the actual and apparent authority to speak for
11 and on behalf of SSC T.O., and spoke on its behalf and/or ratified the acts, omissions, transactions,
12 representations, and omissions made on its behalf, including but not limited through its counsel, on
13 the occasions alleged in this Complaint.

14 23. Defendant Marc Farnum, MD (“Farnum”) is an individual who, on information and
15 belief, resides in Los Angeles, California. At all relevant times alleged herein, Farnum was an
16 agent, principal, servant and/or employee of defendant SSC T.O.; and in engaging in the conduct
17 and making and/or authorizing and approving the material representations and omissions described
18 below, Farnum acted in his capacity as a principal, senior executive, and/or managing agent of
19 defendant SSC T.O. At all relevant times, Farnum had the actual and apparent authority to speak for
20 and on behalf of SSC T.O., and spoke on its behalf and/or ratified the acts, omissions, transactions,
21 representations, and omissions made on its behalf, including but not limited through its counsel, on
22 the occasions alleged in this Complaint.

23 24. Plaintiff does not know the true names and capacities of the Doe Defendants 1-20
24 and, therefore, sues such Defendant by such fictitious names. Plaintiff is informed and believes, and
25 based thereon alleges, that each of the fictitiously named Defendants is responsible in some manner
26 for the occurrences and misconduct herein alleged, and that Plaintiffs’ damages as herein alleged
27 were proximately caused by the conduct of such Defendants. Plaintiff is further informed and
28 believes, and based thereon alleges, that each of the Doe Defendants participated in the actions

1 alleged herein. The Doe Defendants 1-20 are persons or entities who, directly or indirectly,
2 participated in the transactions at issue and aided and abetted and conspired to cause or caused the
3 primary violations alleged herein. These persons or entities proximately caused damages to Plaintiff
4 as alleged herein, but Plaintiff presently does not know their names and identities. Once the true
5 names and identities of such fictitious Defendants are discovered, Plaintiff will amend or seek leave
6 to amend this Complaint to assert the Doe Defendants' true names, capacities and conduct. Each of
7 the Doe Defendants is liable for the losses suffered by Plaintiffs as set forth herein, or their inclusion
8 in this action is otherwise necessary for the granting for affective relief by this Court. (The Doe
9 Defendants and other named Defendants sometimes are referred to collectively "Defendants.")

10 **III. AGENCY, JOINT VENTURE, ALTER EGO, AND COMMON ENTERPRISE**
11 **ALLEGATIONS**

12 25. Each of the Defendants was an agent, partner, joint venturer, co-conspirator, or alter
13 ego of each of the remaining Defendants and, in doing the acts hereinafter alleged, was acting within
14 the scope of his or its authority as such and with the permission and consent of each of the
15 remaining Defendants. Indeed, Symbion in its website and marketing materials refers to ASCs in
16 which it has ownership and management interests as its "partners" in "joint ventures." All of the
17 Defendants participated in a common enterprise and scheme to illicitly maximize their profits by
18 "freezing out" and "squeezing out" Plaintiff Tuli in order to misappropriate his founding
19 membership interest and investment returns for themselves.

20 26. Every Defendant, and each of them, instigated, encouraged, promoted, aided and
21 abetted, and/or rendered substantial assistance to the wrongdoing alleged herein, with knowledge of
22 the wrong and the role that each defendant played in it. Every Defendant, and each of them,
23 conspired to commit that wrongdoing which is alleged herein to have been intentional, with
24 knowledge of the wrongful purpose of the wrongdoing, by and in contravention of their duties,
25 actively participating in the wrongdoing, failing to stop or prevent the wrongdoing from occurring or
26 continuing, and/or actively participating in the concealment and non-disclosure of the wrongdoing.

27 27. At all pertinent times, the Symbion Defendants also have acted as the alter egos of
28 each other, as an integrated common enterprise and/or as a *de facto* single entity. At all relevant

1 times, SARC, SymbionARC Management, and SMBISS T.O, maintained no truly independent
2 corporate existence and, instead, were totally dominated by Symbion. Specifically, on information
3 and belief, the Symbion Defendants shared (a) common employees, (b) common resources,
4 including computer servers, internal e-mail, other communication systems and other equipment, (c)
5 common office space, (d) common shareholders, members, officers and management, (e) common
6 attorneys, and (f) a common logo, website, and marketing campaign. Adherence to the fiction of
7 corporate separateness would work an injustice and be inequitable because the Symbion Defendants
8 (on information and belief) also failed to adequately capitalize SymbionARC Management and
9 SMBISS T.O. in particular, and the other Symbion Defendants used SymbionARC Management and
10 SMBISS T.O. as mere shells, instrumentalities or conduits for Symbion’s ASC business, all of the
11 Symbion Defendants failed to maintain arm’s length relationships among themselves, and all of the
12 Symbion Defendants acted collusively as a joint enterprise in plotting with defendants Brooks and
13 his cohorts on the Governing Board of SSC T.O. Recognition of the fiction of corporate
14 separateness of the Symbion Defendants under these circumstances might allow one or more of
15 them to escape liability for their bad faith conduct, as alleged herein.

16 **IV. JURISDICTION AND VENUE**

17 28. Jurisdiction is proper in the Los Angeles County Superior Court of the State of
18 California pursuant to California Code of Civil Procedure § 410.10, and venue is proper in the
19 County of Los Angeles under California Civil Procedure Code § 395(a), because, among other
20 reasons, the Defendants’ grossly negligent, bad faith, and illegal conduct, fiduciary and contractual
21 breaches, and other related transactions and occurrences giving rise to this Complaint, took place in
22 substantial part in Los Angeles County, California; Plaintiff and many of the Defendants reside and
23 maintain their principal places of business in Los Angeles County, California; the out-of-state
24 Defendants intentionally directed their conduct in this jurisdiction and the claims asserted herein
25 arise from that in-state conduct; and the parties agreed in writing to personal jurisdiction and venue
26 in this jurisdiction in several contracts relating to the transactions and occurrences giving rise to this
27 lawsuit, providing that the state and federal courts sitting in Los Angeles shall be the exclusive
28 forum for any litigation arising from or relating to SSC T.O.

1 29. This Court has jurisdiction to grant injunctive relief on behalf of Plaintiff pursuant to
2 Code of Civil Procedure sections 525 and 526, and California Business and Professions Code
3 section 17200 *et seq.* This Court has jurisdiction to grant declaratory relief on behalf of Plaintiff
4 pursuant to Code of Civil Procedure section 1060.

5 **V. COMMON ALLEGATIONS**

6 **A. Plaintiff, With Defendant Brooks, Founded And Successfully Operated The
7 Specialty Surgical Centers**

8 30. Tuli is a graduate of West Coast University, California, with a degree in accounting.
9 Tuli is an accomplished health care services executive and entrepreneur who has earned a solid
10 reputation and track record of founding, operating and selling profitable health care service
11 enterprises. Among other business accomplishments, Tuli established, owned and operated four
12 other successful healthcare businesses, in addition to the Specialty Surgical Centers. From 1993 to
13 1997, Tuli owned and operated Olympic Therapies, a successful physical and occupational therapy
14 clinic in Beverly Hills, which was sold in 1997. He also co-founded, with defendant Brooks, the
15 Ridgecrest Sports Rehabilitation Center in 1995, and served as its Chief Operating Officer until its
16 sale to a public company. From 1995 to 1997, Tuli was the Chief Operating Officer and co-owner
17 of West Coast Weight Control Medical Clinic. In 2010, Tuli with Brooks formed Specialty
18 Healthcare Properties, LLC that purchased a medical building located at 8675 Wilshire Boulevard,
19 Beverly Hills, California 90210. Ownership interests in that venture also were successfully
20 syndicated, resulting in handsome profits for all participants.

21 31. Tuli and Defendant Brooks formed Specialty Surgical Center, LLC, a California
22 limited liability company, in 1997, with the goal of capitalizing on the profitable outpatient surgery
23 business historically dominated by hospitals in Southern California. Tuli and Brooks were
24 entrepreneur partners who had just sold their physical rehabilitation company to a public company.
25 They then decided to leverage Brooks' contacts in the greater Los Angeles area doctor community
26 and Tuli's business, financial, and operational expertise to build specialty surgery centers that (i)
27 targeted and secured the best locations in affluent communities in Southern California that are near
28 hospitals, and develop a high-end and technologically-advanced ASC facilities using state-of-the-art
equipment; (ii) recruited premier physicians with ownership and profit-sharing participation; (iii)

1 provided the highest quality service and amenities to cater to the patients’ desire for comfort, ease of
2 use, and discretion; and (iv) employed a disciplined and efficient operating structure to drive
3 profitability. Tuli and Brooks both invested equal amounts of initial capital when the first SSC LLC
4 was formed in 1997, shouldered the same capital risks, including signing personal guarantees with
5 First Republic Bank, and also held the same percentage ownership interests in all LLCs at the time
6 of sale.

7 32. In fulfillment of that business plan, Tuli and Brooks were the founding members and
8 the holders of majority membership interests (the “Ownership Interests”) in Specialty Surgical
9 Centers, LLC, a California limited liability company (the “Beverly Hills LLC”), Specialty Surgical
10 Center of Encino, LLC, a California limited liability company (the “Encino LLC”), Specialty
11 Surgical Center of Irvine, LLC, a California limited liability company (the “Irvine LLC”), Specialty
12 Surgical Center of Arcadia, LLC, a California limited liability company (the “Arcadia LLC”) and
13 Specialty Surgical Center of Thousand Oaks, LLC, a California limited liability company (the
14 “Thousand Oaks LLC” also sometimes referred to herein as defendant “SSC T.O.”)..

15 33. The Beverly Hills LLC leased space for, owned the assets of, and operated an ASC
16 located at 9575 Brighton Way, Suite 100, Beverly Hills, CA 90210 (the “Brighton Center”) and
17 owned a 99% general partner interest in Specialty Surgical Center of Beverly Hills, L.P., a
18 California limited partnership, which leased space for, owns the assets of, and operates an ASC
19 located at 8670 Wilshire Boulevard, Suite 300, Beverly Hills, CA 90211 (the “Wilshire Center”).

20 34. The Encino LLC owned a 99% general partner interest in Specialty Surgical Center
21 of Encino, L.P., a California limited partnership, which leased space for, owned the assets of, and
22 operated an ASC located at 16501 Ventura Boulevard, Suite 103, Encino, CA 91436 (the “Encino
23 Center”).

24 35. The Irvine LLC owned a 99% general partner interest in Specialty Surgical Center of
25 Irvine, L.P., a California limited partnership, which leased space for, owned the assets of, and
26 operated an ASC located at 15825 Laguna Canyon Road, Suite 200, Irvine, CA 92618 (the “Irvine
27 Center”).

28 36. The Arcadia LLC owned a 99% general partner interest in Specialty Surgical Center

1 of Arcadia, L.P., a California limited partnership, which leases space for, owns the assets of, and
2 operates an ASC located at 51 North Fifth Avenue, Suite 101, Arcadia, CA 91006 (the “Arcadia
3 Center”).

4 37. The Thousand Oak LLC owned a 99% general partner interest in Specialty Surgical
5 Centers of Thousand Oaks, L.P., a California limited partnership, which leases space for, owns the
6 assets of, and operates an ASC located at 696 Hampshire Road, Thousand Oaks, CA 91361 (the
7 “Thousand Oaks Center”). Medical services provided at the Thousand Oak Center include
8 orthopedic surgery; pain management procedures; ear, nose and throat surgery; general surgery;
9 plastic surgery; gynecology procedures; neurological procedures; podiatric surgery, including foot
10 surgery; and gastroenterology. The Thousand Oaks Center opened its doors to patients in early
11 2008. (The Brighton Center, the Wilshire Center, the Encino Center, the Irvine Center, the Arcadia
12 Center, and the Thousand Oaks Center hereafter are referred to collectively as the “Centers.”)

13 38. Tuli and defendant Brooks also are the founders, 100% owners, and managing
14 members of Parthenon Management Partners, LLC, a California limited liability company
15 (“Parthenon”). Parthenon, with Tuli and Brooks, had lucrative management contracts regarding
16 the operations of the Centers. Tuli had the primary operational and managerial responsibility for the
17 Centers, which were enormously successful and profitable.

18 **B. In 2005, Plaintiff Sold A Portion Of His Ownership Interests And Management**
19 **Rights In The Specialty Surgical Centers To Affiliates Of The Symbion**
20 **Defendants.**

21 39. In 2004, Tuli and Brook began exploring the possibility of selling the LLCs that
22 owned the Centers. They retained the Houlihan Lokey investment advisory firm in Beverly Hills to
23 represent them in road shows and sale presentations to prospective purchasers. In early 2005, after
24 months of extensive negotiations, defendant Symbion, Inc. expressed interest in purchasing equity
25 interests and management rights in the Centers. After weeks of extensive negotiations, a deal was
26 reached and agreements for sale were drawn up and executed.

27 40. Accordingly, by means of a Membership Interest Purchase Agreement (the “MIPA”),
28 dated as of July 27, 2005, certain affiliates of the Symbion Defendants purchased a portion of the
Ownership Interests held by Tuli, Brooks, and other members in the Beverly Hills LLC, the Encino

1 LLC, the Irvine LLC, the Arcadia LLC and the Thousand Oaks LLC (SSC T.O.). The purchasers
2 also acquired the right and option to acquire additional Ownership Interests from Tuli and other
3 members of each LLC with respect to the Centers—at a carefully-negotiated option purchase
4 price—as discussed in detail below. A true and correct copy of the MIPA is attached hereto and
5 incorporated by this reference as **Exhibit A** and incorporated herein by this reference.

6 41. On that same day, July 27, 2005, defendants SymbionARC Management and SARC
7 entered into a Management Rights Purchase Agreement (“MRPA”) with Tuli, Brooks, and
8 Parthenon to acquire their economic interests that entitled them to receive monthly management fees
9 for performing certain management responsibilities for SSC T.O. and the other Centers (equivalent
10 to approximately 5% of the monthly revenue of the Centers). A true and correct copy of the MRPA
11 is attached hereto and incorporated by this reference as **Exhibit B** and incorporated herein by this
12 reference.

13 42. Four days later, on August 1, 2005, as required by the MRPA (at Section 1.2)
14 SymbionARC Management entered into the Consulting Agreement, whereby Symbion retained
15 Plaintiff, Brooks, and Parthenon for the purpose of providing consulting and oversight services to
16 Symbion relating to the operation of the Centers, as well as transition of management of each
17 Center. A true and correct copy of the Consulting Agreement is attached hereto and incorporated by
18 this reference as **Exhibit C** and incorporated herein by this reference.

19 43. On that same day, August 1, 2005, Tuli and Brooks, on the one hand, and SMBISS
20 T.O., on the other hand, entered into an Operating Agreement with respect to SSC T.O. They and
21 other members (who joined SSC T.O. as a result of subsequent syndications) entered into an
22 Amended and Restated Operating Agreement, dated as of January, 2006; a Second Amended and
23 Restated Operating Agreement, dated as of February 22, 2007; and , finally, a Third Amended and
24 Restated Operating Agreement (the “3rd A&R Op. Agmt.”), dated as of April 21, 2008, a true and
25 correct copy of which is attached hereto and incorporated by this reference as **Exhibit D** and
26 incorporated herein by this reference. Plaintiff, on the one hand, and defendants SMBISS T.O.,
27 Brooks, Chi, Cohen, and Farnum, on the other hand, are original or subsequent parties to, or
28 otherwise have consented to be bound by, the 3rd A&R Op. Agmt.

1 44. At all relevant times, SSC T.O. and the relationships among Plaintiff, Defendants,
2 and other Members were governed by the 3rd A&R Op. Agmt., in conjunction with the MIPA, the
3 MRPA, and the Consulting Agreement.

4 45. In particular, with certain limited exceptions, under the 3rd A&R Op. Agmt. SSC
5 T.O. is governed and managed by a Governing Board consisting of six (6) Governors, four (4) of
6 which are elected or appointed by the Class A Members (and are referred to as “Class A
7 Governors”) and two (2) of which are elected or appointed by the Administrative Member (and are
8 referred to as “Class B. Governors”), which is defendant SMBISS T.O., the sole Class B Member of
9 SSC T.O.

10 46. At all relevant times, Defendants Brooks, Chi, Farnum, and Cohen were Class A
11 Governors on SSC T.O.’s Governing Board ; and Defendants Goodwin and Kennedy were Class B
12 Governors of SST T.O., appointed by SMBISS T.O. in its capacity as Administrative Member of
13 SSC T.O.

14 47. SSC T.O. owns a 99% general partnership interest in the partnership—Specialty
15 Surgical Center of Thousand Oaks L.P.—that owns the assets and operates the Thousand Oaks
16 Center. The Administrative Member under the 3rd A&R Op. Agmt.—defendant SMBISS T.O.—
17 owns the remaining 1% limited partnership interest in that partnership.

18 48. As of November, 2013, on information and belief, SSC T.O. was owned by the
19 following individuals and entities, as reflected by the number of units and corresponding ownership
20 percentages:

Name of Unit Holder	Number of Units Owned	Percentage Ownership Interest
SMBISS T.O.	17.09 (Class B)	18.68%
Gary Cohen	6.79	7.23%
Yellow Fin Inc.	5.79	6.33%
Gregory Johnson, MD	5.79	6.33%
David Chi, MD	4.14	4.52%
The Bachner Trust	1.65	1.80%
COS (Bachner & Ziv)	2.48	2.71%
Randhir Tuli	10.34	11.30%
AAB Capital, LLC	3	3.28%
Andrew Brooks	9.82	10.73%
Frank Candela, MD	1.65	1.80%
Dr. and Mrs. Spayde	3.31	3.62%

1	Mark Farnum, MD	2.48	2.71%
	Niloufar Guiv, MD	1.65	1.80%
2	Daniel K. Davis, MD	2.48	2.71%
	Brian Rudin, MD	2.48	2.71%
3	Hai-En Peng, POD	2.48	2.71%
	Eli Ziv, MD	1.65	1.80%
4	Walter Thomas,	2.48	2.71%
	Sunset Film Productions	2.48	2.71%
5	Kiumars Arfai, MD	1.65	1.80%
6	TOTALS	91.51 Units	100%

7 (The number of units listed above does not reflect a 10-1 split that was approved by the Governing
8 Board and members previously.)

9 **C. As Part Of The Sale, The Parties Specifically Negotiated And Agreed To Precise
10 Pricing Valuations For Any Buy-Out Of Plaintiff's Remaining Membership
11 Interests And Management Rights.**

12 49. Under both the MIPA (at Section 1.4) and the 3rd A&R Op. Agmt. (at Section 4.7),
13 Symbion or its designated affiliate was granted two Purchase Options (sometimes also referred to in
14 the MIPA as "Call Options") to acquire some or all of Tuli's and Brooks' membership interests and
15 other Class A members' remaining membership interests in the Centers, so as to permit Symbion or
16 its designated affiliate to own, pursuant to the First Purchase Option, an additional 17.117% of SSC
17 T.O., and pursuant to the Second Purchase Option, to acquire up to 55% of SSC T.O. or the other
18 Centers. Pursuant to Section 4.7(b) of the 3rd A&R Op. Agmt., the purchase price for each unit
19 (and limited partnership interest) purchased pursuant to the First Option was "equal to (i) \$25,000
20 minus (ii) the Option Premium paid with respect to a Unit in accordance with Section 4.7(a)."
21 Effective February 20, 2009, Symbion exercised its First Option, purchasing as to Tuli 2.16 units
(2.301%) for \$54,265.03.

22 50. The remaining units owned by Tuli and Brooks -- who are referred to in the MIPA as
23 "Consulting Members" because of their ongoing consulting relationship under the Consulting
24 Agreement that was part of the consideration for the sale of the Centers -- were priced at a higher
25 value for any subsequent buy-out. This was a matter of careful, extensive and deliberate arms-
26 length negotiations among sophisticated parties represented by national counsel. The exercise of the
27 Second Purchase Option required the payment a purchase price based on a carefully-defined
28 "Formula Value." In Section 1.50(i) of the 3rd A&R Op. Agmt. and in Section 1.4(b) of the MIPA

1 the “Formula Value” that was required to be used when calculating the purchase price for the
2 exercise of the Second Option to buy out Plaintiff Tuli’s (and other members’) remaining Ownership
3 was as follows:

4 Six and eight-tenths (6.8) times SSC T.O.’s EBITDA for the twelve month period ending on
5 calendar month end immediately prior to the date of the Option Notice provided by
6 Symbion, determined in accordance with GAAP minus SSC T.O.’s long-term debt, other
7 than indebtedness included in the calculation of SSC T.O.’s net working capital.

8 51. This buy-out Formula Value – 6.8 x EBITDA (minus long term debt) – was a critical
9 component of the entire deal to sell Tuli’s membership interests in SSC T.O. and the other “Existing
10 Centers” and “Developing Centers” in the first place. (Existing Centers were ones already fully
11 operational at the time of the sale. Developing Centers were ones which were still in development at
12 the time of the sale.) A 6.8 EBITDA multiplier is higher than the average pricing formula for a buy
13 out of a non-controlling minority interest in an ASC; it was specifically negotiated as such; and it
14 formed an important part of the consideration Tuli received and Symbion gave as part of the
15 purchase and sale of the Centers, reflecting a premium for Tuli’s role as the controlling and
16 founding member of the Centers.

17 52. Also specifically negotiated was a uniform buy-out requirement applicable to all
18 Class A Members—not just to Tuli’s membership interest—that would ensure equitable treatment of
19 the members whose interests were being acquired. Thus, Section 1.4(b) of the MIPA provides that
20 “The Call Options may be exercised separately with respect to each LLC, but if exercised with
21 respect to an LLC, must be exercised as to all the Option Interests of all Call Option Sellers (as
22 defined below) with respect to such LLC.” The “Call Option Sellers” include Tuli and Brooks as
23 the “Consulting Members” and all other Class A Unit Holders in any of the LLCs. Likewise,
24 Section 4.7(d) of the 3rd A&R Op. Agmt. provides that, “If exercised, the Second Option will be
25 exercised as to all of the Members who are then Class A Members.” The requirement that 100% of
26 the remaining interests of both defendant Brooks and Tuli be bought out concurrently at the same
27 negotiated price was meant to ensure that both would be treated fairly and equitably, and receive the
28 same price for their respective interests, if the Second Purchase Option were exercised. If it was not

1 exercised, then both defendant Brooks and Tuli, as the two founding members of SSC T.O., would
2 continue to receive the same proportionate distributions from the profits of the company in relation
3 to their respective remaining ownership interests. That is both the intent and effect of the cash
4 distribution and option buy-out provisions of the MIPA and the 3rd A&R Op. Agmt.

5 53. A 6.8 multiplier also formed the basis for the “Deferred Payment” due to Tuli under
6 MRPA. Under Section 1.2 of the MRPA, entitled “Consideration,” in addition to paying the “Initial
7 Purchase Price” of \$5,816,000 to acquire the management rights to the Centers, SymbionARC
8 Management also was obligated to pay a “Deferred Payment.” Section 1.2(a) provides that “[t]he
9 Deferred Payment with respect to any Center shall be paid to the Sellers [i.e., Tuli, Brooks and
10 Parthenon] at the end of the Payment Period (as defined in the Consulting Agreement) for that
11 Center.” The Consulting Agreement, pursuant to which Tuli (and Brooks and Parthenon) were on
12 retainer to be available to provide such consulting services specified in the Agreement as may from
13 time to time be reasonably requested by SymbionARC Management, was supposed to be “bought
14 out” for a 6.8 multiple of the annual fee in effect when and if Symbion exercised the Second
15 Purchase Option to buy out Tuli’s and Brooks’ remaining SSC T.O. units.

16 54. In particular, Section 1.2(d)(1) of the MRPA defines “Deferred Payment” to mean,
17 with respect to SSC T.O. (which was a “Developing Center”), “two and seventy two one-hundredths
18 (2.72) times the TTM Fees with respect to a Developing Center LLC, such calculations being based
19 for purposes hereof on the product of, in the case of Existing Center LLCs, seven (7.0), and in the
20 case of Developing Center LLCs, six and eight-tenths (6.8), in all cases multiplied by the percentage
21 of Fees required by the Consulting Agreement to be paid to Sellers as a ‘Consulting and Oversight
22 Fee’ (defined that term is defined in Section 2.1 of the Consulting Agreement).”

23 55. The Consulting Agreement referenced in the MRPA is the very one attached hereto
24 and incorporated by this reference as **Exhibit C**. It defines in Section 2.1 the “Consulting and
25 Oversight Fee” referenced in the MRPA as follows:

26 “During all Payment Periods (as defined below), the Manager shall pay the Contractor for
27 the services rendered under Article I hereof a fee (the “Consulting and Oversight Fee”) equal
28 to the sum of:

1 fifty percent (50%) of the aggregate gross amount of all Management Fees (as
2 defined below) actually collected by Manager from an Existing Center during such Existing
3 Center’s Payment Period; and

4 forty percent (40%) of the aggregate gross amount of all Management Fees actually
5 collected by Manager from a Developing Center during such Developing Center’s Payment
6 Period.”

7 56. The Consulting Agreement at Section 2.1 also defines “Payment Period” to mean,
8 “with respect to any Center, the period commencing on the Payment Commencement Date and
9 ending on the earlier of . . . the termination of the Agreement under Section 3.2, 3.3 or 3.4 hereof.”

10 57. Section 3.2 of the Consulting Agreement provides that SymbionARC Management
11 can terminate the Agreement for various reasons by giving notice of termination to Tuli (and Brooks
12 and Parthenon). Accordingly, SymbionARC Management was obligated to pay a Deferred Payment
13 to Tuli and Parthenon if and when SymbionARC Management terminated the Consulting
14 Agreement pursuant to section 3.2 thereof.

15 **D. In Response To Plaintiff’s Refusal To Relinquish His 11.3% Membership**
16 **Interest For Less Than The Contractual Formula Value, Defendants Began To**
17 **Freeze Him Out.**

18 58. As previously noted, effective February 28, 2009, Symbion exercised its First
19 Purchase Option to acquire 17.116% of SSC T.O., thereby bringing its ownership interest up to
20 18.68%.

21 59. On June 28 and 29, 2010, in anticipation of the deadline for Symbion to exercise its
22 Second Purchase Option, Tuli and Brooks exchanged emails regarding the approximate dollar
23 amount of any buy-out by Symbion of their interests in SSC T.O., if Symbion exercised its Second
24 Purchase Option. Based on an estimated EBITDA of only \$5 Million in 2010—it more than
25 doubled in 2012 an 2013, with EBITDA in excess of \$11 Million in 2012 and \$10 Million in 2013—
26 Brooks estimated a total buy out price of \$25 - \$30 Million, of which Tuli would receive 12.5% (his
27 ownership percentage at that time), plus \$1.6 Million for their management rights under the
28 Consulting Agreement and MRPA, of which Tuli would share 50%, *i.e.*, \$800,000. True and correct
copies of that email exchange is attached hereto and incorporated by this reference as **Exhibit E.**

1 60. In early March 2011, the contractual deadline for the exercise of Symbion’s Second
2 Purchase Option was nearing. Tuli asked Brooks to inquire about whether Symbion intended to
3 exercise its Second Purchase Option to buy them out. In response, defendant Goodwin requested
4 and received a one-year extension of the contractual deadline for the delivery of notice of the
5 exercise of Symbion’s Second Purchase Option, until April 2012. Brooks also informed Tuli, on
6 March 7, 2011, that “certain MDs there [i.e., at SSC T.O. and the Thousand Oaks Center] are
7 looking to get us out cheaply.” This was the first indication that certain of the Defendants were
8 looking for ways to avoid having to sell their interests while eliminating Tuli’s interests for less than
9 the 6.8 times EBITDA Formula Value. True and correct copies of that email exchange is attached
10 hereto and incorporated by this reference as **Exhibit F**.

11 61. While always successful, the Thousand Oaks Center had become increasingly
12 successful and profitable since January 2012. This is due, in part, that SSC T.O.’s Thousand Oaks
13 Center went out of network regarding its facility fees, which meant that the reimbursements paid to
14 SSC T.O. would substantially increase. So, for example, while the Thousand Oaks Center generated
15 EBITDA of approximately \$5 Million in fiscal year 2011, it generated EBITDA of approximately
16 \$11.2 Million in fiscal year 2012, and EBITDA of approximately \$10.8 Million in fiscal year 2013.
17 2014 EBITDA is expected to surpass 2012 EBITDA. For his 11.3% ownership interest in SSC
18 T.O., Tuli received annual net profit distributions in 2013 in the approximate amount of \$1.15
19 Million -- in excess of \$100,000 per month.

20 62. Not wanting to pay increased profits to Tuli, but also not wanting to buy his interests
21 out at 6.8 times EBITDA (minus long term debt), on February 29, 2012, defendant Goodwin called
22 Tuli to inform him that Symbion was not going to exercise its Second Purchase Option, it wanted
23 instead to purchase his units at a discounted price, not the contracted price, and that no other
24 members of SSC T.O. were being asked to be bought out at below-market prices. Tuli refused to be
25 coerced to sell his units at a low-ball price, especially given that no other members were being
26 requested to do so. True and correct copies of confirming emails regarding these discussions
27 between Goodwin and Tuli are attached hereto collectively as **Exhibit G**.

28 63. In retaliation, the Defendants began a systematic and continuous campaign to “freeze

1 out” and “squeeze out” Tuli by excluding, intimidating, and threatening him in order to coerce him
2 to sell his 11.3% ownership interest at a fire-sale price.

3 64. The first retaliatory action occurred soon after Tuli declined to sell his founding
4 11.3% membership interest for less than the 6.8 times EBITDA Formula Value. On March 22,
5 2012, defendant Goodwin (acting for himself and on behalf of the other Defendants) sent an email to
6 Tuli forwarding the Consulting Agreement to him, and informing him that, “We will be meeting
7 with the partner at Thousand Oaks and reviewing this document, performance, etc. We will be
8 communicating with you related to the execution of the duties required under this agreement.” A
9 true and correct copy of this email is attached hereto and incorporated by this reference as **Exhibit**
10 **H.**

11 65. Tuli responded by his email dated March 22, 2012, in which he noted that “All this
12 time the management was never an issue neither from Symbion or its doctors. Since the greed has
13 creeped in to acquire units this is no an issue. Timing of all this is well documented and noted.” A
14 true and correct copy of this email is attached hereto and incorporated by this reference as **Exhibit I.**

15 66. The next day, on March 23, 2012, defendant Goodwin sent an email to Tuli as
16 follows:

17 “Randhir –

18 There are a number of physicians that are upset with the lack of your performance
19 under the terms of the Parthenon Consulting Agreement. We will be addressing this
20 issue during a Governing Board call scheduled for Monday night.

21 A number of people believe that the agreement has been breached. We will follow up
22 with you regarding how to move forward after the meeting on Monday night.

23 Thanks,

24 George”

25 67. Then, on April 9, 2012, Goodwin (again for himself and on behalf of the other
26 Defendants) wrote a letter to Tuli in which he gave notice of breach of the Consulting Agreement
27 due Tuli’s purported failure to provide any requested management services to SSC T.O., and
28 demanding that Tuli report to work “between the hours of 0800 and 1600 daily.” A true and correct

1 copy of Goodwin’s April 9, 2012 letter is attached hereto and incorporated by this reference as
2 **Exhibit J**.

3 68. Tuli responded through his counsel by letter dated April 10, 2012, a true and correct
4 copy of which is attached hereto and incorporated by this reference as **Exhibit K**. Tuli pointed out
5 that (i) the notice of breach was in retaliation for his refusal to sell his units at a price less than the
6 contracted-for value; (ii) he was a consultant, not an employee of Symbion or SSC T.O.; (iii) no one
7 had ever requested that he provide specific consulting services in the previous six and one-half
8 years, as required by the Consulting Agreement, in writing; (iv) requesting proof of any such written
9 requests (which was never given, because none were ever sent); and (v) offering to provide
10 consulting services in response to any reasonable, written requests, as permitted and required under
11 the Consulting Agreement. The Consulting Agreement was a retainer agreement pursuant to which
12 Tuli made himself available to provide such consulting services as Symbion might from time to time
13 reasonably request in writing. No written request for consulting services was ever provided between
14 2008 and 2012, and the request made in defendant Goodwin’s letter dated April 9, 2012 (**Exhibit J**
15 hereto) is not reasonable; it is pretextual and patently unreasonable, for the reasons articulated in
16 **Exhibit I** and **Exhibit K**.

17 69. The next month, on May 15, 2012, defendant Cohen wrote an email to Tuli
18 requesting a meeting with Tuli, together with defendant Chi and Farnum (all members of SSC
19 T.O.’s Governing Board). Mr. Tuli confirmed. A true and correct copy of this email exchange is
20 attached hereto and incorporated by this reference as **Exhibit L**.

21 70. On May 16, 2012, Tuli met at the Four Seasons Hotel in Westlake Village at 6:30
22 p.m. with defendants Cohen, Chi and Farnum. During the meeting, the defendants reiterated their
23 request that Tuli sell his SSC T.O. membership interests at a steeply discounted price. During that
24 meeting, one of the doctors mentioned casually that Thousand Oaks Center planned to go out-of-
25 network (regarding its facility fees), which meant that the reimbursements paid to SSC T.O. for
26 “usual and customary rates” for its facility fees would be much higher than the “in-network”
27 contracted rates typically paid by insurance companies – in some instances as much as six to eight
28 times the contracted payments. This meant that revenues and profits at the Thousand Oaks Center

1 were likely to rise substantially (which in fact has occurred). Defendants knew that revenues were
2 about to explode, which was material information that they were required to disclose to Tuli
3 previously (but had failed to do so), and they wanted to buy out Tuli’s shares on the cheap so that
4 they could keep the increased profits for themselves. Tuli again refused, as would any sensible
5 businessman.

6 71. On May 23, 2012, defendant Goodwin (acting for himself and on behalf of the other
7 Defendants) sent to Tuli’s former counsel a letter a true and correct copy of which is attached hereto
8 and incorporated by this reference as **Exhibit M**.

9 72. On June 8, 2012, Tuli (through former counsel) wrote a letter to defendant Goodwin
10 in which he pointed out the obviously pre-textual and retaliatory nature of the defendants’
11 termination of the Consulting Agreement. Having never claimed that Plaintiff had failed to perform
12 any of the services he agreed to provide Symbion under the Consulting Agreement for over six-and-
13 a-half years after the Agreement was signed, Symbion in April 2012, began sending Plaintiff letters
14 claiming he was not performing his consulting services under the Agreement despite the fact that the
15 Consulting Agreement clearly provides that Plaintiff was a consultant to Symbion (not an
16 employee), and that Plaintiff was only required to provide services to Symbion on a non-exclusive
17 basis as Symbion may from time-to-time reasonably request in writing. No such requests were ever
18 made previously.

19 73. On July 9, 2012, defendant Goodwin wrote a letter to Tuli (through former counsel)
20 in which he notified Tuli that the Consulting Agreement was deemed terminated as of May 31,
21 2012. A true and correct copy of that letter is attached hereto and incorporated by this reference as
22 **Exhibit N**.

23 74. During this entire period of time, i.e., from February 29, 2012—when Tuli rejected
24 Defendants’ request to buy him out for substantially less than the contracted for Second Purchase
25 Option Formula Value—through the July 9, 2012 consulting agreement termination letter, and
26 continuing through March of 2013 and thereafter, Defendants systematically and consistently
27 persisted in their bad faith “freeze out” and “squeeze out” campaign. This effort—which was
28 orchestrated and directed primarily by Brooks and Goodwin, with the complicity of the other

1 Defendants—consisted of the following conduct, all of which are hallmarks and textbook examples
2 of bad faith oppression by majority owners against a minority interest holder:

- 3 a) Excluding Tuli from management and member meetings;
- 4 b) Withholding from Tuli member meeting notices;
- 5 c) Withholding from Tuli minutes of member meetings;
- 6 d) Withholding from Tuli financial statements, including but not limited to balance
7 sheets, income statements, statement of cash flows, statements of retained
8 earnings, financial summaries, and related financial breakdowns and analyses
9 provided to other members;
- 10 e) Withholding from Tuli state and federal tax returns;
- 11 f) Withholding from Tuli the Confidential Offering Memorandum, Subscription
12 Agreement, and related materials; and
- 13 g) Refusing to answer inquiries or provide information about other fundamental
14 financial results and financing plans impacting Tuli’s interests, including but not
15 limited to the Private Placement.

16 75. Transparently seeking leverage for their bad faith “squeeze out” efforts, in March
17 2013 Defendants sought consent by the members for a proposed Amendment No. 4 to the 3rd A&R
18 Op. Agmt., a true and correct copy of which is attached hereto and incorporated herein by this
19 reference as **Exhibit O**. Amendment No. 4, if adopted, would have permitted the Governing Board
20 to determine for itself (supposedly using “commercially reasonable” methods) the “fair value” of a
21 members’ units and the company’s overall value for purposes of a forced buy-out if the Governing
22 Board determined that a “Terminating Event” had occurred under the terms of the 3rd A&R Op.
23 Agmt.

24 76. Tuli objected to this blatant attempt by the Governing Board to coerce a low-ball
25 buy-out of his interest. A true and correct copy of a letter by Tuli’s former counsel to defendant
26 Goodwin in that regard is attached hereto and incorporated by this reference as **Exhibit P**.
27 Apparently other members agreed that this attempted power grab and usurpation was ill advised,
28 because, on information and belief, the Amendment was never approved by a sufficient majority of

1 SSC T.O.’s members.

2 77. In September 2013, Tuli learned for the first that SSC T.O.’s Governing Board
3 planned to make the Private Placement based on a per-unit valuation of only \$17,261, based upon a
4 supposedly “independent valuation.” This low-ball valuation was seriously flawed given past,
5 current, and likely future financial performance metrics for SSC T.O., including but not limited to its
6 EBITDA which is the standard and most basic metric used by appraisers for ASC valuations.
7 Despite his requests therefore, however, Defendants refused to provide either the offering
8 documents related to the Private Offering or the supposedly “independent valuation” to Tuli.

9 **E. In January 2014, Defendants Threatened To Do Everything In Their Power To**
10 **Coerce A Substantially Discounted Sale Of Plaintiff’s Membership Interests.**

11 78. Defendants’ bad faith “freeze out” and “squeeze out” efforts began to come to a head
12 the next month, when, at a January 29, 2014 members’ meeting, which Tuli was permitted to attend,
13 defendant Brooks—in the presence of defendants Cohen, Farnum, Rudin, and Goodwin (as
14 witnessed by non-parties Evan Baclmer, Frank Candela, Hai En Peng, Greg Tchejeyan, Randy
15 Bissel, Vivian Overturf, Lana Davis, and Bhupinder Sehmi)—told Tuli that the Defendants would
16 do everything in their power to kick him out. “No one wants you here,” Brooks said. “Either agree
17 to sell at some agreed discounted price or we will force you out.” When Tuli responded that he had
18 no interest in selling his shares at some discounted price, Brooks said, “Oh, we’ll see about that.”

19 79. None of the members present objected or demurred in response to Brooks’ threats,
20 signaling by their silence their acquiescence by default. In addition, when Tuli again requested that
21 Brooks agree to provide permission (as Parthenon’s 50% owner) for Parthenon to sue for damages
22 for breach of the Consulting Agreement, Brooks refused to do so.

23 80. As noted in the Introduction, Brooks had a strong financial incentive to betray his
24 partner, Tuli, and conspire with Goodwin, the Symbion Defendants, and other members of the
25 Governing Board to squeeze Tuli out of the company. Apart from his receipt of the pro rata share of
26 the proceeds of the theft of Tuli’s \$506,000 capital account, the >\$100,000 per month income
27 derived from his 11.3% membership interested (worth approximately \$8 Million at 6.8 x 2103
28 EBITA), the proceeds from the Cigna settlement, and the proceeds from the Private Placement,

1 Brooks stood to gain millions of more dollars individually as a result of his Janus-faced betrayal.
2 While refusing to grant Parthenon (of which Brooks owned 50%) permission to sue for breach of the
3 Consulting Agreement, Brooks continued to secretly obtain his full share of the management fees
4 that were now denied to Tuli. In addition, Brooks owns the building where the Thousand Oaks
5 Center operates and leases its offices, which generates huge lease payments for him. He also was
6 developing a long term care facility where patients of the Thousand Oaks Center could recover from
7 their surgeries, generating additional profits for Brooks and any other of the Defendants investing
8 with him.

9 **F. In February and March 2014, Defendants Orchestrated A Pre-Textual,**
10 **Retaliatory, And Bad Faith Termination Of Plaintiff's 11.3% Ownership**
11 **Interest For \$0.00.**

12 81. In the face of Brooks' threat to do anything and everything in Defendants' power to
13 eliminate Tuli's interest in SSC T.O.—and in light of the other Defendants' acquiescence and
14 complicity in that threat—and, moreover, given Defendants' failure and refusal to turn over offering
15 materials related to the Private Offering, Randhir sought formal responses regarding the proposed
16 Private Placement, including but not limited to the basis for the \$17,261 per unit valuation.

17 82. To that end, the following exchange of letters was made between Tuli (acting through
18 counsel) and the Defendants (through counsel):

- 19 a) On February 13, 2014, Tuli, acting through counsel, wrote and distributed to
20 Defendants and other members of SSC T.O. a letter regarding the squeeze-out,
21 dilution, and buy-out dispute between Tuli and the Defendants, and Tuli's
22 concern about the dilutive and illegal non-FMV Private Placement, a true and
23 correct copy of which is attached hereto and incorporated herein by this reference
24 as **Exhibit Q**.
- 25 b) On February 14, 2014, Symbion and SSC T.O. (with Defendants' knowledge and
26 approval) responded to Tuli's concerns and requests through their counsel's letter,
27 a true and correct copy of which is attached hereto and incorporated herein by this
28 reference as **Exhibit R**.
- c) Tuli responded through his counsel's letter dated February 24, 2014, a true and

1 correct copy of which is attached hereto and incorporated herein by this reference
2 as **Exhibit S**.

3 d) Symbion and SSC T.O. (with Defendants' knowledge and approval) responded
4 through their counsel by their letter dated February 27, 2014, a true and correct
5 copy of which is attached hereto and incorporated herein by this reference as
6 **Exhibit T**.

7 e) Tuli in turn responded though his counsel's letter dated March 6, 2014, a true and
8 correct copy of which is attached hereto and incorporated herein by this reference
9 as **Exhibit U**.

10 f) Symbion and SSC T.O. (with Defendants' knowledge and approval) responded
11 through their counsel by their letter dated March 7, 2014, a true and correct copy
12 of which is attached hereto and incorporated herein by this reference as **Exhibit**
13 **V**.

14 g) Tuli then responded though his counsel's letter dated March 11, 2014, a true and
15 correct copy of which is attached hereto and incorporated herein by this
16 reference as **Exhibit W**.

17 h) Symbion and SSC T.O. (with Defendants' knowledge and approval) responded
18 through their counsel by their letter dated March 18, 2014, a true and correct
19 copy of which is attached hereto and incorporated herein by this reference as
20 **Exhibit X**. It is in that letter that the Defendants purport to dictate their coerced
21 purchase (through SMBISS T.O.) of Tuli's 11.3% founding membership interest
22 in SSC T.O. for \$0.00.

23 **G. Plaintiff's Concerns That The Private Placement Was Predicated On A Low-**
24 **Ball Per-Unit Valuation That Violated Anti-Kickback Laws Were Fully**
25 **Justified By The Offering Memorandum, Valuation Report, And Company**
26 **Financials.**

27 83. On March 3, 2014, in the midst of this letter exchange, Tuli (through his counsel)
28 was finally granted access to the many critical records which Defendants previously had withheld
from him, improperly and in bad faith. It was then that Tuli obtained for the first time not only

1 copies of SSC T.O. financial documents, minutes, and meeting packages, and other operational and
2 financial documents that previously had been wrongfully withheld from him in breach of the various
3 Operating Agreements and his statutory rights, but also the Confidential Private Placement
4 Memorandum (the “Offering Memorandum”), a true and correct copy of which is attached hereto
5 and incorporated by this reference as **Exhibit Y**, Physician Investor Subscription Agreements, and a
6 “Draft” Valuation Report prepared on behalf of Symbion, SSC T.O. and the Governing Board by
7 Brown, Gibbons, Lang & Company Securities, Inc. (“BGLC”) and Symbion’s counsel, Waller,
8 Landsden, Dortch & Davis LLP (the “Waller Firm”).

9 84. At page 30 of the Offering Memorandum, Symbion, the Governing Board, and the
10 Waller Firm make the following startling admission against interest:

11 “Because the ownership and operations of the Center will not meet the
12 requirements of the ASC Safe Harbor or any other safe harbor provision, the
13 LLC’s distribution of available cash to its physician Members will not be
14 protected from review and prosecution under the Anti-Kickback Statute.”

15 (Emphasis added.)

16 85. The two primary federal health care laws—42 U.S.C. § 1320a-7b(b)(1) *et seq.* and
17 the regulations promulgated thereunder (the “anti-kickback statute”) and 42 U.S.C. § 1395nn *et seq.*
18 and the regulations promulgated thereunder (the “Stark law”)—both prohibit inducement of
19 investments by physician investors through the sale of ownership interests in an ASC at a low-ball
20 valuation that does not correspond to credible fair market value (“FMV”), unless one or more
21 statutory or regulatory “safe harbors” apply. The anti-kickback statute prohibits an ASC, its
22 physician owners, or any other person or entity from knowingly giving or getting anything of value
23 in exchange for referrals or orders for items or services that may be covered by a federal health care
24 program.

25 86. The State of California has enacted several anti-kickback and anti-fraud provisions
26 that are intended to prevent fraud and abuse in the provision of health care goods and services.
27 Section 650 of the California Business and Professions Code prohibits a licensed health care
28 provider from offering, delivering, receiving, or accepting any rebate, refund, commission,

1 preference, patronage dividend, discount, or other consideration, whether in the form of money or
2 otherwise, as compensation or inducement for referring patients, clients, or customers to any person.

3 It provides as follows:

4 “...The offer, delivery, receipt or acceptance, by any person licensed under this
5 division or the Chiropractic Initiative Act of any rebate, refund, commission,
6 preference, patronage dividend, discount, or other consideration, whether in the
7 form of money or otherwise, as compensation or inducement for referring patients,
8 clients, or customers to any person, irrespective of any membership, proprietary
9 interest or co-ownership in or with any person to whom these patients, clients or
10 customers are referred is unlawful.”

11 87. The California Business and Professions Code provides that the referral of a patient
12 by a provider to an ASC in which the provider has a proprietary interest or co-ownership is unlawful
13 if the provider’s return on investment for his or her proprietary interest or co-ownership is not based
14 upon the amount of the capital investment or proportional ownership of the provider.

15 88. Similarly, California Welfare and Institutions Code section 14107.2, modeled after
16 the federal Medicare anti-kickback statute (42 U.S.C.A. section 1320a-7b), proscribes criminal
17 penalties for the offer or payment of “any remuneration, including, but not restricted to, any
18 kickback, bribe, or rebate . . . to refer any individual to a person for the furnishing or arranging for
19 furnishing of any service,” or “to purchase, lease, order or arrange for or recommend the purchasing,
20 leasing or ordering of any goods, facility, service or merchandise,” for which payment may be made
21 by Medi-Cal.

22 89. California’s Insurance Code also contains an anti-kickback prohibition relating to
23 claims that are paid by non-governmental insurers. Insurance Code § 754(a) provides that it is
24 unlawful for any person to solicit, receive, offer, or pay any referral fee for the referral of an
25 individual for the furnishing of services or goods for which the person knows or should have known
26 whole or partial reimbursement is or may be made, directly or indirectly, by any insurer. As used in
27 this section, a referral fee is a fee paid by a person furnishing goods or services to another in return
28 for the referral of an individual to that person for the furnishing of services or goods. It includes any

1 referral fee, kickback, bribe, or rebate, whether made directly or indirectly, overtly or covertly, or in
2 cash or in kind.

3 90. In the absence of any “safe harbor” exemption, violations of the anti-kickback and
4 anti-fraud provisions of the California Business and Professions, Welfare and Institutions, Health
5 and Safety, and Insurance Codes are criminal offenses and are punishable by imprisonment and the
6 imposition of substantial monetary penalties.

7 91. In that regard, section 14 of the Medicare and Medicaid Patient and Program
8 Protection Act of 1987 (Pub. L. No. 100-93) requires the U.S. Department of Health & Human
9 Services (HHS) to promulgate “safe harbor” regulations. The ASC safe harbor (42 C.F.R. §
10 1001.952(r)) is divided into the following four categories: (1) surgeon-owned ASCs, (2) single-
11 specialty ASCs, (3) multi-specialty ASCs, and (4) hospital/physician owned ASCs. SSC T.O. is a
12 multi-specialty ASC. The ASC safe harbor also requires that the investment terms must not be
13 related to the previous or expected volume of referrals, services furnished, or the amount of business
14 otherwise generated from that investor or entity. This requirement highlights the Office of Inspector
15 General’s (OIG’s) concern that an ASC may otherwise attempt to disguise improper kickbacks or
16 referral payments as legitimate investment income, because in the ASC context (64 Fed. Reg.
17 63,518, 63,536 (Nov. 19, 1999)), HHS’ “chief concern is that a return on an investment in an ASC
18 might be a disguised payment for referrals.”

19 92. The Center for Medicare Services (CMS) defines FMV as “the value in arm’s-length
20 transactions, consistent with the general market value. ‘General market value’ means the price that
21 an asset would bring, as the result of bona fide bargaining between well-informed buyers and sellers
22 who are not otherwise in a position to generate business for the other party, on the date of
23 acquisition of the asset. Usually, the fair market price is the price at which bona fide sales have
24 been consummated for assets of like type, quality, and quantity in a particular market at the time of
25 acquisition.”

26 93. The regulations at 42 CFR 411.351 state that FMV:
27 “means the value in arm’s-length transactions, consistent with the general market
28 value. ‘General market value’ means the price that an asset would bring, as the

1 result of bona fide bargaining between well-informed buyers and sellers who are
2 not otherwise in a position to generate business for the other party, or the
3 compensation that would be included in a service agreement, as the result of bona
4 fide bargaining between well-informed parties to the agreement who are not
5 otherwise in a position to generate business for the other party, on the date of
6 acquisition of the asset or at the time of the service agreement. Usually, the fair
7 market price is the price at which bona fide sales have been consummated for
8 assets of like type, quality, and quantity in a particular market at the time of
9 acquisition, or the compensation that has been included in bona fide service
10 agreements with comparable terms at the time of the agreement, where the price
11 or compensation has not been determined in any manner that takes into account
12 the volume or value of anticipated or actual referrals.”

13 94. In particular, the safe harbor protection established in the implementing regulations
14 for the Anti-Kickback Statute requires that the amount of payment to a physician investor in return
15 for the investment be directly proportional to the amount of capital invested by that investor. 42
16 C.F.R. § 1001.952(r)(4)(iii). This requirement helps ensure that referral sources are not rewarded
17 for their referrals through investment returns that are disproportionate to the capital they invested.
18 But that is exactly what has happened here; and Mr. Tuli’s concerns have been borne out by the
19 facts.

20 95. In the context of a proposed sale of an equity interest in an existing ASC, the
21 purchase price usually and customarily, as a matter of standard industry practice, is based on the
22 following formula: (1) the ASC’s EBITDA for the 12-month period preceding the buy-in date,
23 multiplied by (2) a multiple; less (3) the ASC’s long-term debt; multiplied by (4) the percentage
24 being acquired. For a mature ASC such as SSC T.O., this typically results in a significant purchase
25 price, with EBITDA multiples in excess of 6 being common and in excess of 8 not unusual.

26 96. Assuming SSC T.O. will generate in FY2014 the same EBITDA as it did in FY2013,
27 a \$17,261 per-Unit purchase price would generate distributable income per-Unit in excess of 62%
28 per annum. It also is based on just 1.5 X EBITDA for FY2013—an absurdly low valuation. That

1 annual rate of return is grossly disproportionate to the amount of capital invested and therefore does
2 not meet the safe harbor requirements of 42 C.F.R. § 1001.952(r)(4)(iii) and constitutes a facial
3 violation of the anti-kickback statute (and Cal. Bus. & Prof. Code § 650). It also constitutes a
4 breach of Section 3.3 of the 3rd A&R Op. Agmt., which requires compliance with the Stark Act, the
5 anti-kickback statute, and related statues and implementing regulations.

6 97. The BGLC “draft” Valuation Report (a true and correct copy of which is attached
7 hereto and incorporated by this reference as **Exhibit Z**) was commissioned by Symbion and the
8 Waller Firm to provide “cover” and “plausible deniability” regarding Defendants’ bad faith and
9 collusive efforts to (i) provide illegal inducements to referring physician investors outside any anti-
10 kickback statute safe harbor, and (ii) set a low-ball per-unit valuation precedent for their coercive
11 buy-out efforts regarding Tuli’s 11.3% founding membership interest in SSC T.O. Contrary to
12 Defendants’ assertion, the Valuation Report was hardly “independent.” BCGL is regularly retained
13 by Symbion and its affiliates in connection with ASC mergers and acquisitions and other corporate
14 deals, it was the Placement Agent for the Private Placement at issue, and it had a financial interest in
15 the deal apart from the fee paid for the Valuation Report itself.

16 98. No disparagement by Tuli occurred by his raising a “red flag” in house (internally to
17 the company) about potential statutory and regulatory violations that implicated not only Tuli’s
18 membership interest and investment value, but those of all members of SSC T.O. (as well as the
19 interests of SSC T.O.’s employees, patients, and other stakeholders). The illegality admission in the
20 Private Offering Memorandum and the grossly disproportionate rate of return on the low-ball
21 valuation of the new Class A Units are demonstrable facts, not “false and reckless charges” or “false
22 claims” as erroneously urged in Defendants’ letters attached hereto. “False” and “reckless” aptly
23 describe, however, Defendants’ pretextual and retaliatory invocation of the “Terminating Event”
24 provisions of the 3rd A&R Op. Agmt. in response to Tuli’s wholly proper assertion of his rights and
25 expressions of concern about a dilutive, discriminatory, and illegal Private Placement that
26 Defendants admit “will not be protected from review and prosecution under the Anti-Kickback
27 Statute.” (Offering Memorandum, p. 30 [**Exhibit Y** hereto].)

28 99. As a direct and proximate result of the Defendants’ bad faith misconduct, Tuli has

1 been deprived of his 11.3% ownership interest in the company he conceptualized and founded,
2 resulting in the loss of voting rights and other privileges, the theft of over \$506,000 in his capital
3 account, the theft of the ratable percentage he is entitled to receive from the settlement of the Cigna
4 account receivable in excess of \$641,000, and the theft of income distributions corresponding to his
5 11.3% ownership interest, which in 2013 resulted in over \$1.15 Million in investment earnings, and
6 which would be even more profitable in 2014 and beyond. Defendants' bad faith is demonstrated by
7 the fact that the original purchase valuation and First and Second Purchase Option Right under the
8 applicable SSC T.O. Operating Agreements used a 6.8 EBITDA multiplier, they offered new units
9 to referral-rich physician investors for only 1.5 times EBITDA (for 2013), in violation of the anti-
10 kickback laws and regulations, and purported to extinguish and buy back Tuli's 11.3% founding
11 membership interest (worth approximately \$8,000,000) for nothing.

12 **VI. CAUSES OF ACTION**

13 **FIRST CAUSE OF ACTION**

14 (For Breach of Breach of Fiduciary Duties Against Defendants SMBISS T.O., Goodwin, Kennedy,
15 Brooks, Chi, Cohen, and Farnum)

16 100. Plaintiff re-alleges and incorporates herein as though fully set forth Paragraphs 1
17 through 99 of this Complaint.

18 101. Defendants SMBISS T.O., Goodwin, Kennedy, Brooks, Chi, Cohen, and Farnum, are
19 controlling-interest holders and members of the Governing Board of SSC T.O., and therefore owed
20 fiduciary duties of care and fidelity to Tuli and other non-controlling, minority interest holders of
21 SSC T.O.

22 102. The Beverly-Killea Act, as codified at Section 17000 *et seq.* of the California
23 Corporations Code, under which SSC T.O. was formed and to which the 3rd A&R Op. Agmt. refers
24 to as "the Act," was repealed effective January 1, 2014, by the terms of former Corporations Code §
25 17657. Accordingly, the waiver set forth in Section 12.9 (e) of the 3rd A&R Op. Agmt. of "the right
26 to claim a breach of fiduciary duty under Section 17153 of the Act" is moot and inoperable, as
27 Section 17153 and all other provisions of the Act have been repealed. Section 12.9 (e) does not
28 provide that fiduciary duties are disclaimed under common law or statutory law, or as otherwise

1 might exist. It instead refers specifically to a “claim a breach of fiduciary duty under Section 17153
2 of the Act” (emphasis added), which now is inapplicable.

3 103. The new California Revised Uniform Limited Liability Company Act (the
4 “RULLCA”), added by Stats 2012 ch. 419 § 20 (SB 323), effective January 1, 2013 and made
5 operative January 1, 2014, is codified at Section § 17701.01 *et seq.* of the California Corporations
6 Code. Section 17713.04 provides that RULLCA’s provisions “shall apply to all domestic limited
7 liability companies existing on or after January 1, 2014, . . . and to all actions taken by the managers
8 or members of a limited liability company on or after that date.” Defendants’ bogus, pretextual, and
9 retaliatory February 14, 2014 Notice of Terminating Event, the March 18, 2014 notice of purchase
10 of Tuli’s 11.3% ownership interest in SSC T.O. for \$0.00, and the conduct immediately surrounding
11 those actions all occurred after January 1, 2014. Accordingly, the waiver in the 3rd A&R Op. Agmt.
12 of fiduciary duties under Section 17153 of the Beverly-Killea Act is moot and ineffective because of
13 the statute’s repeal, and the fiduciary duties of the Governing Board of SSC T.O. are now governed
14 by Section 17704.09 of RULLCA, effective January 1, 2014.

15 104. Section 17704.09 of RULLCA provides that, in manager-managed LLCs—such as
16 SSC T.O., which is managed by the Governing Board sued herein—the members of the Governing
17 Board owe to the company and the other members duties of loyalty and care. With respect to the
18 duty of care in particular, members of the Governing Board are prohibited from “engaging in grossly
19 negligent or reckless conduct, intentional misconduct, or a knowing violation of law.” (Cal. Corp.
20 Code § 17704.09(c).) Members of the Governing Board also are required, under Section
21 17704.09(d), to “discharge the duties to a limited liability company and the other members under
22 this title or under the operating agreement and exercise any rights consistent with the obligation of
23 good faith and fair dealing.” All of the conduct of Defendants SMBISS T.O., Goodwin, Kennedy,
24 Brooks, Chi, Cohen, and Farnum after January 1, 2014 was subject to the fiduciary requirements of
25 Section 17704.09 of RULLCA.

26 105. Defendant Brooks at all relevant times owed and continues to owe fiduciary duties of
27 care and fidelity to Tuli as his partner and co-managing member in Parthenon, as a matter of
28 common law and under Section 17153 of the California Corporations Code, for all bad faith conduct

1 which occurred prior to January 1, 2014. Defendants SMBISS T.O., Goodwin, Kennedy, Brooks,
2 Chi, Cohen, and Farnum misconduct after January 1, 2014 is subject to the fiduciary obligations set
3 forth in Section 17704.09 of RULLCA.

4 106. Defendants SMBISS T.O., Goodwin, Kennedy, Brooks, Chi, Cohen, and Farnum
5 have violated their fiduciary duties of care and of good faith and fair dealing owed to Tuli by
6 (among other grossly negligent, bad faith, and intentional misconduct):

- 7 a) Colluding with Brooks to cancel the Consulting Agreement while continuing to
8 secretly pay management fees to Brooks, colluding with Brooks to refuse to
9 assign the right or otherwise permit Parthenon to sue for wrongful termination of
10 the Consulting Agreement, and refusing to pay the Deferred Payment owed to
11 Tuli upon termination of the Consulting Agreement under the MRPA;
- 12 b) Approving the Private Offering predicated on a below-FMV valuation for the
13 Class A Units that did not fall within any safe harbor exception to federal and
14 California anti-kickback statutes and regulations, not permitting Tuli to know
15 about, comment upon, or object to it beforehand, and proceeding with it anyway
16 after Tuli complained about it;
- 17 c) Retaliating against Tuli in bad faith when he expressed concerns and raised a “red
18 flag” regarding the dilutive and potentially illegal low-ball valuation of the new
19 Class A Units being offered in the December 2013 Private Offering;
- 20 d) Falsely claiming that such concerns were “false,” “reckless,” “defamatory,” and
21 designed to “adversely affect” the company’s operations;
- 22 e) Knowingly and recklessly violating the anti-kickback statute as admitted in page
23 30 of the Offering Memorandum and as demonstrated by the failure of the Private
24 Placement to offer the new Class A Units at a price even even remotely
25 approaching FMV;
- 26 f) Colluding in bad faith to exercise the Governing Board’s discretion, unreasonably
27 and pretextually, to determine that a “Terminating Event” had occurred under
28 Section 1, Subsection (ii) of the 3rd A&R Op. Agmt.;

- 1 g) Colluding in bad faith to purportedly extinguish Tuli’s 11.3% founding
2 membership interest in SSC T.O. for \$0.00 by invoking the “Terminating Event”
3 and forced buy-out provisions of the 3rd A&R Op. Agmt. in bad faith in order to
4 misappropriate Tuli’s \$506,000 capital account, his pro rata share of the Cigna
5 accounts receivable, his pro rata share of the proceeds of the Private Placement,
6 and his income proportionate to his 11.3% ownership interest;
- 7 h) Commissioning and approving a bogus, biased, and ill-founded “Valuation
8 Report” that fell far outside ordinary and customary industry valuation and
9 appraisal standards and metrics in a bad faith effort to hide their illegal and
10 dilutive motivations for the Private Placement and the low-ball squeeze-out of
11 Tuli;
- 12 i) Intentionally withholding information and documents from Tuli, threatening him,
13 excluding him from meetings, and failing to give him notice of meetings, and
14 then using his whistleblowing about the Private Placement’s anti-kickback statute
15 implications and dilutive impact on his ownership interest as a pretext to
16 effectively steal his money for themselves and their cohorts; and
- 17 j) Insisting that a supposed “cure” for the pretextual “Terminating Event” would
18 require Tuli to falsely claim that his concerns about possible violations of state
19 and federal anti-kickback statutes and regulations arising from the dilutive and
20 below-FMV Private Placement were false, derogatory, and defamatory, when in
21 fact Defendants admitted in the Offering Memorandum that the Private Placement
22 “will not be protected from review and prosecution under the Anti-Kickback
23 Statute.” (Offering Memorandum, p. 30 [**Exhibit Y** hereto].)

24 107. As a direct and proximate result of Defendants’ misconduct, Plaintiff has suffered
25 severe financial damages which will be established according to proof at trial. The conduct
26 described herein constitutes “oppression, fraud or malice” as those terms are defined in California
27 Civil Code § 3294, and Plaintiff is therefore entitled to punitive damages in an amount according to
28 proof. Plaintiff is further informed and believe, and based upon such information and belief, alleges

1 that:

- 2 a) The conduct described herein constituting oppression, fraud or malice was
3 committed by one or more officers, directors, or managing agents of Defendants
4 Symbion, SymbionARC, SymbionARC Management, SMBISS T.O. and SSC
5 T.O. who acted on their behalf; or
6 b) The conduct described herein constituting oppression, fraud or malice was
7 authorized by one or more officers, directors, or managing agents of Defendants
8 Symbion, SymbionARC, SymbionARC Management, SMBISS T.O. and SSC
9 T.O.; or
10 c) One or more officers, directors, or managing agents of Defendants Symbion,
11 SymbionARC, SymbionARC Management, SMBISS T.O. and SSC T.O. knew of
12 the conduct constituting malice, oppression, or fraud and adopted or approved
13 that conduct after it occurred.

14 **SECOND CAUSE OF ACTION**

15 (For Aiding And Abetting Breach of Fiduciary Duties Against All Defendants Except Brooks)

16 108. Plaintiff re-alleges and incorporates herein as though fully set forth Paragraphs 1
17 through 99 of this Complaint.

18 109. Defendants SMBISS T.O., Brooks, Chi, Cohen, and Farnum, as controlling-interest
19 holders and members of the Governing Board of SSC T.O., owed fiduciary duties of care and
20 fidelity to Tuli and other non-controlling, minority interest holders of SSC T.O., as specified in
21 Paragraphs 101 through 105 of this Complaint.

22 110. Defendants SMBISS T.O., Brooks, Chi, Cohen, and Farnum breached their fiduciary
23 duties of care and good faith owed to Tuli, as specified in Paragraph 106 of this Complaint.

24 111. Defendants Symbion, SymbionARC, SymbionARC Management, Goodwin, and
25 Kennedy not only knew that Defendants SMBISS T.O., Brooks, Chi, Cohen, and Farnum breached
26 their fiduciary duties of care and good faith owed to Tuli, as specified in Paragraph 106 of this
27 Complaint; they actively encouraged and provided substantial assistance for such breaches by
28 participating in the discussions, planning, and implementation of the bad faith freeze-out and

1 squeeze-out misconduct previously alleged, and providing their consent to such misconduct,
2 including but not limited to the pre-textual, retaliatory and bad faith invocation of the Terminating
3 Event and forced buy-out provisions of the 3rd A&R Op. Agmt.

4 112. Defendant Brooks owed fiduciary duties of care and loyalty to Tuli as his partner and
5 co-managing member in Parthenon, under former Section 17153 of the California Corporations
6 Code and under Section 17704.09 of RULLCA.

7 113. Defendants Symbion, SymbionARC, SymbionARC Management, Goodwin,
8 Kennedy, Chi, Cohen, and Farnum not only knew that Defendant Brooks both owed and breached
9 his fiduciary duties of care and good faith owed to Tuli, as specified in Paragraph 106 of this
10 Complaint; they actively encouraged and provided substantial assistance for such breaches by
11 participating in the discussions, planning, and implementation of the bad faith freeze-out and
12 squeeze-out misconduct previously alleged, and providing their consent to such misconduct,
13 including but not limited to the pre-textual, retaliatory and bad faith invocation of the Terminating
14 Event and forced buy-out provisions of the 3rd A&R Op. Agmt., the pre-textual and bad faith
15 cancellation of the Consulting Agreement while secretly continuing to pay consulting fees
16 afterwards to Brooks, and the refusal to pay the Deferred Payment owed under the MRPA, while
17 encouraging Brooks to refuse to provide consent to Tuli for Parthenon (of which Brooks owned
18 50a%) to sue for breach of the Consulting Agreement.

19 114. As a direct and proximate result of Defendants' misconduct, Plaintiff has suffered
20 severe financial damages which will be established according to proof at trial. The conduct
21 described herein constitutes "oppression, fraud or malice" as those terms are defined in California
22 Civil Code § 3294, and Plaintiff is therefore entitled to punitive damages in an amount according to
23 proof. Plaintiff is further informed and believe, and based upon such information and belief,
24 alleges that:

- 25 a) The conduct described herein constituting oppression, fraud or malice was
26 committed by one or more officers, directors, or managing agents of Defendants
27 Symbion, SymbionARC, SymbionARC Management, SMBISS T.O. and SSC
28 T.O. who acted on their behalf; or

- 1 b) The conduct described herein constituting oppression, fraud or malice was
2 authorized by one or more officers, directors, or managing agents of Defendants
3 Symbion, SymbionARC, SymbionARC Management, SMBISS T.O. and SSC
4 T.O.; or
5 c) One or more officers, directors, or managing agents of Defendants Symbion,
6 SymbionARC, SymbionARC Management, SMBISS T.O. and SSC T.O. knew
7 of the conduct constituting malice, oppression, or fraud and adopted or approved
8 that conduct after it occurred.

9 **THIRD CAUSE OF ACTION**

10 (For Breach of Contract Against Defendants SMBISS T.O., SSC T.O.,
11 Brooks, Chi, Cohen, and Farnum)

12 115. Plaintiff re-alleges and incorporates herein as though fully set forth Paragraphs 1
13 through 99 of this Complaint.

14 116. Plaintiff, on the one hand, and defendants SMBISS T.O., Brooks, Chi, Cohen, and
15 Farnum, on the other hand, are parties to the 3rd A&R Op. Agmt. SSC T.O. is bound by the 3rd
16 A&R Op. Agmt. also by virtue of Section 17701.11(a) of RULLCA, which provides that “A limited
17 liability company is bound by and may enforce the operating agreement.”

18 117. In Section 1 of the 3rd A&R Op. Agmt. (**Exhibit D** hereto, at p. 7), a “Terminating
19 Event” is defined to mean, among other things, when “A Member has disrupted the affairs of the
20 Company or has acted adversely to the best interests of the Company, as determined in the
21 reasonable discretion of the Governing Board, and fails to cure such conduct within thirty (30) days
22 after receipt of a written notice of such conduct sent by the Governing Board to such Member.”
23 (Emphasis added.)

24 118. Section 3.3 of the 3rd A&R Op. Agmt., entitled “Permissible Relationships,” provides
25 in pertinent part as follows:

26 “Each Member understands that the Company’s and the Center’s operations are
27 subject to various state and federal laws regulating permissible relationships
28 between the Members and entities such as the Company, including 42 U.S.C. §

1 1320a-7b(b) (the “Anti-Kickback Statute”), and 42 U.S.C. § 1395nn (the “Stark
2 Law”). It is the intent of the parties that the Company and the Center operate in a
3 manner consistent with the foregoing statutes.

4 * * *

5 The intent of the Safe Harbor Tests and the other requirements set forth in this
6 Section 3.3 is to help the Company to substantially comply with the safe harbor
7 for ambulatory surgical centers promulgated by the Office of Inspector General.
8 For a waiver to be granted, the Member must be acting in good faith to comply
9 with the Safe Harbor Requirements. Further, the Governing Board may request
10 from each Member such information as it deems necessary to assess compliance
11 by such Member (or its Owners) with the Safe Harbor Requirements set forth
12 above. The Company and the Members acknowledge that all activities and
13 contracts of any kind necessary to, or in connection with, or incidental to the
14 accomplishment of, the purposes of the Company shall be lawfully can-led on or
15 performed under the laws of the State of California and various federal laws.”

16 119. Section 12.9(a) of the 3rd A&R Op. Agmt., entitled “Liability of Covered Persons for
17 Actions,” provides in pertinent part as follows:.

18 “Notwithstanding any provision of this Agreement, common law or the Act, no
19 member of the Governing Board, the Administrative Member, principal officer of
20 the Company or the Tax Matters Member (the ‘Covered Persons’) shall be liable
21 to the Members or to the Company for any loss suffered which arises out of an act
22 or omission of such person, if, in good faith, it was determined by such persons
23 that such act or omission was in the best interests of the Company and such act or
24 omission did not constitute gross negligence or fraud, The Covered Persons shall
25 be indemnified by the Company against any and all claims, demands and losses
26 whatsoever, it the indemnitee (i) conducted himself in good faith; (ii) derived no
27 improper personal benefit, (iii) reasonably believed (A) in the case of conduct in
28 his official capacity with the Company, that his conduct was in its best interests .

1 ..”

2 120. Section 17701.10(c)(16)(g) of RULLCA provides that an “operating agreement may
3 alter or eliminate the indemnification for a member or manager provided by subdivision (a) of
4 Section 17704.08 and may eliminate or limit a member or manager’s liability to the limited liability
5 company and members for money damages, except for . . . (4) Intentional infliction of harm on the
6 limited liability company or a member [or] (5) An intentional violation of criminal law.” (Emphasis
7 added.)

8 121. Defendants SMBISS T.O., SSC T.O., Brooks, Chi, Cohen, and Farnum breached
9 Section 3.3 of the 3rd A&R Op. Agmt. by (among other grossly negligent, bad faith, and intentional
10 misconduct):

- 11 a) Colluding with Brooks to cancel the Consulting Agreement while continuing to
12 secretly pay management fees to Brooks, colluding with Brooks to refuse to
13 assign the right or otherwise permit Parthenon to sue for wrongful termination of
14 the Consulting Agreement, and refusing to pay the Deferred Payment owed to
15 Tuli upon termination of the Consulting Agreement under the MRPA;
- 16 b) Approving the Private Offering predicated on a below-FMV valuation for the
17 Class A Units that did not fall within any safe harbor exception to federal and
18 California anti-kickback statutes and regulations, not permitting Tuli to know
19 about, comment upon, or object to it beforehand, and proceeding with it anyway
20 after Tuli complained about it;
- 21 c) Retaliating against Tuli in bad faith when he expressed concerns and raised a “red
22 flag” regarding the dilutive and potentially illegal low-ball valuation of the new
23 Class A Units being offered in the December 2013 Private Offering;
- 24 d) Falsely claiming that such concerns were “false,” “reckless,” “defamatory,” and
25 designed to “adversely affect” the company’s operations;
- 26 e) Knowingly and recklessly violating the anti-kickback statute as admitted in page
27 30 of the Offering Memorandum and as demonstrated by the failure of the Private
28 Placement to offer the new Class A Units a price even even remotely approaching

- 1 FMV;
- 2 f) Colluding in bad faith to exercise the Governing Board’s discretion, unreasonably
- 3 and pretextually, to determine that a “Terminating Event” had occurred under
- 4 Section 1, Subsection (ii) of the 3rd A&R Op. Agmt.;
- 5 g) Colluding in bad faith to purportedly extinguish Tuli’s 11.3% founding
- 6 membership interest in SSC T.O. for \$0.00 by invoking the “Terminating Event”
- 7 and forced buy-out provisions of the 3rd A&R Op. Agmt. in bad faith in order to
- 8 misappropriate Tuli’s \$506,000 capital account, his pro rata share of the Cigna
- 9 accounts receivable, his pro rata share of the proceeds of the Private Placement,
- 10 and his income proportionate to his 11.3% ownership interest;
- 11 h) Commissioning and approving a bogus, biased, and ill-founded “Valuation
- 12 Report” that fell far outside ordinary and customary industry valuation and
- 13 appraisal standards and metrics in a bad faith effort to hide their illegal and
- 14 dilutive motivations for the Private Placement and the low-ball squeeze-out of
- 15 Tuli;
- 16 i) Intentionally withholding information and documents from Tuli, threatening him,
- 17 excluding him from meetings, and failing to give him notice of meetings, and
- 18 then using his whistleblowing about the Private Placement’s anti-kickback statute
- 19 implications and dilutive impact on his ownership interest as a pretext to
- 20 effectively steal his money for themselves and their cohorts; and
- 21 j) Insisting that a supposed “cure” for the pretextual “Terminating Event” would
- 22 require Tuli to falsely claim that his concerns about possible violations of state
- 23 and federal anti-kickback statutes and regulations arising from the dilutive and
- 24 below-FMV Private Placement were false, derogatory, and defamatory, when in
- 25 fact Defendants admitted in the Offering Memorandum that the Private Placement
- 26 “will not be protected from review and prosecution under the Anti-Kickback
- 27 Statute.” (Offering Memorandum, p. 30 [**Exhibit Y** hereto].)
- 28

122. This same misconduct violated the “reasonable discretion” requirement for the

1 invocation of a “Terminating Event” under Section 1 of the 3rd A&R Op. Agmt. It was not and
2 could not constitute a reasonable exercise of discretion to terminate a founding member’s interest in
3 retaliation for raising concerns about a dilutive and discriminatory syndication of new Class A Units
4 that the Offering Memorandum itself admits violated anti-kickback statutes and regulations. It was
5 not and could not constitute a reasonable exercise of discretion to terminate a founding member’s
6 interest in order to steal his \$506,000 Capital Account, his ratable portion of the Cigna account
7 receivable settlement, his ratable portion of the proceeds of the Private Offering, and his ratable
8 share of distributable income, all on pre-textual and retributive grounds.

9 123. Plaintiff fully performed all obligations required of him under the 3rd A&R Op.
10 Agmt. The concerns he raised about the dilutive and possibly illegal effect of the below-FMV
11 Private Placement did not constitute actions “adverse to the interests” of SSC T.O., did not “disrupt
12 the affairs” of SSC T.O., and did not otherwise constitute a breach of any duty owed by Plaintiff to
13 the Defendants; and in all events such conduct was precipitated by the bad faith threats and other
14 freeze-out and squeeze-out tactics of Defendants, as hereinbefore alleged, and, as such, Plaintiff’s
15 acts in response to such misconduct are justified and excused.

16 124. The limitation of liability provisions of Section 12.9(a) of the 3rd A&R Op. Agmt. do
17 not shield any of the Defendants from liability under their express terms and under Section
18 17701.10(c)(16)(g) of RULLCA because the Defendants conducted themselves wholly in bad faith
19 in order to inflict intentional harm on Tuli as a founding member of SSC T.O., and their conduct
20 also exposed SSC T.O. to potential criminal liability for violation of federal and state anti-kickback
21 statutes and regulations (and therefore was not and could not be undertaken in good faith in
22 furtherance of the best interests of the company), as they themselves admit in the Offering
23 Memorandum they improperly withheld from Plaintiff that “the ownership and operations of the
24 Center will not meet the requirements of the ASC Safe Harbor or any other safe harbor provision
25 [and therefore] the LLC’s distribution of available cash to its physician Members will not be
26 protected from review and prosecution under the Anti-Kickback Statute.” (**Exhibit Y** at pg. 30.)

27 125. As a direct and proximate result of Defendants’ misconduct, Plaintiff has suffered
28 severe financial damages which will be established according to proof at trial.

1
2
3 **FOURTH CAUSE OF ACTION**

4 (For Breach of Contract Against Defendants SymbionARC and SARC)

5 126. Plaintiff re-alleges and incorporates herein as though fully set forth Paragraphs 1
6 through 99 of this Complaint.

7 127. Plaintiff, on the one hand, and defendants SymbionARC Management and SARC, on
8 the other hand, are parties to the MRPA.

9 128. Plaintiff fully performed all obligations required of him under the MRPA.

10 129. Under Section 1.2 of the MRPA (**Exhibit B** hereto), entitled “Consideration,”
11 SymbionARC Management also was obligated to pay a “Deferred Payment” to Plaintiff under
12 specified circumstances. In particular, Section 1.2(a) of the MRPA, provides that “[t]he Deferred
13 Payment with respect to any Center shall be paid to the Sellers [i.e., Tuli, Brooks and Parthenon] at
14 the end of the Payment Period (as defined in the Consulting Agreement) for that Center.”

15 130. Section 1.2(d)(1) of the MRPA defines “Deferred Payment” to mean, with respect to
16 SSC T.O. (which was a “Developing Center”), “two and seventy two one-hundredths (2.72) times
17 the TTM Fees with respect to a Developing Center LLC, such calculations being based for purposes
18 hereof on the product of, in the case of Existing Center LLCs, seven (7.0), and in the case of
19 Developing Center LLCs, six and eight-tenths (6.8), in all cases multiplied by the percentage of Fees
20 required by the Consulting Agreement to be paid to Sellers as a ‘Consulting and Oversight Fee’
(defined that term is defined in Section 2.1 of the Consulting Agreement).

21 131. The Consulting Agreement (**Exhibit C**) defines in Section 2.1 the “Consulting and
22 Oversight Fee” referenced in the MRPA as follows:

23 “During all Payment Periods (as defined below), the Manager shall pay the Contractor for
24 the services rendered under Article I hereof a fee (the “Consulting and Oversight Fee”) equal
25 to the sum of:

26 fifty percent (50%) of the aggregate gross amount of all Management Fees (as
27 defined below) actually collected by Manager from an Existing Center during such
28 Existing Center’s Payment Period; and

1 situations where, as here, SSC T.O. and the defendant members of the Governing Board of SSC
2 T.O. were invested with a discretionary power affecting the rights of Tuli and other non-controlling,
3 minority interest holders. Such power must be exercised in good faith. SSC T.O. and the defendant
4 members of SSC T.O.'s Governing Board were prevented, by the implied covenant, from unfairly
5 frustrating Tuli's right to receive the benefits to which he was entitled under the 3rd A&R Op. Agmt.

6 138. Here, Tuli owned a 11.3% founding ownership interest in SSC T.O. This was a
7 "Membership Interest" which empowered him to receive a "Sharing Percentage" of SSC T.O.'s in
8 accordance with his "Class A Percentage Interest" when any distributions were made by the
9 Governing Board of "Cash Available for Distribution," all as defined in Section 1 of the 3rd A&R
10 Op. Agmt. Tuli had a "Capital Contribution" and a "Capital Account" in excess of \$506,000 as of
11 December 31, 2013, which entitled him to receive certain benefits under the 3rd A&R Op. Agmt.,
12 and which constituted a valuable property interest in the assets of and income generated by SSC
13 T.O., including but not limited to periodic cash distributions, his ratable portion of the Cigna
14 account receivable settlement, and his ratable portion of the proceeds of the Private Placement.

15 139. Plaintiff fully performed all obligations required of him under the 3rd A&R Op.
16 Agmt. The concerns he raised about the dilutive and possibly illegal effect of the below FMV
17 Private Placement did not constitute actions adverse to the interests of SSC T.O., did not disrupt the
18 affairs of SSC T.O., and did not otherwise constitute a breach of any duty owed by Plaintiff to the
19 Defendants; and in all events such conduct was precipitated by the bad faith threats and other freeze-
20 out and squeeze-out tactics of Defendants, as hereinbefore alleged, and, as such, Plaintiff's acts in
21 response to such misconduct are justified and excused.

22 140. It was not and could not constitute a reasonable exercise of discretion to terminate a
23 founding member's interest in retaliation for raising concerns about a dilutive and discriminatory
24 syndication of new Class A Units that the Offering Memorandum itself admits was violative of anti-
25 kickback statutes and regulations. It was not and could not constitute a reasonable exercise of
26 discretion to terminate a founding member's interest in order to steal his \$506,000 Capital Account,
27 his ratable portion of the Cigna account receivable settlement, his ratable portion of the proceeds of
28 the Private Offering, and his ratable share of distributable income, all on pretextual and retributive

1 grounds. This bad faith exercise of discretion violated the implied covenant of good faith and fair
2 dealing.

3 141. As a direct and proximate result of Defendants’ misconduct, Plaintiff has suffered
4 severe financial damages which will be established according to proof at trial.

5 **SIXTH CAUSE OF ACTION**

6 (For Tortious Breach of the Implied Covenant of Good Faith and Fair Dealing
7 Against Defendants SMBISS T.O., Brooks, Chi, Cohen, and Farnum)

8 142. Plaintiff re-alleges and incorporates herein by this reference as though fully set forth
9 Paragraphs 1 through 99 of this Complaint.

10 143. Plaintiff also re-alleges and incorporates herein by this reference as though fully set
11 forth Paragraph 121 of this Complaint.

12 144. Defendants SMBISS T.O., Brooks, Chi, Cohen, and Farnum were in a “special
13 relationship” with Tuli and owed him fiduciary duties in their capacities as members of SSC T.O.’s
14 Governing Board, as more fully alleged in Paragraphs 101 through 105 of the First Cause of Action
15 for breach of fiduciary duties, which are incorporated herein by this reference as though fully set
16 forth.

17 145. In abusing their discretion to terminate Tuli’s interest and steal his proportionate
18 share of distributable income, capital account, and ratable proceeds from the Cigna settlement and
19 Private Placement, Defendants SMBISS T.O., Brooks, Chi, Cohen, and Farnum acted intentionally,
20 in bad faith, and with conscious disregard for Tuli’s rights, to enrich themselves at his expense and
21 to retaliate for his exposure of their dilutive, discriminatory, and illegal below-FMV Private
22 Placement.

23 146. As a direct and proximate result of Defendants’ misconduct, Plaintiff has suffered
24 severe financial damages which will be established according to proof at trial. Plaintiff is further
25 entitled to punitive damages against these Defendants and is informed and believes, and based upon
26 such information and belief, alleges that:

- 27 a) The conduct described herein constituting oppression, fraud or malice was committed
28 by one or more officers, directors, or managing agents of Defendants Symbion,

1 SymbionARC, SymbionARC Management, SMBISS T.O. and SSC T.O. who acted
2 on their behalf; or

- 3 b) The conduct described herein constituting oppression, fraud or malice was authorized
4 by one or more officers, directors, or managing agents of Defendants Symbion,
5 SymbionARC, SymbionARC Management, SMBISS T.O. and SSC T.O.; or
6 c) One or more officers, directors, or managing agents of Defendants Symbion,
7 SymbionARC, SymbionARC Management, SMBISS T.O. and SSC T.O. knew of
8 the conduct constituting malice, oppression, or fraud and adopted or approved that
9 conduct after it occurred.

10 **SEVENTH CAUSE OF ACTION**

11 (For Tortious Interference with Contractual Relations Against
12 Defendants Symbion, SARC, and SymbionARC)

13 147. Plaintiff re-alleges and incorporates herein by this reference as though fully set forth
14 Paragraphs 1 through 99 of this Complaint.

15 148. The 3rd A&R Op. Agmt. is a valid and enforceable contract between Tuli, on the one
16 hand, and the other members of SST T.O., and SSC T.O. itself (by virtue of Section 17701.11(a) of
17 RULLCA), on the other hand. The MRPA also is a valid and enforceable contract between Tuli, on
18 the one hand, and defendant SymbionARC Management, on the other hand.

19 149. Defendants Symbion, SARC, and SymbionARC had knowledge of the existence and
20 terms of the 3rd A&R Op. Agmt. (**Exhibit D** hereto), and of the MRPA (**Exhibit B** hereto), as well
21 as the parties' respective obligations thereunder. .

22 150. Defendants Symbion, SARC, and SymbionARC, acting collectively in a common
23 enterprise, conspiracy, and joint venture, through defendants Goodwin and Kennedy as their
24 authorized agents (and others whose identities will be revealed in discovery), engaged in an
25 orchestrated series of intentional and bad faith acts -- which were not privileged and were
26 undertaken by improper means for illicit and even illegal motives -- in order to induce a breach or
27 disruption of the contractual relationship between Tuli, on the one hand, and the other parties to the
28 3rd A&R Op. Agmt. and MRPA, including but not limited to the following acts and omissions:

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- a) Colluding with Brooks to cancel the Consulting Agreement while continuing to secretly pay management fees to Brooks, colluding with Brooks to refuse to assign the right or otherwise permit Parthenon to sue for wrongful termination of the Consulting Agreement, and refusing to pay the Deferred Payment owed to Tuli upon termination of the Consulting Agreement under the MRPA;
 - b) Approving the Private Offering predicated on a below-FMV valuation for the Class A Units that did not fall within any safe harbor exception to federal and California anti-kickback statutes and regulations, not permitting Tuli to know about, comment upon, or object to it beforehand, and proceeding with it anyway after Tuli complained about it;
 - c) Retaliating against Tuli in bad faith when he expressed concerns and raised a “red flag” regarding the dilutive and potentially illegal low-ball valuation of the new Class A Units being offered in the December 2013 Private Offering;
 - d) Falsely claiming that such concerns were “false,” “reckless,” “defamatory,” and designed to “adversely affect” the company’s operations;
 - e) Knowingly and recklessly violating the anti-kickback statute as admitted in page 30 of the Offering Memorandum and as demonstrated by the failure of the Private Placement to offer the new Class A Units a price even even remotely approaching FMV;
 - f) Colluding in bad faith to exercise the Governing Board’s discretion, unreasonably and pretextually, to determine that a “Terminating Event” had occurred under Section 1, Subsection (ii) of the 3rd A&R Op. Agmt.;
 - g) Colluding in bad faith to purportedly extinguish Tuli’s 11.3% founding membership interest in SSC T.O. for \$0.00, by invoking the “Terminating Event” and forced buy-out provisions of the 3rd A&R Op. Agmt. in bad faith in order to misappropriate Tuli’s \$506,000 capital account, his pro rata share of the Cigna accounts receivable, his pro rata share of the proceeds of the Private Placement,

- 1 and his income proportionate to his 11.3% ownership interest;
- 2 h) Commissioning and approving a bogus, biased, and ill-founded “Valuation
- 3 Report” that fell far outside ordinary and customary industry valuation and
- 4 appraisal standards and metrics in a bad faith effort to hide their illegal and
- 5 dilutive motivations for the Private Placement and the low-ball squeeze-out of
- 6 Tuli;
- 7 i) Intentionally withholding information and documents from Tuli, threatening him,
- 8 excluding him from meetings, and failing to give him notice of meetings, and
- 9 then using his whistleblowing about the Private Placement’s anti-kickback statute
- 10 implications and dilutive impact on his ownership interest as a pretext to
- 11 effectively steal his money for themselves and their cohorts; and
- 12 j) Insisting that a supposed “cure” for the pretextual “Terminating Event” would
- 13 require Tuli to falsely claim that his concerns about possible violations of state
- 14 and federal anti-kickback statutes and regulations arising from the dilutive and
- 15 below-FMV Private Placement were false, derogatory, and defamatory, when in
- 16 fact Defendants admitted in the Offering Memorandum that the Private Placement
- 17 “will not be protected from review and prosecution under the Anti-Kickback
- 18 Statute.” (Offering Memorandum, p. 30 [**Exhibit Y** hereto].)

19 151. As a direct and proximate result of Defendants’ misconduct, Plaintiff has suffered

20 severe financial damages which will be established according to proof at trial. Plaintiff is further

21 informed and believe, and based upon such information and belief, alleges that:

- 22 a) the conduct described herein constituting oppression, fraud or malice was
- 23 committed by one or more officers, directors, or managing agents of Defendants
- 24 Symbion, SymbionARC, SymbionARC Management, SMBISS T.O. and SSC
- 25 T.O. who acted on their behalf; or
- 26 b) the conduct described herein constituting oppression, fraud or malice was
- 27 authorized by one or more officers, directors, or managing agents of Defendants
- 28 Symbion, SymbionARC, SymbionARC Management, SMBISS T.O. and SSC

1 T.O.; or

- 2 c) one or more officers, directors, or managing agents of Defendants Symbion,
3 SymbionARC, SymbionARC Management, SMBISS T.O. and SSC T.O. knew
4 of the conduct constituting malice, oppression, or fraud and adopted or approved
5 that conduct after it occurred.

6 **EIGHTH CAUSE OF ACTION**

7 (For Violation of Cal. Bus. & Prof. Code § 17200 *et seq.* against all Defendants)

8 152. Plaintiff re-alleges and incorporates herein by this reference as though fully set forth
9 Paragraphs 1 through 99 of this Complaint.

10 153. The California Unfair Competition Law (“UCL”), set forth in California Business
11 and Professions Code Section 17200 *et seq.*, prohibits acts of unfair competition, which include “any
12 unlawful, unfair or fraudulent business act or practice” Section 17200 of the UCL imposes
13 strict liability for violations and does not require proof that Defendants intended to injure anyone.
14 Section 17200 borrows violations of other laws and treats those transgressions, when committed as a
15 business activity, as “unlawful” business practices. Thus, the “unlawful” practices prohibited by
16 Section 17200 are any practices forbidden by law, be it civil or criminal, federal, state, or municipal,
17 statutory, regulatory, or court-made. Such “unlawful” business practices are independently
18 actionable under Section 17200 and subject to the distinct remedies provided hereunder.

19 154. By authorizing, marketing, and consummating the syndication of new Class A Units
20 for SSC T.O. in the Private Placement that were far below FMV, and which did not fall within any
21 safe harbor under state or federal anti-kickback statutes and regulations, and by retaliating against
22 Tuli in bad faith as a concerned whistleblower, as alleged herein, Defendants have committed an
23 “unlawful” business practice or act within the meaning of California Business and Professions Code
24 Section 17200. The Defendants, and each of them, have committed an “unlawful” practice or act
25 within the meaning of Section 17200 of the UCL because, among other violations, their conduct
26 intentionally failed to comply with safe harbor for investment income from physician/hospital-
27 owned ASCs under 42 C.F.R. § 1001.952(r)(4), and violated (among other statutes and regulations)
28 the federal anti-kickback statute (42 U.S.C. § 1320a-7b(b)), California Business and Professions

1 Code § 650, and California Welfare and Institutions Code § 14107.2. Defendant Brooks’ bad faith
2 conduct prior to January 1, 2014, as alleged herein, also violated former Section 17153 of the
3 California Corporations Code. Defendants SMBISS T.O., Goodwin, Kennedy, Brooks, Chi, Cohen,
4 and Farnum misconduct after January 1, 2014, as alleged herein, also violated Section 17704.09 of
5 RULLCA.

6 155. Defendants’ misconduct, as previously alleged, also constitute an “unfair” business
7 practice or act within the meaning of Section 17200 of the UCL, because it violates the strong public
8 policy of this State (a) to ensure that the investing public and minority interest holders are protected
9 from frauds, deceptions, fiduciary breaches, and other bad faith conduct committed in investment
10 transactions and schemes conducted in this State; (b) to ensure that minority interest holders in
11 companies headquartered in this State are not subject to oppressive and self-dealing actions by
12 majority interest holders in breach of their fiduciary duties; to ensure that governing boards of
13 business enterprises formed, operated, and headquartered in this State comply with their fiduciary
14 and statutory obligations in good faith; and (d) to ensure that ASCs funded and operated in this State
15 comply with state and federal anti-kickback statutes and regulations.

16 156. Defendants’ misconduct, as previously alleged, also constitute a “fraudulent”
17 business practice or act within the meaning of Section 17200 of the UCL, because the public,
18 creditors, and potential investors were likely to be deceived because Defendants misrepresented and
19 failed to disclose the truth about the true FMV of SSC T.O. and its Class A Units, masked the true
20 scope of the illegality of the Private Placement under applicable federal and state anti-kickback
21 statutes and regulations, and hid the truth about their improper motives, bad faith, and fiduciary
22 breaches..

23 157. As a result of Defendants’ unlawful, unfair and fraudulent conduct performed in
24 furtherance of the Defendants’ concerted scheme, conspiracy and joint venture enterprise,
25 Defendants have been unjustly enriched in an amount as yet is unascertained, which will be
26 determined according to proof at trial, but which includes their ill-gotten receipt from Plaintiff.

27 158. Plaintiff has suffered “injury in fact” within the meaning of Section 17204 of the
28 UCL as a result of the Defendants’ actions. Plaintiff has suffered distinct and palpable injury as a

1 result of the Defendants' misconduct which is (a) concrete and particularized, and (b) is actual and
2 imminent, not conjectural or hypothetical, including but not limited to the extinguishment of his
3 11.3% founding membership interest in SSC T.O., the misappropriation of his more than \$506,000
4 capital account, the misappropriation of his ratable share of the Cigna account receivable settlement,
5 the misappropriation of his ratable share of the proceeds of the Private Placement, the loss of his
6 50% share of the Deferred Payment due under the MRPA, and the misappropriation of his ratable
7 share of SSC T.O.'s distributable income.

8 159. Under Section 17203 of the UCL, Plaintiff is entitled to equitable relief in the form of
9 an accounting, restitution and disgorgement of all ill-gotten gains, earnings, profits, compensation
10 and benefits obtained by Defendants. The Court should impose a constructive trust a constructive
11 trust on all ill-gotten gains that presently and in the future are withheld by the Defendants.

12 160. Moreover, pursuant to California Business and Professions Code Section 17205,
13 Plaintiff's remedies under Business and Professions Code Sections 17200 *et seq.* are cumulative
14 with remedies under all other statutory and common law remedies available in this State.

15 161. Pursuant to Section 17203 of the UCL, Plaintiff seeks a further order by this Court
16 enjoining Defendants from continuing to conduct business through the unlawful, unfair and
17 fraudulent business practices and acts described in this Complaint; and from failing to fully disclose
18 to the true nature of their business practices. Plaintiff seeks a further injunction mandating that the
19 Governing Board of SSC T.O. reinstall Plaintiff as a member of SSC T.O and restore the *status quo*
20 *ante* regarding his investment position in the company.

21 **NINTH CAUSE OF ACTION**

22 (For Declaratory and Injunctive Relief against Defendants

23 SMBISS T.O., Brooks, Chi, Cohen, and Farnum)

24 162. Plaintiff re-alleges and incorporates herein by this reference as though fully set forth
25 Paragraphs 1 through 99 of this Complaint, and those allegations set forth in the various paragraphs
26 comprising the First, Fifth, Sixth, and Eighth causes of action, hereinabove.

27 163. Plaintiff also re-alleges and incorporates herein by this reference as though fully set
28 forth Paragraphs 101 through 106 of this Complaint.

1 164. Defendants SMBISS T.O. (acting through defendants Goodwin and Kennedy),
2 together with defendants Brooks, Chi, Cohen, and Farnum comprised the full membership of SSC
3 T.O. Governing Board at the time Defendants purported to terminate Plaintiff’s 11.3% founding
4 membership interest in SSC T.O. for \$0.00.

5 165. An actual controversy has arisen between Plaintiff and Defendants in that Plaintiff
6 contends, and Defendants deny, that Defendants’ purported invocation of a “Terminating Event”
7 under Section 1 of the 3rd A&R Op. Agmt. (**Exhibit D** hereto) was invalid and done in bad faith, no
8 “Terminating Event” has occurred in equity or in the eyes of law, and as such no right has accrued
9 based thereon to purchase the Class A Units of Plaintiff; the forced purchase of Plaintiff’s Class A
10 Units in SSC T.O. for \$0.00 under Section 10.2.1 of the Section 1 of the 3rd A&R Op. Agmt. is null
11 and void; and Plaintiff is entitled to be restored to the *status quo ante* regarding his investment
12 position in SSC T.O.

13 166. A judicial declaration in that regard is necessary so that the parties may ascertain
14 their rights in this controversy.

15 167. Plaintiff is without a plain, speedy and adequate remedy in the ordinary course of law
16 to compel Defendants to restore Plaintiff’s 11.3% membership interest in SSC T.O. In the facts of
17 the case, the balance of convenience and hardships tips strongly in favor of the Plaintiff

18 168. Plaintiff has suffered and will continue to suffer irreparable injury unless and until
19 this Court enjoins the Defendant from continuing to misappropriate funds which belong to Plaintiff
20 and restores Plaintiff’s 11.3% Class A membership interest in SSC T.O. The Court also should
21 impose a constructive trust on all ill-gotten gains that presently and in the future are obtained by the
22 Defendants, including but not limited to (i) 11.3% of all distributable cash, (ii) \$506,000,
23 corresponding to Tuli’s SSC T.O. capital account, (iii) at least \$800,000 owed to Tuli as a “Deferred
24 Payment” for the sale his management rights regarding SSC T.O., (iv) 11.3% of the proceeds of the
25 Private Placement (v) 11.3% of the proceeds of the \$641,000 account receivable owed to SSC T.O.
26 by Cigna.

27 169. Defendant’s illegal and bad faith conduct is ongoing and threatens to be continued in
28 the future, and therefore should be enjoined.

1 **VII. PRAYER FOR RELIEF**

2 WHEREFORE, Plaintiff prays for the following relief and judgment as follows:

- 3 (A) For injunctive relief requiring Defendants to restore Plaintiff to the *status quo ante*;
- 4 (B) For an accounting, restitution and disgorgement by Defendants of all ill-gotten gains,
5 profits, and benefits, and imposition of a constructive trust regarding such monies;
- 6 (C) For damages against each Defendant according to proof at trial;
- 7 (D) For punitive damages on such claims and in such amounts as may be permitted by
8 law;
- 9 (E) For an award of attorneys' fees and costs of suit under Section 10.4 of the MRPA
10 ("Legal Fees and Costs. In the event a Party elects to incur legal expenses to enforce
11 or interpret any provision of this Agreement by judicial proceedings, the prevailing
12 Party will be entitled to recover such legal expenses, including, without limitation,
13 reasonable attorney's fees, costs and necessary disbursements at all court levels, in
14 addition to any other relief to which such Party shall be entitled") and under Section
15 16.12 of the 3rd A&R Op. Agmt. ("Attorneys' Fees. In the event a party elects to
16 incur legal expenses to enforce, defend or interpret any provision of this Agreement
17 by judicial proceedings, the prevailing party will be entitled to recover such legal
18 expenses, including, without limitation, reasonable attorneys' fees, costs and
19 necessary disbursements at all court levels, in addition to any other relief to which
20 such party shall be entitled");
- 21 (F) For pre-judgment interest as may be allowed by law; and
- 22 (G) For such other and further relief as is authorized and just in the circumstances.

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1 **JURY TRIAL DEMAND**

2 Plaintiff hereby demands trial by jury. Although Section 16.15 of the 3rd A&R Op. Agmt.
3 sets forth a purported jury trial waiver, such pre-dispute jury trial waivers are unenforceable in
4 California under Grafton Partners L.P. v. Superior Court (2005) 36 Cal.4th 944.

5 Dated: April 11, 2014

Respectfully submitted,

6 **LARSON | ALBERT LLP**

7 

8 By: _____

9 Mark Anchor Albert
10 Attorneys for Plaintiff Randhir S. Tuli

EXHIBIT "A"

PURCHASE AGREEMENT

BY AND AMONG

MEMBERS OF

SPECIALTY SURGICAL CENTER, LLC,

SPECIALTY SURGICAL CENTER OF ENCINO, LLC,

SPECIALTY SURGICAL CENTER OF IRVINE, LLC,

SPECIALTY SURGICAL CENTER OF ARCADIA, LLC,

SYMBION AMBULATORY RESOURCE CENTRES, INC.

AND

AFFILIATES OF SYMBION AMBULATORY RESOURCE CENTRES, INC.

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PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (this "Agreement"), dated as of July 27, 2005, is by and among those members of Specialty Surgical Center, LLC, a California limited liability company (the "Beverly Hills LLC"), Specialty Surgical Center of Encino, LLC, a California limited liability company (the "Encino LLC"), Specialty Surgical Center of Irvine, LLC, a California limited liability company (the "Irvine LLC"), Specialty Surgical Center of Arcadia, LLC, a California limited liability company (the "Arcadia LLC") (each an "LLC" and collectively, the "LLCs") identified on Exhibit A hereto (each a "Seller" and, collectively, the "Sellers"), and SMBISS Beverly Hills, LLC, a Tennessee limited liability company, SMBISS Encino, LLC, a Tennessee limited liability company, SMBISS Arcadia, LLC, a Tennessee limited liability company and SMBISS Irvine, LLC, a Tennessee limited liability company, (each a "Purchaser" and collectively, the "Purchasers"). The Sellers and Purchasers are sometimes referred to herein individually as a "Party" and collectively as the "Parties." Symbion Ambulatory Resource Centres, Inc., a Tennessee corporation ("SARC"), joins herein solely for the purposes of manifesting its agreement with Article VIII hereof.

RECITALS:

WHEREAS, as of the date hereof:

(A) the Sellers collectively own the outstanding membership interests and economic interests comprised of membership units of ownership in the LLCs (collectively, the "Ownership Interests") in the percentages set forth on Exhibit A hereto; and

(B) Andrew A. Brooks, M.D. ("Brooks") and Randhir S. Tuli ("Tuli") own, and together with Parthenon Management Partners, LLC, a California limited liability company ("Parthenon," together with Brooks and Tuli, the "Managers"), have certain rights in and to (other than with respect to Beverly Hills LLC, as to which Parthenon holds no rights), those certain economic interests that entitle such Persons to receive consideration for and obligate such Persons to perform certain management responsibilities for and on behalf of each LLC (collectively, the "Management Rights"), all as are more particularly described in Sections 5.6(a) and 5.6(b) of the Beverly Hills Operating Agreement, Sections 5.6(a) and 6.4(b) of the Encino Operating Agreement, Sections 5.7(a) and 6.2(f) of each the Irvine Operating Agreement and the Arcadia Operating Agreement; and

WHEREAS, the Beverly Hills LLC leases space for, owns the assets of, and operates an outpatient surgery center located at 9575 Brighton Way, Suite 100, Beverly Hills, CA 90210 (the "Brighton Center") and owns a 99% general partner interest in Specialty Surgical Center of Beverly Hills, L.P., a California limited partnership (the "Wilshire Partnership"), which leases space for, owns the assets of, and operates an outpatient surgery center located at 8670 Wilshire Boulevard, Suite 300, Beverly Hills, CA 90211 (the "Wilshire Center");

WHEREAS, the Encino LLC owns a 99% general partner interest in Specialty Surgical Center of Encino, L.P., a California limited partnership (the "Encino Partnership"), which leases space for, owns the assets of, and operates an outpatient surgery center located at 16501 Ventura Boulevard, Suite 103, Encino, CA 91436 (the "Encino Center");

WHEREAS, the Irvine LLC owns a 99% general partner interest in Specialty Surgical Center of Irvine, L.P., a California limited partnership (the "Irvine Partnership"), which leases space for, owns the assets of, and operates an outpatient surgery center located at 15825 Laguna Canyon Road, Suite 200, Irvine, CA 92618 (the "Irvine Center");

WHEREAS, the Arcadia LLC owns a 99% general partner interest in Specialty Surgical Center of Arcadia, L.P., a California limited partnership (the "Arcadia Partnership"), which leases space for, owns the assets of, and operates an outpatient surgery center located at 51 North Fifth Avenue, Suite 101, Arcadia, CA 91006 (the "Arcadia Center");

WHEREAS, the Brighton Center, the Wilshire Center, the Encino Center, the Irvine Center and the Arcadia Center are referred to individually as a "Center" and, collectively, the "Centers"; and

WHEREAS, the Beverly Hills LLC and the Encino LLC are referred to individually as a "Existing Center LLC" and, together, the "Existing Center LLCs"; and

WHEREAS, the Irvine LLC and the Arcadia LLC are referred to individually as a "Developing Center LLC" and, collectively, the "Developing Center LLCs"; and

WHEREAS, the Wilshire Partnership, the Encino Partnership, the Irvine Partnership and the Arcadia Partnership are referred to individually as a "Partnership" and, collectively, the "Partnerships"; and

WHEREAS, in the case of each LLC that is a member of a Partnership, the Partnership of which the LLC is a Member is referred to hereinafter as that LLC's "Applicable Partnership";

WHEREAS, Andrew A. Brooks, M.D. owns a 1% limited partner interest in each of the Encino Partnership, the Irvine Partnership, and the Arcadia Partnership and a .5% limited partner interest in the Wilshire Partnership, and Randhir S. Tuli owns a .5% limited partner interest in the Wilshire Partnership (all such interests being, collectively, the "Limited Partner Interests");

WHEREAS, on the terms and conditions set forth in this Agreement, each Seller desires to sell Ownership Interests in one or more LLC(s) and/or Limited Partner Interests in one or more Applicable Partnership(s) listed next to such Seller's name on Exhibit A (all such interests being sold are referred to individually as a "Subject Interest" and, collectively, as the "Subject Interests"), to the "Purchaser" of such Subject Interests identified on Exhibit A; and

WHEREAS, each Purchaser is ready, willing and financially able to take such actions to enable it to purchase such Subject Interest in conformity with the terms hereof.

NOW, THEREFORE, in consideration of the foregoing and of the promises and mutual covenants contained herein, the Parties hereby agree as follows:

I. PURCHASE AND SALE OF SUBJECT INTERESTS

1.1 Purchase and Sale of Subject Interest. At the Closing (as defined in Section 1.6 hereof), Purchasers agree to purchase from Sellers, and each Seller agrees to sell, assign, transfer

and deliver to the Purchaser(s) set forth on Exhibit A in the "Purchaser" column adjacent to such Seller, all of such Seller's Subject Interest, free and clear of any and all claims, liens, security interests, unwaived rights of first refusal, options, warrants or other encumbrances of any nature (other than restrictions of general applicability imposed by federal, state or other governmental securities laws) (collectively, "Encumbrances").

1.2 Consideration

(a) Subject to the terms and conditions hereof, in reliance upon the representations and warranties of Sellers set forth herein, and as consideration for the purchase and sale of the Subject Interests as herein contemplated, Purchasers agree to tender to Sellers as consideration for each Subject Interest hereunder the amounts set forth under the heading "Cash at Closing" on Exhibit A (the "Cash at Closing"), which Cash at Closing shall be subject to adjustment as provided in Section 1.3 below. The Cash at Closing is equal to the "Gross Purchase Price (Units)" (as set forth on Exhibit A hereto under the heading "Gross Purchase Price (Units)") (the "Gross Purchase Price") (i) plus (in the case of the Managers) or minus (in the case of other Sellers) the amount of the "Promote Fee" (if any) payable to the Managers (as set forth on Exhibit A under the heading "Promote Fee"), (ii) minus the allocable share of certain expenses payable by the Sellers pursuant to Section 10.7, an estimate of which is set forth on Exhibit A hereto under the heading "Fees & Expenses", and (iii) minus the allocable share of the Indemnity Escrow Amount set forth on Exhibit A hereto under the heading "Individual Escrow Account". The Cash at Closing shall be payable to Sellers by delivery at the Closing by wire transfer to an account designated by each Seller in the amounts set forth on Exhibit A. Purchasers further agree to tender at the Closing, on behalf of all Sellers in each LLC and its Applicable Partnership and as part of the consideration paid hereunder, the amount of the "Fees & Expenses" an estimate of which is forth on Exhibit A, with respect to such LLC, directly to the legal counsel and advisors to the LLC and Sellers, in accordance with invoices each shall submit to such LLC.

(b) In addition to the Cash at Closing payable under Section 1.2(a), the Purchasers shall deliver to the Escrow Agent in cash at Closing the amounts from the Sellers selling Subject Interests and the Managers selling Management Rights set forth under the heading "Individual Escrow Amount" on Exhibit A (the sum of which amounts is \$750,000 and referred to as the "Indemnity Escrow Amount"), by wire transfer of immediately available funds, to be held pursuant to the Escrow Agreement substantially in the form of Exhibit 1.2 (the "Indemnity Escrow Agreement") attached hereto from which Purchasers may receive indemnification in accordance with Article VIII hereof.

1.3 Post-Closing Gross Purchase Price Adjustment.

(a) Not more than 90 days after the Closing Date, Purchasers shall deliver to the Sellers' Committee (as defined in Section 10.21 below) of each LLC a consolidated balance sheet of such LLC and its Applicable Partnership (each, a "Closing Balance Sheet" and, collectively, the "Closing Balance Sheets"), prepared as of the Closing Date, in accordance with GAAP (as defined below) and on a basis consistent with the accounting methods, policies, practices and procedures, with consistent classifications

and estimation methodologies as were used in the preparation of the balance sheets as of December 31, 2004 that are attached hereto in Schedule 2.11(a); provided, however, for all purposes, the items set forth in (iii) and (iv) of the definition of Net Working Capital shall be accrued monthly for the period ending on the Closing Date based, in the case of Taxes, on 1/12 the annual Taxes multiplied by the number of months (or portions thereof) in 2005 elapsed prior to the Closing Date and, in the case of paid time-off for employees, on the amount of paid time-off accrued as of the Closing Date. The Closing Balance Sheets will not include any changes in assets or liabilities as a result of purchase accounting adjustments arising from or resulting as a consequence of the transactions contemplated hereby or subsequent changes in accounting policy or procedure.

(b) For purposes of this Agreement:

(i) "Net Working Capital" shall mean, as of the date of determination, an amount equal to (a) the sum of the current assets, including, without limitation, the following items: (i) cash, (ii) accounts receivable-net, (ii) inventories and supplies, and (iii) prepaid expenses, minus (b) the sum of the current liabilities, including, without limitation, the following items: (i) accounts payable, (ii) accrued expenses, (iii) all paid time off owed to employees (including vacation, sick or personal days, or similar benefits); and (iv) real and personal property Taxes to be paid following the Closing (to the extent allocable to periods prior to the Closing), but excluding the current portion of Long-Term Debt;

(ii) "Long-Term Debt" for an LLC and its Applicable Partnership means all indebtedness, determined in accordance with generally accepted accounting principles, consistently applied ("GAAP"), other than liabilities that are included in the calculation of Net Working Capital;

(iii) "Reference Working Capital Position" for an LLC and its Applicable Partnership means the Reference Working Capital Position for such LLC and its Applicable Partnership, as set forth on Exhibit B;

(iv) "Reference Long-Term Debt Position" for an LLC and its Applicable Partnership means the Reference Working Capital Position for such LLC and its Applicable Partnership, as set forth on Exhibit B;

(v) "Purchaser's Working Capital Position" for an LLC and its Applicable Partnership means the Net Working Capital of such LLC and its Applicable Partnership, as reflected on the applicable Closing Balance Sheet;

(vi) "Purchaser's Long-Term Debt Position" for an LLC and its Applicable Partnership means the Long-Term Debt of such LLC and its Applicable Partnership, as reflected on the applicable Closing Balance Sheet;

(vii) "Net Adjustment" for an LLC and its Applicable Partnership means the sum of (A) the Purchaser's Working Capital Position for such LLC and its Applicable Partnership minus the Reference Working Capital Position for such LLC and its Applicable Partnership, and (B) the Reference Long-Term Debt Position for such LLC

and its Applicable Partnership minus the Purchaser's Long-Term Debt Position for such LLC and its Applicable Partnership; and

(viii) A Seller's "Pro Rata Share" means, with respect to an LLC and its Applicable Partnership, the percentage obtained by dividing (A) the amount set forth under the heading "Net Purchase Price" on Exhibit A ("Net Purchase Price") received by the Seller with respect to Seller's Subject Interest in such LLC and its Applicable Partnership by (B) the aggregate Net Purchase Price paid with respect to the Subject Interests of such LLC and its Applicable Partnership; provided, however, the "Pro Rata Share" of each of Brooks and Tuli shall be increased by the other's Pro Rata Share if the other is Insolvent (as defined in Section 8.5(c) hereof).

(c) After the final determination of all adjustments pursuant to this Section 1.3 and any final invoices for Fees and Expenses, the Purchaser shall provide an amended and restated Exhibit A ("Restated Exhibit A") to each Sellers' Committee and such Restated Exhibit A shall be deemed attached to and a part of this Agreement.

(d) Except as provided in Section 1.3(e) hereof, on or before the 90th day after the Closing Date (the "Adjustment Payment Date"):

(i) If the Net Adjustment for an LLC and its Applicable Partnership is a negative number, then each Seller of a Subject Interest in such LLC and Applicable Partnership shall pay the Purchaser thereof an amount equal to the product of such Seller's Pro Rata Share multiplied by the Net Adjustment for such LLC and Applicable Partnership; or

(ii) If the Net Adjustment for an LLC and its Applicable Partnership is a positive number, then each Purchaser of a Subject Interest in such LLC and Applicable Partnership shall pay the Seller thereof an amount equal to the difference between such Seller's Cash at Closing under the original Exhibit A and under Revised Exhibit A for such LLC and Applicable Partnership; it is agreed that if the Net Adjustment for the Beverly Hills LLC and its Applicable Partnership is a positive number, then the Purchaser shall pay to the Managers all the amount of such Net Adjustment (and the Revised Exhibit A shall reflect such payments) until the Managers have received an aggregate amount as the "Promote Fee" with respect to the Beverly Hills LLC and its Applicable Partnership equal to 15% of the difference between (i) the aggregate Gross Purchase Price paid to Sellers of Subject Interests in the Beverly Hills LLC and its Applicable Partnership minus (ii) the aggregate amount of Fees & Expenses paid by all Sellers of Subject Interests in the Beverly Hills LLC and its Applicable Partnership, and any remaining Net Adjustment shall be paid to the Sellers in accordance with their respective Pro Rata Shares.

(e) Within 30 days after the Purchasers' delivery of the Closing Balance Sheets to the Sellers' Committees, the Sellers' Committee of any one or more LLCs may, in a written notice to such Purchaser, describe in reasonable detail any proposed adjustments to the Closing Balance Sheet with respect to such LLC and its Applicable Partnership and the reasons therefor, and shall include pertinent calculations. If the

Sellers' Committee of any LLC shall fail to deliver notice of objection to its Closing Balance Sheet within such 30-day period, then all Sellers shall be deemed to have accepted the Closing Balance Sheet with respect to such LLC and its Applicable Partnership. In the event that, following delivery of such a notice, the applicable Purchaser and such Sellers' Committee are not able to agree on the Closing Balance Sheet within 30 days from and after the receipt by such Purchaser of any objections raised by such Sellers' Committee, such Purchaser and such Sellers' Committee shall each have the right to require that such disputed determinations be submitted to Deloitte & Touche LLP or to such other certified public accounting firm as such Sellers' Committee and Purchaser may then mutually agree upon in writing, for computation or verification in accordance with the provisions of this Agreement, and the Sellers or Purchaser shall immediately pay to the Purchaser or Sellers, as applicable, any undisputed amounts. 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 the Purchaser and the Sellers of Subject Interests in such LLC and its Applicable Partnership; 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 all Parties in proportion to the relative amount each Party's determination has been modified (it being understood that for purposes of this sentence, the term "Parties" shall refer only to the applicable Purchaser(s) and Sellers of the applicable Subject Interests). Any payments due under this Section 1.3 shall bear interest at eight percent (8%) per annum from the Adjustment Payment Date.

(f) All payments made under this Section 1.3 shall be in cash or by wire transfer of immediately available funds to such bank account or accounts as per written instructions of the recipient, which recipient shall provide such written instructions at least one business day prior to the date such payment is due.

1.4 Grant of Option to Purchase Additional Ownership Interest.

(a) The Managers hereby grant the Purchaser(s) of Subject Interests in the Existing Center LLCs the right and option to acquire from the Managers all of such Manager's Ownership Interest in each such LLC on the terms and conditions of this Section 1.4 (the "Existing Centers Call Option"). The Existing Centers Call Option may be exercised with respect to either or both Existing Center LLCs at any time after the second anniversary of the Closing and before the third anniversary of the Closing, by delivery of written notice described below.

(b) The Sellers of Subject Interests in each of the Developing Centers LLCs hereby grant the Purchaser(s) of Subject Interests therein the right and option to acquire additional Ownership Interests in each such LLC on the terms and conditions of this Section 1.4 (the "Developing Centers Call Option," and together with the Existing Centers Call Option, the "Call Options"). The Developing Centers Call Option may be exercised with respect to any or all Developing Center LLCs at any time after the second, but before the third, anniversary of the Closing Date, by delivery of written notice described below. The Call Options may be exercised separately with respect to each LLC, but if exercised with respect to an LLC, must be exercised as to all the Option

Interests of all Call Option Sellers (as defined below) with respect to such LLC. The Call Option shall be exercised by the applicable Purchaser (the "Call Option Purchaser") by delivering written notice (the "Call Option Notice") to each Call Option Seller with respect to whose Ownership Interest the Call Option is being exercised (each such LLC being a "Call Option LLC") and the applicable Sellers' Committee. Each Call Option Purchaser shall have the right to purchase from each Manager all of such Manager's remaining Ownership Interests in such Developing Center LLC and from each other Seller of Subject Interests in such Developing Center LLC (each Manager and such Seller, a "Call Option Seller") a pro-rata portion of each Seller's remaining Ownership Interests in such LLC necessary to provide Purchaser with fifty-five percent (55%) of the Ownership Interests in such Developing Center LLC after the exercise of such Call Option (taking into account all Ownership Interests already held by such Purchaser (and its affiliates) and all members of such LLC) (each, an "Option Interest"). The purchase price for each Option Interest (the "Option Exercise Price") shall be equal to the Formula Value (determined as of the date of the Call Option Notice), as hereinafter defined, multiplied by the percentage interest in the Call Option LLC as is represented by the Option Interest, as adjusted pursuant to the Option Purchase Agreement (as defined below). As used herein, "Formula Value" means (x) seven (7) (with respect to each Existing Center LLC) or six and eight-tenths (6.8) (with respect to each Developing Center LLC) times the earnings, net of extraordinary items, of the applicable Call Option LLC before depreciation, interest, taxes and amortization for the twelve month period ending on the date of the Call Option Notice, determined in accordance with GAAP minus (y) such Call Option LLC's Long-Term Debt, other than indebtedness that is included in the calculation of such Call Option LLC's Net Working Capital.

(c) Within thirty (30) days of its exercise of the Call Option with respect to a Call Option LLC, the applicable Call Option Purchaser shall sign, insert the name of each Call Option Seller from which the Option Interest is being purchased and the applicable Formula Value for the purchased Option Interest, complete any other blank or bracketed portion in and attach the schedules contemplated thereby prepared in good faith and deliver to each Call Option Seller and the applicable Sellers' Committee a Purchase Agreement in the form of Exhibit 1.4 hereto (the "Option Purchase Agreement"), after which each Call Option Seller and the Call Option Purchaser shall use their respective commercially reasonable efforts to consummate the sale and purchase of the Option Interest not later than the sixtieth (60th) day following the later of (I) the Call Option Purchaser's delivery of such Option Purchase Agreement and (II) the date the calculation of the Option Exercise Price is delivered pursuant to Section 1.4(b) (such purchase and sale being an "Option Closing", and the date on which they occur being an "Option Closing Date"), at Waller Lansden Dortch and Davis, PLLC, 511 Union Street, Suite 2700, Nashville, Tennessee 37219, by mutually convenient means, and the Option Closing shall be deemed effective at 12:01 a.m. on the Option Closing Date. At the Option Closing, each Call Option Seller shall execute and deliver the Option Purchase Agreement and shall thereupon sell, assign, transfer and deliver to its Call Option Purchaser the Option Interest, free and clear of any and all Encumbrances, in accordance with the Option Purchase Agreement, upon delivery by its Call Option Purchaser of payment of the Option Exercise Price in cash or wire transfer.

(d) Within 45 days after the Call Option Purchaser's delivery of an Option Purchase Agreement in accordance with Section 1.4(b), the Sellers' Committee of the applicable LLC may, in a written notice to the Call Option Purchaser, describe in reasonable detail any proposed adjustments to the Option Exercise Price and the reasons therefor, and shall include pertinent calculations. If such Sellers' Committee shall fail to deliver notice of objection to the Option Exercise Price within such 45-day period, then all Call Option Sellers with respect to such Call Option LLC shall be deemed to have accepted the Option Exercise Price. In the event that a Call Option Purchaser and such Sellers' Committee are not able to agree on the Option Exercise Price within 15 days from and after the receipt by such Call Option Purchaser of any objections raised by such Sellers' Committee, such Call Option Purchaser and such Sellers' Committee shall each have the right to require that such disputed determinations be submitted to Deloitte & Touche LLP (provided that Purchaser certifies in writing to the Call Option Sellers that Deloitte & Touche LLP has not within the five (5) year period prior to the Option Closing Date provided services to the Purchaser or any Affiliate thereof) or to such other certified public accounting firm as such Sellers' Committee and such Call Option Purchaser 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 Purchaser and all Call Option Sellers; 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 Parties in proportion to the relative amount each Party's determination has been modified. The provisions of this Section 1.4(d) are not intended to abrogate the provisions of the Option Purchase Agreement in respect of adjustments to the Option Exercise Price.

(e) Each Call Option Seller hereby makes, constitutes and appoints the applicable Call Option Purchaser, its successors and assigns, with full power of substitution and resubstitution, such Call Option Seller's agent and true and lawful attorney-in-fact to sign and deliver on such Call Option Seller's behalf (but not earlier than ten days after the giving of notice to such Call Option Seller of an intent to do so, and without prejudice to the right of any such Call Option Seller to seek equitable relief from a court of competent jurisdiction prior to a Call Option Purchaser's delivery thereof on such Call Option's Seller's behalf) the Option Purchase Agreement and to sign, execute, certify, acknowledge, file and record any other instruments which may be reasonably necessary to effect the transactions contemplated hereby. Each Call Option Seller authorizes such attorney-in-fact to take any further action which such attorney-in-fact shall consider necessary or advisable in connection with the foregoing, hereby giving such attorney-in-fact full power and authority to act to the same extent as if such Call Option Seller were personally present, and hereby ratifying and confirming all that such attorney-in-fact shall lawfully do or cause to be done by virtue hereof. The power of attorney granted hereby is a special power of attorney coupled with an interest, is irrevocable, and shall survive the death, insanity or incapacity of any Call Option Seller.

(f) If a Purchaser holds a Developing Center Call Option and does not exercise such Developing Center Call Option on or before the date specified in clause (2) of Section 1.4(b), then the Managers may deliver written notice with respect to such

Developing Center LLC (the "Push/Pull Notice") to such Purchaser (and to all other Call Option Sellers) offering to purchase all (but not less than all) of the Ownership Interests (a) acquired by the Purchaser in such Developing Center LLC pursuant to this Agreement and (b) all other Ownership Interests acquired by the Purchaser in such Developing Center LLC not in violation of the operating agreement of the Developing Center LLC (in each case other than such membership interests as have been redeemed from the Purchaser in accordance with the operating agreement of the Developing Center LLC or a disposition of interests by Purchaser otherwise approved in writing by the applicable Call Option Sellers' Committee) (collectively, the "Purchaser's Interest"). Any Call Option Seller may, not later than the 20th day following the giving of the Push/Pull Notice, give written notice to Purchaser and the other Call Option Sellers (a "Tag-Along Notice") that such Call Option Seller desires to participate in the purchase of the Purchaser's Interest. All Call Option Sellers that provide a Tag-Along Notice and the Managers shall be referred to as the "Second Option Sellers." Not later than thirty (30) days from its receipt of the Push/Pull Notice, the applicable Purchaser shall deliver to the Call Option Sellers and the applicable Call Option Sellers' Committee a binding and irrevocable offer (the "Response") (I) to purchase all of the Option Interests in such Developing Center LLC or (II) to sell the Purchaser's Interest, in either case at a price per unit of membership interest (the "Response Price"), which Response Price assumes that such Developing Center LLC (and its Applicable Partnership) has no Long-Term Debt. The Response shall also represent a binding and irrevocable offer (which may be accepted only in accordance with Section 1.4(g)) for such Purchaser to cause the termination or assignment of the Management Agreement (as defined in Section 6.9) to which such Developing Center LLC (or its Applicable Partnership) is a party in exchange for a payment to Purchaser (or its Affiliate) equal to (a) the Selected Multiple multiplied by (b) the TTM Fees (as defined in the Management Rights Purchase Agreement) multiplied by (c) one minus the percentage of "Fees" received by "Manager" as is then being paid to "Consultant" as a "Consulting and Oversight Fee" pursuant to the Consulting Agreement the execution and delivery of which is a condition to the closing of the transactions contemplated by the Management Rights Purchase Agreement (as all such italicized terms are defined in such Consulting Agreement) (the "Management Agreement Termination Fee"). The "Selected Multiple" shall equal that multiple of the applicable Developing Center LLC's earnings, net of extraordinary items, before depreciation, interest, taxes and amortization for the twelve month period ending on the date of the Push/Pull Notice, determined in accordance with GAAP, if any, that was used by Purchaser in determining the Response Price; provided, however, if no Selected Multiple was used by Purchaser in determining the Response Price (whether because using such multiple would have failed to produce a positive or meaningful result or because a different metric is then being used by Purchaser in good faith to value membership interests in ambulatory surgery centers), then the Selected Multiple shall be the multiple used in the determination of the applicable Deferred Payment in Section 2.1(c) of the Management Rights Purchase Agreement.

(g) Not later than the sixtieth (60th) day following the giving of the Response, the Managers (together with any Second Option Seller electing to join the Managers in the notice, the "Electing Call Option Sellers") may deliver a notice to Purchaser by which such Call Option Sellers elect either of the following options (but no other option):

(1) such Electing Call Option Sellers accepts Purchaser's offers to both (i) to sell the Purchaser's Interest at the Final Price (as defined below) and (ii) to cause the termination or assignment of the applicable Management Agreement in exchange for the Management Agreement Termination Fee and agrees to consummate such transaction not later than the 60th day thereafter by (X) the Purchaser's delivery to such Electing Call Option Sellers of an Assignment of the Purchaser's Interest and such Electing Call Option Seller's delivery to Purchaser of the Final Price, and (Y) the Purchaser and the Managers shall take all action appropriate to terminate or cause to be assigned to Managers the applicable Management Agreement and the Managers shall pay to the Purchaser the Management Agreement Termination Fee. Each Call Option Seller who is a part of the Electing Call Option Sellers shall purchase that portion of Purchaser's Interest equal to the Subject Interest sold by such Call Option Seller to Purchaser at the Closing under this Agreement and any other Purchaser's Interest shall be purchased by the Managers or the subject LLC (or in such other proportions as the Electing Call Option Sellers may agree). The purchase and sale of the Purchaser's Interest hereunder shall be made pursuant to an Option Purchase Agreement (appropriately modified by the Purchaser prior to delivery) and in a manner generally consistent with the procedures set forth in Section 1.4(c) and subject to the adjustments provided in the Option Purchase Agreement. As used herein, the "Final Price" shall equal (A) the product of the Response Price and the number of units of membership interest in the LLC represented by the Purchaser's Interest or the Option Interest (as the case may be), minus (B) the product of such Developing Center LLC's Long-Term Debt (other than indebtedness that is included in the calculation of such Call Option LLC's Net Working Capital) and the percentage interest in the LLC represented by the Purchaser's Interest or the Option Interest (as the case may be); or

(2) such Electing Call Option Sellers accepts Purchaser's offer to purchase all of the Option Interests in such LLC, including all of the Option Interests held by such Electing Call Option Sellers and all of the Option Interests held by the other Call Option Seller(s) that are not among the Electing Call Option Sellers, all in accordance with the procedures set forth in Section 1.4(c), except that the aggregate purchase price shall be equal to the Final Price. Each Call Option Seller agrees that (a) if the Electing Call Option Sellers votes to require the Purchaser to purchase all Option Interests in an LLC pursuant to this Subsection (2), such Call Option Seller shall be bound by this provision and shall convey such Call Option Seller's Option Interests in such LLC to Purchaser even if the Call Option Seller does not vote in favor of such sale and (b) the Purchaser's obligation under this Section 1.4(g)(2) is to acquire all Option Interests.

If an Electing Call Option Sellers fails to deliver a notice not later than the sixtieth (60th) day following the giving of the Response in which such Electing Call Option Sellers makes one of the elections set forth in clause (1) or (2) of this Section 1.4(g), then this Section 1.4 shall be of no further force and effect with respect to such Developing Center LLC. Notwithstanding anything herein to the contrary, Purchaser shall have no obligation to deliver any Ownership Interest pursuant to this Section 1.4(g) unless and

until it shall have received payment for all Ownership Interests and the Management Agreement Termination Fee as provided hereunder.

1.5 **Assignment.** The sale, assignment, transfer and delivery of all Subject Interests shall be made by each Seller's execution and delivery at the Closing of an Assignment substantially in the form attached as Exhibit 1.5 hereto (the "Assignment").

1.6 **Closing.** The sale and purchase of the Subject Interests provided for herein (the "Closing") shall take place at Waller Lansden Dortch and Davis, PLLC, 511 Union Street, Suite 2700, Nashville, Tennessee 37219, on the first business day following the satisfaction (or waiver) of all of the conditions to closing set forth in Articles VI and VII hereof (other than such conditions which, by their nature, are to be satisfied at the Closing), or such other place or date as the Purchasers and a majority of the Sellers' Committee Representatives of each Sellers' Committee may agree upon in writing. The date of the Closing is referred to as the "Closing Date". The Closing shall be deemed effective at 12:01 a.m. on the Closing Date.

1.7 **Further Acts and Assurances.** Each Seller shall, at any time and from time to time at and after the Closing, upon request of the applicable Purchaser, take any and all reasonable steps necessary to place the Purchaser in possession of such Seller's Subject Interest and will do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such reasonable further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably required for the better transferring and confirming to the Purchaser or to its successors or permitted assigns, or for reducing to possession, such Subject Interest.

1.8 **Interpretation.** In this Agreement, unless the context otherwise requires:

(a) references to this Agreement are references to this Agreement and to the Schedules and Exhibits attached hereto;

(b) references to Articles and Sections are references to articles and sections of this Agreement;

(c) references to any Party to this Agreement shall include references to its respective successors and permitted assigns;

(d) references to a judgment shall include references to any order, writ, injunction, decree, determination or award of any court or tribunal;

(e) references to a person shall include references to any individual, company, body corporate, association, limited liability company, firm, joint venture, trust or governmental entity or agency;

(f) the terms "hereof," "herein," "hereby" and derivative or similar words will refer to this entire Agreement;

(g) references to any document (including this Agreement) are references to that document as amended, consolidated, supplemented, novated or replaced by the Parties from time to time;

(h) the word "including" shall mean including without limitation;

(i) each representation, warranty and covenant contained herein shall have independent significance and, if any party hereto has breached any representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) which such party has not breached shall not detract from or mitigate the fact that the party is in breach of the first representation, warranty or covenant, provided that indemnification for any such breach shall be only in accordance with and subject to the limitations of Article VIII hereof; and

(j) in respect of a party, the term "Affiliate" shall mean any entity controlling, controlled by or under common control with such party.

1.9 Treatment of Units in the Encino LLC Sold by the Beverly Hills LLC. The Parties acknowledge and agree that, for all purposes hereunder, with respect to the Subject Interest in the Encino LLC being sold by the Beverly Hills LLC pursuant to this Agreement, a portion of such Subject Interest shall be treated as having been sold to the Purchaser thereof by each of the Members of the Beverly Hills LLC (irrespective of whether such Member is a Seller), which portion shall equal the number of Units of the Beverly Hills LLC multiplied by such Member's percentage interest in the Beverly Hills LLC immediately prior to the Closing, and each such Member that is a Seller shall be subject to all provisions of Article II and Article VIII hereof as if he had sold such Subject Interest directly to such Purchaser. For the avoidance of doubt, the Beverly Hills LLC shall have no obligation to make indemnification under Article VIII hereof or to pay purchase price adjustments pursuant to Section 1.3 hereof with respect to the Subject Interest in the Encino LLC sold by the Beverly Hills LLC, but the Sellers who are Members of the Beverly Hills LLC shall be responsible therefor.

II. REPRESENTATIONS AND WARRANTIES OF SELLERS

Except as set forth in the Schedules (each such Schedule being appropriately designated as being applicable to one or more LLCs or Partnerships and to one or more Sections of this Agreement) to be delivered by Sellers, each Seller hereby represents and warrants to the Purchaser of his Subject Interest and Option Interest as follows, subject to the provisions of Section 8.5 hereof:

2.1 Authorization and Binding Effect of Sellers.

(a) Such Seller has all necessary authority and power to execute and deliver this Agreement and consummate the transactions contemplated hereby and has taken all action required to be taken to authorize the execution, delivery and performance of this Agreement. This Agreement constitutes a valid and binding agreement or commitment against such Seller in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and similar laws of general application relating to or affecting

creditors' rights and to general equity principles. If such Seller acts as attorney-in-fact for any other Seller, for any purpose of this Agreement or the transactions contemplated hereby, then the power of attorney granted by such other Seller is valid and has not been revoked.

(b) The execution of this Agreement by such Seller, the performance by such Seller of such Seller's obligations hereunder and the consummation of the transaction contemplated hereby by such Seller will not require any consent, approval or notice under, or violate, breach, be in conflict with or constitute a default (or an event that, with notice or lapse of time or both, would constitute a default) under, or permit termination of, or result in the creation or imposition of any lien upon any properties, assets or business of any of the LLCs or Partnerships in which such Seller is selling a Subject Interest under any note, bond, indenture, mortgage, deed of trust, lease, franchise, permit, authorization, license, contract, instrument, agreement or commitment, in each case which is material to such LLC or Partnership, or any order, judgment or decree to which such LLC or Partnership is a party or by which any such LLC or Partnership or any of its assets or properties is bound, except as indicated on Schedule 2.1 hereof. Unless otherwise indicated in Schedule 2.1, such Seller is an individual licensed to practice medicine and residing in the State of California. No notice to, filing or registration with or authorization, consent or approval of any public body or governmental or regulatory authority is necessary for the consummation by such Seller of the transactions contemplated by this Agreement, except as indicated on Schedule 2.14 hereto.

2.2 Organization of the LLCs and the Partnerships. Each LLC in which such Seller is selling a Subject Interest and such LLC's Applicable Partnership (if there be one) are duly organized and validly existing in good standing under the laws of the State of California, have full power and authority to own and operate their properties and to carry on their businesses as now being conducted, and are duly qualified to do business in each jurisdiction in which the nature of their properties or businesses requires, except where the failure to be qualified would not have a Material Adverse Effect (as defined below) on the LLC and/or the Applicable Partnership. Seller has caused each LLC in which such Seller is selling a Subject Interest and such LLC's Applicable Partnership (if there be one) to have delivered to the applicable Purchaser true, accurate and complete copies of the Articles of Organization and Operating Agreement for such LLC and the Certificate of Limited Partnership and Agreement of Limited Partnership for such Applicable Partnership (in either case, such entity's "Organizational Documents"), each of which reflects all amendments made thereto. Each LLC in which such Seller is selling a Subject Interest and its Applicable Partnership are not in default under or in violation of any provision of (i) the applicable Organizational Documents, or (ii) any outstanding note, bond, indenture, mortgage, contract, instrument or other agreement or commitment or any order, judgment or decree to which it or they is a party. A "Material Adverse Change" or a "Material Adverse Effect" means any change, circumstance or effect that has or could reasonably be expected to have a material adverse effect on the business of an LLC or its Applicable Partnership, other than such adverse changes, circumstances or effects as and only to the extent such changes, circumstance or effect relate to or result from public or industry knowledge of the transactions contemplated by this Agreement (including without limitation; any action or inaction by such LLC or Applicable Partnership employees, customers and vendors) or general economic conditions.

2.3 Capitalization.

(a) The issued and outstanding equity securities of each LLC in which such Seller is selling a Subject Interest are 100% owned of record by the individuals and entities listed immediately underneath the name of that LLC on Exhibit A in the proportions set forth thereon. The issued and outstanding equity securities of each Applicable Partnership of an LLC in which such Seller is selling a Subject Interest are 100% owned of record by the individuals and entities listed immediately underneath the name of that Applicable Partnership on Exhibit A in the proportions set forth thereon. All Ownership Interests, including the Subject Interests, in each LLC in which such Seller is selling a Subject Interest (and such LLC's Applicable Partnership), are validly issued, fully paid and nonassessable. There are no existing agreements, options, warrants, rights, calls or commitments of any character to which any LLC in which such Seller is selling a Subject Interest (or such LLC's Applicable Partnership) is a party or by which it is bound providing for the issuance of any additional Ownership Interests, or for the repurchase or redemption of any Ownership Interests, and there are no outstanding interests or other instruments convertible into or exchangeable for Ownership Interests and no commitments to issue such Ownership Interests.

(b) All of such Seller's Subject Interest is owned of record and beneficially by such Seller, is validly issued, fully paid and nonassessable and there are no existing agreements, options, warrants, rights, calls or commitments of any character to which such Seller is a party or by which it is bound providing for the sale of such Seller's Subject Interest or for the repurchase or redemption of such Seller's Subject Interest.

2.4 Subsidiaries. Except as listed in Schedule 2.4, no LLC in which such Seller is selling a Subject Interest, nor such LLC's Applicable Partnership, owns or is obligated to purchase any equity interest in or any other interest convertible into or exchangeable for an equity interest in any entity.

2.5 Ownership of Properties. Attached hereto as Schedule 2.5(a) are state and local UCC searches on each LLC (and such LLC's Applicable Partnership) in which such Seller is selling a Subject Interest. Except as disclosed in such Schedule 2.5(a), each such LLC and its Applicable Partnership has good and marketable title to all of the operating assets necessary or appropriate for the operation of its Center as currently conducted (collectively, the "Assets"), free and clear of all liens, claims or encumbrances, and any mortgages or other indebtedness secured by any real estate or other property. Schedule 2.5(a) reflects all security interests relating to such Assets in every place where security interests created or perfected by filing are legally required to be filed and includes copies of all such financing statements, other than Permitted Liens (as defined below). "Permitted Liens" means (a) liens for taxes and other governmental charges and assessments which are not yet due and payable, (b) liens of landlords and liens of carriers, warehousemen, mechanics and materialmen and other like liens arising in the ordinary course of business for sums not yet due and payable, (c) other liens or imperfections on property which are not material in amount or do not materially detract from the value of or materially impair the existing use of the property affected by such lien or imperfections, (d) liens relating to deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security or to secure the performance of

leases, trade contracts or other similar agreements, and (e) any utility company rights, easements and franchises.

(a) All Assets of the LLC in which such Seller is selling a Subject Interest and such LLC's Applicable Partnership are located at the Center under whose name they are listed on Schedule 2.5(b) and, to the Actual Knowledge of the Applicable Knowledge Parties (as defined below), are in sufficient operating condition and state of repair, subject only to ordinary wear and tear, so as not to affect adversely the operation of such Assets in the ordinary course of business. Such Assets are reflected in the Financial Statements at net book value. Except as disclosed on Schedule 2.5(b), the Assets of each LLC in which such Seller is selling a Subject Interest and such LLC's Applicable Partnership that are set forth on Schedule 2.5(b) constitute all of the Assets having a net book value in excess of \$1,000 required to operate each Center under whose name they are listed in accordance with historical practice as such Center is being operated on and as of the Closing Date. To the Actual Knowledge of the Applicable Knowledge Parties, no Asset listed on Schedule 2.5(b) as Assets of an LLC in which such Seller is selling a Subject Interest or such LLC's Applicable Partnership needs to be replaced and no new item of equipment having a purchase price in excess of \$1,000 needs to be acquired by any LLC or such LLC's Applicable Partnership. The "Actual Knowledge of the Applicable Knowledge Parties" means, with respect to an LLC and its Applicable Partnership, the actual knowledge, after the making of reasonable inquiry, of the Managers and the persons identified on Schedule 2.5(c) hereto with respect to such LLC or Applicable Partnership.

2.6 Absence of Certain Recent Changes. Since December 31, 2004, there has not been any law, regulation, event or condition of any character that has had or is reasonably likely to have an adverse effect on the business of each LLC in which Seller is selling a Subject Interest or such LLC's Applicable Partnership.

2.7 Agreements and Commitments. Schedule 2.7(i) sets forth a list of each Material Provider Contract, as hereinafter defined, and each Business Contract, as hereinafter defined, to which each LLC in which such Seller is selling a Subject Interest or such LLC's Applicable Partnership is a party (the Material Provider Contract and Business Contracts being, collectively, the "Contracts") with the parties to the Contracts and, in the case of leases and loan documents, a reasonably complete summary of details concerning each such Contract, including, among other things, the nature and the amount of payments to be made thereunder. Except as noted in Schedule 2.7(i), and except for matters that would not have a Material Adverse Effect, all such Contracts are in full force and effect, there has been, to the Actual Knowledge of the Applicable Knowledge Parties, no threatened cancellation thereof, there are no outstanding disputes thereunder, each is with an unrelated third party and was entered into on an arm's length basis in the ordinary course of business, and all will continue to be binding in accordance with its terms as of the Closing Date. Consummation of the transaction contemplated by this Agreement with respect to each LLC in which such Seller is selling a Subject Interest or such LLC's Applicable Partnership (a) does not require consent of any of the parties to such Contracts and (b) shall not cause any such Contract to be in default. "Material Provider Contract" in the case of each LLC or such LLC's Applicable Partnership means any contract with a network of healthcare providers or a third party payor, including, without limitation, employers and insurance companies, to provide

healthcare services to patients and which during the twelve-month period ended May 31, 2005 reimbursed that LLC for four or more cases performed at each Center. With respect to each LLC in which such Seller is selling a Subject Interest and such LLC's Applicable Partnership, at least that percentage set forth on Schedule 2.7(ii) of all cases performed at such LLC's or Applicable Partnership's Center were performed pursuant to Material Provider Contracts during the twelve-month period ending May 31, 2005. "Business Contract" means any written commitment, contract, lease agreement or other instrument which is not with a network of healthcare providers or a third party payor to provide healthcare services to patients and which is material to the business of the applicable LLC or its Applicable Partnership.

2.8 Litigation, Etc. Except as noted in Schedule 2.8, there is no litigation, arbitration, governmental claim, investigation or proceeding, pending or, to the Actual Knowledge of the Applicable Knowledge Parties, threatened, against any LLC in which such Seller is selling a Subject Interest or any Applicable Partnership thereof, at law or in equity, before any court, arbitration tribunal or governmental agency. To the Actual Knowledge of the Applicable Knowledge Parties, there are no facts on which claims may be hereafter made against any LLC in which such Seller is selling a Subject Interest or any Applicable Partnership thereof. All medical malpractice claims, general liability incidents and incident reports relating to each Center owned by an LLC in which such Seller is selling a Subject Interest or any Applicable Partnership thereof have been submitted to the insurer of such LLC or Applicable Partnership. All claims made or, to the Actual Knowledge of the Applicable Knowledge Parties, threatened against any LLC in which such Seller is selling a Subject Interest, its Applicable Partnership or its Center in excess of the deductible are covered under each such LLC's or Applicable Partnership's current insurance policies. Each LLC in which such Seller is selling a Subject Interest or Applicable Partnership thereof has provided its Purchaser with a complete list of all general liability incidents, incident reports and malpractice claims that have occurred since January 1, 2002 at the Center owned by the LLC in which he is selling a Subject Interest or Applicable Partnership thereof.

2.9 Court Orders, Decrees and Compliance with Laws. There is not outstanding or, to the Actual Knowledge of the Applicable Knowledge Parties, threatened, any order, writ, injunction or decree or any court, governmental agency or arbitration tribunal against or affecting any LLC in which such Seller is selling a Subject Interest (or its Applicable Partnership) or Seller's Ownership Interests therein, including such Seller's Subject Interest therein. Except as set forth on Schedule 2.9, each LLC in which such Seller is selling a Subject Interest and its Applicable Partnership is in compliance with all applicable federal, state and local laws, regulations and administrative orders, except where noncompliance therewith would not have an adverse effect on such LLC, Applicable Partnership or such Seller's Ownership Interest therein, including such Seller's Subject Interest, and neither such LLC nor its Applicable Partnership has received any written notices of alleged violations thereof. No governmental authority has given written notice and to the Actual Knowledge of the Applicable Knowledge Parties, no other form of notice has been given, to any LLC in which such Seller is selling a Subject Interest (on its Applicable Partnership) that such governmental authority is currently conducting an investigation or has filed a proceeding against any LLC in which such Seller is selling a Subject Interest or its Applicable Partnership, any LLC in which such Seller is selling a Subject Interest or its Applicable Partnership and, to the Actual Knowledge of the Applicable Knowledge Parties, no such investigation or proceeding is being threatened.

2.10 Taxes. All tax returns ("Tax Returns") required to be filed by or on behalf of each LLC in which such Seller is selling a Subject Interest or its Applicable Partnership have been timely filed with the appropriate tax authorities or requests for extensions have been timely filed and any such extensions have been granted and have not expired, each such Tax Return was true, complete and correct in all respects and all Taxes (as defined below) with respect to taxable periods or portions thereof covered by such Tax Returns and all other Taxes (without regard to whether a Tax Return was or is required) for which each such LLC or Applicable Partnership is otherwise liable have been paid in full or, to the extent are not yet due, have been adequately reserved against on the balance sheet of each such LLC or Applicable Partnership. For purposes of this provision, "Taxes" means all applicable taxes, charges, duties, fees, levies or other assessments, including income, excise, property, sales, use, gross receipts, recording, insurance, value added, profits, license, withholding, payroll, employment, net worth, capital gains, transfer, stamp, social security, environmental, occupation and franchise taxes, imposed by any governmental entity, and including any interest, penalties and additions attributable thereto, federal, state, local and foreign tax returns, reports, declarations, statements and other documents.

2.11 Financial Statements.

(a) Schedule 2.11(a) hereto consists of audited financial statements of each Existing Center LLC and its Applicable Partnership, and the unaudited financial statements of each Developing Center LLC and its Applicable Partnership, in all cases for the years ended December 31, 2003 and 2004 (collectively, the "Prior Years Financials") and the unaudited financial statements of each LLC and its Applicable Partnership for the five months ended May 31, 2005 (collectively, the "Stub Period Financials"; the Stub Financials and the Prior Years Financials being, together, the "Financial Statements"). The Prior Years Financials of each LLC in which such Seller is selling a Subject Interest and its Applicable Partnership are true and correct and, except as expressly limited by the reports therein, are complete in all respects and, except as provided in Schedule 2.11(b), have been prepared in accordance with GAAP. The balance sheets included in the Prior Years Financials present fairly in all respects the financial position of each LLC in which Seller is selling a Subject Interest and its Applicable Partnership, as of the respective dates thereof, and the other financial statements included therein present fairly the results of operations for the periods indicated. The Stub Period Financials of each LLC in which such Seller is selling a Subject Interest and its Applicable Partnership have been prepared so as to be consistent with the books and records of such LLC or Partnership, which books and records are true, correct and complete in all respects.

(b) The Financial Statements reflect or adequately provide for all claims against, and all debts and liabilities of, each LLC in which Seller is selling a Subject Interest and its Applicable Partnership, fixed or contingent, existing at the dates thereof. There has not been any change between December 31, 2004 and the date of this Agreement which has had or is likely to have an adverse effect on the financial position or results of operations of any LLC in which Seller is selling a Subject Interest or its Applicable Partnership. Each Seller acknowledges and agrees that Purchasers relied upon the financial information set forth in the Financial Statements in order to determine

the consideration paid under Section 1.2 hereof for Ownership Interests in each LLC in which Seller is selling a Subject Interest and its Applicable Partnership.

(c) Notwithstanding anything to the contrary, any unaudited financial statement included among the Financial Statements are subject to year end adjustments and matters that may appear in footnote disclosures, none of which would be material individually or in the aggregate to the LLC in which such Seller is selling a Subject Interest or its Applicable Partnership.

(d) The Parties acknowledge and agree that the allowance for contractual adjustments has been computed in accordance with GAAP in all Financial Statements and that the estimate of the allowance for contractual adjustments used in each such Financial Statement shall be deemed to be true and correct for purposes of the representations made elsewhere in this Section 2.11 and for purposes of Section 1.3 unless and only to the extent that the entries or data used in the determination of such allowance for contractual adjustments were, at the time used, untrue or incorrect, and in no event shall the allowance for contractual adjustments be adjusted through a look-back review from and after the Closing.

2.12 Extraordinary Liabilities and Encumbrances. Except as disclosed in Schedule 2.5(a) and Schedule 2.12, there are no Encumbrances on any Ownership Interests (including Seller's Subject Interest) in, or the Assets of, any LLC in which Seller is selling a Subject Interest or its Applicable Partnership, and no LLC in which Seller is selling a Subject Interest or its Applicable Partnership has any liabilities of any nature, whether accrued, absolute, contingent or otherwise. Except as disclosed in Schedule 2.5(a) or Schedule 2.12, there are no facts in existence on the date hereof known or which should be known to Sellers which might reasonably serve as the basis for any Encumbrance or other liability or obligation of any LLC in which Seller is selling a Subject Interest or its Applicable Partnership.

2.13 Licenses

. Each LLC in which such Seller is selling a Subject Interest and/or its Applicable Partnership has/have all licenses, permits and approvals which are needed or required by law to operate the business of each such LLC and Applicable Partnership as currently conducted. Each LLC in which such Seller is selling a Subject Interest has delivered to the applicable Purchaser an accurate list (attached as Schedule 2.13 hereto) of all such licenses and permits and of all other franchises, trademarks, trade names, service marks, patents, patent applications and registered copyrights, owned or held by such LLC or its Applicable Partnership relating to the ownership, development or operations of any of the Assets or its Center, all of which are now and as of Closing shall be in good standing and not subject to meritorious challenge.

2.14 Regulatory Compliance

. Each LLC in which such Seller is selling a Subject Interest and its Applicable Partnership are and have at all times been in compliance with all applicable statutes, rules, regulations, and requirements of all federal, state, and local commissions, boards, bureaus, and agencies having jurisdiction over each such LLC or Applicable Partnership and the operations of each such LLC

or Applicable Partnership, including, but not limited to, the false claims, false representations, anti-kickback and all other provisions of the Medicare/Medicaid fraud and abuse laws (42 U.S.C. § 1320a-7 et seq.) and the physician self-referral provisions of the Stark Law (42 U.S.C. § 1395nn); provided, however, the foregoing shall not constitute a representation or warranty that such LLC (or its Applicable Partnership) falls within the safe harbor provisions of the Medicare/Medicaid fraud and abuse laws (42 U.S.C. § 1320a-7 et seq.). Each LLC in which such Seller is selling a Subject Interest has, on behalf of itself or its Applicable Partnership, timely filed all reports, returns, data, and other information required by federal, state, municipal or other governmental authorities which control, directly or indirectly, any of such LLC's or its Applicable Partnership's activities to be filed with any commissions, boards, bureaus, and agencies and has paid all sums heretofore due with respect to such reports and returns and no such report or return has been inaccurate, incomplete or misleading. No LLC in which such Seller is selling a Subject Interest or Applicable Partnership thereof has engaged in any activities that are prohibited under 42 U.S.C. § 1320a-7b or the regulations promulgated thereunder, or under any statutes or regulations, or which are prohibited by rules of professional conduct.

2.15 No Finders or Brokers. Except as set forth on Schedule 2.15, such Seller has not engaged any finder or broker in connection with the transactions contemplated hereunder.

2.16 Pension, Etc. Schedule 2.16 hereto sets forth a true, complete and correct list (all of which are collectively referred to as the "Benefit Plans") of all "employee benefit plans," as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA"), including any bonus, incentive compensation, deferred compensation, profit sharing, stock option, severance, supplemental unemployment, layoff, salary continuation, retirement, pension, savings, health, life insurance, disability, group insurance, vacation, holiday, sick leave, fringe benefit or welfare plan, or any other similar plan, agreement, policy or understanding (whether oral or written, qualified or non-qualified) which is currently and within the past six (6) years has been maintained or contributed to by each LLC in which such Seller is selling a Subject Interest, or such LLC's Applicable Partnership for the benefit of the employees of any such LLC or Applicable Partnership (or their dependents). No LLC in which such Seller is selling a Subject Interest, nor such LLC's Applicable Partnership has ever contributed to, or had an obligation to contribute to, any multiple employer plan, multiemployer plan (within the meaning of Section 3(37) of ERISA) or any plan subject to Title IV of ERISA.

(a) Prior to the Closing Date, full payment has or will have been made of all amounts which each LLC in which such Seller is selling a Subject Interest, its Applicable Partnership, the Sellers in each such LLC or Applicable Partnership is directly or indirectly required, under applicable law, the terms of any Benefit Plan or any agreement relating to any Benefit Plan to have paid as a contribution, premium or other remittance thereto or benefit thereunder if such payment has a deadline on or before the Closing Date. For any contribution, benefit or funding obligation with respect to such Benefit Plan not yet due prior to the Closing, each LLC in which such Seller is selling a Subject Interest will have accrued such contribution, benefit or funding obligation in accordance with GAAP. There will be no change on or before the Closing Date in the operation of any Benefit Plan or any documents with respect thereto which will result in a material increase in the benefit under such Benefit Plans, except as may be required by law, of any LLC in which such Seller is selling a Subject Interest. To the Actual Knowledge of the

Applicable Knowledge Parties, no prohibited transaction(s) (within the meaning of Section 4975 of the Code) has occurred in respect of the Benefit Plans, of any LLC in which such Seller is selling a Subject Interest.

(b) Each Benefit Plan, of any LLC in which such Seller is selling a Subject Interest, has been established and administered in accordance with its terms and the applicable provisions of ERISA, the Code and other applicable laws, rules and regulations. Each such Benefit Plan that is intended to be qualified within the meaning of Section 401(a) of the Code has received a favorable determination letter as to its qualification, (or, in the case of a standardized form or paired plan, a favorable opinion or notification letter) and nothing has occurred, whether by action or failure to act, that could reasonably be expected to adversely affect the qualified status of any such Benefit Plan or the exempt status of any such trust. The Benefit Plans do not discriminate in operating in favor of employees who are officers or highly compensated.

(c) There are no pending or, to the Actual Knowledge of the Applicable Knowledge Parties, threatened claims by or on behalf of the Benefit Plans or by any employee of any LLC in which such Seller is selling a Subject Interest or its Applicable Partnership alleging a breach or breaches of fiduciary duties or violations of other applicable state or Federal law which could result in liability on the part of any such LLC, its Applicable Partnership or the Benefit Plans under ERISA or any other law, nor is there any reasonable basis for such a claim.

(d) Such Seller, each LLC in which such Seller is selling a Subject Interest and such LLC's Applicable Partnership have at all times complied with any applicable continuation coverage requirements for their welfare benefit plans, including the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") and any applicable state statutes mandating health insurance coverage for its employees.

(e) Except as required by Title I, Part 6 of ERISA, no Benefit Plan provides welfare benefits to any person following termination of employment with any LLC in which such Seller is selling a Subject Interest (or its Applicable Partnership) and such Seller, no LLC in which such Seller is selling a Subject Interest or such LLC's Applicable Partnership has any obligations (written or oral) to provide any post-employment or retiree welfare benefits.

(f) Except as set forth on Schedule 2.16 hereto, all returns, reports, disclosure statements and premium payments required to be made under ERISA and the Code with respect to the Benefit Plans, of any LLC in which such Seller is selling a Subject Interest have been timely filed or delivered. Such Benefit Plans have not been audited or to the Actual Knowledge of the Applicable Knowledge Parties investigated by either the Internal Revenue Service, the Department of Labor or the Pension Benefit Guaranty Corporation within the last five years, and to the Actual Knowledge of the Applicable Knowledge Parties there are no outstanding audit issues with reference to the Benefit Plans pending before said governmental agencies. No event has occurred and no condition exists that would subject any LLC in which such Seller is selling a Subject Interest, its Applicable Partnership to any material tax, fine, lien, penalty or other liability

imposed by ERISA, the Code or other applicable laws, rules and regulations with respect to each Benefit Plan.

(g) Except as set forth on Schedule 2.16 hereto, no payment that is owed or may become due to any director, officer, employee, or agent of any LLC in which such Seller is selling a Subject Interest or of such LLC's Applicable Partnership (other than (i) payments which are required under the Code to be capitalized and (ii) payments, except for guaranteed payments described in Code Section 707, which are made to members of any such LLC or partners of its Applicable Partnership) will be non-deductible to any such LLC or its Applicable Partnership or subject to tax under Code Sections 280G or 4999; nor will any such LLC in which such Seller is selling a Subject Interest be required to "gross up" or otherwise compensate any such person because of the imposition of any excise tax on a payment to such person.

(h) Each LLC in which such Seller is selling a Subject Interest, its Applicable Partnership and the Benefit Plans has properly classified individuals providing services to such LLC and/or its Applicable Partnership as independent contractors or employees, as the case may be.

2.17 Employees.

(a) Schedule 2.17(a) hereto sets forth as of the date hereof all employees of any LLC in which such Seller is selling a Subject Interest or its Applicable Partnership, including, without limitation, employees of such LLC or Applicable Partnership currently on a leave of absence or disability leave (the "Employees"). Each LLC in which such Seller is selling a Subject Interest and its Applicable Partnership are in compliance with all federal, state and local laws and regulations respecting employment and employment practices, labor practices, terms and conditions of employment and wages and hours. There is no pending or, to the Actual Knowledge of the Applicable Knowledge Parties, threatened employee strike, work stoppage or labor dispute with respect to such LLC. No union representation question exists respecting any employees of any LLC in which such Seller is selling a Subject Interest or its Applicable Partnership, no collective bargaining agreement exists or is currently being negotiated by any LLC in which such Seller is selling a Subject Interest or its Applicable Partnership, no demand has been made for recognition by a labor organization by or with respect to any employees of any LLC in which such Seller is selling a Subject Interest or its Applicable Partnership, to the Actual Knowledge of the Applicable Knowledge Parties no union organizing activities by or with respect to any employees of any LLC in which such Seller is selling a Subject Interest are taking place, and none of the employees of any LLC in which such Seller is selling a Subject Interest or its Applicable Partnership is represented by any labor union or organization. There is no unfair practice claim against any LLC in which such Seller is selling a Subject Interest or its Applicable Partnership before the National Labor Relations Board, or any strike, dispute, slowdown, or stoppage pending or, to the Actual Knowledge of the Applicable Knowledge Parties, threatened against or involving the business of any LLC in which such Seller is selling a Subject Interest or its Applicable Partnership, and none has occurred. Neither any LLC in which such Seller is selling a Subject Interest nor its Applicable Partnership is engaged in any unfair labor practices.

Except as set forth on Schedule 2.17(a), there are no pending or, to the Actual Knowledge of the Applicable Knowledge Parties, threatened EEOC claims, wage and hour claims, unemployment compensation claims, workers' compensation claims or the like against any LLC in which such Seller is selling a Subject Interest or its Applicable Partnership. No current employee has provided written or oral notice to any LLC in which that such Seller is selling a Subject Interest or its Applicable Partnership of any plans to terminate employment with any LLC in which such Seller is selling a Subject Interest or its Applicable Partnership, except as noted on Schedule 2.17(a).

(b) All payroll, including salaries, benefits and all FICA, FUTA and other taxes related to payroll (the "Payroll"), due to the Employees, in accordance with their biweekly payroll program, through the most recent Payroll date, has been paid by each LLC in which such Seller is selling a Subject Interest or its Applicable Partnership. The Payrolls of each LLC in which such Seller is selling a Subject Interest and its Applicable Partnership as of the most recent payroll period is set forth on Schedule 2.17(b). There has been no increase in the Payroll of any LLC in which such Seller is selling a Subject Interest or its Applicable Partnership since December 31, 2004, other than as set forth on Schedule 2.17(b). Other than as set forth on Schedule 2.17(b) and except those incurred in the normal course of business, no Employee of such LLC will have received any bonus or increase in compensation since December 31, 2004 and there has been no "general increase" in the compensation or rate of compensation payable to any of such Employees since December 31, 2004, except in the ordinary course of business. Except in the ordinary course of business, since December 31, 2004, and other than as set forth on Schedule 2.17(b), there has been no promise to any of the Employees of any such LLC orally or in writing of any bonus or increase in compensation, whether or not legally binding. Except in the ordinary course of business, since December 31, 2004, there has been no other change in the information disclosed on Schedule 2.17(b) with respect to any such LLC in which such Seller is selling a Subject Interest.

(c) Schedule 2.17(c) sets forth as of the date hereof of the aggregate paid time off, including vacation, holiday and sick pay, of each LLC in which such Seller is selling a Subject Interest and its Applicable Partnership's Employees.

2.18 Insurance Coverage. Each LLC in which such Seller is selling a Subject Interest or its Applicable Partnership maintains in full force and effect, with no premium arrearages, insurance policies bearing the numbers, for the terms, with the companies, in the amounts and providing the coverage set forth on Schedule 2.18. True and correct copies of all such policies and all endorsements thereto have been delivered to Purchasers.

2.19 Payments to Sellers. Schedule 2.19 sets forth all payments by each LLC in which such Seller is selling a Subject Interest and its Applicable Partnership to any member or partner in such LLC or Partnership, as the case may be, since December 31, 2001, other than distributions made to partners solely in respect of their ownership interests in such LLC or Partnership.

2.20 Appraisal Reports and Surveys. Since December 31, 2003, such Seller has not obtained, and to the Actual Knowledge of the Applicable Knowledge Parties, the LLC in which

such Seller owns an Ownership Interest has not obtained any appraisal reports, surveys or other documents which evaluate or describe any LLC in which such Seller is selling a Subject Interest's business or any of the Assets thereof which have not been delivered to the Purchaser of his Subject Interest.

2.21 Absence of Certain Changes. Except as permitted or contemplated by this Agreement, since December 31, 2004, each LLC in which such Seller is selling a Subject Interest has not, nor has its Applicable Partnership:

(a) other than in the ordinary course of business, incurred any indebtedness or other liabilities (whether accrued, absolute, contingent or otherwise), sold or disposed of any of its capital assets with a historical cost of greater than \$10,000;

(b) guaranteed any indebtedness or sold or disposed of any of its non-capital assets other than in the ordinary course of business;

(c) suffered any damage, destruction or loss, to any of its tangible Assets, whether or not covered by insurance, with a historical cost of greater than \$10,000;

(d) established or agreed to establish any pension, retirement or welfare plan for the benefit of its employees not theretofore in effect, except as noted on Schedule 2.16 or Schedule 2.21(d);

(e) suffered any change in its financial condition, assets, liabilities or business or to the Actual Knowledge of the Applicable Knowledge Parties suffered any other event or condition of any character that individually or in the aggregate has or might reasonably be expected to have a material adverse effect on its business;

(f) made any single capital expenditure that exceeded \$10,000 or made aggregate capital expenditures that exceeded \$20,000, except as noted on Schedule 2.21(f) hereof;

(g) disposed of any assets (other than inventory in the ordinary course of business), written down the value of any of its Assets which are capital assets with a historical cost of greater than \$10,000, written off as uncollectible any single account receivable (excluding contractual adjustments and charity care) in excess of \$5,000, or revalued any of the Assets with a historical cost of greater than \$10,000;

(h) paid, discharged or satisfied any claims, liabilities or obligations (absolute, accrued, contingent or otherwise) other than in the ordinary course of business, except as noted on Schedule 2.21(h) hereof;

(i) canceled any debts or waived any claims or rights in either case, other than an accounts receivables written-off in the ordinary course of its business;

(j) entered into, materially amended or terminated any material contract, agreement or license to which it is a party;

- (k) made any change in any method of accounting or accounting practice;
- (l) canceled, or failed to continue, insurance coverages; or
- (m) agreed, whether in writing or otherwise, to take any action described in Section 2.21(a)-(l).

2.22 Environmental Conditions.

(a) Each LLC in which such Seller is selling a Subject Interest, its Applicable Partnership and each Center operated by either of them are currently in compliance with all Environmental Laws (as hereinafter defined), including, but not limited to, the possession by each such LLC (or Applicable Partnership) of all permits and other governmental authorization required under applicable Environmental Laws to operate its Center as currently operated and is in compliance with the terms and conditions thereof.

(b) No LLC in which such Seller is selling a Subject Interest, the Applicable Partnership or the Center it operates has stored any Hazardous Substances (as hereinafter defined) on any of its Real Property, except in compliance with applicable Environmental Laws.

(c) No LLC in which such Seller is selling a Subject Interest, the Applicable Partnership or the Center it operates has disposed of or released any Hazardous Substances on any of its Real Property, except in compliance with applicable Environmental Laws.

(d) No LLC in which such Seller is selling a Subject Interest, the Applicable Partnership or the Center it operates has utilized any transporters or disposal facilities for the transport or disposal of Hazardous Substances (other than Medical Waste (as hereinafter defined), the disposal of which is covered by Section 2.23 hereof).

(e) No LLC in which such Seller is selling a Subject Interest, the Applicable Partnership or the Center it operates has received any written or oral communication, whether from a governmental authority, citizens' group, employee or otherwise, that alleges that such entity is not in full compliance with Environmental Laws, and, to the Actual Knowledge of the Applicable Knowledge Parties, there are no circumstances that may prevent or interfere with such full compliance in the future. There is no Environmental Claim (as defined below) pending or, to the Actual Knowledge of the Applicable Knowledge Parties, threatened against any LLC or its Applicable Partnership in which such Seller is selling a Subject Interest or the Center it operates.

(f) To the Actual Knowledge of the Applicable Knowledge Parties, there are not any actions, activities, circumstances, conditions, events or incidents, including, but not limited to, the release, emission, discharge, presence or disposal of any Hazardous Substances, that could form the basis of any Environmental Claim against any LLC in which such Seller is selling a Subject Interest, its Applicable Partnership or the Center it operates.

(g) Except as noted in Schedule 2.22(g), to the Actual Knowledge of the Applicable Knowledge Parties, the Real Property of each LLC in which such Seller is selling a Subject Interest or its Applicable Partnership and the adjoining properties have not been utilized for any industrial or commercial operation involving any Hazardous Substance in violation of any Environmental Laws.

Notwithstanding any other provisions of this Agreement, Purchasers acknowledge and agree that the representations and warranties contained in this Section 2.22 are the only representations and warranties given by the Sellers with respect to environmental matters and Hazardous Substances or compliance with Environmental Laws and no other provisions of this Agreement shall be interpreted as containing any representation or warranty with respect thereto.

The following terms shall have the following meanings:

"Environmental Claim" means any claim, action, cause of action, investigation or written notice by any person or entity alleging potential liability (including, but not limited to, potential liability for investigatory costs, cleanup costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) arising out of, based on or resulting from (a) the presence, or release into the environment, of Hazardous Substances at any location which is or has been owned, leased, operated or utilized by each Center or (b) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law.

"Environmental Laws" means the federal, state (including, but not limited to, the State of California), regional, county or local environmental laws, regulations, ordinances, rules and policies and common law in effect on the date hereof and the Closing Date relating to the use, refinement, handling, treatment, removal, storage, production, manufacture, transportation or disposal, emissions, discharges, releases or threatened releases of Hazardous Substances, or otherwise relating to protection of the environment (including, but not limited to, ambient air, surface water, ground water, land surface or subsurface strata), as the same may be amended or modified to the date hereof and the Closing Date, but excluding Medical Waste Laws and any laws, regulations, ordinances, rules and policies and common law relating to workplace health and safety.

"Hazardous Substances" means any toxic or hazardous waste, pollutants or substances, including, without limitations, asbestos containing materials ("ACMs"), polychlorinated biphenyls ("PCBs"), petroleum products, byproducts, or other hydrocarbon substances, substances defined or listed as a "hazardous substance", "toxic substance", "toxic pollutant", or similarly identified substance or mixture, in or pursuant to any Environmental Law.

"Real Property" means any real property leased or owned by an LLC or its Applicable Partnership.

2.23 Medical Waste. With respect to the generation, transportation, treatment, storage, and disposal, or other handling of Medical Waste, each LLC in which such Seller is selling a Subject Interest, its Applicable Partnership and its Center have complied with all Medical Waste Laws (as hereinafter defined).

"Medical Waste" includes, but is not limited to, (a) pathological waste, (b) blood, (c) sharps, (d) wastes from surgery or autopsy, (e) dialysis waste, including contaminated disposable equipment and supplies, (f) cultures and stocks of infectious agents and associated biological agents, (g) contaminated animals, (h) isolation wastes, (i) contaminated equipment, (j) laboratory waste, and (k) various other biological waste and discarded materials contaminated with or exposed to blood, excretion, or secretions from human beings or animals. "Medical Waste" also includes any substance, pollutant, material, or contaminant listed or regulated under the Medical Waste Tracking Act of 1988, 42 U.S.C. §§6992, et seq. ("MWTA").

"Medical Waste Law" means the following, including regulations promulgated and orders issued thereunder, all as may be amended from time to time: the MWTA, the U.S. Public Vessel Medical Waste Anti-Dumping Act of 1988, 33 USCA §§2501 et seq., the Marine Protection, Research, and Sanctuaries Act of 1972, 33 USCA §§1401 et seq., The Occupational Safety and Health Act, 29 USCA §§651 et seq., the United States Department of Health and Human Services, National Institute for Occupational Self-Safety and Health Infectious Waste Disposal Guidelines, Publication No. 88-119, and any other federal, state, regional, county, municipal, or other local laws, regulations, and ordinances insofar as they purport to regulate Medical Waste, or impose requirements relating to Medical Waste.

2.24 Certain Representations With Respect to each Center.

(a) Each LLC in which such Seller is selling a Subject Interest has furnished complete and accurate copies of all its (or its Applicable Partnership's) Material Provider Contracts and Business Contracts to the Purchaser of a Subject Interest therein. Each LLC in which such Seller is selling a Subject Interest and its Applicable Partnership are in compliance in all material respects with all of the terms, conditions and provisions of all such contracts.

(b) Each LLC in which such Seller is selling a Subject Interest (or its Applicable Partnership) is qualified for participation in the Medicare program. Complete and accurate copies of each LLC in which such Seller is selling a Subject Interest's (or its Applicable Partnership's) existing Medicare contracts for its Center have been furnished to the Purchaser of a Subject Interest therein. Each LLC in which such Seller is selling a Subject Interest and its Applicable Partnership are in compliance in all material respects with all of the terms, conditions and provisions of all such contracts.

(c) Each LLC in which such Seller is selling a Subject Interest (or its Applicable Partnership) is qualified for participation in the Medicaid program. Complete and accurate copies of each LLC in which such Seller is selling a Subject Interest's (or its Applicable Partnership's) existing Medicaid contracts for its Center have been furnished to the Purchaser of a Subject Interest therein. Each LLC in which such Seller is selling a Subject Interest and its Applicable Partnership is in compliance in all material respects with all of the terms, conditions and provisions of all such contracts.

(d) No LLC in which such Seller is selling a Subject Interest or Applicable Partnership participates the CHAMPUS program.

(e) Each Center operated by each LLC in which such Seller is selling a Subject Interest or its Applicable Partnership is licensed by the California Department of Health Services as an ambulatory surgery center. Each LLC in which such Seller is selling a Subject Interest is in material compliance with all the terms, conditions and provisions of such licenses. The facilities, equipment, and operations of each Center operated by each LLC in which such Seller is selling a Subject Interest satisfy, without exception, the applicable ambulatory surgery center licensing requirements of the State of California.

2.25 No Untrue or Inaccurate Representation or Warranty. No representation or warranty by Sellers contains or will contain any material untrue statement of fact, or omits or will omit to state a material fact necessary to make the statements therein not misleading.

III. REPRESENTATIONS AND WARRANTIES OF PURCHASER

Each Purchaser represents and warrants to each Seller from which it is purchasing a Subject Interest as follows:

3.1 Organization and Standing. Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Tennessee and has full limited liability company power and authority to conduct its business as now being conducted, is duly qualified to do business in each jurisdiction in which the nature of its property or business requires, and is or shall be no later than the Closing Date qualified to do business in the State of California.

3.2 Authorization and Binding Effect. Purchaser has all necessary authority and power to execute and deliver this Agreement and consummate the transactions contemplated hereby and has taken all action required to be taken by or on the part of Purchaser to authorize the execution, delivery and performance of this Agreement. This Agreement constitutes a valid and binding agreement enforceable against Purchaser in accordance with its terms. The execution of this Agreement by Purchaser, the performance by Purchaser of its obligations hereunder and the consummation of the transaction contemplated hereby by Purchaser will not require any consent, approval or notice under, or violate, breach, be in conflict with or constitute a default (or an event that, with notice or lapse of time or both, would constitute a default) under, or permit termination of, or result in the creation or imposition of any lien upon any properties, assets or business of Purchaser under any note, bond, indenture, mortgage, deed of trust, lease, franchise, permit, authorization, license, contract, instrument, agreement or commitment, in each case which is material to Purchaser, or any order, judgment or decree to which Purchaser is a party or by which Purchaser is bound. No notice to, filing or registration with or authorization, consent or approval of any public body or governmental or regulatory authority is necessary for the consummation by Purchaser of the transaction contemplated by this Agreement.

3.3 Ownership. Purchaser is a wholly-owned direct or indirect subsidiary of SARC, which is a wholly owned subsidiary of Symbion, Inc., a Delaware corporation.

3.4 No Finders or Brokers. Purchaser has not engaged any finder or broker in connection with the transactions contemplated hereunder.

3.5 No Untrue or Inaccurate Representation or Warranty. No representation or warranty by Purchaser contains or will contain any untrue statement of fact, or omits or will omit to state a fact necessary to make the statements therein not misleading.

3.6 Financial Ability. Purchaser has, and will have on the Closing Date, and thereafter as needed, sufficient cash on hand from Purchaser's immediately available internal organization funds or available under a currently established committed credit facility or unutilized lines of credit with financial institutions, to consummate the transactions contemplated by this Agreement and perform its obligations hereunder.

3.7 Solvency. On the Closing Date, after giving effect to all indebtedness being incurred on such date in connection herewith, Purchaser will not (i) be insolvent (either because its financial condition is such that the sum of its debts is greater than the fair value of its assets or because the present fair salable value of its assets will be less than the amount required to pay its probable liability on its debts as they become absolute and matured), (ii) have unreasonably small capital with which to engage in its business or (iii) have incurred or plan to incur debts beyond its ability to pay as they become absolute and matured.

3.8 Independent Analysis.

(a) Purchaser acknowledges that it has conducted an independent investigation of the financial condition, results of operations, assets, liabilities, properties and projected operations of the LLCs and Partnerships the Subject Interests of which it is acquiring and, in making its determination to proceed with the transactions contemplated by this Agreement, Purchaser has relied solely on the results of such investigation and the representations and warranties of the Sellers set forth herein. Such representations and warranties constitute the sole and exclusive representations and warranties of the Sellers in connection with the transactions contemplated hereby, and Purchaser acknowledges and agrees that the Sellers are not making any representation or warranty whatsoever, express or implied, beyond those expressly given in this Agreement.

(b) Without limiting the foregoing, Purchaser acknowledges that no Seller has made any representation or warranty, express or implied, as to the accuracy or completeness of any memoranda, charts, summaries, presentations or schedules heretofore made available to Purchaser or any other information which is not included in this Agreement. Purchaser further acknowledges and agrees that any cost estimates, forecasts, projections or other predictions or forward-looking information that may have been provided to Purchaser were prepared for internal planning purposes only and are not representations or warranties of the Sellers, and no assurances can be given that any estimated, forecasted, projected or predicted results will be achieved.

3.9 Investment Intention. Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of acquiring the Subject Interests. Purchaser confirms that each LLC whose Subject Interests it is acquiring has made available to Purchaser the opportunity to ask questions of the officers and management of the LLC and to acquire additional information about the business, assets and financial condition of the LLC and its Applicable Partnership. Purchaser will acquire the Subject Interests for

investment only, and not with a view toward or for sale in connection with any distribution thereof or with any present intention of distributing or selling any interest therein. Purchaser understands that the transactions contemplated hereby have not been, and will not be registered or qualified under the Securities Act of 1933, as amended, nor any state or any other applicable securities law, by reason of a specific exemption from the registration or qualification provisions of those laws, based in part upon Purchaser's representations in this Agreement. Purchaser understands that no part of the Subject Interests may be resold unless such resale is registered under the Securities Act of 1933, as amended, and registered or qualified under applicable state securities laws or an exemption from such registration and qualification is available.

3.10 Deloitte & Touche, LLP. In connection with the agreement to use Deloitte & Touche in connection with dispute resolution pursuant to Section 1.3(d) or Section 1.4(d), Purchasers represent that Deloitte & Touche, LLP has not provided accounting, audit or similar services to any Purchaser or their Affiliate within the five (5) year period prior to the date of this Agreement; provided, however, that if Deloitte & Touche has provided accounting, audit or similar services to any Purchaser or their Affiliate within such time period, the Sellers' Committee and Purchaser shall select another mutually agreeable certified public accounting firm.

3.11 Agreements and Commitments. Consummation of the transaction contemplated by this Agreement (a) does not require consent of any of party to any commitment, contract, lease agreement or other instrument which is material to the business of such Purchaser and/or its affiliates (a "Purchaser Contract") and (b) shall not cause any such Purchaser Contract to be in default.

3.12 Litigation, Etc. There is no litigation, arbitration, governmental claim, investigation or proceeding, pending or, to the Purchaser's Knowledge (as defined below), threatened, against any Purchaser or affiliate of Purchaser, at law or in equity, before any court, arbitration tribunal or governmental agency, except for such matters that would not individually or in the aggregate have a material adverse effect on any LLC or Partnership or on Purchasers' ability to consummate the transactions contemplated by this Agreement (other than such adverse changes, circumstances or effects as and only to the extent such changes, circumstance or effect relate to or result from public or industry knowledge of the transactions contemplated by this Agreement or general economic conditions).

IV. COVENANTS OF PURCHASER

4.1 Best Efforts. Each Purchaser hereby covenants and agrees to take all necessary action and to use its reasonable best efforts to obtain all consents and approvals required to carry out the transactions contemplated herein and to satisfy the conditions specified herein.

4.2 Notification of Certain Matters. Each Purchaser shall promptly notify the other Parties hereto of any action, suit or proceeding that shall be instituted or threatened against such Purchaser to restrain, prohibit or otherwise challenge the legality of any transaction contemplated by this Agreement.

4.3 **Access and Information.** In connection with Section 1.3 and 1.4, the Purchasers shall give to representatives of Sellers and Call Option Sellers, as applicable, reasonable access during normal business hours to the premises, books, accounts and records and all other relevant documents and will make available, and use its reasonable efforts to cause its accountants and other representatives to make available, copies of all such documents and information of such LLC and/or its Applicable Partnership as representatives of the Sellers or the Call Option Sellers may from time to time reasonably request to assist Sellers in verifying information contained in the Closing Balance Sheet and to assist Call Option Sellers in verifying information in the Option Purchase Agreement and the calculations used in determining the Formula Value and Option Exercise Price, all in such manner as to not unduly disrupt each LLC's and Applicable Partnership's normal business activities.

4.4 **Closing of Management Rights Purchase Agreement.** The Purchasers shall not permit the "Closing" (as that term is defined in that certain Management Rights Purchase Agreement, of even date herewith, between one or more Purchasers, the Managers, and Parthenon Management Partners, LLC (the "Management Rights Purchase Agreement")) to occur prior to the Closing hereunder.

V. COVENANTS OF SELLERS

5.1 **Best Efforts.** Each Seller shall take, and the Sellers shall cause each LLC and Partnership in which such Seller holds an Ownership Interest to take, all necessary action and use reasonable best efforts to obtain all consents and approvals required to carry out the transactions contemplated herein and to satisfy the conditions specified herein.

5.2 **Actions with Respect to Benefit Plans.**

(a) Notwithstanding anything herein to the contrary, if requested by Purchasers, each Seller hereby covenants and agrees to take all steps requested by Purchasers to merge, freeze, terminate, amend or take any other action with respect to any Benefit Plan maintained by any LLC in which Seller is selling a Subject Interest (or its Applicable Partnership); to take all reasonable steps to accomplish such requests; to provide all the required notices to participants and appropriate governmental agencies; to adopt all necessary resolutions and Benefit Plan amendments; and to provide to Purchasers satisfactory evidence of the executed documents described in this Section 5.2.

(b) Effective as of the Closing Date, the active participation of each Seller in any Benefit Plan shall be terminated, and thereafter, no Seller shall be eligible to participate in any employee benefit plan or program of any LLC, Partnership or the Purchasers.

(c) If any Benefit Plan is terminated at Purchaser's request, the Purchasers shall allow employees to participate immediately in Purchasers' existing employee benefit plans (or new benefit plan established by Purchasers after the Closing comparable to Purchasers' existing employee benefit plans) including, but not limited to granting employees credit for services with the LLCs and waiving any pre-existing condition

exclusions for Purchasers' health plans if such waiver complies with applicable legal requirements and Purchasers' insurance policies.

5.3 Access and Information. Between the date hereof and the Closing, the Sellers shall cause each LLC and Partnership in which such Sellers hold an Ownership Interest to give to representatives of Purchasers reasonable access during normal business hours to each LLC's and Partnership's premises, books, accounts and records and all other relevant documents and will make available, and use their reasonable efforts to cause their accountants and other representatives to make available, copies of all such documents and information with respect to the business and properties of each such LLC or Partnership as representatives of Purchasers may from time to time reasonably request, all in such manner as to not unduly disrupt each LLC's or Partnership's normal business activities; provided, however, that no disclosure shall be required which would result in a violation of any obligation of confidentiality or the loss of the attorney-client privilege with respect to any matter. Such access shall include consultations with the employees of each such LLC. During the period from the date hereof to the Closing, the Managers shall confer on a regular and reasonable basis with one or more representatives of Purchasers to report material operational matters of each Center and to report the general status of ongoing operations of the center. Each Manager shall notify the Purchasers of any Material Adverse Change to each LLC (or to such LLC's Applicable Partnership) after the date hereof and prior to the Closing and of any written notice received by such Manager of any governmental complaints, investigations or hearings or adjudicatory proceedings (or communications indicating that the same may be contemplated) or of any other matter which may be material to such Manager, any LLC or any Partnership and shall keep the Purchasers reasonably informed of such events.

5.4 Conduct of Business. Between the date hereof and the Closing Date, except as otherwise approved by Purchasers, the Sellers shall take all reasonable steps to cause each LLC in which such Sellers hold an Ownership Interest (and such LLC's Applicable Partnership) to conduct business only in the ordinary course thereof consistent with past practice and in such a manner that the representations and warranties contained in Article II hereof shall be true and correct at and as of the Closing Date (except for changes contemplated, permitted or required by this Agreement) and so that the conditions to be satisfied by Sellers at the Closing shall have been satisfied. The Sellers shall take all reasonable steps to cause each LLC in which such Sellers holds an Ownership Interest (and such LLC's Applicable Partnership) to conduct its business in accordance with reasonable business judgment, to preserve its business intact and use its reasonable best efforts to keep available the services of its current employees.

5.5 Additional Financial Information. Within 30 days following the end of each calendar month prior to Closing, the Sellers shall cause each LLC in which such Sellers hold an Ownership Interest (and such LLC's Applicable Partnership) to deliver to the Purchasers true and complete copies of the unaudited balance sheets and the related unaudited statements of income and cash flow of, or relating to such LLC or Partnership for each month then ended, together with a year-to-date compilation and the notes, if any, related thereto, which presentation shall be true, correct and complete in all material respects, shall have been prepared from and in accordance with the books and records of such LLC or Partnership and which shall fairly present the financial position, results of operations and cash flow of such LLC or Partnership as of the date and for the period indicated, all in accordance with GAAP, except that such financial statements need not include required footnote disclosures.

5.6 Notification of Certain Matters. Until the Closing Date, the Managers shall (and shall cause all other Applicable Knowledge Parties to) advise the Purchasers, in writing, of (i) any change or event that would cause any condition to closing in Article VI or VII applicable to an LLC or Applicable Partnership to be unable to be satisfied, (ii) any written notice or other written communication received by such Person or an LLC or its Applicable Partnership from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement applicable to any Seller, LLC or Applicable Partnership, and (iii) the existence of any matter arising or discovered which would have been required to be set forth or described in the Exhibits and Schedules to this Agreement applicable to any Seller, LLC or Applicable Partnership. The Managers shall (and shall cause all other Applicable Knowledge Parties to) promptly notify the other Parties hereto of any action, suit or proceeding that shall be instituted or threatened against any Seller, LLC or Applicable Partnership to restrain, prohibit or otherwise challenge the legality of any transaction contemplated by this Agreement.

5.7 Exclusivity. During the period from the date of this Agreement until its termination in accordance with Article IX hereof, each Seller shall not with respect to any LLC in which such Seller is selling a Subject Interest (or such LLC's Applicable Partnership), and each Seller shall cause each LLC in which it holds an Ownership Interest (and such LLC's Applicable Partnership) not to, and shall cause each of its and their respective agents, employees, and affiliates not to, except as expressly contemplated herein, directly or indirectly, initiate, encourage, conduct or hold discussions with any corporation, partnership, person or other entity (other than Purchasers and its Affiliates) concerning:

- (a) a purchase, affiliation, joint venture or lease of all, or a material part of, any LLC, Partnership or any Center;
- (b) the management of any Center;
- (c) the transfer by any Seller of any of its ownership in any LLC, Partnership or the Centers; or
- (d) the issuance by any LLC or Partnership of any debt, equity or hybrid securities.

If a Seller or any LLC or Partnership shall receive any unsolicited offer or correspondence relating to a transaction of the type described in this Section 5.7, such Seller shall promptly notify Purchasers of any such transaction or negotiations and subject to confidentiality restrictions or obligations disclose the terms of any such proposal.

5.8 Restrictions on Ownership in Competing Businesses.

(a) Each Seller agrees that from the date hereof until the earlier to occur of (a) the fifth (5th) anniversary of the Closing Date and (b) the second (2nd) anniversary of the date on which Seller ceases to be a member of such LLC, a partner of its Applicable Partnership, or a holder of any interest in any successor entity (a "Successor") into which either of them is merged or converted (such time period being the "Restricted Period"), 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 located in the Restricted Area. "Restricted Area" means, with respect to the Beverly Hills LLC (and its Applicable Partnership and Successors), the areas within (X) the circle around the Brighton Center having a radius of fifteen (15) miles and (Y) the circle around the Wilshire Center having a radius of fifteen (15) miles and, with respect to each other LLC (and its Applicable Partnership and Successors), the circle around such LLC's (or Applicable Partnership's or Successor's) Center having a radius of twenty-five (25) miles. Nothing in this Section 5.8 is intended to prevent a Seller or Affiliate of Seller from practicing medicine, being a member of the medical staff of, or referring patients to, any other hospital or health care facility.

(b) Each Seller agrees that the restrictions contained in this Section 5.8 are reasonable and necessary to protect the legitimate interests of the Purchasers and that any violation of this provision would result in damages to the Purchasers which cannot be compensated by money alone. Each Seller agrees that the Purchaser(s) of such Seller's Subject Interest will be entitled, at Purchaser's sole election, to:

(i) injunctive relief enjoining such Seller from the conduct in violation hereof, without proving actual damages or posting any bond, and any other relief (other than Liquidated Damages) to which such Purchaser(s) may be determined to be entitled; or

(ii) Liquidated Damages. As used herein, "Liquidated Damages" shall mean, as to a Seller, an amount equal to ninety percent (90%) of the consideration received by such Seller for the sale of Subject Interests, Option Interests and Management Rights (as adjusted pursuant to Section 1.3 hereof and any Option Purchase Agreement).

provided, however, in any action, suit or proceeding brought by a Purchaser against a Seller to enforce the covenants contained in this Section 5.8, the Purchaser shall not be required to make such election unless and until it shall have been determined by a court of competent jurisdiction that the remedies in both of clauses (i) and (ii) of this Section 5.8(b) are available to such Purchaser and enforceable as against such Seller and, if either shall later be determined by such court or on appeal to be unavailable or unenforceable, then Purchaser may instead pursue either

or both of such remedies until a final and nonappealable order is entered with respect thereto at which time such Purchaser must elect either (i) or (ii) above.

(c) If a court of competent jurisdiction shall hold that the duration and/or scope (geographic or otherwise) of the agreement contained in this Section 5.8 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 5.8, and as so modified, this Section 5.8 shall be as fully enforceable as if set forth herein by the parties in the modified form.

(d) The parties to this Agreement hereby agree that the Liquidated Damages represent the goodwill of the LLC (and Applicable Partnership, if applicable) in which such Purchaser is hereby acquiring Subject Interests, that the amount of the damages to such Purchaser from a breach by a Seller of this provision is difficult to ascertain and that the Liquidated Damages represents the parties good faith effort to quantify the damages to the Purchasers of a breach of this Section 5.8 by a Seller.

(e) Each Seller acknowledges and agrees that the Operating Agreement of each LLC, or the operating agreement or partnership agreement of its Successor or Applicable Partnership (each an "Organizational Document") contains covenants substantially similar to those set forth in this Section 5.8, and each such Seller acknowledges and agrees that the remedies provisions contained in this Section 5.8 and each such Organizational Document are intended to reasonably compensate the Purchasers and their Affiliates for the damages that would be incurred were the covenants contained in Section 5.8 of this Agreement or the similar covenants in the Organizational Documents to be violated by such Seller.

(f) "Competing Business" means any health care business, other than a Grandfathered Business, in which surgical procedures or pain management procedures are performed and shall include, without limitation, a specialty hospital, hospital or ambulatory surgery center; provided, however, the private practice of any Seller or Affiliate of Seller will not be a Competing Business as long as it is not performing Facility Fee Procedures. "Facility Fee Procedures" means any surgical procedure that is (a) performable at the applicable Center by a physician and (b) either (i) reimbursable by a third party payor at a rate in excess of a physician's standard professional fee or as separate and distinct non-facility reimbursement for being performed in office, (ii) requires the presence of an anesthesiologist, (iii) involves conscious sedation (but does not require the presence of an anesthesiologist or a separate facility license) or (iv) requires a separate facility license; provided, however, any surgical procedure that a Physician Member regularly performed in such Physician Member's office during the six (6) month period ending December 31, 2004 and that involves conscious sedation shall not be considered a Facility Fee Procedure if the Physician Member delivers a written statement to the Company on or before October 31, 2005 specifying the CPT (Current Procedural Terminology) codes for such procedures regularly performed during such period.

(g) "Grandfathered Business" means any ownership interest in a Competing Business set forth on Schedule 5.8 hereto if and to the extent it was owned by such Person on and as of January 20, 2005; provided, however, any such Competing Business shall cease to be a Grandfathered Business if there is any increase in the Seller's percentage ownership interest in such Competing Business after the date hereof or if such Competing Business expands the surgical or pain management services offered on an outpatient basis or increases the number of operating rooms it has on the date hereof.

VI. CONDITIONS TO CLOSING BY PURCHASER

Except as may be waived by Purchasers, the obligations of Purchasers to purchase the Subject Interest and to consummate the transactions contemplated hereby on the Closing Date shall be subject to the satisfaction on or prior to the Closing Date of the following conditions:

6.1 Compliance. All of the representations and warranties of Sellers contained in Article II of this Agreement shall be true as of the date of this Agreement and as of the time of the Closing, except as would not individually or in the aggregate have a Material Adverse Effect on any LLC or Partnership, and Sellers shall have performed or complied with all covenants and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing, except for noncompliance which would not individually or in the aggregate have a Material Adverse Effect on any LLC or Partnership. Purchasers shall have been furnished a certificate dated the Closing Date and signed by each Sellers' Committee Representative and Manager with respect to each LLC or Partnership for which he is a Sellers' Committee Representative or Manager, respectively, to the foregoing effect (the "Closing Certificate").

6.2 Consents, Authorizations, Etc. All necessary licenses, certifications, permits and approvals from federal, state and local governmental units for the transactions contemplated hereby, and for the continued operation of each Center as an ambulatory surgery center following the consummation of the transactions contemplated hereby are set forth on Schedule 6.2 and shall have been issued to each Partnership in form and substance reasonably satisfactory to Purchasers.

6.3 No Action or Proceeding. No action or proceeding shall have been brought or threatened before any court or administrative agency to prevent the consummation of, or to seek damages in a material amount by reason of, the transactions contemplated hereby, and no governmental authority shall have asserted that these transactions constitute a violation of law or give rise to liability on the part of Purchasers or any LLC or Partnership.

6.4 Good Standing Certificate. The Managers shall have delivered to Purchasers a good standing certificate issued with respect to each LLC and Partnership, issued by the Secretary of State of the State of California, dated as of a date that is not more than 15 days prior to the Closing Date.

6.5 No Material Adverse Effect. The operations of each LLC, each Partnership and each Center shall have been conducted in the ordinary course of business, consistent with past practice, and from the date of the Stub Period Financials until the Closing, no event shall have

occurred which has or would reasonably likely have a Material Adverse Effect upon an LLC, a Partnership or a Center.

6.6 Assignment Agreement. Each Seller shall have delivered to the Purchaser of his Subject Interest a duly executed Assignment.

6.7 Approval of Amendment of Organizational Agreements. The amendment and restatement of the operating agreement of each LLC in the forms attached hereto as Exhibit 6.7 hereof shall have been approved by the requisite consents and approvals necessary to effect such amendments and restatements, and Purchaser shall have received an "Owner Restriction Agreement" from each "Owner" (as each term is defined in the form of amended and restated operating agreement which is attached hereto as Exhibit 6.7) of each Seller that is not a natural person.

6.8 Closing of Management Rights Purchase Agreement. The "Closing" (as that term is defined in that certain Management Rights Purchase Agreement) shall have occurred.

6.9 Execution and Delivery of Management Agreements and Billing, Collection and Shared Services Agreements. Each LLC (or Applicable Partnership, if requested by Purchasers) shall have executed and delivered to the Purchasers a Management Agreement and a Billing, Collection and Shared Services, in the forms attached as Exhibits 6.9A and 6.9B hereto, respectively, (each, a "Management Agreement" and a "Billing, Collection and Shared Service Agreement") and all agreements contemplated thereby to be entered into upon execution of such Management Agreements and Billing, Collection and Shared Services Agreements, with all of the foregoing to become effective upon the Closing.

6.10 Execution and Delivery of Indemnity Escrow Agreement. Each Sellers' Committee Representative with respect to each LLC and its Applicable Partnership, on behalf of all Sellers or Subject Interests in such LLC and Partnership shall have executed and delivered to the Purchasers and to the Escrow Agent (as defined in the Indemnity Escrow Agreement) the Escrow Agreement, and the Escrow Agent shall have executed and delivered to the Purchasers the Indemnity Escrow Agreement.

6.11 Opinion of Counsel. Purchasers shall have received from Sheppard Mullin Richter & Hampton LLP an opinion in form reasonably satisfactory to Purchasers addressed to Purchasers and dated as of the Closing Date.

6.12 Waiver. Purchasers may waive any condition of this Article VI to the extent permitted by applicable law. To the extent that the Purchasers so waive any condition of this Article VI, the Purchasers shall be deemed to have waived for all purposes any rights or remedies it may have against the Sellers by reason of the failure of any such conditions.

VII. CONDITIONS TO CLOSING BY SELLERS

Except as may be waived in writing by a Seller, the obligations of a Seller to consummate the transactions contemplated hereby on the Closing Date shall be subject to the satisfaction on or prior to the Closing Date of the following conditions:

7.1 Compliance. All of the representations and warranties made by Purchasers contained in Article III of this Agreement shall be true as of the date of this Agreement and as of the time of Closing, except as would not individually or in the aggregate have a material adverse effect on Purchasers' ability to consummate the transactions contemplated by this Agreement, and Purchasers shall have performed and complied with all covenants and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing, except for noncompliance which would not individually or in the aggregate have a material adverse effect on Purchasers' ability to consummate the transactions contemplated by this Agreement. Each Sellers' Committee Representative with respect to each LLC and its Applicable Partnership, on behalf of all Sellers or Subject Interests in such LLC and Partnership, shall have been furnished with a certificate, dated the Closing Date, of a duly authorized officer of Purchasers to the foregoing effect.

7.2 Secretary's Certificate. At the Closing, the Managers shall have received on behalf of the Sellers copies of the following, in each case certified as of the Closing Date by a Secretary or an Assistant Secretary of Purchasers:

(a) resolutions of the sole member of each of the Purchasers authorizing the execution, delivery and performance of this Agreement and the other agreements that Purchasers are required to execute and deliver pursuant to the terms of this Agreement; and

(b) the signature and incumbency of the officers of each of the Purchasers authorized to execute and deliver this Agreement and the other agreements and certificates that Purchasers are required to deliver on or before the Closing Date pursuant to this Agreement.

7.3 Consent, Authorizations, Etc. The consents, approvals and authorizations set forth on Schedule 6.2 shall have been obtained.

7.4 No Action or Proceeding. No action or proceeding shall have been brought or threatened before any court or administrative agency to prevent the consummation of, or to seek damages in a material amount by reason of, the transactions contemplated hereby, and no governmental authority shall have asserted that these transactions constitute a violation of law or give rise to liability on the part of Sellers.

7.5 Good Standing Certificate. Purchasers shall have delivered to the Managers on behalf of the Sellers a good standing certificate issued with respect to Purchasers by the Secretary of the State of Tennessee. Such good standing certificate shall be dated as of a date that is not more than 15 days prior to the Closing Date.

7.6 Approval of Amendment of Organizational Agreements. The amendment and restatement of the operating agreement of each LLC in the forms in Exhibit 6.7 hereof shall have been approved by the requisite consents and approvals necessary to effect such amendments and restatements.

7.7 Closing of Management Rights Purchase Agreement. The "Closing" (as that term is defined in the Management Rights Purchase Agreement) shall have occurred.

7.8 **Execution and Delivery of Indemnity Escrow Agreement.** Each Purchaser shall have executed and delivered to each Sellers' Committee Representative with respect to each LLC and its Applicable Partnership, on behalf of all Sellers or Subject Interests in such LLC and Partnership, and to the Escrow Agent (as defined in the Indemnity Escrow Agreement) the Indemnity Escrow Agreement, and the Escrow Agent shall have executed and delivered to the Sellers the Indemnity Escrow Agreement.

7.9 **No Material Adverse Affect.** No event shall have occurred which has or would reasonably likely to have a Material Adverse Affect upon an LLC or any change, circumstance or effect shall have occurred which has or would reasonably likely have a Material Adverse Affect on the business of a Purchaser or its Affiliates.

7.10 **Opinion of Counsel.** Managers, on behalf of Sellers, shall have received from counsel to Purchasers an opinion in form reasonably satisfactory to Managers on behalf of all Sellers attached to this Agreement, addressed to Sellers and dated as of the Closing Date.

7.11 **Thousand Oaks.** Specialty Surgical Center of Thousand Oaks, LLC, a California limited liability company ("Thousand Oaks LLC") shall have issued to SMBISS Thousand Oaks LLC, a Tennessee limited liability company, one membership unit in such LLC and the Managers and SMBISS Thousand Oaks, LLC shall have executed an operating agreement generally in the form of the amended and restated operating agreements of the Developing Center LLCs, in Exhibit 6.7, with such changes as mutually agreed by Thousand Oaks LLC and SMBISS Thousand Oaks LLC in order to reflect certain purchase options agreed between such parties.

7.12 **Waiver.** A Seller may waive any conditions of this Article VII to the extent permitted by applicable law. Such waiver shall not affect Sellers' remedies under this Agreement with respect to the waived condition, or otherwise.

VIII. INDEMNIFICATION

8.1 **Indemnification of Purchasers.**

(a) From and after the Closing and subject to the limitations herein provided, each Seller shall upon demand indemnify and hold the Purchaser of such Seller's Subject Interest, Option Interest and Management Rights harmless against, and reimburse each such Purchaser from time to time as costs are incurred for any actual damage, loss, liability, fine, penalty, charge, administrative or judicial proceeding or order, judgment, remedial action requirement, enforcement action of any kind, cost or expense, including reasonable attorneys' fees and other reasonable expenses incurred in investigating or defending any claim against such Purchaser for such damage, loss, cost or expense incurred, directly or indirectly, by such Purchaser or such Purchaser's Affiliate and calculated so as to take into account the total Ownership Interests acquired by such Purchaser pursuant to this Agreement, the Management Rights Purchase Agreement and all Option Purchase Agreements (collectively, "Purchaser Losses"):

(i) resulting from any breach of such Seller's representations, warranties or covenants in this Agreement, an Option Purchase Agreement, the

Management Rights Purchase Agreement or any document or instrument delivered pursuant hereto or thereto, or from any misrepresentation in, or omission from, any information, certificate, license, report or other instrument or agreement furnished to such Purchaser by such Seller pursuant to this Agreement, an Option Purchase Agreement or the Management Rights Purchase Agreement;

(ii) any of the matters described on Schedule 2.8, 2.9 or 2.15 to this Agreement; or

(iii) arising out of or related to any untrue statement contained in (or the omission of any statement or information that is determined to have been required to be made or provided in) any information, written or oral, including, but not limited to any letter of transmittal, prospectus, presentation or other document or disclosure, that is provided or made available to any Seller or any representative or advisor of any Seller in connection with soliciting such Seller's approval of or participation in the transactions contemplated by this Agreement by any Person acting on behalf of any Seller or with the approval of any Seller (other than a Purchaser or a Person controlled by or under common control with a Purchaser and other than with respect to written information approved in writing by a Purchaser or a Person controlled by or under common control with a Purchaser); provided, however, that neither the letters, dated June 6, 2005, from the Managers to the Sellers, nor the Consent Solicitation Statement, dated July 15, 2005, shall give rise to indemnification under this Section 8.1(a)(iii);

(iv) provided, however, if and to the extent a Purchaser is entitled to indemnification for any of the foregoing because Purchaser owns an Ownership Interest in an LLC or Partnership and it is such LLC or Partnership that suffers the actual damage, loss, liability, fine, penalty, charge, administrative or judicial proceeding or order, judgment, remedial action requirement, enforcement action of any kind, cost or expense, including reasonable attorneys' fees and other reasonable expenses (collectively, "Indirect Damages"), the "Purchaser Losses" with respect to such Indirect Damages for purposes of this Article VIII shall equal, not the full amount of such Indirect Damages, but the product of (a) the aggregate amount of such Indirect Damages multiplied by (b) the percentage ownership in such LLC or Partnership represented by (i) the Subject Interests acquired pursuant to this Agreement and (ii) if and when acquired, any Option Interests acquired pursuant to this Agreement and/or Option Purchase Agreements; provided, further, however, upon such Purchaser's (or its Affiliates') acquisition of any such Option Interests, the foregoing amount of "Purchaser Losses" with respect to such Indirect Damages shall be re-calculated and such Purchaser shall immediately be indemnified for the additional amount resulting from such recalculation, and such entitlement shall not constitute a new or additional claim for purposes of Section 8.5(g), but shall instead relate back to Losses sustained and claimed as of the date notice thereof was first given. Solely as an example, and not as a limitation, Purchaser Losses otherwise recoverable under this Agreement, relating to the breach of any representation or warranty relating to the alleged overstatement of the net income of an LLC or its Applicable Partnership in any Financial Statement shall, for purposes hereof, not be considered "Indirect Damages."

(b) Each Purchaser shall have the right, with notice, to offset or set off amounts owed to it by a Seller under this Article VIII against amounts owed by such Purchaser or its Affiliates to such Seller pursuant to any other obligations, including without limitation, any distributions due to such Seller from an LLC, or by claiming against such Seller's Individual Escrow Account (as defined in Section 1.2(b) above); provided, however, except as provided in Section 8.4(b) hereof with respect to the Indemnity Escrow Amount, no right of off-set may be exercised until ninety (90) days have lapsed after the date the indemnification is due. Purchasers' right to indemnification, payment of damages or other remedy hereunder based upon Sellers' representations, warranties, covenants and obligations in this Agreement, in an Option Purchase Agreement or in the Management Rights Purchase Agreement will not be affected or limited by any investigation conducted by or on behalf of Purchasers with respect hereto or thereto, any preparation or compilation by or on behalf of Purchasers of schedules to this Agreement, in an Option Purchase Agreement or in the Management Rights Purchase Agreement, or any knowledge acquired (or capable of being acquired) by Purchasers at any time before or after the execution and delivery of this Agreement, in an Option Purchase Agreement or the Management Rights Purchase Agreement with respect to the accuracy or inaccuracy of or compliance with, any such representation, warranty, covenant or obligation, other than Purchaser's Knowledge. As used herein, "Purchaser's Knowledge" means the actual knowledge on and as of the date hereof of any of William V.B. Webb, George Goodwin, Gregg Stanley, or Michael Weaver.

(c) For purposes of this Article VIII, "Purchaser" shall include any purchaser of a Subject Interest, Option Interest or Management Rights under this Agreement, an Option Purchase Agreement or the Management Rights Purchase Agreement, "Seller" shall include any seller of a Subject Interest, Option Interest or Management Rights and "Company" means each LLC (together with its Applicable Partnership) and the Management Rights.

8.2 Indemnification of Sellers. From and after the Closing and subject to the limitations herein provided, Purchasers and SARC shall upon demand indemnify and hold Sellers harmless against, and reimburse Sellers from time to time when and as costs are incurred for, any actual damage, loss, liability, fine, penalty, charge, administrative or judicial proceeding or order, judgment, remedial action requirement, enforcement action of any kind, cost or expense (including reasonable attorneys' fees and other expenses incurred in investigating or defending any claim against Sellers for such damage, loss, cost or expense) incurred by Sellers ("Seller Losses") resulting from (a) any breach of Purchasers' representations, warranties or covenants in this Agreement, an Option Purchase Agreement or the Management Rights Purchase Agreement, or any document or instrument delivered pursuant hereto or thereto, or from any misrepresentation in, or omission from, any information, certificate, license, report or other instrument or agreement furnished to Sellers by Purchasers and/or SARC pursuant to this Agreement, an Option Purchase Agreement or the Management Rights Purchase Agreement, or (b) any of those certain instruments and agreements (each a "Seller Guaranty") identified on Schedule 8.2 hereto if and to only the extent they arise out of an LLC's (or Partnership's) post-Closing default on any obligation that is guaranteed as of the date hereof by such Seller under such Seller's Guaranty. Each Seller shall have the right, with notice, to offset or set off amounts owed to such Seller under this Article VIII against amounts owed by such Seller to the Purchaser

of such Seller's Subject Interest, Option Interest or Management Rights pursuant to any other obligations. Sellers' right to indemnification, payment of damages or other remedy hereunder based upon Purchasers' representations, warranties, covenants and obligations in this Agreement, an Option Purchase Agreement or the Management Rights Purchase Agreement will not be affected or limited by any investigation conducted by or on behalf of Sellers with respect hereto or thereto, any preparation or compilation by or on behalf of Sellers of schedules to this Agreement, an Option Purchase Agreement or the Management Rights Purchase Agreement, or any knowledge acquired (or capable of being acquired) by Sellers at any time before or after the execution and delivery of this Agreement with respect to the accuracy or inaccuracy of or compliance with, any such representation, warranty, covenant or obligation, other than the Actual Knowledge of the Applicable Knowledge Parties on and as of the date hereof.

8.3 Notice and Control of Litigation. If any claim or liability is asserted in writing by a third party ("Third Party Claim") against a party entitled to indemnification under this Article VIII (the "Indemnified Party") that would give rise to a claim under this Article VIII, the Indemnified Party shall notify the person(s) giving the indemnity (collectively, if more than one, the "Indemnifying Party"). The Indemnifying Party shall have the right to defend a claim and control the defense, settlement and prosecution of any litigation; provided that the Indemnifying Party expressly agrees in a manner reasonably acceptable to the Indemnified Party to be solely obligated to satisfy and discharge the Third Party Claim to the extent of the Indemnifying Party's liability as limited by Section 8.5 below unless the interests of the Indemnified Party and the Indemnifying Party are or are likely to be adverse, in which case the Indemnified Party shall have the right to hire its own counsel and undertake the defense and the cost thereof shall be part of the claim for which the Indemnified Party shall be indemnified. If the Indemnifying Party fails to defend such claim within a reasonable period of time but no more than thirty (30) days, the Indemnified Party will (upon further notice to the Indemnifying Party) have the right to undertake the defense, compromise or settlement of such claim on behalf of and for the account and at the risk of the Indemnifying Party subject to the limitations in Section 8.5 below. Anything in this Section 8.3 notwithstanding, (i) if there is a reasonable probability that a claim may materially and adversely affect the Indemnified Party (because money damages or other money payments would not be an adequate remedy or because money damages or payments may be substantially in excess of the limitations in Section 8.5 below or are not likely to be collectible from the Indemnifying Party), the Indemnified Party shall have the right, at its own cost and expense, to defend, compromise and settle such claim, and (ii) the Indemnifying Party shall not, without the written consent of the Indemnified Party, settle or compromise any claim or consent to the entry of any judgment which does not include as an unconditional term thereof the giving by the claimant to the Indemnified Party of a release from all liability in respect of such claim. All Parties agree to cooperate fully as necessary in the defense of such matters. Should the Indemnified Party fail to notify the Indemnifying Party in the time required above, the indemnity with respect to the subject matter of the required notice shall continue, but shall be limited to the damages that would have resulted absent the Indemnified Party's failure to notify the Indemnifying Party in the time required above after taking into account such actions as could have been taken by the Indemnifying Party had it received timely notice from the Indemnified Party. If the Indemnifying Party is a Seller, then the Indemnified Party shall send notices under this Section 8.3 or Section 8.4 to both the Seller and the Sellers' Committee of the LLC to which the claim or liability relates, and such Sellers' Committee shall be responsible for all decisions and of such Indemnifying Parties under this Section 8.3 and Section 8.4.

8.4 Notice of Claim; Claims Against the Indemnity Escrow Amount.

(a) If an Indemnified Party becomes aware of any breach of the representations or warranties of the Indemnifying Party under this Agreement, an Option Purchase Agreement or the Management Rights Purchase Agreement or any other basis for indemnification under this Article VIII (except as otherwise provided for under Section 8.3), the Indemnified Party shall notify the Indemnifying Party, in writing of the same within 45 days after becoming aware of such breach or claim, specifying in detail the circumstances and facts which give rise to a claim under this Article VIII. Should the Indemnified Party fail to notify the Indemnifying Party, within the time frame required above, the indemnity with respect to the subject matter of the required notice shall continue, but shall be limited to the damages that would have nonetheless resulted absent the Indemnified Party's failure to notify the Indemnifying Party in the time required above after taking into account such actions as could have been taken by the Indemnifying Party had it received timely notice from the Indemnified Party.

(b) At such time as the Indemnified Party determines the amount of Losses for which such Indemnified Party is entitled to indemnification, it shall give notice (the "Notice of Claim") to the Indemnifying Party, and the Indemnifying Party shall pay make such indemnification within thirty (30) days thereof. If a Purchaser seeks to recover from the Indemnity Escrow Amount all or a portion of the Losses for which it claims indemnification, then the procedures set forth in Section 4 of the Indemnity Escrow Agreement shall apply.

8.5 Allocation of Losses; Limitations.

(a) Subject to the limitations in Section 8.5(c), each Seller shall indemnify and hold Purchasers and their Affiliates harmless for the aggregate sum of the products (such a product being calculated for each Company) of:

(i) all Purchaser Losses for such Company multiplied by

(ii) the quotient of (A) such Seller's Net Proceeds with respect to such Company divided by (B) the aggregate of all Sellers' Net Proceeds with respect to such Company.

(b) Subject to the limitations in Section 8.5(c), each Manager shall, jointly and severally, indemnify and hold Purchasers and their Affiliates harmless for an amount (in addition to the amount described in Section 8.5(a)) equal to (i) the aggregate amount of Limited Losses minus (ii) the amount of indemnification for Limited Losses to which Purchasers and their Affiliates are entitled pursuant to Section 8.5(a).

(c) No Seller shall be required to make indemnification pursuant to this Agreement:

(i) unless and until the aggregate amount of Limited Losses exceeds the sum of such Seller's Threshold Share and share (if any) of the Excess Threshold Pool

(such indemnification not being back to the "first dollar" of such Limited Losses but, instead, being in the nature of a deductible);

(ii) for Limited Losses in excess of such Seller's Cap Share; or

(iii) for Purchaser Losses in an amount in excess of the aggregate amount of such Seller's Net Proceeds.

(d) For purposes of this Article VIII:

(i) "Net Proceeds" means, as to a Seller, the aggregate amount of such Seller's Gross Purchase Price (plus, with respect to the Managers, or minus, with respect to all other Sellers, the aggregate amount of the Promote Fee paid or received, as the case may be), plus all amounts received by such Seller under Option Purchase Agreements and plus, with respect to the Managers, the Initial Purchase Price and any Deferred Payments made under the Management Rights Purchase Agreement, as any such amounts are adjusted pursuant to Section 1.3 of this Agreement or Section 1.3 of any Option Purchase Agreement. Each Seller's initial Net Proceeds are set forth on Exhibit A, and such Exhibit A shall be revised from time to time by Purchasers to reflect changes therein resulting when additional Net Proceeds are received and/or adjustments made thereto in accordance with this Agreement, Option Purchase Agreements and the Management Rights Purchase Agreement.

(ii) "Sellers' Threshold" means FIVE HUNDRED THOUSAND DOLLARS (\$500,000), and "Aggregate Indemnity Cap" means FIVE MILLION THREE HUNDRED THOUSAND DOLLARS (\$5,300,000).

(iii) "Threshold Share" means, as to a Seller, the product of the Sellers' Threshold and the quotient obtained by dividing (A) the aggregate amount of Net Proceeds received such Seller, by (B) the aggregate amount of Net Proceeds received by all Sellers.

(iv) "Excess Threshold Pool" means the cumulative sum of the positive differences of each Seller's (1) Threshold Share minus (2) aggregate liability (without regard to the limitations in Section 8.5(c)) for Limited Losses under Sections 8.5(a) and 8.5(b). The Excess Threshold Pool shall be allocated among all Sellers pro rata in accordance with the amount by which the Limited Losses for which such Seller is responsible under Sections 8.5(a) and 8.5(b) exceeds such Seller's Threshold Share. The Excess Threshold Pool shall be recalculated and reallocated each time Limited Losses are suffered and, upon any such reallocation of the Excess Threshold Pool, (x) any Seller who had previously been allocated a portion of the Excess Threshold Pool shall immediately pay Purchasers the amount of the Excess Threshold Pool to which such Seller is no longer entitled, and (y) any Seller who earlier contributed all or a portion of his Threshold Share to the Excess Threshold Pool shall be entitled to apply all or any portion of the amount so contributed so as to reduce the amount of Limited Losses for which such Seller is responsible (and, thereupon, such amount shall no longer be in the Excess Threshold Pool).

(v) **“Cap Share” means:**

(1) as to a Seller (other than a Manager) of a Subject Interest in an Existing Center LLC, the amount set forth on Schedule 8.5 under the heading “Cap Share”; and

(2) as to each Manager and each Seller that is a Member of a Developing Center LLC on the date hereof, the product of (A) the Aggregate Indemnity Cap and (B) the quotient obtained by dividing (I) the Net Proceeds received by such Seller by (II) the Net Proceeds received by all Sellers; provided, however, that the Cap Share of each Manager shall not exceed 50% of the difference between (X) the Aggregate Indemnity Cap minus (Y) the aggregate amount of indemnification Purchasers are entitled to receive under Section 8.5(a) from Sellers other than Managers; provided, further, however, that each Manager’s “Cap Share” shall be increased by the Cap Share of any of them that is then Insolvent and, only as a result of such increase may it exceed the amount set forth in the foregoing proviso. “Insolvent” means such Person has had any obligations under this Agreement or the Management Rights Purchase Agreement discharged through a bankruptcy proceeding or any similar proceeding. The Cap Shares for each Manager and each Seller of a Member that is a Developing Center LLC on the date hereof shall be adjusted from time to time to reflect changes in their respective Indemnity Shares that result when additional Net Proceeds are received and/or adjustments made thereto in accordance with this Agreement, Option Purchase Agreements and the Management Rights Purchase Agreement. Any Seller whose Cap Share is at any time and from time to time reduced shall immediately be reimbursed by the Purchasers for any amount already paid by such Seller to the Purchasers in excess of the amount for which such Seller is responsible after giving effect to such Cap Share adjustment. Any Seller whose Cap Share is at any time and from time to time increased shall immediately pay Purchasers any amount in excess of the amount already paid by such Seller to Purchasers for which such Seller is responsible after giving effect to such Cap Share adjustment.

(vi) **“Limited Losses” means all Purchaser Losses other than amounts payable by a Seller (A) pursuant to Sections 1.3, 1.4(f or g) or 8.1(a)(ii) of this Agreement, Section 1.3 of an Option Purchase Agreement, or Section 8.1(a)(ii) of the Management Rights Purchase Agreement, or (B) for any breach of the representations and warranties set forth in Sections 2.1(a) or 2.3(b) of this Agreement, in an Option Purchase Agreement, or in Section 2.1 of the Management Rights Purchase Agreement.**

(vii) **If a Seller (other than a Manager) sells a Subject Interest in more than one Company, such Seller shall be treated for purposes of this Section 8.5 as having been a separate “Seller” with respect to each such Company.**

(e) **No Purchaser or SARC shall be required to make indemnification pursuant to this Agreement unless and until the aggregate amount of Seller Losses exceeds the Purchasers’ Threshold (such indemnification not being back to the “first dollar” of such**

Seller Losses but, instead, being in the nature of a deductible). As used herein, the "Purchasers' Threshold" shall mean FIVE HUNDRED THOUSAND DOLLARS (\$500,000). Notwithstanding the foregoing, the limitations contained in this Section 8.5(d) will not apply to any claims attributable to (nor shall such amounts apply toward the reaching of the Purchasers' Threshold) (i) a breach of the representations and warranties set forth in Sections 3.1 or 3.2 of this Agreement, an Option Purchase Agreement or the Management Rights Purchase Agreement, and (ii) amounts payable pursuant to Sections 1.2, 1.3 or 1.4. of this Agreement, in Sections 1.2 or 1.3 of an Option Purchase Agreement or Section 1.2 of the Management Rights Purchase Agreement. After the Purchasers' Threshold is reached, the Purchasers' Threshold shall be allocated among the Purchasers pro rata in accordance with the amount of Seller Losses for which each such Purchaser is responsible, such amounts shall be readjusted each time Seller Losses are suffered and each Purchaser shall immediately pay to the Sellers the positive difference (if any) of (A) the amount of Sellers' Losses for which such Purchaser, after reallocation of the Purchasers' Threshold, is responsible, minus (B) the amount of Sellers' Losses theretofore paid by such Purchaser.

(f) In calculating the amount of Seller Losses or Purchaser Losses (either, "Losses"), there shall be deducted (i) any indemnification, insurance, contribution or other similar payment actually recovered by the Indemnified Party or any Affiliate thereof from any third person with respect thereto; and (ii) any Tax benefit or refund actually received or enjoyed by the applicable Indemnified Party or any Affiliate thereof as a result of such amounts, which Tax benefit shall be calculated based on an assumed forty percent (40%) combined federal and state Tax rate to the extent the benefit is an ordinary expense or deduction and 20% to the extent the benefit is a capital loss. Any such amounts or benefits received by an Indemnified Party or any Affiliate thereof with respect to any indemnity claim after it has received an indemnity payment hereunder shall be promptly paid over to the Indemnifying Party; provided, that the Indemnified Party shall not be obligated to pay over any such amount or benefit in excess of the amount paid by the Indemnifying Party to the Indemnified Party with respect to such claim. Notwithstanding the foregoing, if the benefits to be received by the Indemnified Party are to be received over more than one year (e.g., depreciation deductions) the Indemnified Party may at its option pay over the present value of that benefit using an interest rate of 8%. In the event of a Loss for which an Indemnified Party or its Affiliate is insured, the Indemnified Party shall use reasonable diligence to collect any such applicable insurance coverage.

(g) Except for claims of fraud and/or remedies of injunctive and provisional relief and damages for a breach of Section 5.8 hereof, if the Closing occurs, this Article VIII shall be the sole and exclusive remedy for breach of, or inaccuracy in, any representation, warranty, or covenant contained herein, or otherwise in respect of the transactions contemplated hereby. In no event shall any Indemnifying Party have any liability under this Article VIII or to any Person for any exemplary or punitive damages suffered or incurred by any Indemnified Party.

(h) Any claim for indemnification under this Article VIII (other than a claim for the breach of a covenant having effect after the Closing) shall be made not later than

thirteen (13) calendar months after the date the Closing occurs (the "Indemnity Termination Date"); provided, however, any claim for Indirect Damages described in Section 8.1(a) which become payable as a result of the acquisition by Purchaser of Option Interests shall be made no later than sixty (60) days after the closing of the purchase of such Option Interests.

(i) Notwithstanding any provision of this Article VIII to the contrary, Purchaser shall have no claim for indemnification under Section 8.1 if (a) the representation or warranty allegedly breached is contained in Section 2.11(a) or (c) of this Agreement; (b) the substance of the alleged breach of the applicable representation or warranty is that the net income of an LLC or its Applicable Partnership was overstated in any Financial Statement; and (c) the amount of the alleged overstatement was not, in any of 2003, 2004 or the five months ended May 31, 2005, greater than \$50,000; provided, indemnification for claims that do not satisfy all of the foregoing criteria are not intended to be, nor shall they be, limited in any respect by this Section 8.5(h).

8.6 Special Indemnity Among Sellers. Solely as among the Sellers, and without affecting the rights of the Purchasers hereunder, each of Brooks and Tuli agree to indemnify each other Seller for all amounts actually paid to Purchasers under Section 8.1 to the extent, and only to the extent, that they resulted from a breach by Brooks and Tuli of the applicable Operating Agreement prior to the Closing for which such Manager(s) would not have been entitled to indemnification from the relevant LLC.

IX. TERMINATION

9.1 Termination Events. This Agreement may be terminated and the transaction abandoned at any time prior to the Closing Date as follows:

(a) By the mutual written consent of Purchasers and the holders of a majority of all of the Subject Interests (calculated on the basis of the aggregate Net Purchase Price to which each Seller would initially be entitled under Section 1.2 hereof) (such holders being a "Sellers' Majority");

(b) By Purchasers or a Sellers' Majority if the Closing has not occurred by August 31, 2005;

(c) By Purchasers if there has been a material violation or breach of any of the Sellers' covenants contained in this Agreement which has not been waived by Purchasers in writing; or

(d) By the Sellers' Majority, if there has been a material violation or breach of any of the Purchasers' or SARC's covenants contained in this Agreement which has not been waived by such Sellers' Majority in writing.

9.2 Notice of Termination. In the event of such termination by either Purchasers or a Sellers' Majority pursuant to Section 9.1 hereof, written notice shall forthwith be given to the other party or parties hereto.

9.3 Consequences of Termination. In the event this Agreement is terminated as provided in Section 9.1 above, (a) Purchasers shall deliver to Sellers all information, documents and instruments (and copies thereof in its possession) terminated previously delivered or made available by Sellers, an LLC or an Applicable Partnership to Purchasers; and (b) none of the parties hereto nor any of their respective members, shareholders, directors, officers, agents or consultants shall have any liability to the other party for costs, expenses, loss of anticipated profits, consequential damages or otherwise, except for any intentional breach of any of the provisions of this Agreement.

X. MISCELLANEOUS

10.1 Schedules and Other Instruments. Each Schedule and Exhibit to this Agreement shall be considered a part hereof as if set forth herein in full. Any item set forth on a Schedule shall be deemed to apply only to that Section of this Agreement to which such Schedule relates and any other Section specifically referenced on such Schedule.

10.2 Additional Assurances. The provisions of this Agreement shall be self-operative and shall not require further agreement by the Parties except as may be herein specifically provided to the contrary; provided, however, at the reasonable request and expense of a Party, the other Party or Parties shall execute such additional instruments and take such additional actions as the requesting Party may deem necessary to effectuate this Agreement. In addition and from time to time after Closing, Sellers shall execute and deliver such instruments of conveyance and transfer, and take such other actions as Purchasers reasonably may request, to effectively convey and transfer full right, title and interest to, vest in, and place Purchasers in legal, equitable and actual possession of the Subject Interest.

10.3 Consented Assignment. Anything contained herein to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign any claim, right, contract, license, lease, commitment, sales order or purchase order if an attempted assignment thereof without the consent of the other Party thereto would constitute a breach thereof or in any material way affect the rights of Sellers, as appropriate, thereunder, unless such consent is obtained. If such consent is not obtained, or if an attempted assignment would be ineffective or would materially affect the rights thereunder of Sellers so that Purchasers would not in fact receive all such rights, the Parties shall cooperate in any reasonable arrangement designed to provide for the Parties the benefits under any such claim, right, contract, license, lease, commitment, sales order or purchase order, including, without limitation, enforcement of any and all rights of Sellers, against the other party or parties thereto arising out of the breach or cancellation by such other party or otherwise.

10.4 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.

10.5 Choice of Law and Venue. The Parties agree that this Agreement shall be governed by and construed in accordance with the laws of the State of California, without

reference to its conflicts of law provisions. The Parties hereto hereby designate all courts of record sitting in Los Angeles County, California, both state and federal, as the exclusive forums where any action, suit or proceeding in respect of or arising out of this Agreement, or the transactions contemplated by this Agreement shall be prosecuted as to all Parties, their successors and assigns, and by the foregoing designations the Parties hereto consent to the exclusive jurisdiction and venue of such courts.

10.6 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 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 any Party may, without the prior written consent of the other Party, assign its rights and delegate its duties hereunder to one or more of its affiliates (it being understood that neither such assignment or delegation shall relieve any Party of its obligations 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.

10.7 Cost of Transaction. Except as otherwise provided herein, whether or not the transactions contemplated hereby shall be consummated, the Parties agree as follows: (i) Sellers will pay the fees, expenses, and disbursements of Sellers and their agents, representatives, accountants, and counsel incurred in connection with the subject matter hereof and any amendments hereto; and (ii) Purchasers shall pay the fees, expenses and disbursements of Purchasers and its agents, representatives, accountants and counsel incurred in connection with the subject matter hereof and any amendments hereto. Purchasers shall bear the costs of any regulatory or licensure filings under the laws or regulations of the State of California.

10.8 Confidentiality.

(a) The information, documents and instruments made available or delivered to Purchasers by Sellers or their agents and the information, documents and instruments made available or delivered to Sellers by Purchasers or its respective agents are of a confidential and proprietary nature. Each of the Parties hereto agrees that both prior and subsequent to the Closing it will maintain the confidentiality of all such confidential information, documents or instruments made available or delivered to it by each of the other Parties hereto or their agents in connection with the negotiation of this Agreement or in compliance with the terms, conditions and covenants hereof and will only disclose such information, documents and instruments to its duly authorized officers, directors, representatives and agents. Each of the Parties hereto further agrees that if the transactions contemplated hereby are not consummated, it will return all such information, documents and instruments and all copies thereof in its possession to the other Party to this Agreement. Each of the Parties hereto recognizes that any breach of this Section would result in irreparable harm to the other Parties to this Agreement and their affiliates and that therefore each of them shall be entitled to an injunction to prohibit any such breach or anticipated breach, without the necessity of posting a bond, cash or otherwise, in addition to all of their other legal and equitable remedies. Nothing in this Section 10.8, however, shall prohibit the use of such confidential information, documents or instruments for such governmental filings as in the reasonable opinion of Seller's

counsel or Purchasers' counsel are (i) required by law or governmental regulations, (ii) in connection with any action, suit or proceeding to enforce rights against the Parties hereunder or (iii) otherwise appropriate; provided the disclosing party provides the owner of such confidential information, documents or instruments prior written notice so that such owner may seek a protective order to maintain its confidentiality.

(b) The Parties hereto agree that the terms and conditions of this Agreement, and all other agreements and instruments executed and delivered by the respective Parties in connection with this Agreement (the "Transaction Documents") shall remain confidential. Neither Purchasers nor Sellers nor their respective agents and representatives shall distribute the Transaction Documents or any drafts thereof, or any part thereof, to any third party unless required by law to do so; provided the disclosing party provides the owner of such confidential information, documents or instruments prior written notice so that such owner may seek a protective order to maintain its confidentiality.

10.9 Public Announcements. Sellers agree that they shall not release, publish or otherwise make available to the public in any manner whatsoever any information or announcement regarding the transactions herein contemplated without the prior written consent of the Purchasers, except for information and filings reasonably necessary to be directed to governmental agencies to fully and lawfully effect the transactions herein contemplated or required in connection with securities and other laws; provided, that Purchasers shall, to the extent reasonable and practicable, give notice to the Sellers' Committee prior to making any announcement regarding the transactions herein contemplated.

10.10 Waiver of Breach. 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.

10.11 Notice. Any notice, demand or communication required, permitted, or desired to be given hereunder shall be deemed effectively given upon receipt or refusal to accept receipt when delivered personally, upon facsimile (if the sending facsimile machine prints confirmation of receipt by the receiving machine and notice is given by other means permitted by this Section within one business day thereafter) or the next Business Day when sent by overnight courier, with delivery prepaid thereon and overnight delivery specified, or five days after being deposited in the United States mail, with postage prepaid thereon, or certified or registered mail, return receipt requested, addressed as follows:

Sellers: To the addresses set forth on the signature pages hereto

With a simultaneous copy to counsel to the LLCs and the Managers, respectively:

Sheppard, Mullin, Richter & Hampton LLP
333 South Hope Street, 48th Floor
Los Angeles, California 90071
Attention: Lawrence M. Braun

Guth | Christopher LLP
10866 Wilshire Blvd, Suite 1250
Los Angeles, California 90024
Attention: Theodore E. Guth

Purchasers or SARC: c/o Symbion, Inc.
40 Burton Hills Boulevard, Suite 500
Nashville, Tennessee 37215
Attention: President

With a simultaneous copy to: Waller Lansden Dortch & Davis, PLLC
511 Union Street, Suite 2700
Nashville, Tennessee 37219-1760
Attention: Joseph A. Sowell, III, Esq.

or to such other address, and to the attention of such other person or officer as any Party may designate, with copies thereof to the respective counsel thereof as notified by such Party.

10.12 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.

10.13 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.

10.14 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.

10.15 Survival. All of the covenants and agreements made by the Parties in this Agreement or pursuant hereto in any certificate, instrument or document which are to be performed after closing shall survive the consummation of the transactions described herein and shall not be deemed merged into any instruments or agreements delivered at Closing or thereafter, and no other covenants and agreements shall survive the Closing but shall be deemed merge into any instruments or agreements delivered at Closing.

10.16 Entire Agreement/Amendment. 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 shall be recognized unless and until made in writing and signed by all Parties hereto. 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.

10.17 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 IS KNOWINGLY AND VOLUNTARILY WAIVING ITS RIGHTS TO DEMAND TRIAL BY JURY.

10.18 Tax Advice and Reliance. Except as expressly provided in this Agreement, none of the Parties (nor any of the Parties' respective counsel, accountants or other representatives) has made or is making any representations to any other Party (or to any other Party's counsel, accountants or other representatives) concerning the consequences of the transactions contemplated hereby under applicable tax laws. Each Party has relied solely upon the tax advice of its own employees or of representatives engaged by such Party and not on any such advice provided by any other Party hereto.

10.19 No Rescission. No Party shall be entitled to rescind the transactions contemplated hereby by virtue of any failure of any Party's representations and warranties herein to have been true or any failure by any Party to perform its obligations hereunder.

10.20 Counterparts; Sellers' Execution. This Agreement may be executed in multiple counterparts (including by means of signature pages sent via facsimile), any one of which need not contain the signatures of more than one Party, each of which shall be enforceable against the Parties executing such counterparts, and all of which together shall constitute one instrument.

10.21 Committees.

(a) All of the Sellers of Subject Interests in an LLC (and such LLC's Applicable Partnership) hereby designate those persons (each, a "Sellers' Committee Representative") listed next to such LLC's name on Exhibit 10.21 as the representatives of such Sellers with respect to such LLC (collectively, the "Sellers' Committee"), to serve as the sole and exclusive representative of such Sellers, on and after the Closing Date with respect to the matters set forth in this Agreement related to such Sellers. All of the Call Option Sellers of Option Interests of each LLC hereby designate those persons (each, a "Call Option Sellers' Committee Representative") listed next to such LLC's name on Exhibit 10.21 as the representatives of such Call Option Sellers with respect to such LLC (collectively, the "Call Option Sellers' Committee"), to serve as the sole and exclusive representative of such Call Option Sellers, from and after the Closing Date with respect to the matters set forth in this Agreement related to such Call Option Sellers. The

Sellers' Committee or the Call Option Sellers' Committee, as the case may be, shall take action through a vote of at least a majority of its Sellers' Committee Representatives or Call Option Sellers' Committee Representatives, respectively. Each Sellers' Committee Representative and Call Option Sellers' Committee Representative has accepted such designation as of the date hereof. Notwithstanding anything to the contrary contained in this Agreement, no Sellers' Committee, Sellers' Committee Representative, Call Option Sellers' Committee, or Call Option Sellers' Committee Representative shall have any duties or responsibilities except those expressly set forth herein, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on behalf of any Seller or Call Option Seller shall otherwise exist against any Sellers' Committee, Sellers' Committee Representative, Call Option Sellers' Committee, or Call Option Sellers' Committee Representative.

(b) Each such Sellers' Committee Representative and Call Option Sellers' Committee Representative is hereby irrevocably appointed as the agent, proxy and attorney-in-fact for such Seller for all purposes specified in this Agreement, including full power and authority on such Seller's behalf, or Call Option Seller's behalf, as applicable, (i) to take all actions which the Sellers' Committee Representative, or Call Option Sellers' Committee Representative, respectively, considers necessary or desirable in connection with the defense, pursuit or settlement of any determinations relating to any claims for indemnification hereunder, including determinations to sue, defend, negotiate, settle and compromise any such claims for indemnification made by or against, and other disputes with, a Purchaser pursuant to this Agreement or any of the agreements or transactions contemplated hereby, (ii) to engage and employ agents and to incur such other expenses on Seller's or Call Option Sellers' behalf, as applicable, as the Sellers' Committee Representative, or Call Option Sellers' Committee Representative, respectively, shall deem necessary or prudent in connection with the administration of the foregoing, and to deduct the cost and expense thereof from any sums that may become payable to Seller or Call Option Seller, respectively, (iii) to accept and receive notices to the Sellers or Call Option Sellers, as applicable, pursuant to this Agreement, (iv) to execute, on such Seller's behalf, the Indemnity Escrow Agreement and the Closing Certificate, (v) to deliver such Seller's Assignment to the applicable Purchaser at the Closing, and (vi) to take all other actions and exercise all other rights which the Sellers' Committee Representative or Call Option Sellers' Committee Representative, as applicable, considers necessary or appropriate in connection with this Agreement; provided, the action of a majority of the Sellers' Committee Representatives or Call Option Sellers' Committee Representatives, as applicable, with respect to a particular LLC (or Applicable Partnership) shall be required to exercise any of (i) through (vi) above. It is acknowledged and agreed that such agency and proxy are coupled with an interest, and are, therefore, irrevocable without the consent of the Sellers' Committee Representative or Call Option Sellers' Committee Representative, as applicable, and shall survive the death, incapacity, bankruptcy, dissolution or liquidation of any such Seller or Call Option Seller, respectively. All decisions and acts by a majority of the Sellers' Committee or Call Option Sellers' Committee, as applicable, respect to a particular LLC shall be binding upon all of the Sellers of Subject Interests in such LLC (or Applicable Partnership) or Call Option Sellers of Option Interests of such LLC, and no such Seller or Call Option Seller shall have the right to object, dissent, protest or otherwise contest the same.

(c) In the event that a Sellers' Committee Representative (or any successor Sellers' Committee Representative appointed in accordance with this Section 10.21) shall die, become incapacitated or resign, the Sellers who held immediately prior to the Closing no less than a majority of the Subject Interests of the LLC with respect to which such Sellers' Committee Representative was appointed shall designate a successor Sellers' Committee Representative. In the event that an Option Sellers' Committee Representative (or any successor Option Sellers' Committee Representative appointed in accordance with this Section 10.21) shall die, become incapacitated or resign, the Option Sellers who held immediately prior to the Closing no less than a majority of the Option Interests shall designate a successor Option Sellers' Committee Representative;

(d) The Sellers' Committee, or Option Sellers' Committee, as applicable, is authorized to act on behalf of the Sellers of Subject Interests in an LLC (or such LLC's Applicable Partnership), or Option Sellers of Option Interests of an LLC, respectively, notwithstanding any dispute or disagreement among such Sellers or Option Sellers, as applicable, and Purchaser shall be entitled to rely on any and all actions taken by such Sellers' Committee or Option Sellers' Committee, as applicable, without any liability to, or obligation to inquire of, any such Seller or Option Seller, respectively, even if such party shall be aware of any actual or potential dispute or disagreement among such Sellers or Option Sellers, respectively. Purchaser is expressly authorized to rely on the genuineness of the signatures of the Sellers' Committee Representatives and Option Sellers' Committee Representatives and, upon receipt of any writing which reasonably appears to have been signed by the no less than the number of Sellers' Committee Representatives or Option Sellers' Committee Representatives, as applicable, specified in Section 10.22(b) above, Purchaser may act upon the same without any further duty of inquiry as to the genuineness of the writing.

(e) The Sellers' Committee and Option Sellers' Committee shall promptly deliver to a Seller of a Subject Interest in an LLC or Option Seller of Option Interests of, respectively, any notice received by the Sellers' Committee or Option Sellers' Committee on behalf of such Seller or Option Seller.

(f) Neither the Sellers' Committee, Sellers' Committee Representatives, Call Option Sellers' Committee, or Call Option Sellers' Committee Representative nor any agent employed by the Sellers' Committee, Sellers' Committee Representatives, Call Option Sellers' Committee, or Call Option Sellers' Committee Representative shall be liable to any Seller or Option Seller relating to the performance of the Sellers' Committee, Sellers' Committee Representatives, Call Option Sellers' Committee, or Call Option Sellers' Committee Representative's duties under this Agreement for any errors in judgment, negligence, oversight, breach of duty or otherwise, except to the extent it is finally determined in a court of competent jurisdiction by clear and convincing evidence that the actions taken or not taken by a Sellers' Committee Representative or Option Sellers' Committee Representative constituted fraud or were taken or not taken in bad faith. No Sellers' Committee, Sellers' Committee Representatives, Call Option Sellers' Committee, or Call Option Sellers' Committee Representative shall have any liability for acting upon any notice, statement or certificate believed by the Sellers' Committee, Sellers' Committee Representatives, Call Option Sellers' Committee, or Call Option

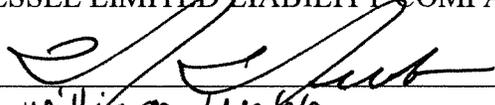
Sellers' Committee Representative to be genuine and to have been furnished by the appropriate person and in acting or refusing to act in good faith on any matter.

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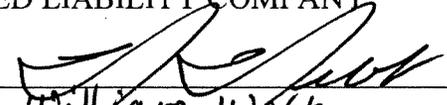
IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

PURCHASERS:

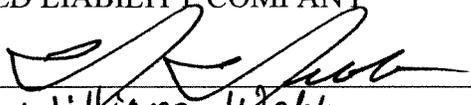
SMBISS BEVERLY HILLS, LLC, A
TENNESSEE LIMITED LIABILITY COMPANY

By: 
Name: William Webb
Title: Chief Development Officer and Senior V.P.

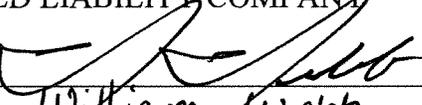
SMBISS ENCINO, LLC, A TENNESSEE
LIMITED LIABILITY COMPANY

By: 
Name: William Webb
Title: Chief Development Officer and Senior V.P.

SMBISS ARCADIA, LLC, A TENNESSEE
LIMITED LIABILITY COMPANY

By: 
Name: William Webb
Title: Chief Development Officer and Senior V.P.

SMBISS IRVINE, LLC, A TENNESSEE
LIMITED LIABILITY COMPANY

By: 
Name: William Webb
Title: Chief Development Officer and Senior V.P.

The undersigned joins herein solely for the purposes of Article VIII hereof.

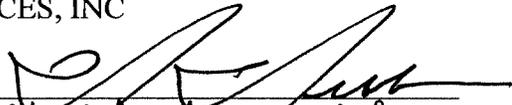
SYMBION AMBULATORY RESOURCE
CENTRES, INC

By: 
Name: William Webb
Title: Chief Development officer
& Sr. V.P.

The undersigned joins herein solely for the purposes of the indemnifications in Article VIII and other provisions hereof and in the MRPA.

SYMBIONARC MANAGEMENT SERVICES, INC

By:



Name: Chief Development Officer & SR. U.P.

Title: William Webb

Specialty Surgical Center, LLC

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:


Signature of Class A Member

Benjamin ARTHUR
Print Name of Class A Member

9201 Sunset Blvd
LA CA 90069

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

R. Clumall m
Signature of Class A Member

ROBERT AVON MA
Print Name of Class A Member

8670 WILSHIRE BLV #202
BEN HILLS, CA 90211
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

[Handwritten Signature]

Signature of Class A Member

EMIL BROWN

Print Name of Class A Member

1233 CORNICA DR

Palmdale CA 90272

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

[Handwritten Signature]
Signature of Class A Member

H LEON BROOKS
Print Name of Class A Member

8670 WILSHIRE BLVD #202
BEVERLY HILLS
CALIFORNIA 90211
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:



Signature of Class A Member

PETER J. CORNELL, M.D.

Print Name of Class A Member

450 N. Bedford

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

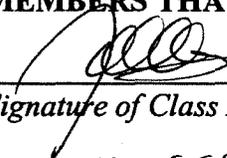
Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:



Signature of Class A Member

MOSES J FALAS MD

Print Name of Class A Member

8670 WILSHIRE
BH CA 90211

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

M. Ganjani
Signature of Class A Member

M. Ganjani
Print Name of Class A Member

8670 Wilshire Blvd, Suite 202
Beverly Hills, CA 90211
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Jay Goldberg
Signature of Class A Member

JAY GOLDBERG
Print Name of Class A Member

818 N. BEVERLY GLEN BLVD.
LOS ANGELES, CA
90077
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Jerome Goldwasser, M.D.
Signature of Class A Member

Jerome Goldwasser, M.D.
Print Name of Class A Member

8635 W. 3rd St. (#970 W)
Los Angeles, Calif. 90048

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Shelley Plush

Signature of Class A Member

Shelley Plush

Print Name of Class A Member

8737 Beverly Blvd #101
LA CA 90048

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

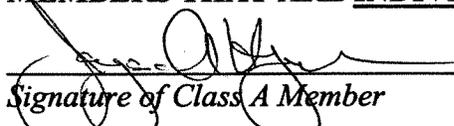
Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:



Signature of Class A Member

Jason Hughes

Print Name of Class A Member

2301 Benedict Canyon Dr
Beverly Hills CA 90210

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

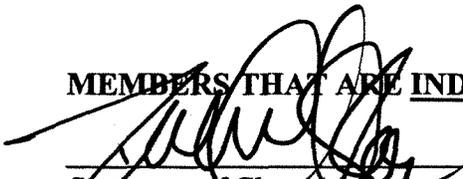
Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:



Signature of Class A Member

Robert K Wapton

Print Name of Class A Member

8737 Beverly Blvd #303

LA CA 90048

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____
Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

J. Macy
Signature of Class A Member

JONATHAN I MACY MD
Print Name of Class A Member

8635 W THIRD STREET
SUITE 360W
LOS ANGELES, CA 90048
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Samuel Market M
Signature of Class A Member

SAMUEL MARKET M
Print Name of Class A Member

228 Market St
VENICE, CA 90291
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

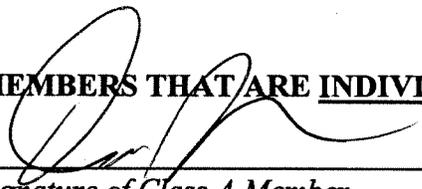
Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:



Signature of Class A Member

DAVID NASSIM

Print Name of Class A Member

8670 Wilshire
Beverly Hills CA 90211

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

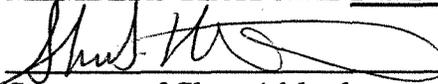
Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:



Signature of Class A Member

SHAWN S. NASSER

Print Name of Class A Member

9663 S. Santa Monica Blvd #788
Beverly Hills CA 90210
(310) 729-3116

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

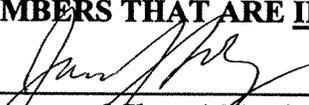
Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:



Signature of Class A Member

JAMES J. SAIZ

Print Name of Class A Member

12561 PROMONTARY RD
LOS ANGELES, CA
90049

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Alan J Selover
Signature of Class A Member

ALAN J SELOVER
Print Name of Class A Member

1140 The STRAND
MANHATTAN BEACH, CA 90266
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

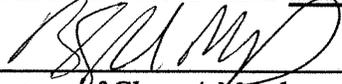
Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:



Signature of Class A Member

Barry S. Seibel
Print Name of Class A Member

956 CHATTANOOGA AVE
PACIFIC PALISADES, CA 90272

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Mitchell Spirtano
Signature of Class A Member

Mitchell Spirtano
Print Name of Class A Member

5015 Roma Court
Martinez del Rey CA 90292
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

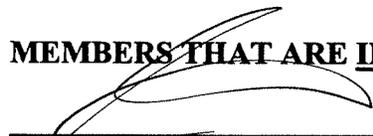
Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:



Signature of Class A Member

Philip E. Werthman MD

Print Name of Class A Member

2080 century park East #902
Los Angeles CA 90067

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:


Signature of Class A Member

KENNETH W. WRIGHT
Print Name of Class A Member

520 S. San Vicente Blvd.
Los Angeles, CA 90018
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust
Michel & Aida Babajanian
1999 irrevocable family Trust

By: *Michel Babajanian*

Name (Please Print): *MICHEL BABAJANIAN*

Title (Please Print): *Trustee*

2080 CENTURY PARK EAST
SUITE 1700
Los Angeles Ca 900 67
Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust
Sam Batschman, AMC.

By: _____

Name (Please Print): *Sam Batschman, A Member Corp*
Title (Please Print): *President*

8670 Wilshire Blvd # 202.
BH CA 90211

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*
Brooks Family Trust

By: _____
Andrew Brooks

Name (Please Print): _____
Andrew Brooks

Title (Please Print): _____

14159 Beresford Rd
Beverly Hills, Ca, 90210

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

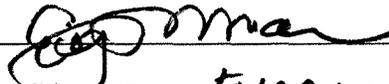
Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust

EUGENE G. FLAUM MD DUC - 1
EUGENE G. FLAUM MD PSA

By: 

Name (Please Print): EUGENE FLAUM

Title (Please Print): president
trustee

8631 W. 3rd St. Suite #625 E
Los Angeles, CA 90048

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name of Entity/Trust
FOXHOPBAUER TRUST DAD R/3/98

By: John D. Hoffbauer / Laura Fox

Name (Please Print): DAN D. HOFBAUER

Title (Please Print): TRUSTEE LAURA FOX

416 N. Bedford Drive, Suite 300
Beverly Hills, CA 90210

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

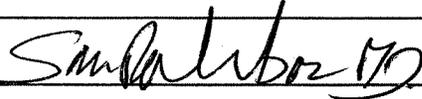
Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of GIZMO Entity Trust
FARSHID SAM RAHBAR, TRUSTEE

By: 

Name (Please Print): _____

Title (Please Print): M.D.

FARSHID SAM RAHBAR

Address of Class A Member for Notices

 ^{MD} Sam Rahbar
639 S. Burlingame Ave.
Los Angeles, CA 90049-4827

Michael Roub

From: Michael Roub
Sent: Friday, September 16, 2005 10:49 AM
To: drrahbar@drrahbar.com
Subject: Symbion Request

Dr. Rahbar,

I was asked to finalize some open issues from the transaction document. Can you please respond to the following comment, so the necessary steps can be taken to resolve? In order to avoid any misunderstanding, I am quoting Symbion's request directly.

"Gizmo Trust dated 8/12/98 c/o Farshid S. Rahbar-Farshid's wife executed all of the Encino documents, other than the Operating Agreement, but she did not execute the Beverly Hills documents. Please confirm that she is not a co-trustee and her signature is not required. If her signature is required, we will need to get her to execute the Encino Operating Agreement and all of the Beverly Hills documents."

If your wife is not a co-trustee, it would be best if you state as such on your letterhead. You could then email or fax this back to me. If she is a co-trustee, please let me know, so that they can forward the appropriate documents for your wife to sign.

Thank you,
Michael Roub
Administrator
SPECIALTY SURGICAL CENTER
(818) 907-1099 Office
(818) 474-8518 Fax
(818) 730-1199 Cell

"Setting New Standards"

Please visit us at:
www.specialtysurgical.com

Some is not

a trustee

no need for
her to sign

Shahmoradian

3

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name of Entity/Trust
The Gross Family Trust

dated January 28, 1993

By: Robert A. Gross, Trustee

Name (Please Print): Robert A. Gross

Title (Please Print): Trustee

3831 Hughes Avenue #706

Cummin City, Iowa

50232

Address of Class A Member for Notices

by [Signature]
Margorie Gross
Trustee

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*
The Gross Family Trust
dated January 28, 1993

By: Robert A. Gross, Trustee

Name (Please Print): Robert A. Gross

Title (Please Print): Trustee

3831 Hughes Avenue #706
Culver City, Ca 90232

Address of Class A Member for Notices

7/15/75

Randhir—

I am voting for
the sale of $\frac{1}{2}$ of my shares
to Symbion — and am
hopeful that I filled in
all forms correctly.

If you get a moment
please e-mail me that
you received this packet

Thank
Robert A. Lewis

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*
GARY H. Hoffman m d inc

By: Gary H. Hoffman

Name (Please Print): Gary H. Hoffman m d
Title (Please Print): President

9400 Brightonway
Suite 307
Ber. Hills, Ca 90210
Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name Meridian Hoffman MD Inc. of Hoffman Entity/Trust

By: Norman Hoffman

Name (Please Print): Norman Hoffman

Title (Please Print): _____

President
9400 Brighton way
Berkeley CA 94702

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust
Robert F. Katz & Jacqueline Katz
revocable trust

By: Robert F. Katz Jacqueline Katz

Name (Please Print): Robert F. Katz ms
Title (Please Print): Trustee

8920 Wilshire Blvd, Suite 511
Beverly Hills, CA 90211

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name THOMAS SOKOL of Entity/Trust
THE THOMAS S LEONIE SOKOL
FAMILY TRUST DATED 6/6/96

By: [Signature]

Name (Please Print): THOMAS P. SOKOL

Title (Please Print): TRUSTEE

9855 SAN CIRCLE
BEVERLY HILLS CA 90210

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

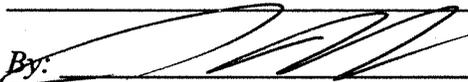
Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name DAVID ROSENFELO of DAVID B ROSENFELO MD INC
PRESIDENT Entity/Trust

By: 

Name (Please Print): DAVID B. ROSENFELO

Title (Please Print): PRESIDENT

8737 BEVERLY BOULEVARD #402
LOS ANGELES, CA 90048

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name of Entity/Trust
SEELIG FAMILY TRUST
DATED DECEMBER 31ST, 1992

By: _____ *Gail Seelig*

Name (Please Print): SAMUELA SEELIG *GAIL SEELIG*
Title (Please Print): TRUSTEE *TRUSTEE*

6962 GRASSWOOD AVE
MAUNING, CA 90265

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

SEELE FAMILY TRUST
DATED DECEMBER 31ST, 1992

By: _____

Name (Please Print): SAMUELA SEELE

Title (Please Print): TRUSTEE

6962 GRASSWOOD AVE
MALIBU, CA 90265

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*
Share family Trust of 2000

By: _____
Edward J. Shea

Name (Please Print): _____
Edward J. Shea

Title (Please Print): _____
Trustee

238 Peck Drive

Beverly Hills CA 90212

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust
Michael D. Smith MD
A Medical Corporate

By: *Michael D. Smith MD*

Name (Please Print): *Michael D Smith, MD*
Title (Please Print): *Physician*

16916 Downside Place
Encino, CA 91436

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*
The Randhir S. Tuli & Sonia
Tuli Family Ltd Partnership Member
one

By: 

Name (Please Print): Randhir S. Tuli
Title (Please Print): Partner

19248 Allandale Dr.
Tarzana, Ca, 91356

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

WOOLF FAMILY TRUST

By: _____
J. Woolf

Name (Please Print): _____
G. WOOLF

Title (Please Print): _____
J. WOOLF

OWNERS

129 N. ANITA AVE

LA, CA 91049

Address of Class A Member for Notices

Specialty Surgical Center of Encino, LLC

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

David H. Aizuss
Signature of Class A Member

DAVID H. AIZUSS
Print Name of Class A Member

5415 N. Fremantle Lane
Calabasas CA 91302
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:


Signature of Class A Member

Ron J. Bahar, MD
Print Name of Class A Member

17651 Corinthian Drive
Encino, CA 91316

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

[Handwritten Signature]
Signature of Class A Member

Sumit Ben-Ojer
Print Name of Class A Member

18370 Burbank Blvd #514
Tarzana CA 91356

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name *of* *Entity/Trust*

By: _____

Name (Please Print): _____

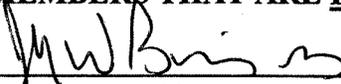
Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

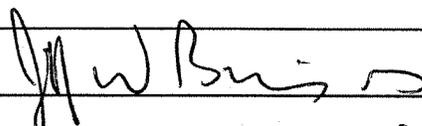

Signature of Class A Member

JEFFREY W BIARS MA
Print Name of Class A Member

5400 BALBOA BLVD #126
ENCINO, CA 91316
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name of Entity/Trust
BIARS FAMILY TRUST DTD 4/24/91

By: 

Name (Please Print): JEFFREY W BIARS MA
Title (Please Print): TRUSTEE

5400 BALBOA BLVD #126
ENCINO, CALIF 91316
Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:


Signature of Class A Member

Kenneth Bucy
Print Name of Class A Member

2384 Brookshire Lane
Los Angeles, CA 90077
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

[Handwritten Signature]
Signature of Class A Member

MUDJIANTO CHANDRA
Print Name of Class A Member

18370 BURBANK BLVD, # 607
TARZANA, CA 91356
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Nagraj M. Chetty MD
Signature of Class A Member

NAGARAJ M. CHETTY
Print Name of Class A Member

22418 - South Summit Ridge Circle
Chatsworth CA 91311
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:



Signature of Class A Member

RON CHITAYAT

Print Name of Class A Member

7320 Woodlake Ave #260
West Hills
CALIF 91307

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Stephen Cooper
Signature of Class A Member

STEPHEN COOPER, MD
Print Name of Class A Member

18399 Ventura Blvd. #248
TARZANA, CALIF. 91356
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:



Signature of Class A Member

Brad Elkins

Print Name of Class A Member

3319 Via Verde Ct.
Calabasas, CA 91302

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers to Neil Fagen, M.D., all right, title and interest in and to all shares of equity interest other interests held by the undersigned in Specialty Surgical Center of Encino, LLC, a California limited liability company.

Dated _____, 2005.



Neil Fagen M.D., Inc.

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Marcos Feiderman
Signature of Class A Member

MARCOS FEIDERMAN
Print Name of Class A Member

24712 VANTAGE POINT TERRACE
NAUBU, CALIF, 90265
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Maurice Gourdjic MD
Signature of Class A Member

MAURICE GOURDJI
Print Name of Class A Member

2132 Century Park Ln #312
L.A. Ca 90067
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Charles N. Headridge MD
Signature of Class A Member

Charles N. Headridge MD
Print Name of Class A Member

5400 Balboa Blvd #324
ENCINO, CA
91316
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

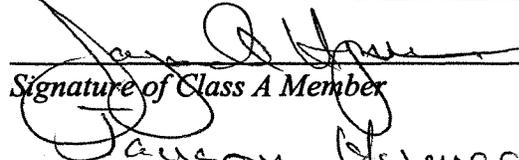
Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:



Signature of Class A Member

Jason James

Print Name of Class A Member

2301 Benedict Canyon Dr
Beverly Hills CA 90210

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Lucien R. Jacobs
Signature of Class A Member

Lucien R. Jacobs, MD
Print Name of Class A Member

5051 Oakdale Avenue
Woodland Hills, CA 91364
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Darcy / Mary
Signature of Class A Member

Douglas T. Morrow M.D.
Print Name of Class A Member

18370 Durban Blvd #607
Tarzana, CA 91356
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

DOUGLAS J. MORROW, M.D., INC.

18370 BURBANK BOULEVARD, SUITE 607
TARZANA, CALIFORNIA 91356
TELEPHONE (818) 708-1004
FAX (818) 342-2141

DIPLOMATE AMERICAN BOARD OF SURGERY

TO: MICHAEL ROUB
FAX#: 818-474-8518

ADDRESS INFORMATION FOR DOUGLAS J. MORROW, M.D.:
18370 BURBANK BLVD #607
TARZANA, CA 91356
PHONE# 818-708-1004
FAX# 818-342-2141

THANK YOU

Doug J. Morrow

DOUGLAS J. MORROW, M.D.

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Steven Sapkin, D.D.
Signature of Class A Member

STEVEN SAPKIN, M.D.
Print Name of Class A Member

5400 BALBOA BLVD, STE 324
ENCINO, CA 91316
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Allen J Selner
Signature of Class A Member

ALLEN J SELNER
Print Name of Class A Member

1190 THE STRAND
MANHATTAN BEACH, CALIF 90286
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:


Signature of Class A Member

Shrinu Sohail Shrayk
Print Name of Class A Member

3839 Saddleback Lane
Cherry Hill, CA 91403
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Michael P. Huff
Signature of Class A Member

Michael I Huff Mr
Print Name of Class A Member

5134 Block
Valley View Ca 91611
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Vikram Singh

Signature of Class A Member

VIKRAM SINGH

Print Name of Class A Member

7325 MEDICAL CENTER DR

SUITE 206

WEST HILLS CA 91307

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Mark F Tsai, M.D.
Signature of Class A Member

Mark F Tsai, M.D.
Print Name of Class A Member

18350 Roscoe Blvd. #210
Northridge, CA 91325
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

JOINT TENANT
Barbara Wellisch
MARKET WELLISCH

MEMBERS THAT ARE INDIVIDUALS:

Mark Wellisch JOINT TENANT
Signature of Class A Member

MARK WELLSCH
Print Name of Class A Member

16511 VENTURA BL #800
ENCINO CA 91436

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust

By: _____

Name (Please Print): _____

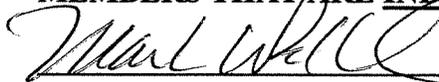
Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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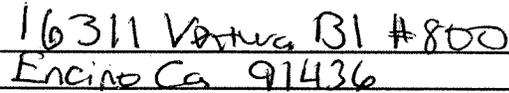
MEMBERS THAT ARE INDIVIDUALS:



Signature of Class A Member



Print Name of Class A Member



Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Raymond Wong 
Signature of Class A Member

KAREN N. WONG & Tye Arzumian LLC
Print Name of Class A Member

5620 Wilbur Ave # 216
Tarzana CA 91356
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name Karen N. Wong Entity/Trust

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

LIMITED POWER OF ATTORNEY

THE OJZOUNIAN ("Principal"), domiciled and residing in the state of California, hereby designates ICARYN WONG ("AGENT"), as his/her attorney-in-fact for the limited purposes designated hereinafter.

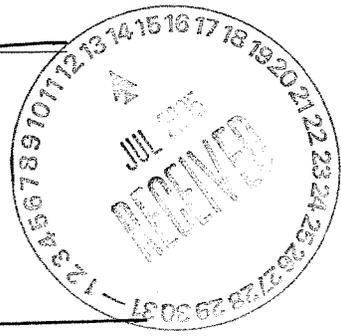
Principal is the owner of a membership interest (the "Interest") in Specialty Surgical Center of Encino, LLC (the "Company"). Symbion Ambulatory Resource Centres, Inc. and Affiliates (collectively, "Buyer") have offered to purchase a portion of Principal's Interest pursuant to a purchase agreement among, *inter alia*, the members of the Company and Buyer. A condition to Buyer's purchase is the Company's members' approval of amendment of the Company's Operating Agreement (the "Operating Agreement"). Principal desires AGENT to serve as his or her attorney-in-fact in all matters relating to the sale to Buyer of the Interest (the "Transaction"), including without limitation execution of a purchase agreement and related documents with Buyer on such terms as may be acceptable to AGENT, and execution of a consent to amendment of the Operating Agreement on such terms as may be acceptable to AGENT. AGENT has agreed to serve as Principal's attorney-in-fact for that limited purpose. All net proceeds of the Transaction which are due to Principal at the closing shall be paid directly to Principal and shall not be disbursed to AGENT.

As Principal's attorney-in-fact, AGENT shall have full power and absolute authority to make all decisions and take whatever action AGENT deems advisable in connection with the Transaction. Without limiting the foregoing, AGENT shall have full power, right and authority to sign on Principal's behalf any and all purchase agreements, bills of sale, consents, assignments, indemnity agreements and any other documentation whatsoever required by Buyer or by any other party in connection with the Transaction and to make decisions and take actions required to close the Transaction. This power of attorney shall become effective immediately and shall terminate upon the closing of the Transaction. This power of attorney may only be revoked, suspended or terminated by delivery of written notice from Principal to AGENT.

AGENT and all persons dealing with AGENT, including Buyer, shall be entitled to rely upon this power of attorney so long as neither AGENT nor any person with whom AGENT is dealing at the time of any act taken pursuant to this power of attorney shall have received actual knowledge or actual notice of any revocation, suspension or termination of this power of attorney. Any action so taken, unless otherwise invalid or unenforceable, shall be binding on the heirs, devisees, legatees and personal representative of Principal. In addition, third parties shall be entitled to rely upon a photocopy of the signed original power of attorney as opposed to a certified copy of the same. The laws of the state of California shall govern this power of attorney.

Dated this 13 day of July, 2005.

[Handwritten signature]



WITNESSES

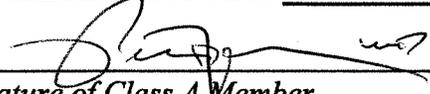
Carmen Fern
Carmen Fern

Gabriela Meza
Gabriela Meza

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:


Signature of Class A Member

Peter D. Zeegen M.D.
Print Name of Class A Member

229 Oceano Dr
Los Angeles, Ca
90049
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust
Brooks Family Trust

By: _____ *Andrew Brooks*

Name (Please Print): _____ *Andrew Brooks*

Title (Please Print): _____

14159 Beresford Rd
Beverly Hills, CA 90210

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust
Brooks Family Trust

By: _____ Andrew Brooks - Trustee

Name (Please Print): _____ Andrew Brooks

Title (Please Print): _____

14159 Beresford Rd
Beverly Hills, CA 90211

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

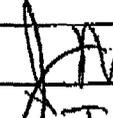
Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name of Entity/Trust
The Friedland Family Trust

By:  Jerome R. Friedland
Felicia Friedland

Name (Please Print): Jerome R. Friedland MD
Title (Please Print): Trustee Co-Trustee

18039 Sherman Way
Redondo, CA 91335

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*
The Friedland Family Trust

By: _____

Name (Please Print): *Jerome R. Friedland MD*

Title (Please Print): _____

18039 Sherman Way
Redwood, CA 91335

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

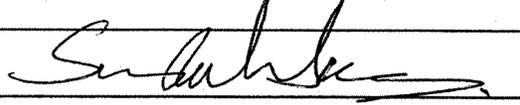
Signature of Class A Member

Print Name of Class A Member

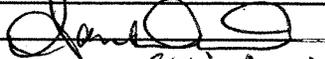
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of GIZMO Entity (Trust)
FARSHID SAM RAHBAR, TRUSTEE

By: 

Name (Please Print): FARSHID SAM RAHBAR

Title (Please Print): 
Trustee SOUTH CALIFORNIA

Address of Class A Member for Notices

639 SOUTH BURLINGAME AVE
Los Angeles CA 90049

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name of Entity/Trust
KENNETH S. HEPPS AND JODY B. HEPPS AS TRUSTEES OF THE
HEPPS FAMILY TRUST, DATED 12/19/02

By: *[Signature]* *[Signature]*

Name (Please Print): KENNETH S. HEPPS Jody B. Hepps

Title (Please Print): TRUSTEE Trustee

ADDRESS

3473 CORONA DR
CAROLINA, CA 9302

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name of Entity/Trust
KENNETH S. HEPPS AND JODY B HEPPS, AS TRUSTEES OF THE
HEPPS FAMILY TRUST, DATED 12/19/02

By: _____

Name (Please Print): KENNETH S HEPPS

Title (Please Print): TRUSTEE

ADDRESS

3473 CORDOVA DR
CALABASAS, CA 91302

Address of Class A Member for Notices

W02-SD:DRF51382824.20

-58-

Address of Class A Member for Notices
 10652, KATHAVAN AVE
 NORTHADGE
 CA 91326

Name of Entry/Trust: THE SAGANIS TRUST
 DATED MARCH 3, 1997
 By: Piyush K. Joganim Bindu Joganim
 Name (Please Print): Piyush K. Joganim
 Title (Please Print): TRUSTEE

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Signature of Class A Member
 Print Name of Class A Member
 Address of Class A Member for Notices

MEMBERS THAT ARE INDIVIDUALS:

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT
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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*
THE JOGANI TRUST,
DATED MARCH 3, 1997

By: Piyush K. Jogan

Name (Please Print): PIYUSH K. JOGANI

Title (Please Print): _____

TRUSTEE

Address of Class A Member for Notices

10652, RATHBURN AVE
NORTHRIDGE
CA 91326

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*
The Amended and Restated
Kuhene-Baskin Family TRUST 3/26/07

By: *Mark A. Baskin*

Name (Please Print): *MARK A. BASKIN*
Title (Please Print): *TRUSTEE*

7397 Rotherford Hill Dr
West Hill CA 91307

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*
THE KERNER FAMILY TRUST

By: MARC M. KERNER, TRUSTEE 

Name (Please Print): MARC M. KERNER

Title (Please Print): TRUSTEE

19324 SANTA RITA ST.
TARZANA, CA 91356

Address of Class A Member for Notices

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*
Michael and Erica Landman trust

By: _____
Name (Please Print): Michael D. Landman
Title (Please Print): Trustee

5525 Etiwanda Ave. #312
Towson, CA 91356

Address of Class A Member for Notices

Erica Landman
ERICA LANDMAN
TRUSTEE

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust
Michael and Erica Landman trust

By:  _____

Name (Please Print): *Michael D. Landman*

Title (Please Print): *Trustee*

5525 Etiwanda Ave, #312
Tarzana, CA 91356

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS: 7-10-05.

Name _____ of _____ Entity/Trust
GUSTAVO A. MACHICADO AND DONNA J. MACHICADO,
CO-TRUSTEES OF THE GUSTAVO A MACHICADO AND
DONNA J MACHICADO FAMILY TRUST
By: Gustavo Machicado, M.D.

Name (Please Print): GUSTAVO A. MACHICADO
Title (Please Print): TRUSTEE

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS: 7-16-05.

Name _____ of _____ Entity/Trust
GUSTAVO A. MACHICADO AND DONNA T. MACHICADO
CO-TRUSTEES OF THE GUSTAVO A. MACHICADO AND
DONNA T. MACHICADO FAMILY TRUST

By: Gustavo Machicado, M.D.
Donna Machicado

Name (Please Print): GUSTAVO A. MACHICADO

Title (Please Print): TRUSTEE / TRUSTEE

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: Michael Lee

Name (Please Print): ML Family Trust

Title (Please Print): Trustee

23431 Bessemer Street
Woodland Hills CA 91367

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust
Parthenon Management Partners LLC

By: *[Signature]*

Name (Please Print): *Randhi S. Tuli*
Title (Please Print): *Managing Member*

19248 Allandale Dr.
Tarzana, Ca 91356

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust
Specialty Surgical Center, LLC

By:  _____

Name (Please Print): *RANDHIR S. TULI*

Title (Please Print): *MANAGING PARTNER*

*8670, WILSHIRE BLVD., #301
BEVERLY HILLS, CA 90211*

Address of Class A Member for Notices

*Andrew Brooks
Managing Partner*

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

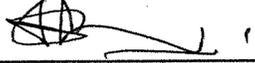
Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust
The Randhir S. Tuli & Sonal Tuli Family
Limited Partnership Number One

By:  _____

Name (Please Print): *Randhir S. Tuli*

Title (Please Print): *Partner*

19248 Allandale Dr.
Tarzana, Ca 91356

Address of Class A Member for Notices

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

Jean D. Vener m
Corporate Employee Retirement Plan

By: _____

Name (Please Print): Jean D Vener m

Title (Please Print): president

2310 Sherman Place #310
West Hill, CA 94307

Address of Class A Member for Notices

Specialty Surgical Center of Irvine, LLC

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Andrew Brooks
Signature of Class A Member

Andrew Brooks
Print Name of Class A Member

14159 Beresford Rd
Beverly Hills, Ca 90210
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

Michael T. Coccia
Signature of Class A Member

Michael T. Coccia
Print Name of Class A Member

24291 Cascades Drive
Laguna Niguel, CA
92677
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

Exhibit

Note: The "Purchaser" of Subject Interests in Specialty Surgical Center of Irvine, LLC and Specialty Surgical Center of Irvine, L.P. shall be SMBISS-Irvine, LLC.

\$	48,881,976	Gross Purchase Price (All Entities)
\$	846,996	Gross Purchase Price (RV)
\$	57,649	Gross Purchase Price Per Unit Sold - Doctor Partners (Assumes sale of 16.18 Units or 19.00% sale)
\$	33,371	Gross Purchase Price Per Unit Sold - Managing Partners (Assumes sale of 16.18 Units or 19.00% sale)
\$	750,000	Indemnity escrow for all facilities

	Current Units in LLC or LP Interest	Units Sold	Gross Purchase Price (Units)	Fees & Expenses	Promote Fee	Individual Escrow Amount	Cash at Closing	Option Payments (1)	Net Proceeds (2)
Irvine (Record Owner)	89,000	16.18	\$ 846,996	\$ (42,513)	\$ -	\$ (12,996)	\$ 791,488		
Randhir S. Tuli	15	2.85	\$ 95,107	\$ (4,774)	\$ -	\$ (1,459)	\$ 98,421		\$ 95,107
Andrew A. Brooks	14	1.93	\$ 64,466	\$ (3,236)	\$ -	\$ (989)	\$ 66,713		\$ 64,466
Karim Abdollahi, MD, Inc.	4	0.76	\$ 43,828	\$ (2,200)	\$ -	\$ (672)	\$ 45,356		\$ 43,828
David A. Chamberlin	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Martin E. Eisner, MD, Inc.	2	0.38	\$ 21,914	\$ (1,100)	\$ -	\$ (336)	\$ 22,678		\$ 21,914
Institute for Orthopaedics & Upper Extremity Surgery, A Medical Group Inc.	4	0.76	\$ 43,828	\$ (2,200)	\$ -	\$ (672)	\$ 45,356		\$ 43,828
Michael J. Gillman, MD, Inc.	5	0.95	\$ 54,785	\$ (2,750)	\$ -	\$ (841)	\$ 56,695		\$ 54,785
Kenneth R. Grabow	5	0.95	\$ 54,785	\$ (2,750)	\$ -	\$ (841)	\$ 56,695		\$ 54,785
Bradley Greenbaum	7	1.33	\$ 76,699	\$ (3,850)	\$ -	\$ (1,177)	\$ 79,372		\$ 76,699
Michael H. Lowenstein	5	0.95	\$ 54,785	\$ (2,750)	\$ -	\$ (841)	\$ 56,695		\$ 54,785
Harshad D. Patel	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Jay Rindenu	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Leslie K. Shokes, MD	1	0.19	\$ 10,957	\$ (550)	\$ -	\$ (168)	\$ 11,339		\$ 10,957
Kenneth H. Wright and Donna White Wright	2	0.38	\$ 21,914	\$ (1,100)	\$ -	\$ (336)	\$ 22,678		\$ 21,914
Zuckerman Living Trust	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Coastal Access Preservation Fund	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Khiem D. Dao, MD, Inc.	4	0.76	\$ 43,828	\$ (2,200)	\$ -	\$ (672)	\$ 45,356		\$ 43,828
The Chang Family Trust	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Michael Coccia	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Total - LLC	89,000	16.18	\$ 816,996	\$ (41,007)	\$ -	\$ (12,535)	\$ 845,469		\$ 816,996
SSC of Irvine, L.P.									
Andrew A. Brooks, M.D.	NA	NA	\$ 30,000	\$ (1,506)	\$ -	\$ (20)	\$ 28,474		\$ 30,000

sell only 5% Michael T. Coccia
Michael J. Coccia

Footnotes

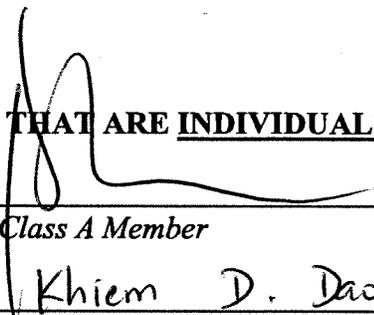
(2) Payable under the Option Purchase Agreements

(3) Pursuant to section 8.5 of the Purchase Agreement, Net Proceeds is calculated as "Gross Purchase Price" +/- "Promote Fee"

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:



Signature of Class A Member

Khiem D. Dao

Print Name of Class A Member

16401 Magnolia St, #108
Westminster CA 92683

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

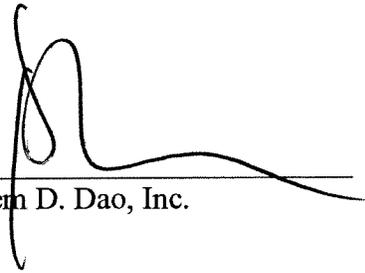
Title (Please Print): _____

Address of Class A Member for Notices

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers to Khiem D. Dao, M.D., all right, title and interest in and to all shares of equity interest other interests held by the undersigned in Specialty Surgical Center of Irvine, LLC, a California limited liability company.

Dated 7/21, 2005.



Khiem D. Dao, Inc.

CONSENT

THIS CONSENT is given as of June 14, 2005 by each of the undersigned members of Specialty Surgical Center of Irvine, LLC, a California limited liability company (the "**Company**"), with reference to the following facts:

A. Under Article 7 of the Operating Agreement of the Company (the "**Operating Agreement**"), no Member of the Company is permitted to transfer in any way all or any part of such Member's Membership Interest in the Company except with a Majority Vote of the non-transferring Members.

B. Article 7 of the Operating Agreement also provides that the transferring Member must provide the Company with a right of first refusal to purchase the Membership Interest sought to be transferred.

C. The undersigned Members desire to (a) consent to the transfer of the Membership Interests described below and (b) waive their rights of first refusal with respect to any such transfers.

D. Capitalized terms used in this Consent and not defined in this Consent shall have the meanings given to such terms in the Operating Agreement.

NOW, THEREFORE, the undersigned hereby agree and consent as follows:

1. **Consent to Transfer.** The undersigned hereby consent to the transfer of the following Membership Interests:

Transferor	Units or Percentage Interest to be Transferred	Transferee
Khiem D. Dao M.D.Inc.	4 units	Khiem D. Dao

2. **Waiver of Right of First Refusal.** The undersigned hereby waive any rights of first refusal they or the Company may have with respect to the above transfers.

3. **Conditions to Effectiveness.** The foregoing consents and waivers are subject to (a) this Consent being executed by at least a majority of the Members of the Company, without regard to the Percentage Interests held by each Member, and (b) the transferee complying with the requirements of Section 7.2 of the Operating Agreement in order to have such transferee become a substitute member of the Company.

4. **Counterparts; Facsimile Signatures.** This Consent may be executed in multiple counterparts, each of which shall be deemed an original and all of which shall constitute one Consent. This Consent may be executed by any party by delivery of a facsimile signature, which signature shall have the same force and effect as an original signature.

5. **IN WITNESS WHEREOF**, the undersigned have executed this Consent as of the date set forth above.

Andrew A. Brooks, M.D., F.A.C.S.



Karim Abdollahi, M.D.

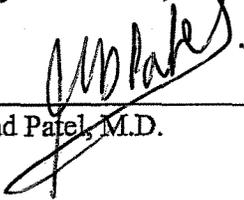
Martin Eisner, M.D.



Michael Gillman, M.D.

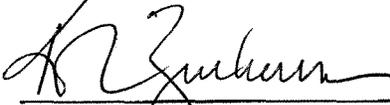


Bradley Greenbaum, M.D.



Harshad Patel, M.D.

Leslie Shokes, M.D.

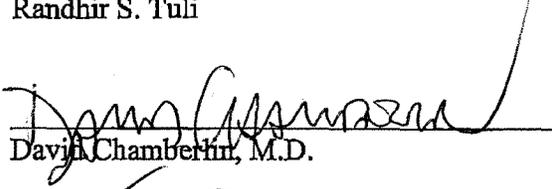


Kenneth Zuckerman, M.D.



Steven Chang, M.D.

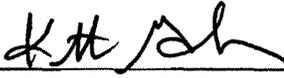
Randhir S. Tuli



David Chamberlin, M.D.



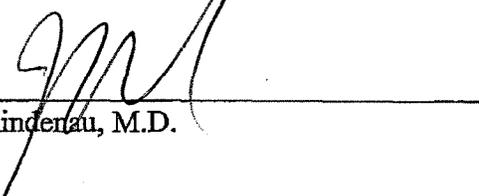
Navid Ghalambor, M.D.



Kenneth Grabow, M.D.

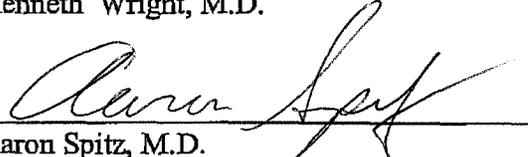


Michael Lowenstein, M.D.



Jay Rinderau, M.D.

Kenneth Wright, M.D.



Aaron Spitz, M.D.

Michael Coccia, M.D.

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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unsub

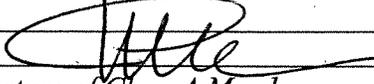
<p>Execution is conditioned on a change to Exhibit A to reflect a sale of 5% interest in Specialty Surgical Center of Irvine, LLC but such member.</p>	<p>MEMBERS THAT ARE INDIVIDUALS:</p>
	<p><i>[Signature]</i> Signature of Class A Member</p>
	<p><i>DAVID GHALAMBOUR</i> Print Name of Class A Member</p>
	<p>18 HIGHPOINT NEWPORT COAST CA 92657 Address of Class A Member for Notices</p>

The Institute for Orthopaedics & Upper Extremity Surgery, a Medical Group Inc.

<p>Execution is conditioned on a change to Exhibit A to reflect a sale of 5% interest in Specialty Surgical Center of Irvine, LLC but such member.</p>	<p>MEMBERS THAT ARE ENTITIES OR TRUSTS:</p>
	<p><i>unsub</i> Name of Entity/Trust <i>THE GHALAMBOUR REVOCABLE TRUST</i></p>
	<p><i>The Institute for Orthopaedics & Upper Extremity Surgery, a Medical Group Inc.</i> By: _____</p>
	<p>Name (Please Print): <i>DAVID GHALAMBOUR</i> Title (Please Print): <i>President</i></p>
	<p><i>18 Highpoint Newport Coast CA 92657</i> Address of Class A Member for Notices</p>

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

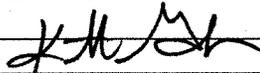
[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

	MEMBERS THAT ARE <u>INDIVIDUALS</u>:
Execution is conditioned on a change to Exhibit A to reflect a sale of <u>5</u> % interest in Specialty Surgical Center of Irvine, LLC but such member.	 _____ <i>Signature of Class A Member</i>
	<u>DAVID GALAMBOR</u> _____ <i>Print Name of Class A Member</i>
	<u>18 HIGHPOINT</u> <u>NEWPORT COAST CA</u> <u>92657</u> _____ <i>Address of Class A Member for Notices</i>

	MEMBERS THAT ARE <u>ENTITIES OR TRUSTS</u>:
Execution is conditioned on a change to Exhibit A to reflect a sale of ___ % interest in Specialty Surgical Center of Irvine, LLC but such member.	<u>Name of Entity/Trust</u> _____ _____
	By: _____
	Name (Please Print): _____ Title (Please Print): _____
	_____ _____ _____ _____ <i>Address of Class A Member for Notices</i>

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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	MEMBERS THAT ARE <u>INDIVIDUALS</u>:
Execution is conditioned on a change to Exhibit A to reflect a sale of <u>5</u> % interest in Specialty Surgical Center of Irvine, LLC but such member.	<u></u> <i>Signature of Class A Member</i>
	<u>Kenneth Grabow</u> <i>Print Name of Class A Member</i>
	<u>3334 E. Coast Hwy, #442</u> <u>Coronado Mar CA 92625</u> <i>Address of Class A Member for Notices</i>

	MEMBERS THAT ARE <u>ENTITIES OR TRUSTS</u>:
Execution is conditioned on a change to Exhibit A to reflect a sale of ___ % interest in Specialty Surgical Center of Irvine, LLC but such member.	<u>Name of Entity/Trust</u> _____ _____
	By: _____
	Name (Please Print): _____ Title (Please Print): _____
	_____ _____ <i>Address of Class A Member for Notices</i>

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

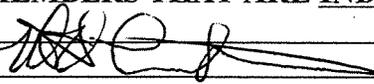
[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

	MEMBERS THAT ARE <u>INDIVIDUALS</u>:
Execution is conditioned on a change to Exhibit A to reflect a sale of <u>5</u> % interest in Specialty Surgical Center of Irvine, LLC but such member.	 <i>Signature of Class A Member</i>
	<u>Bradley Greenbaum, MD</u> <i>Print Name of Class A Member</i>
	<u>12180 Glines Court</u> <u>Tustin, CA 92782</u> <i>Address of Class A Member for Notices</i>

	MEMBERS THAT ARE <u>ENTITIES OR TRUSTS</u>:
Execution is conditioned on a change to Exhibit A to reflect a sale of ___ % interest in Specialty Surgical Center of Irvine, LLC but such member.	<i>Name of Entity/Trust</i> _____ _____
	<i>By:</i> _____
	<i>Name (Please Print):</i> _____ <i>Title (Please Print):</i> _____
	_____ _____ <i>Address of Class A Member for Notices</i>

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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	MEMBERS THAT ARE <u>INDIVIDUALS</u>:
Execution is conditioned on a change to Exhibit A to reflect a sale of <u>5</u> % interest in Specialty Surgical Center of Irvine, LLC but such member.	 <i>Signature of Class A Member</i>
	<u>MICHAEL H. LOWENSTEIN</u> <i>Print Name of Class A Member</i>
	<u>523 20TH STREET</u> <u>HUNTINGTON BEACH, CA 92648</u> <i>Address of Class A Member for Notices</i>

	MEMBERS THAT ARE <u>ENTITIES OR TRUSTS</u>:
Execution is conditioned on a change to Exhibit A to reflect a sale of ___ % interest in Specialty Surgical Center of Irvine, LLC but such member.	<i>Name of Entity/Trust</i> _____ _____
	<i>By:</i> _____
	<i>Name (Please Print):</i> _____ <i>Title (Please Print):</i> _____
	_____ _____ <i>Address of Class A Member for Notices</i>

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

[Signature]
Signature of Class A Member

HARSH D. PATEL
Print Name of Class A Member

206 SHADOW OAKS
IRVING - CA 92618
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

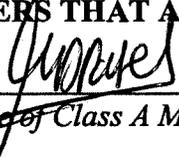
Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:



Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

2/24/01 A
Note: The "Purchase" of a fund interest is specified in Schedule B, Item 1, of the Schedule K-1, Form 1099-DIV, LLC.
Gross Purchase Price (AD End) \$100,000.00
Gross Purchase Price (AD End) \$100,000.00
Gross Purchase Price for Unit sold - Double Payment (assumes sale of 10.1) Units of 10,000 units
Gross Purchase Price for Unit sold - Managing Partner (assumes sale of 10.1) Units of 10,000 units
Gross Purchase Price for all interests

From (Account Owner)	Current Value in LLC or LP Interest	Units sold	Gross Purchase Price (Gross)	Fee & Expense	Protable Fee	Individual Expense Account	Costs in Change	Option Payment (I)	Net Proceeds (II)
11	19,000	16.18	\$46,995	(\$2,510)	0	(\$2,510)	791,488	0	\$1,000
Kadly S. Teif		3.85	\$9,107	(\$334)	0	(\$334)	\$8,421	0	\$8,421
Andrew A. Sirocki		1.93	\$4,466	(\$170)	0	(\$170)	\$4,156	0	\$4,156
Karin Abdallah MD, Inc.		0.78	\$1,871	(\$69)	0	(\$69)	\$1,702	0	\$1,702
David A. Casanovi		0.38	\$941	(\$35)	0	(\$35)	\$866	0	\$866
Merid E. Brown, MD, Inc.		0.38	\$941	(\$35)	0	(\$35)	\$866	0	\$866
Institute for Orthopedics & Upper Extremity Surgery, A		0.70	\$1,713	(\$65)	0	(\$65)	\$1,588	0	\$1,588
Medical Group Ltd		0.94	\$2,300	(\$88)	0	(\$88)	\$2,112	0	\$2,112
Richard J. Gilmer, MD, Inc.		0.94	\$2,300	(\$88)	0	(\$88)	\$2,112	0	\$2,112
Kenneth K. Ginkov		0.94	\$2,300	(\$88)	0	(\$88)	\$2,112	0	\$2,112
Bazley Greenbaum		1.31	\$3,238	(\$123)	0	(\$123)	\$3,015	0	\$3,015
Midwest H. Lawenski		0.93	\$2,285	(\$87)	0	(\$87)	\$2,098	0	\$2,098
Trisone, P.A.		0.57	\$1,407	(\$53)	0	(\$53)	\$1,294	0	\$1,294
Jay Baidarov		0.57	\$1,407	(\$53)	0	(\$53)	\$1,294	0	\$1,294
Leif K. Bueker, MD		0.19	\$471	(\$18)	0	(\$18)	\$423	0	\$423
Kenneth R. Bricker and Debra Todd, M.D.		0.38	\$941	(\$35)	0	(\$35)	\$866	0	\$866
Zachary L. King, MD		0.37	\$913	(\$34)	0	(\$34)	\$839	0	\$839
Quest Asset Management Fund		0.37	\$913	(\$34)	0	(\$34)	\$839	0	\$839
Rhett D. Drai, MD, Inc.		0.78	\$1,902	(\$72)	0	(\$72)	\$1,680	0	\$1,680
The Chang Family Trust		0.37	\$913	(\$34)	0	(\$34)	\$839	0	\$839
Brian Cooper		0.37	\$913	(\$34)	0	(\$34)	\$839	0	\$839

Totals: LLC \$19,000 16.18 \$46,995 (\$2,510) 0 (\$2,510) 791,488 0 \$1,000 \$18,995

SSC, LLC \$19,000 16.18 \$46,995 (\$2,510) 0 (\$2,510) 791,488 0 \$1,000 \$18,995

Andrew A. Sirocki, M.D. NA \$ NA \$ 30,000 \$ (1,500) \$ 0 0 24,500 \$ 5 30,000

Footnote
(2) Payable under the Capital Purchase Agreement
(3) Payable in section 8.5 of the Purchase Agreement. Net Proceeds is calculated as "Gross Purchase Price" - "Protable Fee"

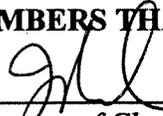
I wish to sell
only 5% of
my units

Handwritten: *verified*
7/25/05
HARSHARD D. PATEL

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:



Signature of Class A Member

Jay Rindena

Print Name of Class A Member

108 Symphony
Irvine CA
92603

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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	MEMBERS THAT ARE INDIVIDUALS:
Execution is conditioned on a change to Exhibit A to reflect a sale of <u>5</u> % interest in Specialty Surgical Center of Irvine, LLC but such member.	Signature of Class A Member 
	Print Name of Class A Member <u>LESLIE K. SHOKES, MD</u>
	<u>2703 N BRISTOL ST</u>
	<u>SUITE 112</u>
	<u>SANTA ANA CA 92706</u>
	Address of Class A Member for Notices

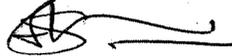
	MEMBERS THAT ARE ENTITIES OR TRUSTS:
Execution is conditioned on a change to Exhibit A to reflect a sale of ___ % interest in Specialty Surgical Center of Irvine, LLC but such member.	Name of Entity/Trust _____
	By: _____
	Name (Please Print): _____
	Title (Please Print): _____

	Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:



Signature of Class A Member

Randhir S. Tuli

Print Name of Class A Member

*1924 B Allandale Dr.
Tarzana, Ca 91356*

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

Donna Wright Kenneth W. Wright
Signature of Class A Member

DONNA WRIGHT KENNETH WRIGHT
Print Name of Class A Member

Address of Class A Member for Notices

Signature is subject to the charge at Exhibit A
sd 5/6

[Signature] 7/25/05

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:	
Execution is conditioned on a change to Exhibit A to reflect a sale of <u>8%</u> interest in Specialty Surgical Center of Irvine, LLC but such member	<i>Kenneth P. Zuckerman</i> Signature of Class A Member
<i>Charlene Zuckerman</i>	Print Name of Class A Member
<i>6 Alta Hills Way Laguna Niguel, CA 92677</i>	<i>Kenneth P. Zuckerman</i> Address of Class A Member for Notices

WJ

MEMBERS THAT ARE ENTITIES OR TRUSTS:	
Execution is conditioned on a change to Exhibit A to reflect a sale of <u>5%</u> interest in Specialty Surgical Center of Irvine, LLC but such member	Name of Entity/Trust <i>Zuckerman Living Trust DTD 3/2/89</i>
<i>Charlene Zuckerman</i>	By: <i>Kenneth Zuckerman</i>
<i>Charlene Zuckerman Trustee</i>	Name (Please Print): <i>Kenneth Zuckerman</i> Title (Please Print): <i>Trustee</i>
	<i>6 Alta Hills Way Laguna Niguel, Ca. 92677-1024</i> Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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	MEMBERS THAT ARE <u>INDIVIDUALS</u>:
Execution is conditioned on a change to Exhibit A to reflect a sale of <u>5</u> % interest in Specialty Surgical Center of Irvine, LLC but such member.	<u>Kenneth P. Zuckerman</u> <i>Signature of Class A Member</i> <u>Charlene Zuckerman</u>
<u>Charlene Zuckerman</u>	<i>Print Name of Class A Member</i>
<u>6 Alta Hills Way</u> <u>Laguna Niguel, CA.</u> <u>92677</u>	<u>Kenneth P. Zuckerman</u> <i>Address of Class A Member for Notices</i>

	MEMBERS THAT ARE <u>ENTITIES OR TRUSTS</u>:
Execution is conditioned on a change to Exhibit A to reflect a sale of ___ % interest in Specialty Surgical Center of Irvine, LLC but such member.	<u>Name of Entity/Trust</u> _____ _____
	By: _____
	Name (Please Print): _____ Title (Please Print): _____
	_____ _____ <i>Address of Class A Member for Notices</i>

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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	MEMBERS THAT ARE <u>INDIVIDUALS</u>:
Execution is conditioned on a change to Exhibit A to reflect a sale of ___% interest in Specialty Surgical Center of Irvine, LLC but such member.	<i>Signature of Class A Member</i>
	<i>Print Name of Class A Member</i>
	<i>Address of Class A Member for Notices</i>

	MEMBERS THAT ARE <u>ENTITIES OR TRUSTS</u>:
Execution is conditioned on a change to Exhibit A to reflect a sale of <u>5</u> % interest in Specialty Surgical Center of Irvine, LLC but such member.	<i>Name of Entity/Trust</i> <u>Karim Abdollahi MD Inc.</u>
	<i>By:</i> <u>K. Abdollahi</u>
	<i>Name (Please Print):</i> <u>Karim Abdollahi</u> <i>Title (Please Print):</i> <u>President</u>
	<u>PO Box 6974</u> <u>Laguna Niguel CA 92607</u> <i>Address of Class A Member for Notices</i>

Exhibit A

Note: The "Purchaser" of Subject Interests in Specialty Surgical Center of Irvine, LLC and Specialty Surgical Center of Irvine, L.P. shall be SMBISS-Irvine, LLC.

\$ 48,881,976	Gross Purchase Price (All Entities)
\$ 846,996	Gross Purchase Price (IRV)
\$ 57,649	Gross Purchase Price Per Unit Sold - Doctor Partners (Assumes sale of 16.18 Units or 19.00% sale)
\$ 33,371	Gross Purchase Price Per Unit Sold - Managing Partners (Assumes sale of 16.18 Units or 19.00% sale)
\$ 750,000	Indemnity escrow for all facilities

	Current Units in LLC or LP Interest	Units Sold	Gross Purchase Price (Units)	Fees & Expenses	Promote Fee	Individual Escrow Amount	Cash at Closing	Option Payments (1)	Net Proceeds (2)
Irvine (Record Owner)	89,000	16.18	\$ 846,996	\$ (42,513)	\$ -	\$ (12,996)	\$ 791,488		
Randhir S. Tuli	15	2.85	\$ 95,107	\$ (4,774)	\$ -	\$ (1,459)	\$ 98,421		\$ 95,107
Andrew A. Brooks	14	1.93	\$ 64,466	\$ (3,236)	\$ -	\$ (989)	\$ 66,713		\$ 64,466
Karim Abdollahi, MD, Inc.	4	0.76	\$ 43,828	\$ (2,200)	\$ -	\$ (672)	\$ 43,356		\$ 43,828
David A. Chamberlin	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Martin E. Eisner, MD, Inc.	2	0.38	\$ 21,914	\$ (1,100)	\$ -	\$ (336)	\$ 22,678		\$ 21,914
Institute for Orthopaedics & Upper Extremity Surgery, A Medical Group Inc.	4	0.76	\$ 43,828	\$ (2,200)	\$ -	\$ (672)	\$ 45,356		\$ 43,828
Michael J. Gillman, MD, Inc.	5	0.95	\$ 54,785	\$ (2,750)	\$ -	\$ (841)	\$ 56,695		\$ 54,785
Kenneth R. Grabow	5	0.95	\$ 54,785	\$ (2,750)	\$ -	\$ (841)	\$ 56,695		\$ 54,785
Bradley Greenbaum	7	1.33	\$ 76,699	\$ (3,850)	\$ -	\$ (1,177)	\$ 79,372		\$ 76,699
Michael H. Lowenstein	5	0.95	\$ 54,785	\$ (2,750)	\$ -	\$ (841)	\$ 56,695		\$ 54,785
Harshad D. Patel	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Jay Rindenu	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Leslie K. Shokes, MD	1	0.19	\$ 10,957	\$ (550)	\$ -	\$ (168)	\$ 11,339		\$ 10,957
Kenneth H. Wright and Donna White Wright	2	0.38	\$ 21,914	\$ (1,100)	\$ -	\$ (336)	\$ 22,678		\$ 21,914
Zuckerman Living Trust	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Coastal Access Preservation Fund	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Khiem D. Dao, MD, Inc.	4	0.76	\$ 43,828	\$ (2,200)	\$ -	\$ (672)	\$ 45,356		\$ 43,828
The Chang Family Trust	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Michael Coccia	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Total - LLC	89,000	16.18	\$ 846,996	\$ (41,007)	\$ -	\$ (12,533)	\$ 845,469		\$ 816,996
SSC of Irvine, LP Andrew A. Brooks, M.D.	NA	NA	\$ 30,000	\$ (1,506)	\$ -	\$ (20)	\$ 28,474		\$ 30,000

I will sell only 5% (five %) of my shares as of 7-25-05.

Abdollahi
Abdollahi

Footnotes

(2) Payable under the Option Purchase Agreements

(3) Pursuant to section 8.5 of the Purchase Agreement, Net Proceeds is calculated as "Gross Purchase Price" +/- "Promote Fee"

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust
The Cheng Family Trust

By: _____
Name (Please Print): *STEVEN CHENG*
Title (Please Print): *Trustee*

28782 PIKE CT.
LABURNA MOUNTAIN, CA
92687
Address of Class A Member for Notices

Exhibit

Note: The "Purchaser" of Subject Interests in Specialty Surgical Center of Irvine, LLC and Specialty Surgical Center of Irvine, L.P. shall be SMBISS-Irvine, LLC.

\$ 48,881,976	Gross Purchase Price (All Entities)
\$ 846,996	Gross Purchase Price (IRV)
\$ 47,649	Gross Purchase Price Per Unit Sold - Doctor Partners (Assumes sale of 16.18 Units or 19.00% sale)
\$ 33,371	Gross Purchase Price Per Unit Sold - Managing Partners (Assumes sale of 16.18 Units or 19.00% sale)
\$ 750,000	Indemnity escrow for all facilities

	Current Units In LLC or LP Interest	Units Sold	Gross Purchase Price (Units)	Fees & Expenses	Promote Fee	Individual Escrow Amount	Cash at Closing	Option Payments (1)	Net Proceeds (2)
Irvine (Record Owner)	89,000	16.18	\$ 846,996	\$ (42,513)	\$ -	\$ (12,996)	\$ 791,488		
Randhir S. Tuli	15	2.85	\$ 95,107	\$ (4,774)	\$ -	\$ (1,459)	\$ 98,421		\$ 95,107
Andrew A. Brooks	14	1.93	\$ 64,466	\$ (3,236)	\$ -	\$ (989)	\$ 66,713		\$ 64,466
Karim Abdollahi, MD, Inc.	4	0.76	\$ 43,828	\$ (2,200)	\$ -	\$ (672)	\$ 45,356		\$ 43,828
David A. Chamberlin	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Martin E. Eisner, MD, Inc.	2	0.38	\$ 21,914	\$ (1,100)	\$ -	\$ (336)	\$ 22,678		\$ 21,914
Institute for Orthopaedics & Upper Extremity Surgery, A Medical Group Inc.	4	0.76	\$ 43,828	\$ (2,200)	\$ -	\$ (672)	\$ 45,356		\$ 43,828
Michael J. Gillman, MD, Inc.	5	0.95	\$ 54,785	\$ (2,750)	\$ -	\$ (841)	\$ 56,695		\$ 54,785
Kenneth R. Grabow	5	0.95	\$ 54,785	\$ (2,750)	\$ -	\$ (841)	\$ 56,695		\$ 54,785
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Jay Rindenu	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
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Zuckerman Living Trust	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Coastal Access Preservation Fund	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Khiem D. Dao, MD, Inc.	4	0.76	\$ 43,828	\$ (2,200)	\$ -	\$ (672)	\$ 45,356		\$ 43,828
The Chang Family Trust	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Michael Coccia	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871

*I want to sell only
5% of my shares.*

[Signature]
S= CHAS (Trustee)
Chang Family Trust

Total - LLC	89,000	16.18	\$ 816,996	\$ (41,007)	\$ -	\$ (12,535)	\$ 845,469		\$ 816,996
SSC of Irvine, LP Andrew A. Brooks, M.D.	NA	NA	\$ 30,000	\$ (1,506)	\$ -	\$ (20)	\$ 28,474		\$ 30,000

Footnotes

(2) Payable under the Option Purchase Agreements

(3) Pursuant to section 8.5 of the Purchase Agreement, Net Proceeds is calculated as "Gross Purchase Price" +/- "Promote Fee"

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*
Coastal Access Preservation Fund

By: *Aaron Spitz for Spitz*

Name (Please Print): *Aaron Spitz Sarah Spitz*
Title (Please Print): *Trustee Trustee*

Aaron Spitz
657 Thalra Street
Laguna Beach, CA 92651
Address of Class A Member for Notices

Exhibit A

Note: The "Purchaser" of Subject Interests in Specialty Surgical Center of Irvine, LLC and Specialty Surgical Center of Irvine, L.P. shall be SMBISS-Irvine, LLC.

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Andrew A. Brooks	14	1.93	\$ 64,466	\$ (3,236)	\$ -	\$ (989)	66,713		\$ 64,466
Karim Abdollahi, MD, Inc.	4	0.76	\$ 43,828	\$ (2,200)	\$ -	\$ (672)	45,356		\$ 43,828
David A. Chamberlin	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	34,017		\$ 32,871
Martin E. Eisner, MD, Inc.	2	0.38	\$ 21,914	\$ (1,100)	\$ -	\$ (336)	22,678		\$ 21,914
Institute for Orthopaedics & Upper Extremity Surgery, A Medical Group Inc.	4	0.76	\$ 43,828	\$ (2,200)	\$ -	\$ (672)	45,356		\$ 43,828
Michael J. Gillman, MD, Inc.	5	0.95	\$ 54,785	\$ (2,750)	\$ -	\$ (841)	56,695		\$ 54,785
Kenneth R. Grabow	5	0.95	\$ 54,785	\$ (2,750)	\$ -	\$ (841)	56,695		\$ 54,785
Bradley Greenbaum	7	1.33	\$ 76,699	\$ (3,850)	\$ -	\$ (1,177)	79,372		\$ 76,699
Michael H. Lowenstein	5	0.95	\$ 54,785	\$ (2,750)	\$ -	\$ (841)	56,695		\$ 54,785
Harshad D. Patel	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	34,017		\$ 32,871
Jay Rindenau	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	34,017		\$ 32,871
Leslie K. Shokes, MD	1	0.19	\$ 10,957	\$ (550)	\$ -	\$ (168)	11,339		\$ 10,957
Kenneth H. Wright and Donna White Wright	2	0.38	\$ 21,914	\$ (1,100)	\$ -	\$ (336)	22,678		\$ 21,914
Zuckerman Living Trust	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	34,017		\$ 32,871
Coastal Access Preservation Fund	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	34,017		\$ 32,871
Khlem D. Dao, MD, Inc.	4	0.76	\$ 43,828	\$ (2,200)	\$ -	\$ (672)	45,356		\$ 43,828
The Chang Family Trust	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	34,017		\$ 32,871
Michael Coccia	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	34,017		\$ 32,871

5% Aaron Spitz Sarah Spitz
 Aaron Spitz Sarah Spitz

Total - LLC	89,000	16.18	\$ 816,996	\$ (41,007)	\$ -	\$ (12,533)	\$845,469		\$ 816,996
SSC of Irvine, L.P. Andrew A. Brooks, M.D.	NA	NA	\$ 30,000	\$ (1,506)	\$ -	\$ (20)	28,474		\$ 30,000

Footnotes

(2) Payable under the Option Purchase Agreements

(3) Pursuant to section 8.5 of the Purchase Agreement, Net Proceeds is calculated as "Gross Purchase Price" +/- "Promote Fee"

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

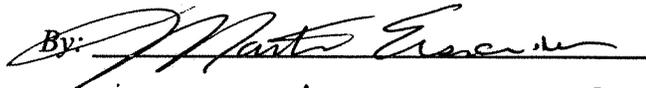
Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*
MARTIN E. EISNER MD Inc.

By: 

Name (Please Print) MARTIN EISNER MD
Title (Please Print) PRES.

MARTIN E. EISNER MD
9942 ST. MARY'S Circle
SANTA ANA CA 92705
Address of Class A Member for Notices

Exhibit A

Note: The "Purchaser" of Subject Interests in Specialty Surgical Center of Irvine, LLC and Specialty Surgical Center of Irvine, L.P. shall be SMBISS-Irvine, LLC.

\$	48,881,976	Gross Purchase Price (All Entities)
\$	846,996	Gross Purchase Price (IRV)
\$	37,649	Gross Purchase Price Per Unit Sold - Doctor Partners (Assumes sale of 16.18 Units or 19.00% sale)
\$	33,971	Gross Purchase Price Per Unit Sold - Managing Partners (Assumes sale of 16.18 Units or 19.00% sale)
\$	780,000	Indemnity escrow for all facilities

	Current Units in LLC or LP Interest	Units Sold	Gross Purchase Price (Units)	Fees & Expenses	Promote Fee	Individual Escrow Amount	Cash at Closing	Option Payments (1)	Net Proceeds (2)
Irvine (Record Owner)	89.000	16.18	\$ 846,996	\$ (42,513)	\$ -	\$ (12,996)	\$ 791,488		
Randhir S. Tuli	15	2.85	\$ 95,107	\$ (4,774)	\$ -	\$ (1,459)	\$ 98,421		\$ 95,107
Andrew A. Brooks	14	1.93	\$ 64,466	\$ (3,236)	\$ -	\$ (989)	\$ 66,713		\$ 64,466
Karim Abdollahi, MD, Inc.	4	0.76	\$ 43,828	\$ (2,200)	\$ -	\$ (672)	\$ 45,356		\$ 43,828
David A. Chamberlin	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Martin E. Eisner, MD, Inc.	2	0.38	\$ 21,914	\$ (1,100)	\$ -	\$ (336)	\$ 22,678		\$ 21,914
Institute for Orthopaedics & Upper Extremity Surgery, A Medical Group Inc.	4	0.76	\$ 43,828	\$ (2,200)	\$ -	\$ (672)	\$ 45,356		\$ 43,828
Michael J. Gillman, MD, Inc.	5	0.95	\$ 54,785	\$ (2,750)	\$ -	\$ (841)	\$ 56,695		\$ 54,785
Kenneth R. Grabow	5	0.95	\$ 54,785	\$ (2,750)	\$ -	\$ (841)	\$ 56,695		\$ 54,785
Bradley Greenbaum	7	1.33	\$ 76,699	\$ (3,850)	\$ -	\$ (1,177)	\$ 79,372		\$ 76,699
Michael H. Lowenstein	5	0.95	\$ 54,785	\$ (2,750)	\$ -	\$ (841)	\$ 56,695		\$ 54,785
Harshad D. Patel	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Jay Rindenu	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Leslie K. Shokes, MD	1	0.19	\$ 10,957	\$ (550)	\$ -	\$ (168)	\$ 11,339		\$ 10,957
Kenneth H. Wright and Donna White Wright	2	0.38	\$ 21,914	\$ (1,100)	\$ -	\$ (336)	\$ 22,678		\$ 21,914
Zuckerman Living Trust	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Coastal Access Preservation Fund	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Khiem D. Dao, MD, Inc.	4	0.76	\$ 43,828	\$ (2,200)	\$ -	\$ (672)	\$ 45,356		\$ 43,828
The Chang Family Trust	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Michael Coccia	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871

I wish to sell 5% of my units at this time.

Martin E Eisner (M)

[Signature]

July 25, 2005

For MARTIN E Eisner (M) RE

Total - LLC	89.000	16.18	\$ 846,996	\$ (41,007)	\$ -	\$ (12,535)	\$ 845,469		\$ 816,996
SSC of Irvine, LP									
Andrew A. Brooks, M.D.	NA	NA	\$ 30,000	\$ (1,506)	\$ -	\$ (20)	\$ 28,474		\$ 30,000

Footnotes

(2) Payable under the Option Purchase Agreements

(3) Pursuant to section 8.5 of the Purchase Agreement, Net Proceeds is calculated as "Gross Purchase Price" +/- "Promote Fee"

Jul 25 05 12:39p

949 218 5352

p. 1

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

I agree to sell 5%
of my ownership interest
7/25/05

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name M. chael Gillman of _____ Entity/Trust

michael J. Gillman M.D., Inc

By: Michael Gillman MD

Name (Please Print): m. chael J. Gillman MD

Title (Please Print): owner

31862 Coast Highway #400

Laguna Beach, CA 92651

Address of Class A Member for Notices

Exhibit A

Note: The "Purchaser" of Subject Interests in Specialty Surgical Center of Irvine, LLC and Specialty Surgical Center of Irvine, L.P. shall be SMBISS-Irvine, LLC.

\$	48,881,976	Gross Purchase Price (All Entities)
\$	846,996	Gross Purchase Price (IRV)
\$	87,669	Gross Purchase Price Per Unit Sold - Doctor Partners (Assumes sale of 16.18 Units or 19.00% sale)
\$	33,371	Gross Purchase Price Per Unit Sold - Managing Partners (Assumes sale of 16.18 Units or 19.00% sale)
\$	750,000	Indemnity escrow for all facilities

	Current Units In LLC or LP Interest	Units Sold	Gross Purchase Price (Units)	Fees & Expenses	Promote Fee	Individual Escrow Amount	Cash at Closing	Option Payments (1)	Net Proceeds (2)
Irvine (Record Owner)	89,000	16.18	\$ 846,996	\$ (42,513)	\$ -	\$ (12,996)	\$ 791,488		
Randhir S. Tuli	15	2.85	\$ 95,107	\$ (4,774)	\$ -	\$ (1,459)	\$ 98,421		\$ 95,107
Andrew A. Brooks	14	1.93	\$ 64,466	\$ (3,236)	\$ -	\$ (989)	\$ 66,713		\$ 64,466
Karim Abdollahi, MD, Inc.	4	0.76	\$ 43,828	\$ (2,200)	\$ -	\$ (672)	\$ 45,356		\$ 43,828
David A. Chamberlin	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Martin E. Eisner, MD, Inc.	2	0.38	\$ 21,914	\$ (1,100)	\$ -	\$ (336)	\$ 22,678		\$ 21,914
Institute for Orthopaedics & Upper Extremity Surgery, A Medical Group Inc.	4	0.76	\$ 43,828	\$ (2,200)	\$ -	\$ (672)	\$ 45,356		\$ 43,828
Michael J. Gillman, MD, Inc.	5	0.95	\$ 54,785	\$ (2,750)	\$ -	\$ (841)	\$ 56,695		\$ 54,785
Kenneth R. Grabow	5	0.95	\$ 54,785	\$ (2,750)	\$ -	\$ (841)	\$ 56,695		\$ 54,785
Bradley Greenbaum	7	1.33	\$ 76,699	\$ (3,850)	\$ -	\$ (1,177)	\$ 79,372		\$ 76,699
Michael H. Lowenstein	5	0.95	\$ 54,785	\$ (2,750)	\$ -	\$ (841)	\$ 56,695		\$ 54,785
Harshad D. Patel	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Jay Rindenu	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Leslie K. Shokes, MD	1	0.19	\$ 10,957	\$ (550)	\$ -	\$ (168)	\$ 11,339		\$ 10,957
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Khiem D. Dao, MD, Inc.	4	0.76	\$ 43,828	\$ (2,200)	\$ -	\$ (672)	\$ 45,356		\$ 43,828
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Michael Coccia	3	0.57	\$ 32,871	\$ (1,650)	\$ -	\$ (504)	\$ 34,017		\$ 32,871
Total - LLC	89,000	16.18	\$ 816,996	\$ (41,007)	\$ -	\$ (12,535)	\$845,469		\$ 816,996
SSC of Irvine, LP									
Andrew A. Brooks, M.D.	NA	NA	\$ 30,000	\$ (1,506)	\$ -	\$ (20)	\$ 28,474		\$ 30,000

I will sell only 5% of my shares as of 7/25/05

M. Gillman MD

Footnotes

(2) Payable under the Option Purchase Agreements

(3) Pursuant to section 8.5 of the Purchase Agreement, Net Proceeds is calculated as "Gross Purchase Price" +/- "Promote Fee"

Specialty Surgical Center of Arcadia, LLC

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Andrew A. Brooks
Signature of Class A Member

Andrew A. Brooks
Print Name of Class A Member

14159 Beresford Rd
Beverly Hills, CA 90210
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Jonathan F. Cook
Signature of Class A Member

Jonathan F. Cook
Print Name of Class A Member

1051 South Laughlinbrook Court
Anaheim, CA 92600-2137
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Juan Ding
Signature of Class A Member

Juan Ding
Print Name of Class A Member

Medford Orthopaedic
Suite 301
723 S. Garfield Ave Alhambra Ca 91801
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Della J. Fong
Signature of Class A Member

DELLA J. FONG
Print Name of Class A Member

51 N. 5th Avenue, Suite 303
ARCADIA, CA 91006
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Troy LaMar 7/21/05
Signature of Class A Member

Troy LaMar
Print Name of Class A Member

56 Rancho Rd.
Sierra Madre, CA 91024
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Brent W Miller, MD
Signature of Class A Member

Brent W Miller, MD
Print Name of Class A Member

1352 Chermont Rd
La Verne
CA 91750
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Robert B. Morrison

Signature of Class A Member

ROBERT B. MORRISON MD

Print Name of Class A Member

51 N 5th

ARCADIA CA 91006

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Patel
Signature of Class A Member

DR SHIRISH PATEL
Print Name of Class A Member

1027 E MAIN ST
ALHAMBRA
CAL. 91801
Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:



Signature of Class A Member

Bengt Pehrsson

Print Name of Class A Member

622 W Duarte Rd

Suite 301

Arcadia, Ca 91007

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:



Signature of Class A Member

Randhir S. Tuli

Print Name of Class A Member

*19248 Allandale Dr.
Tarzana, Ca 91356*

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:



Signature of Class A Member

Robert G. WATKINS, N. M.D.

Print Name of Class A Member

2200 N. Third St. #120
LOS ANGELES, CA 90067

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Handwritten Signature
for Glenn Weisman

Signature of Class A Member

Glenn Weisman

Print Name of Class A Member

51 N. FIFTH AVE
SUITE 202
ACADIA, CA 91004

Address of Class A Member for Notices

Power of Attorney attached.

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust

By: _____

Name (Please Print): _____

Title (Please Print): _____

Address of Class A Member for Notices

LIMITED POWER OF ATTORNEY

Glenn Weissman ("Principal"), domiciled and residing in the state of California, hereby designates Rodney Baenhardt ("AGENT"), as his/her attorney-in-fact for the limited purposes designated hereinafter.

Principal is the owner of a membership interest (the "Interest") in Specialty Surgical Center of Arcadia, LLC (the "Company"). Symbion Ambulatory Resource Centres, Inc. and Affiliates (collectively, "Buyer") have offered to purchase a portion of Principal's Interest pursuant to a purchase agreement among, *inter alia*, the members of the Company and Buyer. A condition to Buyer's purchase is the Company's members' approval of amendment of the Company's Operating Agreement (the "Operating Agreement"). Principal desires AGENT to serve as his or her attorney-in-fact in all matters relating to the sale to Buyer of the Interest (the "Transaction"), including without limitation execution of a purchase agreement and related documents with Buyer on such terms as may be acceptable to AGENT, and execution of a consent to amendment of the Operating Agreement on such terms as may be acceptable to AGENT. AGENT has agreed to serve as Principal's attorney-in-fact for that limited purpose. All net proceeds of the Transaction which are due to Principal at the closing shall be paid directly to Principal and shall not be disbursed to AGENT.

As Principal's attorney-in-fact, AGENT shall have full power and absolute authority to make all decisions and take whatever action AGENT deems advisable in connection with the Transaction. Without limiting the foregoing, AGENT shall have full power, right and authority to sign on Principal's behalf any and all purchase agreements, bills of sale, consents, assignments, indemnity agreements and any other documentation whatsoever required by Buyer or by any other party in connection with the Transaction and to make decisions and take actions required to close the Transaction. This power of attorney shall become effective immediately and shall terminate upon the closing of the Transaction. This power of attorney may only be revoked, suspended or terminated by delivery of written notice from Principal to AGENT.

AGENT and all persons dealing with AGENT, including Buyer, shall be entitled to rely upon this power of attorney so long as neither AGENT nor any person with whom AGENT is dealing at the time of any act taken pursuant to this power of attorney shall have received actual knowledge or actual notice of any revocation, suspension or termination of this power of attorney. Any action so taken, unless otherwise invalid or unenforceable, shall be binding on the heirs, devisees, legatees and personal representative of Principal. In addition, third parties shall be entitled to rely upon a photocopy of the signed original power of attorney as opposed to a certified copy of the same. The laws of the state of California shall govern this power of attorney.

Dated this 29 day of June, 2005.

Glenn Weissman

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*
Barnhart Family TRUST

By: *[Signature]*

Name (Please Print): *RODNEY BARNHART*
Title (Please Print): *TRUSTEE*

1105 PARKVIEW AVE
PASADENA, CA 91103

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust
ALAN JEFFREY FISHER REVOCABLE TRUST

By: Alan Fisher

Name (Please Print): ALAN FISHER

Title (Please Print): TRUSTEE

713 WEST DUARTE RD

G-237

ARCADIA, CA 91007

Address of Class A Member for Notices

Address of Class A Member for Notices
 91801
 ALHAMBRA, CA
 1124 N. HAYALGO AVE
 Title (Please Print): TRUSTEE
 Name (Please Print): DAVID MARTIN
 By: [Signature]
 W/DIT dated July 15th, 2004, T80
 Name of Entity/Trust: David Russell Martin
 Trustee of David Russell Martin Co-Trustee

JEANETTE MARTIN
 TRUSTEE
 TRUSTEE

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Address of Class A Member for Notices
 91801
 ALHAMBRA CA
 1124 N HAYALGO AVE
 Print Name of Class A Member
 DAVID MARTIN
 Signature of Class A Member
 [Signature]

MEMBERS THAT ARE INDIVIDUALS:

Handwritten note: Done

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

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MEMBERS THAT ARE INDIVIDUALS:

David Martin
Signature of Class A Member
DAVID MARTIN
Print Name of Class A Member
1124 N HIDALGO AVE
ALHAMBRA CA
91801
Address of Class A Member for Notices

AMM
AMM

MEMBERS THAT ARE ENTITIES OR TRUSTS:

David Russell Martin of Entity/Trust
Jeanne Lea Martin Co-trustees
W/D/T dated July 15th, 2004, FBO
By: The Martin Family
David Martin
Name (Please Print): DAVID MARTIN
Title (Please Print): CO-TRUSTEE
1124 N. HIDALGO AVE
ALHAMBRA, CA
91801
Address of Class A Member for Notices

CLASS A MEMBERS' COUNTERPART SIGNATURE PAGE TO OPERATING AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name of Entity/Trust

David Russell Martin & Jannelle Lee
Martin, Co-trustees, u/b/T dated July 15
2004, FBO the Martin Family

By: _____

Name (Please Print): DAVID MARTIN

Title (Please Print): MD

1124 N HIDALGO AVE
ALTAMUNDA, CA
91801

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

MICHAEL SCHWARTZ
Name MICHAEL SCHWARTZ of Entity/Trust

THE SCHWARTZ FAMILY TRUST

By: Michael Schwartz

Name (Please Print): MICHAEL SCHWARTZ

Title (Please Print): TRUSTEE

960 E. GREEN ST., STE 101
PASADENA, CA 91106

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

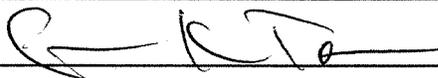
Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ of _____ Entity/Trust
TAKEI FAMILY TRUST

By: 

Name (Please Print): GLENN K. TAKEI

Title (Please Print): TRUSTEE

931 BUENA VISTA #505
DORTE, CALIF
91010

Address of Class A Member for Notices

SELLERS' COUNTERPART SIGNATURE PAGE TO PURCHASE AGREEMENT

[Instruction: Please sign in the appropriate signature block below. You must select and complete the signature block so that it will have text identical to your signature block in the Member Approval and Consent Action]

MEMBERS THAT ARE INDIVIDUALS:

Signature of Class A Member

Print Name of Class A Member

Address of Class A Member for Notices

MEMBERS THAT ARE ENTITIES OR TRUSTS:

Name _____ *of* _____ *Entity/Trust*
Vann, Family 1998 Revocable Trust

By: *Richard Willy Van*

Name (Please Print) *RICHARD WILLY VAN, M.D.*

Title (Please Print): *TRUSTEE*

600 BUSCH PL.
PASADENA, Calif.
91105

Address of Class A Member for Notices

EXHIBIT "B"

MANAGEMENT RIGHTS PURCHASE AGREEMENT

THIS MANAGEMENT RIGHTS PURCHASE AGREEMENT ("Agreement"), dated as of July 27, 2005, is by and among Parthenon Management Partners, LLC, a California limited liability company (the "Company"), Andrew A. Brooks, M.D. and Randhir S. Tuli, both residents of the State of California (each an "Owner" and, collectively, the "Owners") (the Company and the Owners being, collectively, the "Sellers") and SymbionARC Management Services, Inc., a Tennessee corporation ("Purchaser"). The Company, Owners and Purchaser are sometimes referred to herein individually as a "Party" and collectively as the "Parties." Symbion Ambulatory Resource Centres, Inc., a Tennessee corporation ("SARC"), joins herein solely for the purposes of manifesting its agreement with Article VIII hereof.

RECITALS:

WHEREAS, as of the date hereof, the Owners collectively own 100% of the outstanding membership interests of the Company; and

WHEREAS, the Owners are the holders of outstanding membership interests comprised of membership units of ownership (collectively, the "Ownership Interests") in Specialty Surgical Centers, LLC, a California limited liability company (the "Beverly Hills LLC"), Specialty Surgical Center of Encino, LLC, a California limited liability company (the "Encino LLC"), Specialty Surgical Center of Irvine, LLC, a California limited liability company (the "Irvine LLC"), Specialty Surgical Center of Arcadia, LLC, a California limited liability company (the "Arcadia LLC") and Specialty Surgical Center of Thousand Oaks, LLC, a California limited liability company (the "Thousand Oaks LLC") (each an "LLC" and collectively, the "LLCs"); and

WHEREAS, the Beverly Hills LLC leases space for, owns the assets of, and operates an outpatient surgery center located at 9575 Brighton Way, Suite 100, Beverly Hills, CA 90210 (the "Brighton Center") and owns a 99% general partner interest in Specialty Surgical Center of Beverly Hills, L.P., a California limited partnership (the "Wilshire Partnership"), which leases space for, owns the assets of, and operates an outpatient surgery center located at 8670 Wilshire Boulevard, Suite 300, Beverly Hills, CA 90211 (the "Wilshire Center");

WHEREAS, the Encino LLC owns a 99% general partner interest in Specialty Surgical Center of Encino, L.P., a California limited partnership (the "Encino Partnership"), which leases space for, owns the assets of, and operates an outpatient surgery center located at 16501 Ventura Boulevard, Suite 103, Encino, CA 91436 (the "Encino Center");

WHEREAS, the Irvine LLC owns a 99% general partner interest in Specialty Surgical Center of Irvine, L.P., a California limited partnership (the "Irvine Partnership"), which leases space for, owns the assets of, and operates an outpatient surgery center located at 15825 Laguna Canyon Road, Suite 200, Irvine, CA 92618 (the "Irvine Center");

WHEREAS, the Arcadia LLC owns a 99% general partner interest in Specialty Surgical Center of Arcadia, L.P., a California limited partnership (the "Arcadia Partnership"), which leases space for, owns the assets of, and operates an outpatient surgery center located at 51 North Fifth Avenue, Suite 101, Arcadia, CA 91006 (the "Arcadia Center");

WHEREAS, the Thousand Oaks LLC intends to lease space for, own the assets of, and operate an outpatient surgery center located at 696 Hampshire Road, Thousand Oaks, CA 91361 (the "Thousand Oaks Center");

WHEREAS, the Brighton Center, the Wilshire Center, the Encino Center, the Irvine Center, the Arcadia Center and the Thousand Oaks Center are referred to individually as a "Center" and, collectively, the "Centers"; and

WHEREAS, the Beverly Hills LLC and the Encino LLC are referred to individually as an "Existing Center LLC" and, together, as the "Existing Center LLCs"; and

WHEREAS, the Irvine LLC, the Arcadia LLC and the Thousand Oaks LLC are referred to individually as a "Developing Center LLC" and, collectively, as the "Developing Center LLCs";

WHEREAS, in the case of each LLC that is a member of a Partnership, the Partnership of which the LLC is a Member is referred to hereinafter as that LLC's "Applicable Partnership";

WHEREAS, Affiliates of Purchaser have entered into a Purchase Agreement, of even date herewith (the "Membership Interest Purchase Agreement"), pursuant to which such Affiliates of Purchaser will acquire units of membership interest in each LLC (the "Ownership Interests") from the members of each such LLC (including the Owners) and will acquire the right and option to acquire additional Ownership Interests from such members of each such LLC (including the Owners), all as further described in the Membership Interest Purchase Agreements; and

WHEREAS, in addition to the Ownership Interests, the Owners and the Company collectively own rights in and to those certain economic interests that entitle such Persons to receive consideration for and obligate such Persons to perform certain management responsibilities for each Center (collectively, the "Management Rights") under Sections 5.6(a) and 5.6(b) of the Operating Agreement of the Beverly Hills LLC, Sections 5.6(a) and 6.4(b) of the Operating Agreement of the Encino LLC, Sections 5.7(a) and 6.2(f) of each the Operating Agreement of the Irvine LLC, the Operating Agreement of the Arcadia LLC and the Operating Agreement of the Thousand Oaks LLC;

WHEREAS, as a condition to the closing of the transactions contemplated by the Membership Interest Purchase Agreement, each LLC is required to terminate the Management Rights and in lieu thereof execute and deliver to one or more Affiliates of Purchaser identified on Schedule 1 hereto a Management Agreement substantially in the form of Exhibit 1.2 hereto (each a "Management Agreement"), pursuant to which such Affiliate(s) of Purchaser shall become entitled to receive consideration for and obligate such Affiliate(s) of Purchaser to perform certain management responsibilities for and on behalf of each Center from and after the date of the Closing (as defined in the Membership Interest Purchase Agreement); and

WHEREAS, in order to convey and assign the Management Rights so as to permit the Existing Center LLCs and Developing Center LLCs to cancel them and execute and deliver the Management Agreements, the Sellers desire to sell to Purchaser, and Purchaser desires to purchase from the Sellers, the Management Rights on the terms and conditions of this Agreement; and

NOW, THEREFORE, in consideration of the foregoing and of the promises and mutual covenants contained herein, the Parties hereby agree as follows:

I. PURCHASE AND SALE OF MANAGEMENT RIGHTS

1.1. Purchase and Sale of Management Rights. Subject to the terms and conditions hereof, in reliance upon the representations and warranties of the other Parties set forth herein, and in exchange for the payment of the Purchase Price hereunder and the other covenants and obligations set forth herein, at the Closing (as hereinafter defined), Purchaser agrees to purchase from the Sellers, and the Sellers agree to sell, assign, transfer and deliver to Purchaser, the Management Rights. The Management Rights being transferred hereunder do not include, and the Sellers shall retain, the right to any compensation earned, or rights to reimbursement of expenses thereunder with respect to all periods prior to the Closing.

1.2. Consideration.

(a) Subject to the terms and conditions hereof, in reliance upon the representations and warranties of the Sellers set forth herein, and as consideration for the assignment of the Management Rights and the other covenants and obligations set forth herein, Purchaser agrees to tender to the Sellers as the purchase price hereunder (I) FIVE MILLION EIGHT HUNDRED SIXTEEN THOUSAND DOLLARS (\$5,816,000) (the "Initial Purchase Price"), and (II) the Deferred Payment (if any) with respect to each Center. The Initial Purchase Price (less the (i) aggregate amount of "Individual Escrow Amounts" set forth on Exhibit A to the MIPA with respect to each Seller's sale of the Management Rights and (ii) AH Escrow Amount defined below) shall be payable to the Sellers at the Closing. The Deferred Payment with respect to any Center shall be paid to the Sellers at the end of the Payment Period (as defined in Consulting Agreement) for that Center. All payments due hereunder shall be made in immediately available funds by electronic wire transfer to an account designated by the Sellers. No party will take any steps intended to delay collection of Fees.

(b) From the Initial Purchase Price, an amount equal to THREE HUNDRED THIRTY THREE THOUSAND THREE HUNDRED THIRTY THREE AND NO/100 DOLLARS (\$333,333.00) (the "AH Escrow Amount") shall be withheld from delivery to the Sellers and, instead, be delivered to the Escrow Agent in cash at Closing, by wire transfer of immediately available funds, pursuant to the Escrow Agreement substantially in the form of Exhibit 1.2(b) (the "Escrow Agreement") attached to this Agreement and incorporated into this Agreement by reference. The Parties acknowledge and agree that the AH Escrow Amount represents that portion of the Initial Purchase Price that is consideration for the Management Rights of Sellers with respect to the Thousand Oaks Center. If there shall have been a Successful Syndication of the Thousand Oaks LLC on or before December 31, 2005, then within ten (10) days after the Successful Syndication, the Purchaser shall instruct the Escrow Agent to distribute the AH Escrow Amount to the Sellers. If there shall not have been a Successful Syndication of the Thousand Oaks LLC on or before December 31, 2005, then all of the AH Escrow Amount shall be returned to the Purchaser, and Purchaser shall have no obligation hereunder to acquire Management Rights with respect to the Thousand Oaks LLC and the Initial Purchase Price under Section 1.2(a) shall be deemed to have automatically been reduced by the amount of the AH Escrow Amount. As used herein, "Successful Syndication" means the closing of the sale of not less than sixty percent (60%) of the membership interests in the Thousand Oaks LLC to not fewer than fifteen (15) suitable purchasers (for this purpose, individual physician members of a "Physician Entity" (as defined in the Operating Agreement of the Thousand Oaks LLC) who are anticipated to use the Thousand Oaks Center as an extension of their practices will each be counted as an individual purchaser), all of whom must be acceptable to the Purchaser in such Purchaser's reasonable discretion.

(b) Not later than the date described in Section 1.2(a), Purchaser shall calculate in good faith the amount of the Deferred Payment then due and deliver to the Sellers a statement (the

“Statement”) setting forth such calculation in reasonable detail together with a check for the amount shown as due thereunder. The Sellers shall be entitled to audit the books and records of the Manager and its affiliates upon which any Statement is based. The Sellers shall pay all costs and expenses of the audit unless such examination shows an underpayment of at least ten percent (10%) or more of the total amount payable during the period covered by the audit, in which case the costs of the audit shall be paid by the Purchaser. Any underpayment will bear interest at prime plus 2%, and the amount of such underpayment shall be paid by Purchaser within two (2) business days of its calculation.

(c) As used herein,

(i) “Deferred Payment” means (i) three and one-half (3.5) times the TTM Fees (defined below) with respect to an Existing Center LLC, or (ii) two and seventy two one-hundredths (2.72) times the TTM Fees with respect to a Developing Center LLC, such calculations being based for purposes hereof on the product of, in the case of Existing Center LLCs, seven (7.0), and in the case of Developing Center LLCs, six and eight-tenths (6.8), in all cases multiplied by the percentage of Fees required by the Consulting Agreement to be paid to Sellers as a “Consulting and Oversight Fee” (defined that term is defined in Section 2.1 of the Consulting Agreement); provided, however, in the event that a Repurchase Notice shall have been delivered in accordance with Section 1.4(f) of the Membership Interest Purchase Agreement and the election provided in Section 1.4(g)(2) of the Membership Interest Purchase Agreement shall have been made, then the Deferred Payment with respect to such Developing Center LLC shall instead equal the Management Agreement Termination Fee (as defined in such Section 1.4(f) and provided further, however, that the Deferred Payment for any Center shall be zero in the event the Payment Period ends as a result of (i) a termination of the related Management Agreement in accordance with Section 1.4(g) of the Membership Interest Purchase Agreement or (ii) Manager (or its affiliates) ceasing to be the manager of that Center following the natural expiration of the term of the relevant Management Agreement.

(ii) “Fees” means, with respect to a Center, all fees payable to Manager and its Affiliates, without any deductions whatsoever, under a Management Agreement (but not the amount of any expense reimbursements made under the Management Agreements). No amendment or termination of any Management Agreement will affect the calculation of the Fees, which will continue to be calculated based on the terms of the Management Agreement in force on the date hereof unless otherwise consented in writing by the Sellers.

(iii) “TTM Fees” means, with respect to a Center, the Fees actually received by Purchaser and its Affiliates under and pursuant to a Management Agreement for the twelve calendar months ending with the month prior to the date on which the applicable payment is due (such date being the “Payment Term Ending Date”).

1.3. Assignment. The sale, assignment, transfer and delivery of the Management Rights shall be made by each Seller’s execution and delivery at the Closing of an Assignment substantially in the form attached as Exhibit 1.3 hereto (the “Assignment”) and the delivery by each LLC (or its Applicable Partnership) of the executed Management Agreement. From and after the closing of the transactions contemplated by the Membership Interest Purchase Agreement, the Management Rights shall be cancelled and, thereafter, the Management Agreements shall supersede and replace the Management Rights.

1.4. No Assumption of Liabilities. Purchaser shall not assume, at the Closing or otherwise, any liability of any Seller, and each Seller covenants and agrees to satisfy, when due, all of its liabilities, indebtedness and obligations. Purchaser shall not be responsible, from and after the Closing or otherwise, for

any other of the Sellers' leases, contracts, liabilities, indebtedness or any other obligations incurred by a Seller, fixed or contingent, disclosed or undisclosed.

1.5. Closing. The sale and purchase of the Management Rights and other activities provided for herein (the "Closing") shall take place at Waller Lansden Dortch and Davis, PLLC, 511 Union Street, Suite 2700, Nashville, Tennessee 37219, or at such other place as the Parties may agree upon, on the first business day following the satisfaction (or waiver) of all of the conditions to closing set forth in Articles VI and VII hereof (such date being the "Closing Date"), and the Closing shall be deemed effective at 12:01 a.m. on the Closing Date.

1.6. Interpretation. In this Agreement, unless the context otherwise requires:

(a) references to this Agreement are references to this Agreement and to the Schedules and Exhibits attached hereto;

(b) references to Articles and Sections are references to articles and sections of this Agreement;

(c) references to any Party to this Agreement shall include references to its respective successors and permitted assigns;

(d) references to a judgment shall include references to any order, writ, injunction, decree, determination or award of any court or tribunal;

(e) references to a person shall include references to any individual, company, body corporate, association, limited liability company, firm, joint venture, trust or governmental entity or agency;

(f) the terms "hereof," "herein," "hereby" and derivative or similar words will refer to this entire Agreement;

(g) references to any document (including this Agreement) are references to that document as amended, consolidated, supplemented, novated or replaced by the Parties from time to time;

(h) the word "including" shall mean including without limitation;

(i) each representation, warranty and covenant contained herein shall have independent significance and, if any party hereto has breached any representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) which such party has not breached shall not detract from or mitigate the fact that the party is in breach of the first representation, warranty or covenant, provided that indemnification for any such breach shall be only in accordance with and subject to the limitations of Article VIII hereof; and

(j) in respect of a party, the term "Affiliate" shall mean any entity controlling, controlled by or under common control with such party.

II. REPRESENTATIONS AND WARRANTIES OF SELLERS

Except as set forth in a Schedule called for hereunder (each of which shall refer to a specific section to which such Schedule shall apply), the Owners and the Company hereby jointly and severally represent and warrant to Purchaser as follows:

2.1. Authorization and Binding Effect of Owners. The Company and each Owner has all necessary authority and power to execute and deliver this Agreement and consummate the transactions contemplated hereby and has taken all action required to be taken to authorize the execution, delivery and performance of this Agreement. This Agreement constitutes a valid and binding agreement or commitment against the Company and the Owners in accordance with its terms. The execution of this Agreement by the Company and the Owners, the performance by the Company and the Owners of their obligations hereunder and the consummation of the transactions contemplated hereby by the Company and the Owners will not require any consent, approval or notice under, or violate, breach, be in conflict with or constitute a default (or an event that, with notice or lapse of time or both, would constitute a default) under, or permit termination of, or result in the creation or imposition of any lien upon any properties, assets or business of the Company or an Owner under any note, bond, indenture, mortgage, deed of trust, lease, franchise, permit, authorization, license, contract, instrument or other agreement or commitment or any order, judgment or decree to which any of them is a party or by which any of them of their respective assets or properties is bound or encumbered, except as indicated on Schedule 2.1 hereof. No notice to, filing or registration with or authorization, consent or approval of any public body or governmental or regulatory authority is necessary for the consummation by the Company or the Owners of the transactions contemplated by this Agreement, except as indicated on Schedule 2.1 hereto. Each Owner is a resident of the State of California.

2.2. Organization of the Company. The Company is a limited liability company duly organized and validly existing in good standing under the laws of the State of California, has full power and authority to own and operate its property and to carry on its business as now being conducted, and is duly qualified to do business in each jurisdiction in which the nature of its property or business requires.

2.3. Capitalization. The Owners own 100% of the issued and outstanding equity securities of the Company.

2.4. Representations Regarding the Management Rights.

(a) The Management Rights are being transferred hereunder free and clear of any liens or claims, and upon amendment of the Operating Agreements, no person will have any further claim thereunder for periods following the Closing Date. Attached hereto as Schedule 2.4(a) are state and local UCC searches on the Sellers and, except as disclosed thereon, the Sellers have good title to the Management Rights, free and clear of all liens, claims or encumbrances. Schedule 2.4(a) reflects all security interests relating to the Management Rights in every place where security interests created or perfected by filing are legally required to be filed and include copies of all such financing statements.

(b) Each Seller is in compliance with the terms and requirements of the Management Rights; no event or circumstance exists that (with or without notice or lapse of time) contravenes, conflicts with, is in a violation or breach of, or gives any party the right to declare a default on such Management Rights or exercise any remedy with respect thereto, or to accelerate the maturity or performance of, or to cancel, terminate, or modify, any Management Right; no LLC or Applicable Partnership has given or received any written unresolved notice or other unresolved written communication regarding any actual, alleged, possible, or potential violation or breach of, or default under, any Management Right; and there is no litigation, arbitration, governmental claim, investigation or proceeding, pending or, to the knowledge of any Seller, threatened, against any Seller at law or in equity, before any court, arbitration tribunal or governmental

agency, relating to any of the Management Rights, and no Seller knows of any facts on which claims may legitimately or reasonably be hereafter made against a Seller and relating to any of the Management Rights.

2.5. Calculation of Management Fees. Each Seller acknowledges that the Initial Purchase Price for the Management Rights was determined by multiplying the revenues of the Sellers derived from the Management Rights in the Existing Center LLCs for the twelve month period ended December 31, 2004, times three and one-half (3.5), plus an additional one million dollars (\$1,000,000) as consideration for the Management Rights in the Developing Center LLCs. The revenues of the Sellers derived from the Management Rights during the twelve month periods ended December 31, 2003 and 2004 were \$1,424,180.68 and \$1,392,087.78 respectively.

2.6. Court Orders, Decrees and Compliance with Laws. There is not outstanding or, to the Company's or any Owners' knowledge, threatened, any order, writ, injunction or decree or any court, governmental agency or arbitration tribunal against or affecting the Company, the Management Rights. The Company is in compliance with all applicable federal, state and local laws, regulations and administrative orders, except where noncompliance therewith would not have an adverse effect on the Company or the Management Rights, and has received no unresolved notices of alleged violations thereof. There are no proceedings against the Company and, to each Owners' and the Company's knowledge, no governmental authority is currently conducting an investigation and no such investigation or proceeding is being threatened.

2.7. No Finders or Brokers. Neither the Company nor any Owner has engaged any finder or broker in connection with the transactions contemplated hereunder.

2.8. Licenses. Except as set forth on Schedule 2.8, no licenses, permits or approvals have been needed and/or have been required by law for Sellers to exercise the Management Rights or to discharge the obligations associated therewith.

2.9. No Untrue or Inaccurate Representation or Warranty. No representation or warranty by Owners or the Company set forth in this Agreement contains or will contain any untrue statement of fact, or omits or will omit to state a fact necessary to make the statements therein not misleading.

III. REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to the Company and the Owners as follows:

3.1. Organization and Standing. Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Tennessee and has full corporate power and authority to conduct its business as now being conducted and is duly qualified to do business in each jurisdiction in which the nature of its property or business requires.

3.2. Authorization and Binding Effect. Purchaser has all necessary authority and corporate power to execute and deliver this Agreement and consummate the transactions contemplated hereby and has taken all action required to be taken by or on the part of Purchaser to authorize the execution, delivery and performance of this Agreement. This Agreement constitutes a valid and binding agreement enforceable against Purchaser in accordance with its terms. The execution of this Agreement by Purchaser, the performance by Purchaser of its obligations hereunder and the consummation of the transaction contemplated hereby by Purchaser will not require any consent, approval or notice under, or violate, breach, be in conflict with or constitute a default (or an event that, with notice or lapse of time or both, would constitute a default) under, or permit termination of, or result in the creation or imposition of any lien upon any properties, assets or business of Purchaser under any note, bond, indenture, mortgage, deed of trust, lease, franchise, permit, authorization, license, contract, instrument or other agreement or

commitment or any order, judgment or decree to which Purchaser is a party or by which Purchaser or any of its assets or properties is bound or encumbered, except as indicated on Schedule 3.2 hereof. Assuming the accuracy of the representations in Section 2.2 hereof, no notice to, filing or registration with or authorization, consent or approval of any public body or governmental or regulatory authority is necessary for the consummation by Purchaser of the transaction contemplated by this Agreement, except as indicated on Schedule 3.2 hereto.

3.3. Ownership. Purchaser is a wholly-owned direct or indirect subsidiary of SARC, which is a wholly owned subsidiary of Symbion, Inc., a Delaware corporation.

3.4. No Finders or Brokers. Purchaser has not engaged any finder or broker in connection with the transactions contemplated hereunder.

3.5. No Untrue or Inaccurate Representation or Warranty. No representation or warranty by Purchaser set forth in this Agreement contains or will contain any untrue statement of fact, or omits or will omit to state a fact necessary to make the statements therein not misleading.

IV. COVENANTS OF PURCHASER

4.1. Best Efforts. Purchaser hereby covenants and agrees to take all necessary corporate action and to use its reasonable best efforts to obtain all consents and approvals required to carry out the transactions contemplated herein and to satisfy the conditions specified herein. Between the date hereof and the Closing Date, Purchaser will use reasonable efforts to keep the representations and warranties contained in Article III hereof true and correct at and as of the Closing Date (except for changes contemplated, permitted or required by this Agreement) and so that the conditions to be satisfied by Purchaser at the Closing shall have been satisfied

4.2. Notification of Certain Matters. Until the Closing Date, Purchaser promptly advise the Sellers in writing of (i) any change or event that would cause any condition to closing in Article VI or VII to be unable to be satisfied, (ii) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement and (iii) the existence of any matter arising or discovered which would have been required to be set forth or described in a disclosure schedule delivered pursuant to Article III of this Agreement. Purchaser shall promptly notify the Sellers of any action, suit or proceeding that shall be instituted or threatened against Purchaser to restrain, prohibit or otherwise challenge the legality of any transaction contemplated by this Agreement.

V. COVENANTS OF SELLERS

5.1. Best Efforts. Each Owner and the Company shall take all necessary action and use reasonable best efforts to obtain all consents and approvals required to carry out the transactions contemplated herein and to satisfy the conditions specified herein.

5.2. Access and Information. Between the date hereof and the Closing, the Sellers shall cooperate fully in the providing Purchaser full access to all records of the Centers and any Seller, and Owners shall confer on a regular and frequent basis with one or more representatives of Purchaser to report material operational matters of the Centers and to report the general status of ongoing operations of the Centers. Owners shall notify Purchaser of any material adverse change in the financial position, earnings or business of the Company after the date hereof and prior to the Closing and any unexpected emergency or other unanticipated change in the business of the Company and of any governmental complaints, investigations or hearings or adjudicatory proceedings (or communications indicating that the

same may be contemplated) or of any other matter which may be material to the Company and shall keep Purchaser reasonably informed of such events.

5.3. Conduct of Business. Between the date hereof and the Closing Date, except as contemplated by the transactions completed by the Membership Interest Purchase Agreement and hereunder, or otherwise approved by Purchaser in its sole discretion, the Sellers shall conduct their business insofar as it is related to the Management Rights only in the ordinary course thereof consistent with past practice and use reasonable efforts to keep the representations and warranties contained in Article II hereof true and correct at and as of the Closing Date (except for changes contemplated, permitted or required by this Agreement) and so that the conditions to be satisfied by the Sellers at the Closing shall have been satisfied.

5.4. Notification of Certain Matters. Until the Closing Date, the Sellers shall promptly advise Purchaser in writing of (i) any change or event that would cause any condition to closing in Article VI or VII to be unable to be satisfied, (ii) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement, and (iii) the existence of any matter arising or discovered which would have been required to be set forth or described in a disclosure schedule delivered pursuant to Article II of this Agreement. Each Seller shall promptly notify Purchaser of any action, suit or proceeding that shall be instituted or threatened against such Seller to restrain, prohibit or otherwise challenge the legality of any transaction contemplated by this Agreement.

5.5. Exclusivity. During the period from the date of this Agreement until its termination in accordance with Article IX hereof, each Owner and the Company shall not, and will cause each of its and their respective agents, employees, and affiliates to not, except as expressly contemplated herein, directly or indirectly, initiate, encourage, conduct or hold discussions with any corporation, partnership, person or other entity (other than Purchaser and its Affiliates) (a "Third Party") concerning:

- (a) a purchase, affiliation, joint venture or lease of all, or a material part of, the Management Rights, the Company or any Center by a Third Party;
- (b) the management of any Center by a Third Party;
- (c) the transfer by any Seller of any of its ownership in the Company, the Management Rights or the Centers to a Third Party; or
- (d) the issuance by the Company of any debt, equity or hybrid securities.

If an Owner or the Company shall receive any unsolicited offer or correspondence relating to a transaction of the type described in this Section 5.5, such Owner or the Company, as the case may be, shall promptly notify Purchaser of any such transaction or negotiations and disclose the terms of any such proposal.

5.6. Acknowledgement of Reliance and Inducement. The Sellers acknowledge and agree that their execution, delivery and performance of the Consulting Agreement, and specifically the covenants and obligations set forth in Article IV thereof, were a material inducement for the affiliates of Manager to enter into and to consummate the transactions contemplated by this Agreement and the MIPA, and Purchaser would not have entered into or consummated the transactions contemplated by this Agreement and the MIPA unless the Sellers had agreed to the provisions of Article IV of the Consulting Agreement. This acknowledgement is not intended to imply or support any increased damages (beyond those

specified herein and/or in the MIPA) for any breach of this Agreement, nor shall it be used for such purpose.

VI. CONDITIONS TO CLOSING BY PURCHASER

Except as may be waived by Purchaser, the obligations of Purchaser to purchase the Management Rights and to consummate the transactions contemplated hereby on the Closing Date shall be subject to the satisfaction on or prior to the Closing Date of the following conditions:

6.1. Compliance. All of the representations and warranties of the Company and Owners contained in Article II of this Agreement shall be true as of the date of this Agreement and as of the time of the Closing, except as would not individually or in the aggregate have a material adverse effect on the Company, the Business or the results of operations or financial condition of any Center and the Company and the Owners shall have performed or complied with all covenants and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing, except for noncompliance which would not individually or in the aggregate have a material adverse effect on the Company, the Business or the results of operations or financial condition of any Center. Purchaser shall have been furnished a certificate dated the Closing Date and signed by an Owner or authorized representative of the Company to the foregoing effect.

6.2. Consents, Authorizations, Etc. All necessary licenses, certifications, permits and approvals from federal, state and local governmental units for the transactions contemplated hereby shall have been issued to the Company in form and substance reasonably satisfactory to Purchaser.

6.3. No Action or Proceeding. No action or proceeding shall have been brought or threatened before any court or administrative agency to prevent the consummation of, or to seek damages in a material amount by reason of, the transactions contemplated hereby, and no governmental authority shall have asserted that these transactions constitute a violation of law or give rise to liability on the part of Purchaser or the Company.

6.4. Good Standing Certificate. Owners shall have delivered to Purchaser a good standing certificate issued with respect to the Company, issued by the Secretary of State of the State of California, dated as of a date that is not more than 15 days prior to the Closing Date.

6.5. No Material Adverse Effect. The operations of the Company shall have been conducted in the ordinary course of business, consistent with past practice, and from December 31, 2004 until the Closing, no event shall have occurred or have been threatened, which has or would have a material and adverse effect upon the operations of the Company, the Business or their respective prospects; and none of the Company and the Assets shall have sustained any loss or damage, whether or not insured, that affects materially and adversely the value of the Management Rights.

6.6. Membership Interest Purchase Agreement Closing. The "Closing" under the Membership Interest Purchase Agreement shall have occurred.

6.7. Consulting Agreement. The Purchaser shall have executed and delivered to the Company the Consulting Agreement, in the form attached hereto as Exhibit 6.7 (the "Consulting Agreement").

6.8. Assignment Agreement. Each Seller shall have delivered to the Purchaser a duly executed Assignment.

6.9. Closing Certificate. At the Closing, Purchaser shall have received copies of the

following, in each case certified as of the Closing Date by the managing members of the Company:

(a) resolutions of the members of the Company authorizing the execution, delivery and performance of this Agreement and the other agreements that the Company is required to execute and deliver pursuant to the terms of this Agreement; and

(b) the signature and incumbency of the managing members of the Company authorized to execute and deliver this Agreement and the other agreements and certificates that the Company is required to deliver on or before the Closing Date pursuant to this Agreement.

6.10. Opinion of Counsel. Purchaser shall have received from counsel to Sellers an opinion in form and substance as set forth in Exhibit 6.10 attached to this Agreement, addressed to Purchaser and dated as of the Closing Date.

6.11. Waiver of Conditions. Purchaser may waive any condition of this Article VI to the extent permitted by applicable law. Such waiver shall not affect Purchaser's remedies under this Agreement with respect to the waived condition, or otherwise.

VII. CONDITIONS TO CLOSING BY THE COMPANY

Except as may be waived in writing by Owners and the Company, the obligations of the Company and the Owners to consummate the transactions contemplated hereby on the Closing Date shall be subject to the satisfaction on or prior to the Closing Date of the following conditions:

7.1. Compliance. All of the representations and warranties made by Purchaser contained in Article III of this Agreement shall be true as of the date of this Agreement and as of the time of Closing, except as would not individually or in the aggregate have a material adverse effect on Purchaser's ability to consummate the transactions contemplated by this Agreement, and Purchaser shall have performed and complied with all covenants and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing, except for noncompliance which would not individually or in the aggregate have a material adverse effect on Purchaser's ability to consummate the transactions contemplated by this Agreement. The Sellers shall have been furnished with a certificate, dated the Closing Date, of a duly authorized officer of Purchaser to the foregoing effect.

7.2. Secretary's Certificate. At the Closing, the Sellers shall have received copies of the following, in each case certified as of the Closing Date by a Secretary or an Assistant Secretary of Purchaser:

(a) resolutions of the board of directors of Purchaser's authorizing the execution, delivery and performance of this Agreement and the other agreements that Purchaser is required to execute and deliver pursuant to the terms of this Agreement; and

(b) the signature and incumbency of the officers of Purchaser authorized to execute and deliver this Agreement and the other agreements and certificates that Purchaser is required to deliver on or before the Closing Date pursuant to this Agreement.

7.3. Consent, Authorizations, Etc. All necessary consents, authorizations, licenses, certifications, permits and approvals from federal, state and local governmental units for the transactions contemplated hereby, and for continued operation of the Business as an ambulatory surgery center following the consummation of the transactions contemplated hereby, shall have been issued to the Company in form and substance reasonably satisfactory to Owners.

7.4. No Action or Proceeding. No action or proceeding shall have been brought or threatened before any court or administrative agency to prevent the consummation of, or to seek damages in a material amount by reason of, the transactions contemplated hereby, and no governmental authority shall have asserted that these transactions constitute a violation of law or give rise to liability on the part of Owners.

7.5. Good Standing Certificate. Purchaser shall have delivered to Owners a good standing certificate issued with respect to Purchaser by the Secretary of the State of Tennessee. Such good standing certificate shall be dated as of a date that is not more than 15 days prior to the Closing Date.

7.6. Membership Interest Purchase Agreement Closing. The "Closing" under the Membership Interest Purchase Agreement shall have occurred.

7.7. Consulting Agreement. The Company shall have executed and delivered to Purchaser the Consulting Agreement.

7.8. Purchase Price. The Sellers shall have received the Initial Purchase Price (less the AH Escrow Amount) and the Escrow Agent shall have received the AH Escrow Amount.

7.9. Opinion of Counsel. The Sellers shall have received from counsel to Purchaser an opinion in form and substance as set forth in Exhibit 7.9 attached to this Agreement, addressed to the Sellers and dated as of the Closing Date.

7.10. Waiver of Conditions. Owners and the Company may waive any conditions of this Article VII to the extent permitted by applicable law. Such waiver shall not affect Owners' or the Company's remedies under this Agreement with respect to the waived condition, or otherwise.

VIII. INDEMNIFICATION

The Parties acknowledge and agree that the provisions of Article VIII of the MIPA shall govern and control all indemnification for breaches of the reps, warranties, and covenants contained herein. Except for remedies of injunctive and provisional relief, if the Closing occurs, Article VIII of the MIPA shall be the sole and exclusive remedy for breach of, or inaccuracy in, any representation, warranty, or covenant contained herein, or otherwise in respect of the transactions contemplated hereby.

IX. TERMINATION

9.1. Termination Events. This Agreement may be terminated and the transaction abandoned at any time prior to the Closing Date as follows:

- (a) By the mutual written consent of Purchasers and the Owners;
- (b) By the Owners (acting together) or Purchasers if the Closing has not occurred by August 31, 2005.
- (c) By Purchasers if there has been a material violation or breach of any of the Sellers' covenants contained in this Agreement which has not been waived by Purchasers in writing;

(d) By the Owners, if there has been a material violation or breach of any of the Purchaser's covenants contained in this Agreement which has not been waived by Owners in writing.

9.2. Notice of Termination. In the event of such termination by either Purchaser or Owners pursuant to Section 9.1 hereof, written notice shall forthwith be given to the other party or parties hereto.

9.3. Consequences of Termination. In the event this Agreement is terminated as provided in Section 9.1 above, (a) Purchaser shall deliver to Owners all documents (and copies thereof in its possession) concerning the Company previously delivered by Owners or the Company to Purchaser; and (b) none of the parties hereto nor any of their respective shareholders, directors, officers, agents or consultants shall have any liability to the other party for costs, expenses, loss of anticipated profits, consequential damages or otherwise, except for any intentional breach of any of the provisions of this Agreement.

X. MISCELLANEOUS

10.1. Schedules and Other Instruments. Each Schedule and Exhibit to this Agreement shall be considered a part hereof as if set forth herein in full.

10.2. Additional Assurances. The provisions of this Agreement shall be self-operative and shall not require further agreement by the Parties except as may be herein specifically provided to the contrary; provided, however, at the reasonable request and expense of a Party, the other Party or Parties shall execute such additional instruments and take such additional actions as the requesting Party may deem necessary to effectuate this Agreement. In addition and from time to time after Closing, Owners and the Company shall execute and deliver such other instruments of conveyance and transfer, and take such other actions as Purchaser reasonably may request, to effectively convey and transfer full right, title and interest to, vest in, and place Purchaser in legal, equitable and actual possession of the Management Rights. Owners and the Company shall also furnish Purchaser with such information and documents in that Party's possession or under that Party's control, or which Owners and the Company can execute or cause to be executed, as will enable Purchaser to prosecute any and all petitions, applications, claims and demands relating to or constituting a part of the Management Rights. Additionally, each Party hereto shall cooperate with one another and use their respective reasonable efforts to have their respective present directors, officers and employees cooperate with one another on and after Closing in furnishing information, evidence, testimony and other assistance in connection with any action, proceeding, arrangement or dispute of any nature with respect to matters pertaining to all periods prior to Closing in respect of the items subject to this Agreement, provided that any Party hereto will reimburse the other Parties hereto for all costs and expenses incurred by the other Parties hereto in connection therewith.

10.3. Consented Assignment. Anything contained herein to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign any claim, right, contract, license, lease, commitment, sales order or purchase order if an attempted assignment thereof without the consent of the other Party thereto would constitute a breach thereof or in any material way affect the rights of Owners and the Company, as appropriate, thereunder, unless such consent is obtained. If such consent is not obtained, or if an attempted assignment would be ineffective or would materially affect the rights thereunder of Owners and the Company so that Purchaser would not in fact receive all such rights, the Parties shall cooperate in any reasonable arrangement designed to provide for the Parties the benefits under any such claim, right, contract, license, lease, commitment, sales order or purchase order, including, without limitation, enforcement of any and all rights of Owners and the Company, against the other party or parties thereto arising out of the breach or cancellation by such other party or otherwise.

10.4. 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.

10.5. Choice of Law and Venue. The Parties agree that this Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to its conflicts of law provisions. The Parties hereto hereby designate all courts of record sitting in Los Angeles County, California, both state and federal, as the exclusive forums where any action, suit or proceeding in respect of or arising out of this Agreement, or the transactions contemplated by this Agreement shall be prosecuted as to all Parties, their successors and assigns, and by the foregoing designations the Parties hereto consent to the exclusive jurisdiction and venue of such courts.

10.6. 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 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 any Party may, without the prior written consent of the other Party, assign its rights and delegate its duties hereunder to one or more of its affiliates as long as such assignment will not relieve the assigning Party of its obligations 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.

10.7. Cost of Transaction. Except as otherwise provided herein, whether or not the transactions contemplated hereby shall be consummated, the Parties agree as follows: (i) Owners and the Company will pay the fees, expenses, and disbursements of Owners and the Company and their agents, representatives, accountants, and counsel incurred in connection with the subject matter hereof and any amendments hereto; and (ii) Purchaser shall pay the fees, expenses and disbursements of Purchaser and its agents, representatives, accountants and counsel incurred in connection with the subject matter hereof and any amendments hereto.

10.8. Confidentiality.

(a) The information, documents and instruments delivered to Purchaser by Owners and the Company or their agents and the information, documents and instruments delivered to Owners and the Company by Purchaser or its respective agents are of a confidential and proprietary nature. Each of the Parties hereto agrees that both prior and subsequent to the Closing it will maintain the confidentiality of all such confidential information, documents or instruments delivered to it by each of the other Parties hereto or their agents in connection with the negotiation of this Agreement or in compliance with the terms, conditions and covenants hereof and will only disclose such information, documents and instruments to its duly authorized officers, directors, representatives and agents. Each of the Parties hereto further agrees that if the transactions contemplated hereby are not consummated, it will return all such documents and instruments and all copies thereof in its possession to the other Party to this Agreement. Each of the Parties hereto recognizes that any breach of this Section would result in irreparable harm to the other Parties to this Agreement and their affiliates and that therefore each of them shall be entitled to an injunction to prohibit any such breach or anticipated breach, without the necessity of posting a bond, cash or otherwise, in addition to all of their other legal and equitable remedies. Nothing in this Section 10.8, however, shall prohibit the use of such confidential information, documents or information for such governmental filings as in the reasonable opinion of Owners' counsel or Purchaser's counsel are required by law or governmental regulations, provided that reasonable notice is provided to the other Parties.

(b) The Parties hereto agree that the terms and conditions of this Agreement, and all other agreements and instruments executed and delivered by the respective Parties in connection with this Agreement (the "Transaction Documents") shall remain confidential. Neither Purchaser nor Owners and the Company nor their respective agents and representatives shall distribute the Transaction Documents or any drafts thereof, or any part thereof, to any third party unless required by law to do so or in connection with the required approvals by the LLCs.

10.9. Public Announcements. The Sellers agree that they shall not release, publish or otherwise make available to the public in any manner whatsoever any information or announcement regarding the transactions herein contemplated without the prior written consent of the other Party, except for information and filings reasonably necessary to be directed to governmental agencies to fully and lawfully effect the transactions herein contemplated or required in connection with securities and other laws.

10.10. Waiver of Breach. 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.

10.11. Notice. Any notice, demand or communication required, permitted, or desired to be given hereunder shall be deemed effectively given upon receipt or refusal to accept receipt when delivered personally, upon facsimile (if the sending facsimile machine prints confirmation of receipt by the receiving machine and notice is given by other means permitted by this Section within one business day thereafter) or the next Business Day when sent by overnight courier, with delivery prepaid thereon and overnight delivery specified, or five days after being deposited in the United States mail, with postage prepaid thereon, or certified or registered mail, return receipt requested, addressed as follows:

Sellers:	To the addresses set forth on the signature page.
With a simultaneous copy to:	Sheppard, Mullin, Richter & Hampton LLP 333 South Hope Street, 48th Floor Los Angeles, California 90071 Attention: Lawrence M. Braun
and to	Guth Christopher LLP 10866 Wilshire Blvd, Suite 1250 Los Angeles, California 90024 Attention: Theodore E. Guth
Purchaser or SARC:	c/o Symbion, Inc. 40 Burton Hills Boulevard, Suite 500 Nashville, Tennessee 37215 Attention: President
With a simultaneous copy to:	Waller Lansden Dortch & Davis, PLLC 511 Union Street, Suite 2700 Nashville, Tennessee 37219-1760 Attention: Joseph A. Sowell, III, Esq.

or to such other address, and to the attention of such other person or officer as any Party may designate, with copies thereof to the respective counsel thereof as notified by such Party.

10.12. 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.

10.13. 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.

10.14. 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.

10.15. Survival. All of the covenants and agreements made by the Parties in this Agreement or pursuant hereto in any certificate, instrument or document which are to be performed after closing shall survive the consummation of the transactions described herein and shall not be deemed merged into any instruments or agreements delivered at Closing or thereafter, and no other covenants and agreements shall survive the Closing but shall be deemed merge into any instruments or agreements delivered at Closing.

10.16. Entire Agreement/Amendment. 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 shall be recognized unless and until made in writing and signed by all Parties hereto. 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.

10.17. 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 IS KNOWINGLY AND VOLUNTARILY WAIVING ITS RIGHTS TO DEMAND TRIAL BY JURY.

10.18. Tax Advice and Reliance. Except as expressly provided in this Agreement, none of the Parties (nor any of the Parties' respective counsel, accountants or other representatives) has made or is making any representations to any other Party (or to any other Party's counsel, accountants or other representatives) concerning the consequences of the transactions contemplated hereby under applicable tax laws. Each Party has relied solely upon the tax advice of its own employees or of representatives engaged by such Party and not on any such advice provided by any other Party hereto.

10.19. No Rescission. No Party shall be entitled to rescind the transactions contemplated hereby by virtue of any failure of any Party's representations and warranties herein to have been true or any failure by any Party to perform its obligations hereunder.

10.20. Counterparts. This Agreement may be executed in multiple counterparts (including by means of telecopied signature pages), any one of which need not contain the signatures of more than one Party, each of which shall be enforceable against the Parties executing such counterparts, and all of which together shall constitute one instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

PARTHENON MANAGEMENT PARTNERS, LLC

By:  _____

Title: MANAGING MEMBER



Andrew A. Brooks, M.D.

14159 BEAUFORD DR.
BEVERLY HILLS CA 90216

Address for Notices



Randhir S. Tuli

19248 Allandale Dr.
Tarzana CA 91354

Address for Notices

SYMBIONARC MANAGEMENT SERVICES, INC.

By: _____

Title: _____

The undersigned joins herein solely for the purposes of Article VIII hereof.

SYMBION AMBULATORY RESOURCE CENTRES, INC.

By: _____

Name: _____

Title: _____

10.20. Counterparts. This Agreement may be executed in multiple counterparts (including by means of telecopied signature pages), any one of which need not contain the signatures of more than one Party, each of which shall be enforceable against the Parties executing such counterparts, and all of which together shall constitute one instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

PARTHENON MANAGEMENT PARTNERS, LLC

By: _____

Title: _____

Andrew A. Brooks, M.D.

Address for Notices

Randhir S. Tuli

Address for Notices

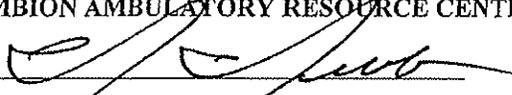
SYMBIONARC MANAGEMENT SERVICES, INC.

By:  _____

Title: *Chief Development Officer*
& SR. VP.

The undersigned joins herein solely for the purposes of Article VIII hereof.

SYMBION AMBULATORY RESOURCE CENTRES, INC.

By:  _____

Name: *William Webb*

Title: *Chief Development Officer*
+ Sr. V.P.

SCHEDULE 1

List of Centers (as of the Effective Date)

Existing Centers

1. an outpatient surgery center located at 9575 Brighton Way, Suite 100, Beverly Hills, CA 90210 (the "Brighton Center").
2. an outpatient surgery center located at 16501 Ventura Boulevard, Suite 103, Encino, CA 91436 (the "Encino Center").
3. an outpatient surgery center located at 8670 Wilshire Boulevard, Suite 300, Beverly Hills, CA 90211 (the "Wilshire Center").

Developing Centers

1. an outpatient surgery center located at 15825 Laguna Canyon Road, Suite 200, Irvine, CA 92618 (the "Irvine Center").
2. an outpatient surgery center located at 51 North Fifth Avenue, Suite 101, Arcadia, CA 91006 (the "Arcadia Center").
3. an outpatient surgery center located at 696 Hampshire Road, Thousand Oaks, CA 91361 (the "Agoura Hills Center").

EXHIBIT 1.2

Form of Management Agreement

(Attached as Exhibit 6.9A to the Purchase Agreement)

EXHIBIT 1.2

Services of Andrew A. Brooks, M.D.

Owner shall use good faith and reasonable diligence in providing consulting and management advisory services to assist Manager in its oversight of the efficient operation of the Existing Centers, and Developing Centers.

Services of Randhir S. Tuli

Owner shall use good faith and reasonable diligence in providing consulting and management advisory services to assist Manager in the day to day operation of the Existing Centers and Developing Centers, including, without limitation, monitoring and/or assisting Manager, as Manager may reasonably request, with the following:

- A. obtaining or maintaining the accreditation of a Center (if the Center is accredited) with the proper agencies and insurance companies, including JCAHO or AAAHC;
- B. the hiring, employing, supervising, directing, leasing and discharging all non-physician personnel performing services at a Center;
- C. the negotiation by Centers of reimbursement and fee payment methods, in coordination with Manager with the appropriate third party payers and state and federal agencies;
- D. the establishment of staffing schedules, wage structures and personnel policies for all personnel at a Center;
- E. the determination and setting of patient charges for services provided by a Center;
- F. the development and provision by Manager of policies and operating procedures to all departments of a Center;
- G. the development of standard formats for all charts, invoices, and other forms used in the operation of a Center;
- H. the purchase, lease or disposition by a Center of all supplies and equipment used in the operation of the Center;
- I. the day-to-day operations of a Center;
- J. the negotiating or retention of contractual relationships for anesthesia services, radiology services, and pathology services, at a Center.
- K. the establishment and functioning of accounting, billing, receivables, credit and collection policies and procedures for the Centers.
- L. the development of systems for handling patient complaints.

EXHIBIT 1.2(B)

Form of Escrow Agreement

(To be attached at Closing)

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Agreement"), dated as of _____, 2005, is by and among Parthenon Management Partners, LLC, a California limited liability company (the "Company"), Andrew A. Brooks, M.D. and Randhir S. Tuli, both residents of the State of California (each an "Owner" and, collectively the "Owners") (the Company and the Owners being, collectively, the "Sellers"), SymbionARC Management Services, Inc., a Tennessee corporation (the "Purchaser"), and Bank of America, N.A. (the "Escrow Agent").

RECITALS

A. Concurrently with the execution of this Agreement, the Purchaser is acquiring certain management rights from the Sellers as described in the Management Rights Purchase Agreement dated _____, 2005 (the "Purchase Agreement"), a copy of which is attached hereto as Exhibit A.

B. The execution and delivery of this Agreement is a condition to the consummation of the transactions contemplated by the Purchase Agreement.

C. Capitalized terms used in this Agreement but not defined are used in this Agreement as defined in the Purchase Agreement.

NOW THEREFORE, in consideration of the mutual promises and subject to the terms and conditions herein contained, and other good and valuable consideration, had and received, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

1. Appointment of Escrow Agent. The Purchaser and the Sellers hereby appoint and designate the Escrow Agent as the escrow agent for the purposes set forth in this Agreement, and the Escrow Agent hereby accepts such appointment under the terms and conditions set forth in this Agreement. Notwithstanding the references in this Agreement to the Purchase Agreement, the Purchaser and the Sellers acknowledge that the Escrow Agent is not a party to the Purchase Agreement for any purpose or responsible for its interpretation or enforcement.

2. Deposit in Escrow. Simultaneously with the execution and delivery of this Agreement, the Purchaser shall deposit with the Escrow Agent (for the account of Sellers) an aggregate amount equal to THREE HUNDRED THIRTY THREE THOUSAND THREE HUNDRED THIRTY THREE AND NO/100 DOLLARS (\$333,333.00) (together with all income earned thereon, the "Escrow Funds"). The Escrow Agent shall hold and disburse the Escrow Funds in accordance with the terms and conditions of this Agreement. The Escrow Funds shall not be subject to lien or attachment by any creditor of any party hereto and shall be used solely for the purpose set forth in the Purchase Agreement. Except as expressly stated herein, the Escrow Funds shall not be available to, and shall not be used by, the Escrow Agent to set off any obligations of either the Purchaser or the Sellers owing to the Escrow Agent in any capacity.

3. Investment. The Escrow Agent shall invest the Escrow Funds in such manner as is jointly specified in writing from time to time by the Purchaser and the Sellers. Absent such direction, the Escrow Agent shall invest the Escrow Funds in Bank of America Funds, National Tax-Free Money Market Fund. Any investment income realized on the Escrow Funds shall be distributed to the Sellers quarterly in accordance with each Seller's respective "Pro Rata Share" as set forth on Exhibit B and shall not become part of the Escrow Funds. Promptly following the conclusion of each calendar quarter, the Escrow Agent shall deliver to each Seller a written statement of account with respect to any investment income realized on the Escrow Funds in accordance with their Pro Rata Shares.

In accordance with Proposed Treasury Regulations §1.468B-8, the Purchaser shall be treated as the owner of the Escrow Funds for federal and state income tax purposes while it is held by the Escrow Agent, and the Escrow Agent shall, for each calendar year (or portion thereof) for which the Escrow Fund is so held report the interest earned on the Escrow Funds on IRS Form 1099 and corresponding state income tax forms with applicable law and regulations, showing the Escrow Agent as the payor and showing the Purchaser as the payee unless the Purchaser

and Sellers' Committees shall have delivered to the Escrow Agent a statement that specifies otherwise in accordance with Proposed Treasury Regulations §1.468B-8(f). As a matter between the Sellers and the Purchaser with which Escrow Agent need not be concerned, the Sellers and the Purchaser agree that upon distribution of any portion of the Escrow Fund to the Sellers (i) a portion of each distribution made to a Seller out of the Escrow Fund shall be considered a contingent payment to the Seller by the applicable Purchaser with respect to a debt instrument described to which Internal Revenue Code Section 1274 applies, (ii) the appropriate portion of each distribution so made to the Seller shall be treated as original issue discount on a debt instrument issued by the applicable Purchaser to the Seller, calculated in accordance with Treasury Regulations Section 1.1275-4(c) based on the short-term applicable federal rate (as defined in Section 1274(d) of the Internal Revenue Code) for _____, 2005, and (iii) the Purchaser shall not take any position on a tax return inconsistent with the foregoing or inconsistent with installment sale reporting by the Sellers with respect to the portion of distributions to the Sellers out of the Escrow Fund not so treated as original issue discount.

4. Distributions.

(a) The Escrow Agent shall disburse the Escrow Funds not later than the second business day next following receipt of a statement signed by Purchaser (the "Instruction Letter") instructing the Escrow Funds to be distributed to the Sellers in accordance with their Pro Rata Shares. Disbursements to each Seller shall be paid by wire transfer of immediately available funds to the bank account listed for such Seller on Exhibit A hereto, or as otherwise indicated by such Seller in a written notice to the Escrow Agent in accordance with the provisions of Section 10. Upon such payment, this Agreement (other than Section 5, 6, 8(b) and 9) shall automatically terminate.

(b) If the Escrow Agent shall not have received an Instruction Letter from the Purchaser on or before December 31, 2005, it will disburse the Escrow Funds to the Purchaser not later than the second business day next following December 31, 2005. Upon such payment, this Agreement (other than Section 5, 6, 8(b) and 9) shall automatically terminate.

(c) Without limiting the foregoing, the Escrow Agent shall not make any payment or distribution of Escrow Funds except as and in the manner expressly provided by this Escrow Agreement.

5. Escrow Agent Compensation. The Escrow Agent is to be compensated \$1,500.00 for the performance of its duties under this Agreement (the "Escrow Fees"). All initial Escrow Fees shall be paid in equal amounts by the Purchaser on the one hand and the Sellers on the other hand, and they shall be jointly and severally responsible therefor (with a right of contribution as between the Purchaser for 50% of such fees and the Sellers for 50% of such fees, which shall be pro rated among the Sellers in accordance with the Sellers' Pro Rata Shares). If any fees or expenses of the Escrow Agent are not paid in full when due, the Escrow Agent may deduct the unpaid portion of such additional fees or expenses, if any, from any payment to be made to the Purchaser or the Sellers hereunder. This Section shall survive any termination of this Agreement.

6. Obligations and Liabilities of the Escrow Agent.

(a) The Escrow Agent has no duties or obligations other than those specifically set forth in this Agreement.

(b) The Escrow Agent is not responsible in any manner whatsoever for any failure or inability of any party other than the Escrow Agent to honor any of the provisions of this Agreement.

(c) The Escrow Agent is fully protected in acting or refraining from acting upon and relying upon any written notice (including, without limitation, any Certificate of Instruction, Resolution Certificate or Litigation Certificate), direction, request, waiver, consent, receipt or other paper or document that the Escrow Agent in good faith believes to have been signed or presented by the proper party or parties. The Escrow Agent shall not be responsible for or have any duty to ascertain or inquire into the contents of any written notice (including, without limitation, any Certificate of Instruction, Resolution Certificate or Litigation Certificate), direction, request, waiver, consent, receipt or other paper or document delivered hereunder. Without limiting the generality of the foregoing, the Escrow Agent shall not be responsible for or have any duty to ascertain or inquire as to the validity,

enforceability, sufficiency or genuineness of any Certificate of Instruction, Resolution Certificate or Litigation Certificate.

(d) The Escrow Agent will not be liable for any error of judgment or for any act done or step taken or omitted by it in good faith or for any mistake in fact or law or for anything that it may do or refrain from doing in connection with this Agreement, except for its own gross negligence, willful misconduct or act of bad faith.

(e) In the event that the Escrow Agent (i) shall be uncertain as to its duties or rights hereunder or (ii) shall receive conflicting instructions, claims or demands from the Purchaser or the Sellers, the Escrow Agent shall be entitled to refrain from taking any action other than to keep safely all property held in escrow as to which a dispute exists until (A) the Escrow Agent shall be directed otherwise in writing by the Sellers and the Purchaser or (B) in any event, until the Escrow Agent shall be directed by a court order.

(f) The Escrow Agent may consult with, and obtain advice from, legal counsel in the event of any dispute or construction of any of the provisions of this Agreement or its duties under this Agreement, and the Escrow Agent will incur no liability and will be fully protected in acting or refraining from acting in good faith in accordance with the advice of such counsel.

7. Automatic Succession; Resignation and Removal of Escrow Agent.

(a) Any company into which the Escrow Agent may be merged or with which it may be consolidated or any company to whom the Escrow Agent may transfer a substantial amount of its global escrow business, will be the successor to the Escrow Agent without the execution or filing of any paper or further act on the part of any parties, except that written notice must be provided to the Purchaser and the Sellers, notwithstanding anything in this Agreement to the contrary.

(b) The Escrow Agent may resign as escrow agent at any time with or without cause by giving written notice to the Purchaser and the Sellers, such resignation to be effective 30 calendar days following the date such notice is given. In addition, the Purchaser and the Sellers jointly may remove the Escrow Agent as escrow agent at any time with or without cause by an instrument (which may be executed in counterparts), given to the Escrow Agent, which instrument must designate the effective date of such removal. If any such resignation or removal occurs, a successor escrow agent will be appointed by the Purchaser and the Sellers. Any such successor escrow agent shall deliver to the Purchaser and the Sellers a written instrument accepting such appointment and upon such delivery it will succeed to all of the rights and duties of the Escrow Agent under this Agreement and will be entitled to receive the Escrow Funds.

(c) If the Purchaser and all of the Sellers are unable to agree upon a successor escrow agent or have failed to appoint a successor escrow agent prior to the expiration of 30 calendar days following the date of the notice of resignation or removal, the then acting escrow agent shall appoint as a successor escrow agent a banking institution of national or regional prominence. Any such appointment will be binding upon all of the parties to this Agreement.

(d) Upon acknowledgment by any successor escrow agent of the receipt of the Escrow Funds, the then replaced escrow agent will be fully relieved of all duties, responsibilities and obligations under this Agreement except (i) with respect to actions previously taken or omitted by such replaced escrow agent and (ii) the provisions of Articles 5, 6, 8(b) and 9 shall continue in effect for the benefit of such replaced escrow agent and its affiliates, officers, directors, employees, agents and advisors with respect to actions previously taken or omitted by such replaced escrow agent.

8. Disputes.

(a) In the event of any dispute between the parties hereto, the Escrow Agent may tender into the registry or custody of any court of competent jurisdiction all money or property in its hands delivered to it pursuant to this Agreement, together with such pleadings as it deems appropriate, and shall, thereupon, be discharged from all further duties and liabilities under this Agreement; provided, however, that the filing of any such

legal proceedings shall not deprive Escrow Agent of its compensation hereunder earned prior to such filing and discharge of Escrow Agent of its duties hereunder.

(b) Notwithstanding anything in this Agreement to the contrary, in the event that the Escrow Agent incurs any fees and expenses in connection with any dispute under this Agreement for which it is entitled to reimbursement under this Agreement, the Purchaser and the Sellers shall promptly reimburse the Escrow Agent therefor in equal amounts by the Purchaser on the one hand and the Sellers on the other hand, and they shall be jointly and severally responsible therefor (with a right of contribution as between the Purchaser for 50% of such expenses and the Sellers for 50% of such expenses, which shall be pro rated among the Sellers in accordance with the Sellers' Pro Rata Shares). If any fees or expenses of the Escrow Agent are not paid in full when due, the Escrow Agent may deduct the unpaid portion of such additional fees and expenses, if any, from any payment to be made to the Purchaser or the Sellers hereunder. This Section shall survive any termination of this Agreement.

9. Indemnification of Escrow Agent. In partial consideration of the Escrow Agent's acceptance of this appointment, the Purchaser and the Sellers shall indemnify the Escrow Agent and its affiliates, officers, directors, employees, agents and advisors (each an "Indemnitee"), and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including, among other things, reasonable attorneys' fees and expenses) incurred by it to any person or party (including Purchaser or any Seller) by reason of its having accepted such appointment or in carrying out the terms of this Agreement, all of which shall be borne in equal amounts by the Purchaser on the one hand and the Sellers on the other hand, and they shall be jointly and severally responsible therefor (with a right of contribution as between the Purchaser for 50% of such indemnification and the Sellers for 50% of such indemnification, which shall be pro rated among the Sellers in accordance with the Sellers' Pro Rata Shares). Notwithstanding the foregoing, no indemnity need be paid in case of the Escrow Agent's gross negligence or willful misconduct. If any amounts owing under this Section 9 are not paid in full when due, the Escrow Agent may deduct the unpaid portion of such amounts, if any, from any payment to be made to the Purchaser or the Sellers hereunder. This Section shall survive any termination of this Agreement.

10. Notices. All notices must be in writing and will be deemed to have been given (i) if delivered in person or by a nationally recognized overnight courier service or (ii) upon confirmation of receipt if sent by facsimile, to the following addresses:

(a) If to the Purchaser:

c/o Symbion, Inc.
40 Burton Hills Boulevard, Suite 500
Nashville, Tennessee 37215
Attention: President
Facsimile No: (615) 234-5999

with a copy to:

Waller Lansden Dortch & Davis, PLLC
511 Union Street, Suite 2700
Nashville, Tennessee 37219
Attention: Joseph A. Sowell, III, Esq.
Facsimile No.: (615) 244-6804

(b) If to the Sellers:

To the addresses set forth on the signature page
with copies to counsel to the LLCs and the Sellers, respectively:

Sheppard, Mullin, Richter & Hampton LLP
333 South Hope Street, 48th Floor
Los Angeles, California 90071
Attention: Lawrence M. Braun
Facsimile No: (213) 443-2776

and

Guth | Christopher LLP
10866 Wilshire Blvd, Suite 1250
Los Angeles, California 90024
Attention: Theodore E. Guth
Facsimile No: (310) 470-8354

(c) If to the Escrow Agent:

Bank of America, N.A.
414 Union Street
Nashville, Tennessee 37219
Attention: Elizabeth Knox
Facsimile No.: (615) 749-4951

with a copy to:

Moore & Van Allen PLLC
100 N. Tryon St., Floor 47
Charlotte, North Carolina 28202-4003
Attention: Win Porter
Facsimile No.: (704) 331-1032

11. Binding Effect. This Agreement is binding and inures to the benefit of the parties and their respective successors and permitted assigns.

12. Assignment. This Agreement may not be assigned or transferred, by operation of law or otherwise except pursuant to Section 7(a) or upon a written agreement executed by the Sellers, the Purchaser and the Escrow Agent; provided, however, that the Purchaser may assign this Agreement to any of its lenders or any Affiliate of the Purchaser and each Seller may assign this Agreement to any partner, member or owner (direct or indirect) of such Seller or any entity controlled by such Seller or its partner, member or owner.

13. Third Party Beneficiaries. Nothing in this Agreement is intended or will be construed to confer on any person other than the parties or their successors and assigns any rights or benefits under this Agreement.

14. Headings. The headings in this Agreement are intended solely for the convenience of reference and will be given no effect in the construction or interpretation of this Agreement.

15. Exhibits. The Exhibits and other attachments hereto will be deemed to be a part of this Agreement.

16. Counterparts. This Agreement may be executed in multiple counterparts, each of which will be deemed an original, and all of which together will constitute one and the same document.

17. Governing Law and Venue. This Agreement must be governed by and construed under California law, without regard to conflict of laws principles. The parties hereto hereby designate all courts of record sitting in Los Angeles County, California, both state and federal, as the exclusive forums where any action, suit or proceeding in respect of or arising out of this Agreement, or the transactions contemplated by this Agreement shall be

prosecuted as to all parties, their successors and assigns, and by the foregoing designations the parties hereto consent to the exclusive jurisdiction and venue of such courts.

18. Amendment. No amendment of this Agreement is binding unless made in a written instrument that specifically refers to this Agreement and is signed by the Purchaser, the Sellers and the Escrow Agent.

19. Entire Agreement. This Agreement and the Purchase Agreement (solely with respect to the Sellers and the Purchaser) contain the entire understanding among the parties and supersede any prior understanding and agreements between them, in each case respecting this subject matter. There are no representations, agreements or understandings, oral or written, between or among the parties to this Agreement relating to the subject matter of this Agreement that are not fully expressed in this Agreement or the Purchase Agreement (solely with respect to the Sellers and the Purchaser).

Signature page follows.

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

ESCROW AGENT:

BANK OF AMERICA, N.A.

By: _____
Name: _____
Title: _____

PURCHASER:

SYMBIONARC MANAGEMENT SERVICES, INC.

By: _____
Name: _____
Title: _____

SELLERS:

PARTHENON MANAGEMENT PARTNERS, LLC

By: _____
Name: _____
Title: _____

Address for notices:

Andrew A. Brooks, M.D.

Address for notices:

Randhir S. Tuli

Address for notices:

EXHIBIT A

Purchase Agreement

EXHIBIT B

Sellers

Wiring Instructions

Pro Rata Share

Andrew A. Brooks, M.D.

Randhir S. Tuli

Parthenon Management Partners, LLC

FORM OF ASSIGNMENT

This ASSIGNMENT (this "Assignment") dated as of _____, 2005 is between Parthenon Management Partners, LLC, a California limited liability company, Andrew A. Brooks, M.D., a resident of the state of California and Randhir S. Tuli, a resident of the state of California (collectively, "Assignors" and each individually an "Assignor") and SymbionARC Management Services, Inc., a Tennessee corporation ("Assignee"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Management Rights Purchase Agreement (as hereinafter defined).

WITNESSETH:

WHEREAS, as of the date hereof, Assignors own rights in and to certain economic interests (the "Management Rights") that entitle Assignors to receive consideration for and obligate Assignors to perform certain management responsibilities for each of the Brighton Center, the Wilshire Center, the Encino Center, the Irvine Center, the Arcadia Center and the Thousand Oaks Center; and

WHEREAS, Assignors and Assignee are parties to that certain Management Rights Purchase Agreement, dated as of July 27, 2005 (the "Management Rights Purchase Agreement"), providing for, among other things, the transfer and assignment to Assignee by Assignors of all of Assignors' Management Rights, in consideration of the payment of the Purchase Price therefor, in the amount and manner and on the terms and conditions provided in the Management Rights Purchase Agreement; and

WHEREAS, the parties now desire to carry out the intent and purpose of the Management Rights Purchase Agreement by Assignors' execution and delivery to Assignee of this instrument evidencing the vesting in Assignee of all of Assignors' Management Rights, in addition to such other instruments as Assignee shall have otherwise received or may hereafter request.

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

1. Transfer and Assignment. Assignors hereby convey, assign, transfer and deliver to Assignee, its successors and assigns, to have and to hold all and singular to its and their use and benefit all right, title and interest, legal and equitable, in and to Assignors' Management Rights, free and clear of any and all claims, liens, security interests, rights of first refusal, options, warrants or other encumbrances of any nature.
2. Purchase Price. On the date hereof, Assignee shall deliver to Assignor the portion of the Purchase Price to which Assignor is entitled, as provided in the Management Rights Purchase Agreement.
3. Cooperation. The parties, from time to time after the delivery of this Assignment, will to the extent permitted by law and agreements to which they are a party, upon the reasonable request of the other party hereto, execute, acknowledge and deliver all such further documents as may be reasonably required for the assignment and transfer of the Management Rights to Assignee.
4. Benefit; Purpose; Modification. This Assignment shall inure to the benefit of Assignors, Assignee and their respective legal representatives, successors and assigns. The sole purpose hereof is to assign and transfer the Management Rights to Assignee and not to create third party beneficiary rights. Therefore, this Assignment may be modified by a writing signed by Assignors and Assignee without the consent of any third party.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be duly executed in several counterparts (each of which shall constitute an original hereof) by their respective duly authorized officers as of the date first above written.

PARTHENON MANAGEMENT PARTNERS, LLC

By: _____
Name: _____
Title: _____

ANDREW A. BROOKS, M.D.

RANDHIR S. TULI

SYMBIONARC MANAGEMENT SERVICES, INC.

By: _____
Name: _____
Title: _____

SCHEDULE 2.1

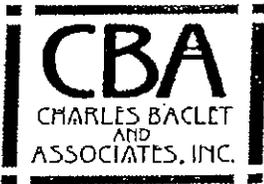
Consents

None.

SCHEDULE 2.4(A)

UCC Searches

See Attached.



CHARLES BACLET
AND
ASSOCIATES, INC.



CBA is an affiliate of National Registered Agents, Inc.

Search Report

REPORT DATE: June 17, 2005
JOB NUMBER: 54295
CLIENT REF. #: BROOKS / TULI

SUBJECT NAME: PARTHENON MANAGEMENT PARTNERS, LLC

JURISDICTION: SECRETARY OF STATE, CALIFORNIA

SEARCH:	Through:	Findings:
U.C.C. Filings	06/13/05	NO RECORD
Federal Tax Liens	06/13/05	NO RECORD
State Tax Liens	06/13/05	NO RECORD
Abstracts of Judgment Liens	06/13/05	NO RECORD
Other:		

NOTE: SIMILAR NAMES FOUND, PLEASE SEE ATTACHED LISTING FOR DETAILS.

PLEASE NOTE: "CBA" has made every possible effort to acquire accurate information from the records searched. We guarantee the information to be as accurate as REASONABLE CARE can make it. Therefore, the ultimate responsibility for the accuracy of maintaining files remains with the State agency from which the information was obtained and we accept NO LIABILITY beyond the exercise of REASONABLE CARE in obtaining the above information.

Search Date: Jun. 17, 2005

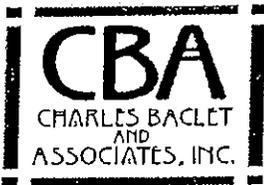
Charles Baclet And Associates, Inc.

California Similar Name Addendum Report

Truncated search name: PARTHENON Effective Index Date: Jun 13 2005

Contains all debtor names not included on the final results report.

Filing #	Debtor Name	Debtor Address
199719560617	THE PARTHENON	7357 E ALONDRA BLVD; PARAMOUNT
200030962638	PARTHENON ENTERPRISES. INC. DBA BEAUTY FIRST	10990 FOOTHILL BLVD STE 120; RANCHO CUCAMONGA
199913160386	PARTHENON ENTERTAINMENT	2201 N. HOLLYWOOD WY; BURBANK
200032760519	THE PARTHENON GROUP LLC	200 STTE ST; BOSTON
200032760523	THE PARTHENON GROUP LLC	200 STATE ST; BOSTON
199428660193	PARTHENON RESTAURANT	7357 ALONDRA BLVD; PARAMOUNT
199605860308	PARTHENON RESTAURANT	7357 ALONDRA BLVD; PARAMOUNT
1992197633	PARTHENON RESTAURANT	7357 E ALONDRA BLVD; PARAMOUNT
1993138590	PARTHENON RESTAURANT	7357 ALONDRA BLVD; PARAMOUNT
1994157769	PARTHENON RESTAURANT	7357 ALONDRA BLVD; PARAMOUNT
200319660058	PARTHENON SOFTWARE, INC.	13259 KIBBINGS RD; SAN DIEGO



CHARLES BACLET
AND
ASSOCIATES, INC.



CBA is an affiliate of National Registered Agents, Inc.

Search Report

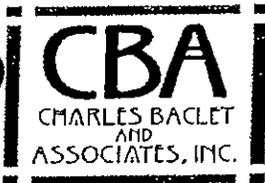
REPORT DATE: June 17, 2005
JOB NUMBER: 54295
CLIENT REF. #: BROOKS / TULI

SUBJECT NAME: TULI, RANDHIR S.

JURISDICTION: SECRETARY OF STATE, CALIFORNIA

SEARCH:	Through:	Findings:
U.C.C. Filings	06/13/05	NO RECORD
Federal Tax Liens	06/13/05	NO RECORD
State Tax Liens	06/13/05	NO RECORD
Abstracts of Judgment Liens	06/13/05	NO RECORD
Other:		

PLEASE NOTE: *CBA* has made every possible effort to acquire accurate information from the records searched. We guarantee the information to be as accurate as **REASONABLE CARE** can make it. Therefore, the ultimate responsibility for the accuracy of maintaining files remains with the State agency from which the information was obtained and we accept **NO LIABILITY** beyond the exercise of **REASONABLE CARE** in obtaining the above information.



CHARLES BACLET
AND
ASSOCIATES, INC.



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Search Report

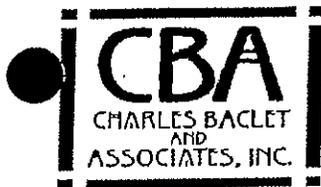
REPORT DATE: June 17, 2005
JOB NUMBER: 54295
CLIENT REF. #: BROOKS / TULI

SUBJECT NAME: BROOKS, ANDREW A. M.D.

JURISDICTION: SECRETARY OF STATE, CALIFORNIA

SEARCH:	Through:	Findings:
U.C.C. Filings	06/13/05	NO RECORD
Federal Tax Liens	06/13/05	NO RECORD
State Tax Liens	06/13/05	NO RECORD
Abstracts of Judgment Liens	06/13/05	NO RECORD
Other:		

PLEASE NOTE: "CBA" has made every possible effort to acquire accurate information from the records searched. We guarantee the information to be as accurate as **REASONABLE CARE** can make it. Therefore, the ultimate responsibility for the accuracy of maintaining files remains with the State agency from which the information was obtained and we accept **NO LIABILITY** beyond the exercise of **REASONABLE CARE** in obtaining the above information.



CHARLES BACLET
AND
ASSOCIATES, INC.



CBA is an affiliate of National Registered Agents, Inc.

Search Report

REPORT DATE: June 24, 2005
JOB NUMBER: 54295
CLIENT REF. #: BROOKS / TULI

SUBJECT NAME: PARTHENON MANAGEMENT PARTNERS, LLC

JURISDICTION: LOS ANGELES COUNTY RECORDER, CALIFORNIA

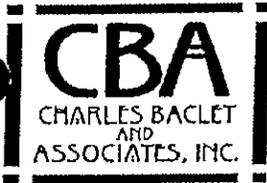
SEARCH:

U.C.C. Filings
Federal Tax Liens
State Tax Liens
Abstracts of Judgment Liens
Other:

Through:
6/17/2005
6/17/2005
6/17/2005
6/17/2005

Findings:
NO RECORD
NO RECORD
NO RECORD
NO RECORD

PLEASE NOTE: "CBA" has made every possible effort to acquire accurate information from the records searched. We guarantee the information to be as accurate as REASONABLE CARE can make it. Therefore, the ultimate responsibility for the accuracy of maintaining files remains with the State agency from which the information was obtained and we accept NO LIABILITY beyond the exercise of REASONABLE CARE in obtaining the above information.



CHARLES BACLET
AND
ASSOCIATES, INC.



CBA is an affiliate of National Registered Agents, Inc.

Search Report

REPORT DATE: June 24, 2005
JOB NUMBER: 54295
CLIENT REF. #: BROOKS / TULI

SUBJECT NAME: TULI, RANDHIR S.

JURISDICTION: LOS ANGELES COUNTY RECORDER, CALIFORNIA

SEARCH:

U.C.C. Filings

Federal Tax Liens

State Tax Liens

Abstracts of Judgment Liens

Other:

Through:

6/17/2005

6/17/2005

6/17/2005

6/17/2005

Findings:

NO RECORD

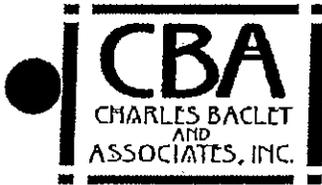
NO RECORD

NO RECORD

NO RECORD

PLEASE NOTE:

"CBA" has made every possible effort to acquire accurate information from the records searched. We guarantee the information to be as accurate as **REASONABLE CARE** can make it. Therefore, the ultimate responsibility for the accuracy of maintaining files remains with the State agency from which the information was obtained and we accept **NO LIABILITY** beyond the exercise of **REASONABLE CARE** in obtaining the above information.



CHARLES BACLET
AND
ASSOCIATES, INC.



CBA is an affiliate of National Registered Agents, Inc.

Search Report

REPORT DATE: June 24, 2005
JOB NUMBER: 54295
CLIENT REF. #: BROOKS / TULI

SUBJECT NAME: BROOKS, ANDREW A. M.D.

JURISDICTION: LOS ANGELES COUNTY RECORDER, CALIFORNIA

SEARCH:	Through:	Findings:
U.C.C. Filings	6/17/2005	NO RECORD
Federal Tax Liens	6/17/2005	NO RECORD
State Tax Liens	6/17/2005	NO RECORD
Abstracts of Judgment Liens	6/17/2005	NO RECORD
Other:		

NOTE: THERE WERE NO RECORDS FOUND REFLECTING THE GIVEN NAME AND ADDRESS. ***

PLEASE NOTE: "CBA" has made every possible effort to acquire accurate information from the records searched. We guarantee the information to be as accurate as REASONABLE CARE can make it. Therefore, the ultimate responsibility for the accuracy of maintaining files remains with the State agency from which the information was obtained and we accept NO LIABILITY beyond the exercise of REASONABLE CARE in obtaining the above information.

SCHEDULE 2.8

Permits

Business licenses in each local jurisdiction in which Parthenon operates. Copies of such business licenses are attached hereto.



455 N. Rexford Dr.
Beverly Hills, CA 90210-4817
310.285.2427

CITY OF BEVERLY HILLS
FINANCE ADMINISTRATION
BUSINESS TAX REGISTRATION
PROFESSIONAL / SEMI-PROFESSIONAL

C

Calendar Year: **2005**
Tax No: **00006517**

Business Address

Parthenon Management Partners, LLC
Business Name

8670 Wilshire Blvd. # 301
Street Address Suite

Beverly Hills CA 90212
City State Zip

Mailing Address

PARTHENON MANAGEMENT PARTNERS, LLC
Business Name

8670, WILSHIRE BLVD. # 301
Street Address

BEVERLY HILLS CA 90212
City State Zip

Business Information

Starting Date: **6/29/05**

Class: **8989**

Type: **Medical / Consulting**

Owner / Partners: **RANDHIL S. TULI**
ANDREW A. BROOKS

Telephone: **310-360-3824**

Fax: **310-398-1552**

Proprietorship: (SS #) _____

Partnership: (FIN) _____

Corporation: (FIN) _____

Email Address: _____

Web Site: _____

Please make account changes on reverse side

TAX CALCULATION

1. This registration is for the period from: 06/29/05 to 12/31/05	
2. Tax base: number of people employed previous year	2. <u>1.50</u>
3. Base - 1st 2080 hrs. at \$1,095.41	3. <u>1,095.41</u>
4. Each additional hr. Pro / Semi at \$0.62684	4. <u>0.00</u>
5. Each additional hr. Non-Prof. at \$0.10580	5. <u>110.03</u>
6. Penalty Charge 0%	6. <u>0.00</u>
7. Previous Balance	7. <u>0.00</u>
8. Interest Charges (nil)	8. <u>0.00</u>
9. Credit or Debit (other)	9. <u>0.00</u>
	Total <u>1,205.44</u>
Payment Date <u> / / </u>	Payment(s) <u>0.00</u>
Please make check payable to: City of Beverly Hills	Balance Due <u>1,205.44</u>

MESSAGE

ACCORDING TO SECTION 3-1.201 OF THE MUNICIPAL CODE, EVERY BUSINESS MUST REGISTER WITH THE CITY AND PAY ALL BUSINESS TAXES PRIOR TO THE FIRST DAY OF OPERATION. PAYMENTS WILL BE CONSIDERED DELINQUENT AND A PENALTY WILL BE ASSESSED IF NOT RECEIVED WITHIN 30 DAYS OF THE FIRST DAY OF OPERATION. PENALTIES ACCRUE AT A RATE OF 10% PER MONTH, TO A MAXIMUM OF 50%, INTEREST AT 1.5% / Mo.

I acknowledge that my receipt of a tax certificate merely confirms that I have completed and filed the required tax registration form with the Beverly Hills Department of Finance Administration and paid the required taxes and other lawful charges. I understand and agree that any tax certificate which may be issued to me by the Beverly Hills Department of Finance Administration does not authorize me to engage in any activity or to maintain any condition in the City of Beverly Hills which violates any municipal laws, including without limitation, building and zoning codes. I fully understand that I am subject to all enforcement remedies for a violation of any municipal code section notwithstanding the issuance of a valid tax certificate to me.

07/01/05 DATE GM AUTHORIZED SIGNATURE GAURAV SINGH PRINT NAME CONTROLLER TITLE

CITY OF BEVERLY HILLS

RECV BY: CS
PAYOR: VM
TODAY'S DATE: 07/01/05
REGISTER DATE: 07/01/05 TIME: 13:37

CS100423101

DESCRIPTION	AMOUNT
BUSINESS TAX	\$1,205.44
CUST ID: 00008317	

TOTAL DUE: \$1,205.44

CHECK PAID: \$1,205.44
CHECK NO: 1105
TENDERED: \$1,205.44
CHANGE: \$0.00



SCHEDULE 3.2

Consents

None.

EXHIBIT 6.7

Form of Consulting Agreement

(See Attached)

CONSULTING AGREEMENT

This CONSULTING AGREEMENT (this "Agreement"), dated as of _____, 2005 (the "Effective Date"), is by and between SymbionARC Management Services, Inc., a Tennessee corporation (the "Manager") and Parthenon Management Partners, LLC, a California limited liability company (the "Contractor"), Andrew A. Brooks, M.D. and Randhir S. Tuli (each an "Owner" and, together, the "Owners"). The Owners own all of the outstanding equity securities of the Contractor.

WITNESSETH:

WHEREAS, the Manager manages each of those ambulatory surgery centers or other healthcare facilities identified on Schedule 1 hereto (each a "Center" and, collectively, the "Centers"), which Centers shall be classified on such Schedule 1 as being an "Existing Center" or a "Developing Center"; and

WHEREAS, pursuant to that certain Management Rights Purchase Agreement, dated _____, 2005 (the "MRPA"), Contractor and the Owners have sold to Manager all of their rights in and to those certain economic interests that entitle Contractor and the Owners to receive consideration for and obligate them to perform certain management responsibilities for each Center; and

WHEREAS, the Manager desires to enter into this Agreement with the Contractor pursuant to which Contractor will provide the Manager with (A) consulting and oversight services relating to the operation of the Centers and the transition of management of the Centers, and (B) assistance in the identification and consummation of opportunities to develop and acquire Surgical Businesses (as defined below), and the Contractor desires to provide such all such services to the Manager.

NOW, THEREFORE, the Manager, the Contractor and the Owners agree as follows:

ARTICLE I DUTIES OF THE CONTRACTOR

1.1. Generally. The Manager hereby retains the Contractor and the Owners for the purpose of providing consulting and oversight services to the Manager relating to the operation of the Centers identified on Schedule 1 hereto and the transition of management of such Centers. In performing their obligations under this Agreement, the Contractor and the Owners shall act in good faith and with reasonable diligence and devote their reasonable best efforts to the duties set forth herein, in all respects subject to the reasonable control of the Manager. The Manager and the Contractor agree and acknowledge that the Manager is relying on the efforts and expertise of the Contractor and the Owners. Contractors will not be required to pay for any operating costs of the Centers.

1.2. Duties of the Contractor. The Contractor and the Owners covenant and agree:

- a. to provide those services set forth on Exhibit 1.2 attached hereto for each Center during that Center's Payment Period;
- b. that the Contractor and the Owners shall perform such services in a business-like manner in accordance with such reasonable policies and directives adopted by the Manager from time to time and communicated in writing to the Contractor and the Owners; and
- c. to take all reasonable actions and execute all documents necessary to carry out the terms and purposes of this Agreement.

1.3. Duties of the Manager. The Manager covenants and agrees:

- a. to provide such information and guidance as is reasonably necessary for the Contractor to satisfy its contractual obligations under this contract in a timely manner; and
- b. to take all reasonable actions and execute all documents necessary to carry out the terms and purposes of this Agreement.

1.4. No Partnership. The Contractor, the Owners and the Manager 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 agents (the Contractor and the Owners) contracting with a principal (the Manager) as independent contractors.

1.5 DEA and CLIA Certificates. The Manager shall use commercially reasonable efforts to transition promptly the DEA and CLIA certificates currently in place at the Existing Centers and Developing Centers held in Dr. Brooks' name to the name of the respective Centers. Until such certificates are so reissued, Dr. Brooks agrees to have such registrations and certificates continue in his name, to take any actions required in connection therewith as reasonably requested by the Manager and to execute any necessary and appropriate power of attorney or other document to effectuate this arrangement. The Manager shall reimburse Dr. Brooks for his reasonable expenses in connection with this arrangement.

**ARTICLE II
FEES PAYABLE TO THE CONTRACTOR**

2.1. Consulting and Oversight Fee. During all Payment Periods (as defined below), the Manager shall pay the Contractor for the services rendered under Article I hereof a fee (the "Consulting and Oversight Fee") equal to the sum of:

(A) fifty percent (50%) of the aggregate gross amount of all Management Fees (as defined below) actually collected by Manager from an Existing Center during such Existing Center's Payment Period; and

(B) forty percent (40%) of the aggregate gross amount of all Management Fees actually collected by Manager from a Developing Center during such Developing Center's Payment Period.

"Payment Period" shall mean, with respect to any Center, the period commencing on the Payment Commencement Date and ending on the earlier of (x) the date, if any, on which Manager and/or its affiliates purchase all of the "Option Interests" (as defined in the MIPA) owned by Owners and Contractor in such Center pursuant to Section 1.4 of the Purchase Agreement, dated _____, 2005, to which Owners, several affiliates of Manager and others are parties (the "MIPA"), (y) the termination of Contractor's obligations under Section 1.2 hereof with respect to such Center or (z) the termination of the Agreement under Section 3.2, 3.3 or 3.4 hereof. The "Payment Commencement Date" shall be (I) the Effective Date with respect to (a) any Existing Center and (b) any Developing Center at which procedures are being regularly performed as of the Effective Date, and (II) with respect to any other Developing Center, the date on which the first procedure is performed at such Developing Center.

2.2. Calculation of Management Fees. As used herein, "Management Fees" means all fees (but not the amount of any reimbursements made under the Management Agreements) payable, without any deductions whatsoever, under Section 5.1 of each of those certain Management Agreements (the

"Management Agreements") entered into or to be entered into between the Manager and each of the Centers. No amendment of any Management Agreement will affect the calculation of the Management Fees, which will continue to be calculated based on the terms of the Management Agreement in force on the date hereof unless otherwise consented in writing by the Contractor. The expiration in accordance with its terms of the term of a Management Agreement shall not be an amendment for purposes of the preceding sentence. The Consulting and Oversight Fee shall be payable monthly on or before the fifteenth (15th) day following the month in question and will be accompanied by a statement setting forth in reasonable detail the calculation of the amount due (a "Statement"). No party will take any steps intended to delay collection of Management Fees, nor shall the assignment of this Agreement eliminate any obligation of the Manager to pay to Contractor the amounts provided for herein. The Contractor shall be entitled to cause an independent certified public accountant reasonably satisfactory to the Manager to perform an audit of the books and records of the Manager and its affiliates upon which any Statement is based. The Contractor shall pay all costs and expenses of the audit unless such examination shows an underpayment of at least five percent (5%) or more of the total amount payable during the period covered by the audit, in which case the costs of the audit shall be paid by the Manager. Any underpayment (or overpayment) will bear interest at prime plus 2%, and the amount of each underpayment (or overpayment) shall be paid by Manager (or Contractor, as the case may be) within two (2) business days of its calculation.

2.3. Reimbursement of Contractor. The Contractor shall be also reimbursed on a monthly basis for its reasonable, out of pocket, direct expenses incurred in connection with the services provided hereunder as are reasonably approved in advance by the Manager or consistent with its policies for reimbursement of expenses generally applicable to its senior managers.

ARTICLE III TERM AND TERMINATION

3.1. Term. The term (the "Term") of this Agreement shall commence as of the Effective Date and, unless this Agreement is terminated pursuant to this Article III, shall continue until the latest to occur of (i) the date on which all Payment Periods shall have ended, (ii) the fifth anniversary of the Effective Date and (iii) the date on which there remain no outstanding Development Notices and Acquisition Notices (as defined below). As used herein, the "Initial Term" shall consist of the period between the Effective Date and the second anniversary of the Effective Date. In the event of the termination or expiration of this Agreement, the Contractor shall be paid all earned and accrued compensation (but only upon and promptly after Manager's receipt of the Management Fees for which Contractor has earned such compensation) and reimbursements provided for hereunder.

3.2. Termination for the Contractor's Breach. The Manager shall have the right to terminate this Agreement following the occurrence of a Contractor/Owner Material Breach (as defined below). In the event termination is for an alleged Contractor/Owner Material Breach, the Manager shall provide the Contractor written notice of such alleged Contractor/Owner Material Breach describing in detail the basis upon which the Manager believes such termination is justified. The Contractor shall have forty five (45) days (but only five (5) days in the case of any payment default) from receipt of such notice during which to attempt to cure any alleged Contractor/Owner Material Breach. Furthermore, if the Contractor 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 Contractor shall have a reasonable time (not to exceed 180 days) beyond such cure period to complete its cure of the alleged basis for the Manager's election to terminate. Upon a cure being effected, the Manager's right to terminate shall cease, and this Agreement will continue in full force and effect. As used herein, a "Contractor/Owner Material Breach" means (a) a breach by any Covered Party of the provisions of Section 4.4 hereof, (b) a material breach by any Covered Party of any restrictive covenant to

which a Covered Party is subject that is contained in any of the agreements identified on Exhibit 3.2 hereto or, to the extent not more restrictive than the terms of those covenants, any operating agreement or partnership agreement of an entity that succeeds any entity identified thereon or any operating agreement or partnership agreement entered into as a part of an Acquisition Project or Development Project, (c) the habitual breach of an Owner to perform the duties set forth on Exhibit 1.2 hereto in any material respect or (d) or the material breach by an Owner of its obligations under Sections 5.2. In addition to the termination right in this Section 3.2, upon any Contractor/Owner Material Breach which is not cured within the time period provided for cure (if any), Manager shall recover from the Contractor and Owners: (I) any and all damages and remedies to which it may be entitled, and (II) at the option of Manager exercised in writing within sixty (60) days after discovery of any breach described in clause (a) of the definition of Contractor/Owner Material Breach which either (i) is a knowing or willful breach or (ii) occurs during the Initial Term, Manager may step into (without payment to any Covered Party therefor) the entire position of any and all Covered Parties (with respect to all interests, management contracts, remuneration, fees, etc.) in any project or activities undertaken in violation of Section 4.4. The parties acknowledge and agree that clause (II) is provided for herein because of the inherent uncertainty of the damages that may be proven under clause (I), and such damages may be claimed not to the exclusion of damages under clause (I). The parties have made provision therefor, not as a penalty, but to compensate the Manager for the significant damages that would be suffered by the Manager as a result.

3.3. Termination for Manager's Breach. The Contractor shall have the right to terminate this Agreement following the occurrence of a Manager Material Breach (as defined below) of this Agreement. In the event termination is for an alleged Manager Material Breach, the Contractor shall provide the Manager written notice of such alleged Manager Material Breach describing in detail the basis upon which the Contractor believes such termination is justified. The Manager shall have forty five (45) days (but only five (5) days in the case of any payment default) from receipt of such notice during which to attempt to cure any alleged Manager Material Breach, and upon such cure being effected, the Contractor's right to terminate shall cease and this Agreement will continue 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 (not to exceed 180 days) beyond such cure period to complete its cure of the alleged basis for the Contractor's election to terminate. As used herein, a "Manager Material Breach" means Manager's failure to pay when due any fee payable to Contractor under Section 2.1 or Section 4.3 or its material breach of its obligations under Sections 4.2 or 5.1.

3.4. Termination on Transfer. If at any time Manager or an affiliate of Manager either ceases to own an interest in any Center identified on Schedule 1 hereto or ceases to be obligated to perform the services to such center required pursuant to the applicable Management Agreement (whether because such Management Agreement is terminated, amended, assigned or Manager or its affiliate otherwise disposes of its interest therein), then the Manager shall give written notice to Contractor not later than ten (10) days prior to the disposition of Manager's or its affiliate's interest in such Center and/or the assignment, termination or disposition of Manager's (or its affiliates) interest in such Management Agreement, and during the ninety (90) period thereafter, Contractor may declare its obligations under Section 1.2 with respect to such Center thereafter null, void and of no further force and effect, upon which Manager's obligations under Section 2 with respect to such Center shall terminate. In the event that Symbion, Inc., a Delaware corporation, or its successor or acquiror (by any form of transaction), shall cease to own, directly or indirectly, all of the outstanding equity interests of Manager, then Contractor may treat such event as a disposition of Manager's interest each of the Centers for purposes of this Section 3.4; provided, for the avoidance of doubt, a change in control, acquisition of, or sale of all assets by Symbion, Inc. shall not give rise to the right of Contractor to treat such event as a disposition of Manager's interest under this provision.

ARTICLE IV
SPECIAL RIGHTS REGARDING DEVELOPMENT; RESTRICTIVE COVENANTS

4.1. Generally. The Contractor and the Owners will not be required to provide services on a full-time or (except as provided in this Article IV) exclusive basis, but shall devote such time and effort as are reasonably required to perform the Contractor's duties hereunder. The Owners shall, during the Term, devote such time and effort as reasonably necessary for identifying and pursuing Development Projects and Acquisition Projects in the Restricted Area, and shall use reasonable diligence to identify Suitable Opportunities. As used in this Article IV: "Covered Parties" means the Contractor, the Owners, any entity controlled by the Contractor or an Owner, a member of an Owner's immediate family, or any entity controlled by or under common control with an Owner or a member of an Owner's immediate family or any combination of the foregoing; "Surgical 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; and "Restricted Area" means the territory described on Exhibit 4.1 attached hereto.

4.2. Development Opportunities. If Contractor or either Owner, anytime prior to the fifth anniversary of the Effective Date, identifies or learns of a Suitable Opportunity (as defined below) to develop a Surgical Business within the Restricted Area, the Contractor shall give written notice to the Manager of each such Suitable Opportunity (the "Development Notice"). The Manager shall consult with the Contractor regarding each such Suitable Opportunity, and Contractor shall reasonably cooperate with the Manager in ascertaining all information about each such Suitable Opportunity as Manager shall reasonably request. Each such Suitable Opportunity that Manager elects to pursue (a "Development Project") shall be operated pursuant to the terms of an Operating Agreement substantially in the form of Exhibit 4.2(A) hereto and managed by Manager (or an affiliate of Manager) pursuant to a Management Agreement substantially in the form of Exhibit 4.2(B) hereto, in each case with such amendments as Manager shall reasonably request without changing the substance of the economic relationships or (in any material respects) the rights or obligations of the Contractor contained in such Exhibits 4.2(A) and 4.2(B). The Contractor and the Manager shall initially have equal levels of ownership (prior to the offering of any ownership interests therein to qualified and suitable third party purchasers thereof) in any Development Project; provided, however, to acquire such ownership, Contractor shall (i) contribute cash for equity in the same proportion as the Manager (or its affiliate) and on the same basis as physicians investing in such Development Project and (ii) provide or guaranty its proportion (based on its ownership interest) of such Development Project's indebtedness provided by or guaranteed by the Manager (or its affiliate), in all cases such amounts to be reasonably determined by the Manager in good faith. The Manager shall not be required to permit ownership by the Contractor as to a particular Development Project, if neither the closing of an initial investment in or commencement of material construction on such Development Project shall have commenced within 18 months after the giving of the Development Notice. If (i) Manager fails to indicate its interest in pursuing in good faith and with reasonable diligence any opportunity for developing a Surgical Business by written notice to Contractor within 45 days after receipt of the Development Notice, (ii) Manager subsequently decides that it does not intend to pursue such opportunity in good faith and with reasonable diligence (in which case Manager will promptly send a written notice to Contractor) or (iii) at any time Contractor sends Manager a written notice stating that Contractor believes that Manager has not been pursuing such opportunity in good faith and with reasonable diligence and describing the action(s) that, if taken by Manager, would cause Contractor to believe that Manager is pursuing such opportunity in good faith and with reasonable diligence, and Manager fails to give reasonable assurances to Contractor of Manager's good faith and reasonable diligence in pursuing such opportunity within 20 days of receipt of such notice, then such opportunity shall be deemed to be a "Rejected Development"; provided, however, no Development Project shall be deemed to be a Rejected Development any time prior to the second anniversary of the Effective Date. As used herein, "Suitable Opportunity" means an opportunity that is reasonably consistent (as determined in

good faith by Owners) with parameters established from time to time by Manager such that a reasonable person might conclude that Symbion would be interested in pursuing such opportunity. Consultant and Owners will not have any obligation to provide services with respect to any Development Project after its opening unless they reach agreement with Manager on a sharing of the management fees for that Development Project.

4.3. Acquisition Opportunities. If Contractor or either Owner, anytime prior to the fifth anniversary of the Effective Date, identifies or learns of a Suitable Opportunity for Manager or any affiliate of Manager to acquire (by any form of transaction, including the purchase of securities from any Person, including existing owners thereof) an interest in the equity or the assets of an existing Surgical Business within the Restricted Area, the Contractor shall give written notice to the Manager of each such Suitable Opportunity (the "Acquisition Notice"). The Manager shall consult with the Contractor regarding each such Suitable Opportunity, and Contractor shall reasonably cooperate with the Manager in ascertaining all information about each such Suitable Opportunity as Manager shall reasonably request. The Manager and/or its affiliates and the Contractor will work in good faith with regard to such Suitable Opportunity that Manager elects to pursue (an "Acquisition Project"). Upon the closing of the acquisition of an interest in or the assets of a Qualified Acquisition Project, the Contractor shall receive from the Manager a fee, payable in cash, equal to two percent (2%) of the gross purchase price paid by Manager for its interest in the Qualified Acquisition Project (inclusive of a proportionate amount of assumed indebtedness but exclusive of a proportionate amount of any working capital acquired in excess of a normalized working capital amount, such proportionate amount being equal to the percentage interest acquired by Manager in the Qualified Acquisition Project). Additionally, Contractor shall be entitled to receive from Manager a share of all Management Fees actually collected by Manager, as and when collected, from an Acquired Facility during the two years after the later of (x) the closing of the acquisition or (y) with respect to any center at which procedures are not being regularly performed as of the closing of the acquisition, the date on which the first procedure is performed at such center, which share shall equal one percent of the net revenues of such Acquired Facility (or a comparable share relative to the Manager's management fees if based on some other amount). As used herein, "Qualified Acquisition Project" shall mean an Acquisition Project identified in an Acquisition Notice with respect to which the Manager or its affiliate acquires an interest in the equity or the assets of within 18 months after the giving of the Acquisition Notice. If (i) Manager fails to indicate its interest in pursuing in good faith and with reasonable diligence any opportunity for acquiring such Surgical Business by written notice to Contractor within 45 days after receipt of the Acquisition Notice, (ii) Manager subsequently decides that it does not intend to pursue such opportunity in good faith and with reasonable diligence (in which case Manager will promptly send a written notice to Contractor) or (iii) at any time Contractor sends Manager a written notice stating that Contractor believes that Manager has not been pursuing such opportunity in good faith and with reasonable diligence and describing the action(s) that, if taken by Manager, would cause Contractor to believe that Manager is pursuing such opportunity in good faith and with reasonable diligence, and Manager fails to give reasonable assurances to Contractor of Manager's good faith and with reasonable diligence in pursuing such opportunity within 20 days of receipt of such notice, then such opportunity shall be deemed to be a "Rejected Acquisition"; provided, however, no Acquisition Project shall be deemed to be a Acquisition Development any time prior to the second anniversary of the Effective Date. Consultant and Owners will not have any obligation to provide services with respect to any Acquisition Project after its acquisition unless they reach agreement with Manager on a sharing of the management fees for that Project.

4.4. Exclusivity; Restrictions on Ownership; Nonsolicitation.

(a) *Restriction on Activities in Connection with Surgical Businesses.* Prior to the fifth anniversary of the Effective Date, Contractor and Owners hereby covenant and agree with Manager that Contractor and Owners will not, and will cause all Covered Parties to not, directly or indirectly, except in

connection with (I) Acquisition Projects and Development Projects being pursued with Manager and/or its affiliates, (II) (after the second anniversary of the Effective Date) Rejected Developments or Rejected Acquisitions that are not in any Symbion Facility Zone (as defined below) or (III) the "Center for Orthopedic Surgery" located at 6815 Noble Avenue, Van Nuys, CA 91405: (i) develop, acquire or own an interest in, lease, manage, joint venture with or be employed by a Surgical Business in the Restricted Area, or commence or agree to do any of the foregoing or enter into discussions with any other person with respect to the foregoing; or (ii) render any service to (as an employee, independent contractor or otherwise) intended to assist any person, partnership, corporation or other entity (other than Manager and/or its affiliates) in any of the activities in the foregoing clause (i); provided, however, that the purchase of a publicly traded security of a corporation engaged in such business or service shall not in itself be deemed violative of this Agreement so long as Covered Parties do not own, directly or indirectly, more than five percent (5%) of such corporation. As used herein, a "Symbion Facility Zone" means the geographic radius or other defined area that surrounds any healthcare facility in which Manager or any of its affiliates owns an interest on the date of the delivery of a Development Notice or an Acquisition Notice (as the case may be) in which physician members or partners who own interests in such facility are prohibited, by the terms of an operating agreement or partnership agreement, from owning interests in and conducting certain other activities with respect to businesses in competition with such facility, but in any case not more than a 25 mile radius.

(b) *Nonsolicitation and Interference.* Prior to the fifth anniversary of the Effective Date, Contractor and Owners hereby covenant and agree with Manager that Contractor and Owners will not, and will cause all Covered Parties to not, directly or indirectly, except in connection with Acquisition Projects and Development Projects being pursued with Manager and/or its affiliates, (i) interfere with, disrupt or attempt to disrupt any past, present or prospective relationship, contractual or otherwise, related to or arising from any agreement, relationship or contractual arrangement between the Manager or any of its affiliates and any customer, client, supplier, owner or prospective owner of any Surgical Business of which Manager or its affiliates is also an owner or employee of the Surgical Business or any of its subsidiaries or affiliates or (ii) solicit, entice or induce any employee (including all corporate officers and managers) of the Manager or any of its affiliates to leave their employment with the Manager or its affiliates, or hire any such employee to work in any capacity. For so long as Manager or its affiliates continues to manage an Existing Center, a Developing Center, or a center resulting from a Acquisition Project or Development Project, Contractor and Owners hereby covenant and agree with Manager that Contractor and Owners will not, and will cause all Covered Parties to not, directly or indirectly, except in connection with Acquisition Projects and Development Projects being pursued in conjunction with Manager and/or its affiliates, solicit, entice or induce any physician who owns an interest in that center to cease or reduce his or her business relationships with such center.

(c) *Other Provisions.* The Owners and the Contractor agree that the covenants and agreements contained herein are, taken as a whole, reasonable and necessary with respect to the activities covered and will not challenge the geographic scope and duration of any such covenants in any proceeding to enforce such covenants. If a judicial determination is made that any of the provisions of this Section 4.4 constitutes an unreasonable or otherwise unenforceable restriction against the Owners and the Contractor, the provisions of this Section 4.4 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 reduce any portion of the territory or prohibited business activity from the coverage of this Section 4.4 and to apply the provisions of this Section 4.4 to the remaining portion of the territory or the remaining business activities not so reduced by such judicial authority.

(d) *Acknowledgement of Reliance and Inducement.* The Contractor and the Owners acknowledge and agree that their execution, delivery and performance of this Agreement, and specifically

the covenants and obligations set forth in this Article IV, were a material inducement for the affiliates of Manager to enter into and to consummation the transactions contemplated by the MIPA and the MRPA, and that the affiliates of Manager who were "Purchasers" thereunder would not have entered into or consummated the transaction contemplated by the MIPA and the MRPA unless the Contractor and the Owners had agreed to the provisions of this Article IV. This acknowledgement is not intended to imply or support any increased damages for any breach of this Agreement, nor shall it be used for such purpose.

ARTICLE V INDEMNIFICATION

5.1. Indemnification by the Manager. The Manager agrees to indemnify and hold harmless the Contractor and the Owners, their affiliates and their respective shareholders, members, directors, officers, employees and agents (each, a "Contractor 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 Contractor Indemnified Parties, in connection with the Contractor's provisions of services, including the Contractor's performance of its duties hereunder, if such Loss has not been caused by the gross negligence or willful misconduct of a Contractor Indemnified Party. In no event shall the Manager have any liability for any special, exemplary, punitive or consequential damages (including loss of profit or revenue) suffered or incurred by any Contractor Indemnified Party.

5.2. Indemnification by the Contractor and Owners. The Contractor and each Owner agrees to indemnify and hold harmless the Manager and its members, shareholders, partners, directors, and officers, employees and agents (each, a "Manager Indemnified Party") from and against all Loss which may be asserted against an Manager Indemnified Party as a result of the gross negligence or willful misconduct of the Contractor in connection with the performance by the Contractor of its duties under Article I hereof if such Loss has not been caused by the gross negligence or willful misconduct of an Manager Indemnified Party. In no event, however, shall the Contractor be liable under this Section 5.2 for an amount in excess of the greater of (i) the Consulting and Oversight Fee paid to Contractor and/or Owners for the twelve months ending on the date upon which the Loss occurred or (ii) \$500,000. In no event shall the Contractor or Owners have any liability for any special, exemplary, punitive or consequential damages (including loss of profit or revenue) suffered or incurred by any Manager Indemnified Party.

5.3. Exclusivity of Remedy. Other than claims arising under Article IV hereof and claims for the non-payment of fees and expenses under Article II hereof, and except as provided in Section 3.2 hereof, this Article V shall constitute the sole remedy of the parties hereto with respect to any Loss and/or any claim (including any Loss resulting from a third party claim) if such Loss and/or claim arises out of this Agreement, whether such claim is based in contract, tort, or otherwise, but excluding claims arising out of willful misconduct or fraud.

ARTICLE VI MISCELLANEOUS

6.1. This Agreement shall be construed to be in accordance with any and all 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 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.

6.2. 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 thirty (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 thirty (30) day period, to terminate this Agreement upon sixty (60) additional days written notice to the other party.

6.3. Upon the written request of the Secretary of Health and Human Services or the Comptroller General or any of their duly authorized representatives, the Contractor and any of its affiliates providing services with a value or cost of \$10,000 or more over a twelve (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.

6.4. Section and Article headings are for convenience of reference only and shall not be used to construe the meaning of any provision of this Agreement.

6.5. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall together constitute one Agreement.

6.6. Should any part of this Agreement be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity and enforceability of the remaining portions.

6.7. The execution and performance of this Agreement by each party has been duly authorized by all applicable laws and regulations and all necessary corporate action, and this Agreement constitutes the valid and enforceable obligation of each party in accordance with its terms.

6.8. This Agreement and the rights of the parties shall be construed and enforced in accordance with the laws of the State of California without regard to its principles of conflicts of laws. Each party hereby irrevocably and unconditionally consents to venue in any state or federal court located in (or the district of which includes) Los Angeles, California (the "Los Angeles Courts") for any litigation arising out of or relating to this Agreement, and each party hereby waives any objection to the laying of venue of any such litigation in the Los Angeles Courts and agrees not to plead or claim in any Los Angeles Court that such litigation brought therein has been brought in an inconvenient forum. Each party hereby irrevocably and unconditionally consents to a Los Angeles Court applying California law to any litigation arising out of or relating to this Agreement.

6.9. This Agreement may not be modified except in writing executed by the party to be charged.

6.10. This Agreement constitutes the entire Agreement of the parties hereto and supersedes all prior Agreements and representations with respect to the subject matter hereof.

6.11. The parties hereto have each negotiated the terms hereof and reviewed this Agreement carefully. It is the intent of the parties that each word, phrase, and sentence and other part hereof shall be

given its plain meaning, and that rules of interpretation or construction of contracts that would construe any ambiguity of any part hereof against the draftsman, by virtue of being the draftsman, shall not apply.

6.12. This Section 6.13 shall become effective upon such date as the Manager 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 Contractor agrees to comply with the following:

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

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

c. If the Contractor 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 Centers' Protected Health Information, the Contractor 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 13.

d. The Contractor may use or disclose the Centers' Protected Health Information as is necessary for the Contractor's proper management and administration only if: (a) the Contractor obtains reasonable written assurances from the person or entity to whom the Centers' Protected Health Information is disclosed that such person or entity shall hold the Centers' Protected Health Information confidentially and only use or further disclose the Centers' Protected Health Information as required by law or for the purpose for which it was disclosed to the person or entity; and (b) the person or entity agrees to notify the Contractor of any unauthorized use or disclosure of the Centers' Protected Health Information of which the person or entity becomes aware.

e. The Contractor will implement appropriate safeguards to prevent the use or disclosure of the Centers' Protected Health Information by the Contractor or its subcontractors other than as provided for in this Agreement. If the Contractor becomes aware of any use or disclosure of the Centers' Protected Health Information by the Contractor or its subcontractors not provided for in this Agreement, the Contractor shall report such information to the Center.

f. Upon a patient's request, the Contractor shall make available all or a portion of the designated record sets as defined in 45 C.F.R. Section 164.501, containing the Centers' Protected Health Information which is stored or maintained by the Contractor or otherwise in the possession of the Contractor or its subcontractors ("Designated Record Sets") in accordance with 45 C.F.R. Section 164.524 and 45 C.F.R. Section 164.526. Upon a patient's request, the Contractor shall make available such information in the Contractor's possession, custody or control that is required to make the accounting required by 45 C.F.R. Section 164.528.

g. To the extent required by the Federal Privacy Regulations, the Contractor shall make its internal practices, books, and records relating to the use and disclosure of the Centers' Protected Health Information received from, or created or received by the Contractor on behalf of the Centers available to the Secretary of the Department of Health and Human Services to the extent required for determining 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 virtue of this Section 13.

h. Upon expiration or termination of this Agreement, the Contractor shall return all of the Centers' Protected Health Information. In the event that the Contractor determines that returning or destroying all copies of the Protected Health Information is not feasible, the Contractor shall extend the protections contained in this Section 13 to that portion of the Centers' 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.

6.13. 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 Blvd., Suite 500
Nashville, Tennessee 37215
Attn: President

With a copy to: Joseph A. Sowell, III, Esq.
Waller Lansden Dortch & Davis, PLLC
511 Union Street, Suite 2700
Nashville, Tennessee 37219

To the Contractor: To the addresses set forth on the signature page

With a copy to: Guth | Christopher LLP
10866 Wilshire Blvd, Suite 1250
Los Angeles, California 90024
Attention: Theodore E. Guth

6.14. 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.

6.15. The Contractor shall not assign this Agreement without the written consent of the Manager, which consent shall not be unreasonably withheld. Except in the event of the merger or consolidation of the Manager, or the sale by the Manager of substantially all of its assets in which all of

the Management Agreements are also being assigned, the Manager shall not assign this Agreement, other than to a subsidiary corporation or other entity controlled by or under common control with the Manager and to which all of the Management Agreements are being assigned, without the written consent of the Contractor, which consent shall not be unreasonably withheld.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date and year first hereinabove written.

"MANAGER"

**SYMBIONARC MANAGEMENT
SERVICES, INC.**

By: _____

Title: _____

"CONTRACTOR"

PARTHENON MANAGEMENT PARTNERS, LLC

By: _____

Title: _____

"OWNERS"

Andrew A. Brooks, M.D.

Address for Notices

Randhir S. Tuli

Address for Notices

EXHIBIT 6.10

Form of Sellers' Opinion

(To be attached at Closing)

FORM OF LEGAL OPINION

SymbionARC Management Services, Inc.
Symbion Ambulatory Resource Centres, Inc.
c/o Symbion, Inc.
40 Burton Hills Boulevard, Suite 500
Nashville, Tennessee 37215

Ladies and Gentlemen:

We have acted as counsel to Parthenon Management Partners, LLC (the "**Company**") and Andrew A. Brooks, M.D. and Randhir S. Tuli (each an "**Owner**" and, collectively the "**Owners**" in connection with the Management Rights Purchase Agreement (the "**Purchase Agreement**") between those parties and SymbionARC Management Services, Inc.. This opinion is given to you pursuant to section 6.10 of the Purchase Agreement. Unless defined herein, terms that are defined in the Purchase Agreement have the meanings herein given them in the Purchase Agreement. The term "**Management Documents**" means the Purchase Agreement, the Consulting Agreement between the Owners and SymbionARC Management Services, Inc. and Symbion Ambulatory Resource Centres, Inc. and the Escrow Agreement as defined in Section 1.2 (b) of the Purchase Agreement.

In connection with this opinion letter we have examined certain corporate records, certificates and documents in rendering this opinion. In making such examinations, we have made certain customary assumptions, such as the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the lack of any undisclosed modifications, waivers or amendments to any agreements reviewed by us, the conformity to authentic originals of all documents submitted to us as certified or photostatic copies and the truth and accuracy of factual statements contained in such documents and certificates. Except as expressly set forth herein, we have also assumed that the execution, delivery and performance of any agreements or consents are within the powers of each signatory and have been duly authorized and validly carried out. We have further assumed without investigation the legal capacity of each Owner signing documents in his individual capacity.

Based upon and subject to the assumptions, limitations, qualifications and exceptions stated herein, we are of the opinion that:

1. The Company is a limited liability company duly formed and validly existing and in good standing as a limited liability company under the laws of the State of California and has all requisite company power and authority to execute, deliver and perform all of its obligations under the Management Documents to which it is party.
2. The execution, delivery and performance by the Company of the Management Documents to which it is party have been duly authorized by all necessary company action.
3. Each Management Document constitutes a valid and binding agreement in accordance with its terms of each Owner and the Company to which it is party.
4. The execution and delivery by the Company and each Owner of the Management Documents to which each is a party do not to our knowledge violate or conflict with any law or governmental regulation.

The opinions expressed herein are subject to the following assumptions, limitations, qualifications and exceptions:

We express no opinion with respect to:

- (a) the effect of bankruptcy, insolvency, reorganization, moratorium and other similar laws and legal and equitable principles relating to, limiting or affecting the enforcement of creditors' rights generally including, without limitation, preferences and fraudulent conveyances and concepts of materiality, reasonableness, good faith, fair dealing and unconscionability;
- (b) the discretion of courts in awarding equitable remedies (regardless of whether considered in a proceeding in equity or at law), including, but not limited to, specific performance or injunctive relief;
- (c) the unenforceability under certain circumstances of provisions stipulating a liquidated damages or imposing penalties or forfeitures upon delinquency in payment or the occurrence of a default or failure to perform certain acts, including, but not limited to, provisions imposing penalties, forfeitures, reinstatement of rights or an increase in interest or dividend rate upon the occurrence of a default or failure to perform certain acts;
- (d) the enforceability of the indemnification provisions of the Management Documents;
- (e) the enforceability of the restrictions on competition of the Management Documents;
- (e) the application or contravention of Section 548 of the federal Bankruptcy Code and comparable provisions of state law or of any antifraud laws, antitrust or trade regulation laws;
- (f) the enforceability of the choice of law or choice of forum clauses, or any waiver of any right to trial by jury; and
- (g) the effect of judicial decisions or applicable law which permit the introduction of extrinsic evidence to modify the terms or the interpretation of any agreement.

For purposes of the opinions set forth in paragraph 1 with respect to good standing of the Company, we are relying solely upon a certificate of good standing from the State of California (a copy of which is attached hereto as Exhibit A). We express no opinion with respect to such matters beyond the date of that certificate.

The opinions set forth above in paragraph 4 are based upon our consideration of only those statutes, rules and regulations which in our experience are normally applicable to transactions such as those contemplated by the Management Documents. We have not undertaken any research for purposes of determining whether the Company or any Owner is subject to any law or other governmental requirement other than to those laws and other requirements which in our experience a lawyer in the State of California exercising customary

professional diligence would reasonably recognize to be directly applicable to persons in their circumstances as we understand them.

We are relying in part as to certain factual matters on a Certificate of the Company and of each Owner, a copy of which is attached hereto as **Exhibit B**. We have not undertaken any independent investigation to determine the existence or nonexistence of such facts. Similarly, whenever our opinion herein with respect to the existence or nonexistence of facts is qualified by the phrase "to our knowledge", or any similar phrase implying a limitation on the basis of knowledge, such phrase means only that the individual attorneys in this firm who devoted substantive attention to the matters involving the Management Documents do not have actual knowledge that the facts as stated herein are untrue. Such persons have not undertaken any investigation to determine the existence or nonexistence of such facts in connection with the preparation of this opinion, and no inference as to the extent of their investigation should be drawn from the fact of our representation of the Company and the Owners. We have not represented those entities in other matters.

We are admitted to the bar in the State of California. Our opinions are limited to the laws of the State of California and the United States of America, and we express no opinion as to the laws of any other jurisdiction.

Our opinion is rendered as of the date hereof and is based solely on existing laws, present judicial interpretations and the facts as we understand them. We assume no obligation to revise or supplement this opinion should those change, whether by legislative action, judicial decision or otherwise.

This opinion letter is rendered solely for your benefit in connection with the Management Documents, and may not be relied upon by you for any other purpose or furnished to, used, circulated, quoted or referred to, or relied upon by, any other person without our prior written consent. Without our written consent: (i) no person other than you may rely on this letter for any purpose; (ii) this letter may not be cited or quoted in any financial statement, prospectus, private placement memorandum or other similar document; (iii) this letter may not be cited or quoted in any other document or communication which might encourage reliance upon this letter by any person or for any purpose excluded by the restrictions in this paragraph; and (iv) copies of this letter may not be furnished to anyone for purposes of encouraging such reliance.

Very truly yours,

Guth | Christopher LLP

EXHIBIT 7.9

Form of Purchasers' Opinion

(To be attached at Closing)

August ____, 2005

To the Persons Set Forth on Exhibit A Hereto

Ladies and Gentlemen:

We have acted as counsel to Symbion Ambulatory Resource Centers, Inc., a Tennessee corporation ("SARC"), SymbionARC Management Services, Inc., a Tennessee corporation (the "Manager"), SymbionARC Support Services, LLC, a Tennessee limited liability company ("Symbion Support"), and SMBISS Beverly Hills, LLC, a Tennessee limited liability company, SMBISS Encino, LLC, a Tennessee limited liability company, SMBISS Irvine, LLC, a Tennessee limited liability company, and SMBISS Arcadia, LLC, a Tennessee limited liability company (each a Purchaser and collectively, the "Purchasers"), in connection with the preparation, execution and delivery of the Purchase Agreement, dated July 27, 2005 (the "Purchase Agreement") among SARC, the Purchasers and the members of Specialty Surgical Center, LLC, a California limited liability company, Specialty Surgical Center of Encino, LLC, a California limited liability company, Specialty Surgical Center of Irvine, LLC, a California limited liability company, and Specialty Surgical Center of Arcadia, LLC, a California limited liability company (each an "LLC" and collectively, the "LLCs") identified on Exhibit A to the Purchase Agreement (each a "Seller" and, collectively, the "Sellers"), and the Management Rights Purchase Agreement, dated July 27, 2005 (the "Management Rights Purchase Agreement") among SARC, the Manager and Parthenon Management Partners, LLC, a California limited liability company (the "Company"), Andrew A. Brooks, M.D. and Randhir S. Tuli (each an "Owner" and, collectively, the "Owners") and certain other agreements, instruments and documents related to the Purchase Agreement and the Management Rights Purchase Agreement. This opinion is being delivered to you at the request of the SARC pursuant to Section 7.9 of the Management Rights Purchase Agreement. Capitalized terms used herein and not otherwise defined herein shall have the same meanings herein as defined in the Purchase Agreement.

In rendering the opinions set forth herein, we have examined and relied on originals or copies, certified or otherwise identified to our satisfaction, of the following:

- (a) the Purchase Agreement;

- (b) the Management Rights Purchase Agreement;
- (c) the Consulting Agreement by and among the Manager, the Company and the Owners;
- (d) Escrow Agreement by and among Bank of America, N.A. (the "Escrow Agent"), the Manager, the Company and the Owners;
- (e) a certified copy of the Charter of SARC, as filed with the Tennessee Secretary of State on August 9, 1995, as amended, and a certified copy of the current Bylaws of SARC (collectively, the "SARC Governing Documents");
- (f) a certified copy of the Charter of the Manager, as filed with the Tennessee Secretary of State on April 15, 1998, as amended, and a certified copy of the current Bylaws of the Manager (collectively, the "Manager Governing Documents");
- (g) a certified copy of the Articles of Organization of Symbion Support, as filed with the Tennessee Secretary of State on July 20, 2005 and a certified copy of the current Operating Agreement of Symbion Support (collectively, the "Symbion Support Governing Documents");
- (h) a certified copy of the Articles of Organization of each of the Purchasers, as filed with the Tennessee Secretary of State on July 20, 2005, as amended, and a certified copy of the current Operating Agreement of each of the Purchasers (collectively, the "Purchasers Governing Documents", together with the SARC Governing Documents, the Symbion Support Governing Documents and the Manager Governing Documents the "Governing Documents");
- (i) a certified copy of certain resolutions of the Board of Directors of each of SARC and the Manager adopted on July 27, 2005;
- (j) a certified copy of certain resolutions of the respective sole member of Symbion Support and each of the Purchasers adopted on July 27, 2005;
- (k) a Certificate of Existence from the Tennessee Secretary of State, dated July 25, 2005 attesting to the "good standing" of the Manager and Symbion Support in such jurisdiction;
- (l) a Certificate of Existence from the Tennessee Secretary of State, dated July 28, 2005 attesting to the "good standing" of the SARC in such jurisdiction;
- (m) a Certificate of Existence from the Tennessee Secretary of State, dated July 27, 2005 attesting to the "good standing" of each of the Purchasers in such jurisdiction;

(n) a Certificate of Status from the California Secretary of State, dated July 26, 2005 attesting to the "good standing" as a foreign corporation of the Manager in such jurisdiction; and

(o) a Certificate of Good Standing from the California Secretary of State, dated July 27, 2005 attesting to the "good standing" as a foreign limited liability company of each the Purchasers and Symbion Support in such jurisdiction.

In addition, we have examined such other documents, agreements, and certificates as we have deemed necessary or appropriate as a basis for the opinion set forth below.

The documents described in clauses (a) through (d) above are collectively referred to as the "Transaction Documents." References in opinion this to (i) "Applicable Laws" shall mean those laws, rules and regulations of the State of Tennessee and of the United States of America which, in our experience, are normally applicable to transactions of the type contemplated by the Agreement without considering the participation by SARC, the Manager, Symbion Support or any of the Purchasers (collectively, the "Opinion Parties") in any regulated industry; (ii) the term "Governmental Authorities" means any Tennessee or federal executive, legislative, judicial, administrative or regulatory body having jurisdiction over the Opinion Parties without considering the participation by the Opinion Parties in any regulated industry; (iii) the term "Governmental Approval" means any consent, approval, license, authorization or validation of, or filing, recording or registration with, any Governmental Authority without considering the participation by the Opinion Parties in any regulated industry; and (iv) the term "Applicable Orders" means those orders or decrees of Governmental Authorities which have been specifically disclosed to us in writing by the Opinion Parties in Exhibit 1 hereto.

Assumptions

In our examination we have assumed the genuineness of all signatures (other than those on behalf of the Opinion Parties), the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies, and the authenticity of the originals of such copies. As to any facts material to this opinion which we did not independently establish or verify, we have relied upon statements and representations of the Opinion Parties and each of their officers and other representatives and of public officials, and have assumed that such matters remain true and correct through the date hereof.

We have further assumed, that:

(i) The execution, delivery and performance by each of the Opinion Parties of the Transaction Documents to which each is a party does not and will not conflict with, contravene, violate or constitute a default under (i) any lease, indenture, instrument or other agreement to

which each of the Opinion Parties or its property is subject, (ii) any rule, law or regulation to which each of the Opinion Parties is subject (other than Applicable Laws as to which we express our opinion in paragraph 7 herein) or (iii) any judicial or administrative order or decree of any governmental authority (other than Applicable Orders as to which we express our opinion in paragraph 7 herein).

(ii) No authorization, consent or other approval of, notice to or filing with any court, governmental authority or regulatory body (other than Governmental Approvals as to which we express our opinion in paragraph 7 herein) is required to authorize or is required in connection with the execution, delivery or performance by each of the Opinion Parties of any Transaction Documents to which it is a party or the transactions contemplated thereby.

(iii) There is no action, suit or proceeding pending or threatened against or affecting the Opinion Parties before any court, governmental department, or other authority (other than Applicable Orders as to which we express our opinion in paragraph 7 herein) which purports to affect the legality, validity or enforceability of any Transaction Document or the transactions contemplated thereby.

(iv) Each Transaction Document is the legal, valid, and binding obligation of each party thereto other than the Opinion Parties, enforceable against such other parties in accordance with its terms.

Members of this Firm preparing this Opinion are admitted to practice in the State of Tennessee. We express no opinion as to the laws of any jurisdiction other than (i) the laws of the State of Tennessee and (ii) the federal laws of the United States of America to the extent specifically referred to herein. We call to your attention that all of the Transaction Documents specify that they are to be governed by the laws of the State of California. In rendering the opinions set forth herein, we have assumed, with your permission, that Tennessee law governs the Transaction Documents notwithstanding contractual choice of law clauses or conflicts of law principles to the contrary. We call to your attention that the foregoing assumption does not bind any court and is made solely to facilitate the rendering of this opinion. We further call to your attention that we have made no investigation regarding the differences, if any, between California law and Tennessee law, and we expressly disclaim responsibility to do so.

Based upon the foregoing and subject to the limitations, qualifications, exceptions, and assumptions set forth herein, we are of the opinion that:

(1) Each of SARC and the Manager is a corporation existing and in good standing under the laws of the State of Tennessee. The Manager is qualified to do business and is in good standing as a foreign corporation under the laws of the State of California.

(2) Each of Symbion Support and the Purchasers is a limited liability company existing in good standing under the laws of the State of Tennessee. Each of Symbion Support and the Purchasers is qualified to do business and is in good standing as a foreign limited liability company under the laws of the State of California.

(3) Each of SARC and the Manager has the corporate power and authority to execute, deliver and perform all of its obligations under each of the Transaction Documents to which it is a party. Each of Symbion Support and the Purchasers has the limited liability company power and authority to execute, deliver and perform all of its obligations under each of the Transaction Documents to which it is a party.

(4) The execution and delivery of each of the Transaction Documents to which each of SARC and the Manager is a party, and the performance of all of its obligations under each such Transaction Document have been authorized by all requisite corporate action on the part of SARC and the Manager.

(5) The execution and delivery of each of the Transaction Documents to which each of Symbion Support and the Purchasers is a party, and the performance of all of its obligations under each such Transaction Document have been authorized by all requisite limited liability company action on the part of each of Symbion Support and the Purchasers.

(6) The Transaction Documents to which each of the Opinion Parties is a party have each been executed and delivered by each of the Opinion Parties.

(7) The execution, delivery, and performance by each of the Opinion Parties of each of the Transaction Documents to which it is a party do not (i) conflict with each such party's Governing Documents, (ii) contravene any provision of any Applicable Law, (iii) require any Governmental Approval, which has not been obtained or taken and is not in full force and effect, except as set forth in the Purchase Agreement, or (iv) contravene any applicable provision of any Applicable Order.

(8) Each Transaction Document to which each of the Opinion Parties is a party constitutes the valid and binding obligation of such party, enforceable against such party in accordance with its terms.

Qualifications

The opinions expressed above are subject to the following qualifications:

(i) Enforcement may be limited by applicable bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally.

(ii) Enforcement may be limited by general principles of equity (regardless of whether enforcement is sought in equity or at law).

(iii) We express no opinion as to: (a) the enforceability of the indemnification provisions in the Transaction Documents or (b) the enforceability of any rights to liquidated damages, penalties, punitive damages, indemnification, or contribution insofar as such rights purport to limit or affect a claim based on tort or duty imposed by law.

(iv) We express no opinion as to provisions that specify the law of a particular jurisdiction as governing law.

(v) We express no opinion with respect to the enforceability of (a) a requirement that provisions of the Transaction Documents may only be waived in writing, (b) provisions stating that the failure to exercise or delay in exercising rights or remedies will not operate as a waiver of such right or remedy, (c) rights to attorneys' fees to the extent limited by applicable laws that provide that any recovery of attorneys' fees is limited to reasonable attorneys' fees, (d) provisions by which any of the Opinion Parties waives the right to become a debtor under the U.S. Bankruptcy Code or other bankruptcy law, (e) provisions stating that the provisions of the Transaction Documents are severable, and (f) provisions regarding confession of judgment which violate public policy.

(vi) We express no opinion as to the effect of compliance or non-compliance of any party (other than the Opinion Parties) to any of the transactions contemplated by any of the Transaction Documents with any laws or regulations applicable because of the legal or regulatory status or the nature of the business of any party (other than the Opinion Parties) to such transactions.

(vii) We express no opinion regarding provisions of the Transaction Documents that purport to confer jurisdiction upon any court or which lay venue in a specific court or courts.

(viii) We express no opinion regarding the enforceability of any covenants regarding confidentiality contained or referenced in the Transaction Documents.

The Persons Set Forth on Exhibit A Hereto
August ____, 2005
Page 7 of 7

This opinion is given as of the date hereof, and we disclaim any obligation to update this opinion letter after the date hereof. This opinion is rendered only to the addressee and is solely for its benefit in connection with the above transactions. This opinion may not be relied upon by the addressee for any other purpose, or quoted to or relied upon by any other person, firm, corporation, or other entity for any purpose without our prior written consent.

Very truly yours,

EXHIBIT “C”

CONSULTING AGREEMENT

This CONSULTING AGREEMENT (this "Agreement"), dated as of August 1, 2005 (the "Effective Date"), is by and between SymbionARC Management Services, Inc., a Tennessee corporation (the "Manager") and Parthenon Management Partners, LLC, a California limited liability company (the "Contractor"), Andrew A. Brooks, M.D. and Randhir S. Tuli (each an "Owner" and, together, the "Owners"). The Owners own all of the outstanding equity securities of the Contractor.

WITNESSETH:

WHEREAS, the Manager manages each of those ambulatory surgery centers or other healthcare facilities identified on Schedule 1 hereto (each a "Center" and, collectively, the "Centers"), which Centers shall be classified on such Schedule 1 as being an "Existing Center" or a "Developing Center"; and

WHEREAS, pursuant to that certain Management Rights Purchase Agreement, dated July 27, 2005 (the "MRPA"), Contractor and the Owners have sold to Manager all of their rights in and to those certain economic interests that entitle Contractor and the Owners to receive consideration for and obligate them to perform certain management responsibilities for each Center; and

WHEREAS, the Manager desires to enter into this Agreement with the Contractor pursuant to which Contractor will provide the Manager with (A) consulting and oversight services relating to the operation of the Centers and the transition of management of the Centers, and (B) assistance in the identification and consummation of opportunities to develop and acquire Surgical Businesses (as defined below), and the Contractor desires to provide such all such services to the Manager.

NOW, THEREFORE, the Manager, the Contractor and the Owners agree as follows:

ARTICLE I DUTIES OF THE CONTRACTOR

1.1. Generally. The Manager hereby retains the Contractor and the Owners for the purpose of providing consulting and oversight services to the Manager relating to the operation of the Centers identified on Schedule 1 hereto and the transition of management of such Centers. In performing their obligations under this Agreement, the Contractor and the Owners shall act in good faith and with reasonable diligence and devote their reasonable best efforts to the duties set forth herein, in all respects subject to the reasonable control of the Manager. The Manager and the Contractor agree and acknowledge that the Manager is relying on the efforts and expertise of the Contractor and the Owners. Contractors will not be required to pay for any operating costs of the Centers.

1.2. Duties of the Contractor. The Contractor and the Owners covenant and agree:

a. to provide those services set forth on Exhibit 1.2 attached hereto for each Center during that Center's Payment Period;

b. that the Contractor and the Owners shall perform such services in a business-like manner in accordance with such reasonable policies and directives adopted by the Manager from time to time and communicated in writing to the Contractor and the Owners; and

c. to take all reasonable actions and execute all documents necessary to carry out the terms and purposes of this Agreement.

1.3. Duties of the Manager. The Manager covenants and agrees:

a. to provide such information and guidance as is reasonably necessary for the Contractor to satisfy its contractual obligations under this contract in a timely manner; and

b. to take all reasonable actions and execute all documents necessary to carry out the terms and purposes of this Agreement.

1.4. No Partnership. The Contractor, the Owners and the Manager 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 agents (the Contractor and the Owners) contracting with a principal (the Manager) as independent contractors.

1.5 DEA and CLIA Certificates. The Manager shall use commercially reasonable efforts to transition promptly the DEA and CLIA certificates currently in place at the Existing Centers and Developing Centers held in Dr. Brooks' name to the name of the respective Centers. Until such certificates are so reissued, Dr. Brooks agrees to have such registrations and certificates continue in his name, to take any actions required in connection therewith as reasonably requested by the Manager and to execute any necessary and appropriate power of attorney or other document to effectuate this arrangement. The Manager shall reimburse Dr. Brooks for his reasonable expenses in connection with this arrangement.

**ARTICLE II
FEES PAYABLE TO THE CONTRACTOR**

2.1. Consulting and Oversight Fee. During all Payment Periods (as defined below), the Manager shall pay the Contractor for the services rendered under Article I hereof a fee (the "Consulting and Oversight Fee") equal to the sum of:

(A) fifty percent (50%) of the aggregate gross amount of all Management Fees (as defined below) actually collected by Manager from an Existing Center during such Existing Center's Payment Period; and

(B) forty percent (40%) of the aggregate gross amount of all Management Fees actually collected by Manager from a Developing Center during such Developing Center's Payment Period.

"Payment Period" shall mean, with respect to any Center, the period commencing on the Payment Commencement Date and ending on the earlier of (x) the date, if any, on which Manager and/or its affiliates purchase all of the "Option Interests" (as defined in the MIPA) owned by Owners and Contractor in such Center pursuant to Section 1.4 of the Purchase Agreement, dated _____, 2005, to which Owners, several affiliates of Manager and others are parties (the "MIPA"), (y) the termination of Contractor's obligations under Section 1.2 hereof with respect to such Center or (z) the termination of the Agreement under Section 3.2, 3.3 or 3.4 hereof. The "Payment Commencement Date" shall be (I) the Effective Date with respect to (a) any Existing Center and (b) any Developing Center at which procedures are being regularly performed as of the Effective Date, and (II) with respect to any other Developing Center, the date on which the first procedure is performed at such Developing Center.

2.2. Calculation of Management Fees. As used herein, "Management Fees" means all fees (but not the amount of any reimbursements made under the Management Agreements) payable, without any deductions whatsoever, under Section 5.1 of each of those certain Management Agreements (the

"Management Agreements") entered into or to be entered into between the Manager and each of the Centers. No amendment of any Management Agreement will affect the calculation of the Management Fees, which will continue to be calculated based on the terms of the Management Agreement in force on the date hereof unless otherwise consented in writing by the Contractor. The expiration in accordance with its terms of the term of a Management Agreement shall not be an amendment for purposes of the preceding sentence. The Consulting and Oversight Fee shall be payable monthly on or before the fifteenth (15th) day following the month in question and will be accompanied by a statement setting forth in reasonable detail the calculation of the amount due (a "Statement"). No party will take any steps intended to delay collection of Management Fees, nor shall the assignment of this Agreement eliminate any obligation of the Manager to pay to Contractor the amounts provided for herein. The Contractor shall be entitled to cause an independent certified public accountant reasonably satisfactory to the Manager to perform an audit of the books and records of the Manager and its affiliates upon which any Statement is based. The Contractor shall pay all costs and expenses of the audit unless such examination shows an underpayment of at least five percent (5%) or more of the total amount payable during the period covered by the audit, in which case the costs of the audit shall be paid by the Manager. Any underpayment (or overpayment) will bear interest at prime plus 2%, and the amount of each underpayment (or overpayment) shall be paid by Manager (or Contractor, as the case may be) within two (2) business days of its calculation.

2.3. Reimbursement of Contractor. The Contractor shall be also reimbursed on a monthly basis for its reasonable, out of pocket, direct expenses incurred in connection with the services provided hereunder as are reasonably approved in advance by the Manager or consistent with its policies for reimbursement of expenses generally applicable to its senior managers.

ARTICLE III TERM AND TERMINATION

3.1. Term. The term (the "Term") of this Agreement shall commence as of the Effective Date and, unless this Agreement is terminated pursuant to this Article III, shall continue until the latest to occur of (i) the date on which all Payment Periods shall have ended, (ii) the fifth anniversary of the Effective Date and (iii) the date on which there remain no outstanding Development Notices and Acquisition Notices (as defined below). As used herein, the "Initial Term" shall consist of the period between the Effective Date and the second anniversary of the Effective Date. In the event of the termination or expiration of this Agreement, the Contractor shall be paid all earned and accrued compensation (but only upon and promptly after Manager's receipt of the Management Fees for which Contractor has earned such compensation) and reimbursements provided for hereunder.

3.2. Termination for the Contractor's Breach. The Manager shall have the right to terminate this Agreement following the occurrence of a Contractor/Owner Material Breach (as defined below). In the event termination is for an alleged Contractor/Owner Material Breach, the Manager shall provide the Contractor written notice of such alleged Contractor/Owner Material Breach describing in detail the basis upon which the Manager believes such termination is justified. The Contractor shall have forty five (45) days (but only five (5) days in the case of any payment default) from receipt of such notice during which to attempt to cure any alleged Contractor/Owner Material Breach. Furthermore, if the Contractor 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 Contractor shall have a reasonable time (not to exceed 180 days) beyond such cure period to complete its cure of the alleged basis for the Manager's election to terminate. Upon a cure being effected, the Manager's right to terminate shall cease, and this Agreement will continue in full force and effect. As used herein, a "Contractor/Owner Material Breach" means (a) a breach by any Covered Party of the provisions of Section 4.4 hereof, (b) a material breach by any Covered Party of any restrictive covenant to

which a Covered Party is subject that is contained in any of the agreements identified on Exhibit 3.2 hereto or, to the extent not more restrictive than the terms of those covenants, any operating agreement or partnership agreement of an entity that succeeds any entity identified thereon or any operating agreement or partnership agreement entered into as a part of an Acquisition Project or Development Project, (c) the habitual breach of an Owner to perform the duties set forth on Exhibit 1.2 hereto in any material respect or (d) or the material breach by an Owner of its obligations under Sections 5.2. In addition to the termination right in this Section 3.2, upon any Contractor/Owner Material Breach which is not cured within the time period provided for cure (if any), Manager shall recover from the Contractor and Owners: (I) any and all damages and remedies to which it may be entitled, and (II) at the option of Manager exercised in writing within sixty (60) days after discovery of any breach described in clause (a) of the definition of Contractor/Owner Material Breach which either (i) is a knowing or willful breach or (ii) occurs during the Initial Term, Manager may step into (without payment to any Covered Party therefor) the entire position of any and all Covered Parties (with respect to all interests, management contracts, remuneration, fees, etc.) in any project or activities undertaken in violation of Section 4.4. The parties acknowledge and agree that clause (II) is provided for herein because of the inherent uncertainty of the damages that may be proven under clause (I), and such damages may be claimed not to the exclusion of damages under clause (I). The parties have made provision therefor, not as a penalty, but to compensate the Manager for the significant damages that would be suffered by the Manager as a result.

3.3. Termination for Manager's Breach. The Contractor shall have the right to terminate this Agreement following the occurrence of a Manager Material Breach (as defined below) of this Agreement. In the event termination is for an alleged Manager Material Breach, the Contractor shall provide the Manager written notice of such alleged Manager Material Breach describing in detail the basis upon which the Contractor believes such termination is justified. The Manager shall have forty five (45) days (but only five (5) days in the case of any payment default) from receipt of such notice during which to attempt to cure any alleged Manager Material Breach, and upon such cure being effected, the Contractor's right to terminate shall cease and this Agreement will continue 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 (not to exceed 180 days) beyond such cure period to complete its cure of the alleged basis for the Contractor's election to terminate. As used herein, a "Manager Material Breach" means Manager's failure to pay when due any fee payable to Contractor under Section 2.1 or Section 4.3 or its material breach of its obligations under Sections 4.2 or 5.1.

3.4. Termination on Transfer. If at any time Manager or an affiliate of Manager either ceases to own an interest in any Center identified on Schedule 1 hereto or ceases to be obligated to perform the services to such center required pursuant to the applicable Management Agreement (whether because such Management Agreement is terminated, amended, assigned or Manager or its affiliate otherwise disposes of its interest therein), then the Manager shall give written notice to Contractor not later than ten (10) days prior to the disposition of Manager's or its affiliate's interest in such Center and/or the assignment, termination or disposition of Manager's (or its affiliates) interest in such Management Agreement, and during the ninety (90) period thereafter, Contractor may declare its obligations under Section 1.2 with respect to such Center thereafter null, void and of no further force and effect, upon which Manager's obligations under Section 2 with respect to such Center shall terminate. In the event that Symbion, Inc., a Delaware corporation, or its successor or acquiror (by any form of transaction), shall cease to own, directly or indirectly, all of the outstanding equity interests of Manager, then Contractor may treat such event as a disposition of Manager's interest each of the Centers for purposes of this Section 3.4; provided, for the avoidance of doubt, a change in control, acquisition of, or sale of all assets by Symbion, Inc. shall not give rise to the right of Contractor to treat such event as a disposition of Manager's interest under this provision.

ARTICLE IV
SPECIAL RIGHTS REGARDING DEVELOPMENT; RESTRICTIVE COVENANTS

4.1. Generally. The Contractor and the Owners will not be required to provide services on a full-time or (except as provided in this Article IV) exclusive basis, but shall devote such time and effort as are reasonably required to perform the Contractor's duties hereunder. The Owners shall, during the Term, devote such time and effort as reasonably necessary for identifying and pursuing Development Projects and Acquisition Projects in the Restricted Area, and shall use reasonable diligence to identify Suitable Opportunities. As used in this Article IV: "Covered Parties" means the Contractor, the Owners, any entity controlled by the Contractor or an Owner, a member of an Owner's immediate family, or any entity controlled by or under common control with an Owner or a member of an Owner's immediate family or any combination of the foregoing; "Surgical 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; and "Restricted Area" means the territory described on Exhibit 4.1 attached hereto.

4.2. Development Opportunities. If Contractor or either Owner, anytime prior to the fifth anniversary of the Effective Date, identifies or learns of a Suitable Opportunity (as defined below) to develop a Surgical Business within the Restricted Area, the Contractor shall give written notice to the Manager of each such Suitable Opportunity (the "Development Notice"). The Manager shall consult with the Contractor regarding each such Suitable Opportunity, and Contractor shall reasonably cooperate with the Manager in ascertaining all information about each such Suitable Opportunity as Manager shall reasonably request. Each such Suitable Opportunity that Manager elects to pursue (a "Development Project") shall be operated pursuant to the terms of an Operating Agreement substantially in the form of Exhibit 4.2(A) hereto and managed by Manager (or an affiliate of Manager) pursuant to a Management Agreement substantially in the form of Exhibit 4.2(B) hereto, in each case with such amendments as Manager shall reasonably request without changing the substance of the economic relationships or (in any material respects) the rights or obligations of the Contractor contained in such Exhibits 4.2(A) and 4.2(B). The Contractor and the Manager shall initially have equal levels of ownership (prior to the offering of any ownership interests therein to qualified and suitable third party purchasers thereof) in any Development Project; provided, however, to acquire such ownership, Contractor shall (i) contribute cash for equity in the same proportion as the Manager (or its affiliate) and on the same basis as physicians investing in such Development Project and (ii) provide or guaranty its proportion (based on its ownership interest) of such Development Project's indebtedness provided by or guaranteed by the Manager (or its affiliate), in all cases such amounts to be reasonably determined by the Manager in good faith. The Manager shall not be required to permit ownership by the Contractor as to a particular Development Project, if neither the closing of an initial investment in or commencement of material construction on such Development Project shall have commenced within 18 months after the giving of the Development Notice. If (i) Manager fails to indicate its interest in pursuing in good faith and with reasonable diligence any opportunity for developing a Surgical Business by written notice to Contractor within 45 days after receipt of the Development Notice, (ii) Manager subsequently decides that it does not intend to pursue such opportunity in good faith and with reasonable diligence (in which case Manager will promptly send a written notice to Contractor) or (iii) at any time Contractor sends Manager a written notice stating that Contractor believes that Manager has not been pursuing such opportunity in good faith and with reasonable diligence and describing the action(s) that, if taken by Manager, would cause Contractor to believe that Manager is pursuing such opportunity in good faith and with reasonable diligence, and Manager fails to give reasonable assurances to Contractor of Manager's good faith and reasonable diligence in pursuing such opportunity within 20 days of receipt of such notice, then such opportunity shall be deemed to be a "Rejected Development"; provided, however, no Development Project shall be deemed to be a Rejected Development any time prior to the second anniversary of the Effective Date. As used herein, "Suitable Opportunity" means an opportunity that is reasonably consistent (as determined in

good faith by Owners) with parameters established from time to time by Manager such that a reasonable person might conclude that Symbion would be interested in pursuing such opportunity. Consultant and Owners will not have any obligation to provide services with respect to any Development Project after its opening unless they reach agreement with Manager on a sharing of the management fees for that Development Project.

4.3. Acquisition Opportunities. If Contractor or either Owner, anytime prior to the fifth anniversary of the Effective Date, identifies or learns of a Suitable Opportunity for Manager or any affiliate of Manager to acquire (by any form of transaction, including the purchase of securities from any Person, including existing owners thereof) an interest in the equity or the assets of an existing Surgical Business within the Restricted Area, the Contractor shall give written notice to the Manager of each such Suitable Opportunity (the "Acquisition Notice"). The Manager shall consult with the Contractor regarding each such Suitable Opportunity, and Contractor shall reasonably cooperate with the Manager in ascertaining all information about each such Suitable Opportunity as Manager shall reasonably request. The Manager and/or its affiliates and the Contractor will work in good faith with regard to such Suitable Opportunity that Manager elects to pursue (an "Acquisition Project"). Upon the closing of the acquisition of an interest in or the assets of a Qualified Acquisition Project, the Contractor shall receive from the Manager a fee, payable in cash, equal to two percent (2%) of the gross purchase price paid by Manager for its interest in the Qualified Acquisition Project (inclusive of a proportionate amount of assumed indebtedness but exclusive of a proportionate amount of any working capital acquired in excess of a normalized working capital amount, such proportionate amount being equal to the percentage interest acquired by Manager in the Qualified Acquisition Project). Additionally, Contractor shall be entitled to receive from Manager a share of all Management Fees actually collected by Manager, as and when collected, from an Acquired Facility during the two years after the later of (x) the closing of the acquisition or (y) with respect to any center at which procedures are not being regularly performed as of the closing of the acquisition, the date on which the first procedure is performed at such center, which share shall equal one percent of the net revenues of such Acquired Facility (or a comparable share relative to the Manager's management fees if based on some other amount). As used herein, "Qualified Acquisition Project" shall mean an Acquisition Project identified in an Acquisition Notice with respect to which the Manager or its affiliate acquires an interest in the equity or the assets of within 18 months after the giving of the Acquisition Notice. If (i) Manager fails to indicate its interest in pursuing in good faith and with reasonable diligence any opportunity for acquiring such Surgical Business by written notice to Contractor within 45 days after receipt of the Acquisition Notice, (ii) Manager subsequently decides that it does not intend to pursue such opportunity in good faith and with reasonable diligence (in which case Manager will promptly send a written notice to Contractor) or (iii) at any time Contractor sends Manager a written notice stating that Contractor believes that Manager has not been pursuing such opportunity in good faith and with reasonable diligence and describing the action(s) that, if taken by Manager, would cause Contractor to believe that Manager is pursuing such opportunity in good faith and with reasonable diligence, and Manager fails to give reasonable assurances to Contractor of Manager's good faith and with reasonable diligence in pursuing such opportunity within 20 days of receipt of such notice, then such opportunity shall be deemed to be a "Rejected Acquisition"; provided, however, no Acquisition Project shall be deemed to be a Acquisition Development any time prior to the second anniversary of the Effective Date. Consultant and Owners will not have any obligation to provide services with respect to any Acquisition Project after its acquisition unless they reach agreement with Manager on a sharing of the management fees for that Project.

4.4. Exclusivity; Restrictions on Ownership; Nonsolicitation.

(a) *Restriction on Activities in Connection with Surgical Businesses.* Prior to the fifth anniversary of the Effective Date, Contractor and Owners hereby covenant and agree with Manager that Contractor and Owners will not, and will cause all Covered Parties to not, directly or indirectly, except in

connection with (I) Acquisition Projects and Development Projects being pursued with Manager and/or its affiliates, (II) (after the second anniversary of the Effective Date) Rejected Developments or Rejected Acquisitions that are not in any Symbion Facility Zone (as defined below) or (III) the "Center for Orthopedic Surgery" located at 6815 Noble Avenue, Van Nuys, CA 91405: (i) develop, acquire or own an interest in, lease, manage, joint venture with or be employed by a Surgical Business in the Restricted Area, or commence or agree to do any of the foregoing or enter into discussions with any other person with respect to the foregoing; or (ii) render any service to (as an employee, independent contractor or otherwise) intended to assist any person, partnership, corporation or other entity (other than Manager and/or its affiliates) in any of the activities in the foregoing clause (i); provided, however, that the purchase of a publicly traded security of a corporation engaged in such business or service shall not in itself be deemed violative of this Agreement so long as Covered Parties do not own, directly or indirectly, more than five percent (5%) of such corporation. As used herein, a "Symbion Facility Zone" means the geographic radius or other defined area that surrounds any healthcare facility in which Manager or any of its affiliates owns an interest on the date of the delivery of a Development Notice or an Acquisition Notice (as the case may be) in which physician members or partners who own interests in such facility are prohibited, by the terms of an operating agreement or partnership agreement, from owning interests in and conducting certain other activities with respect to businesses in competition with such facility, but in any case not more than a 25 mile radius.

(b) *Nonsolicitation and Interference.* Prior to the fifth anniversary of the Effective Date, Contractor and Owners hereby covenant and agree with Manager that Contractor and Owners will not, and will cause all Covered Parties to not, directly or indirectly, except in connection with Acquisition Projects and Development Projects being pursued with Manager and/or its affiliates, (i) interfere with, disrupt or attempt to disrupt any past, present or prospective relationship, contractual or otherwise, related to or arising from any agreement, relationship or contractual arrangement between the Manager or any of its affiliates and any customer, client, supplier, owner or prospective owner of any Surgical Business of which Manager or its affiliates is also an owner or employee of the Surgical Business or any of its subsidiaries or affiliates or (ii) solicit, entice or induce any employee (including all corporate officers and managers) of the Manager or any of its affiliates to leave their employment with the Manager or its affiliates, or hire any such employee to work in any capacity. For so long as Manager or its affiliates continues to manage an Existing Center, a Developing Center, or a center resulting from a Acquisition Project or Development Project, Contractor and Owners hereby covenant and agree with Manager that Contractor and Owners will not, and will cause all Covered Parties to not, directly or indirectly, except in connection with Acquisition Projects and Development Projects being pursued in conjunction with Manager and/or its affiliates, solicit, entice or induce any physician who owns an interest in that center to cease or reduce his or her business relationships with such center.

(c) *Other Provisions.* The Owners and the Contractor agree that the covenants and agreements contained herein are, taken as a whole, reasonable and necessary with respect to the activities covered and will not challenge the geographic scope and duration of any such covenants in any proceeding to enforce such covenants. If a judicial determination is made that any of the provisions of this Section 4.4 constitutes an unreasonable or otherwise unenforceable restriction against the Owners and the Contractor, the provisions of this Section 4.4 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 reduce any portion of the territory or prohibited business activity from the coverage of this Section 4.4 and to apply the provisions of this Section 4.4 to the remaining portion of the territory or the remaining business activities not so reduced by such judicial authority.

(d) *Acknowledgement of Reliance and Inducement.* The Contractor and the Owners acknowledge and agree that their execution, delivery and performance of this Agreement, and specifically

the covenants and obligations set forth in this Article IV, were a material inducement for the affiliates of Manager to enter into and to consummation the transactions contemplated by the MIPA and the MRPA, and that the affiliates of Manager who were "Purchasers" thereunder would not have entered into or consummated the transaction contemplated by the MIPA and the MRPA unless the Contractor and the Owners had agreed to the provisions of this Article IV. This acknowledgement is not intended to imply or support any increased damages for any breach of this Agreement, nor shall it be used for such purpose.

ARTICLE V INDEMNIFICATION

5.1. Indemnification by the Manager. The Manager agrees to indemnify and hold harmless the Contractor and the Owners, their affiliates and their respective shareholders, members, directors, officers, employees and agents (each, a "Contractor 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 Contractor Indemnified Parties, in connection with the Contractor's provisions of services, including the Contractor's performance of its duties hereunder, if such Loss has not been caused by the gross negligence or willful misconduct of a Contractor Indemnified Party. In no event shall the Manager have any liability for any special, exemplary, punitive or consequential damages (including loss of profit or revenue) suffered or incurred by any Contractor Indemnified Party.

5.2. Indemnification by the Contractor and Owners. The Contractor and each Owner agrees to indemnify and hold harmless the Manager and its members, shareholders, partners, directors, and officers, employees and agents (each, a "Manager Indemnified Party") from and against all Loss which may be asserted against an Manager Indemnified Party as a result of the gross negligence or willful misconduct of the Contractor in connection with the performance by the Contractor of its duties under Article I hereof if such Loss has not been caused by the gross negligence or willful misconduct of an Manager Indemnified Party. In no event, however, shall the Contractor be liable under this Section 5.2 for an amount in excess of the greater of (i) the Consulting and Oversight Fee paid to Contractor and/or Owners for the twelve months ending on the date upon which the Loss occurred or (ii) \$500,000. In no event shall the Contractor or Owners have any liability for any special, exemplary, punitive or consequential damages (including loss of profit or revenue) suffered or incurred by any Manager Indemnified Party.

5.3. Exclusivity of Remedy. Other than claims arising under Article IV hereof and claims for the non-payment of fees and expenses under Article II hereof, and except as provided in Section 3.2 hereof, this Article V shall constitute the sole remedy of the parties hereto with respect to any Loss and/or any claim (including any Loss resulting from a third party claim) if such Loss and/or claim arises out of this Agreement, whether such claim is based in contract, tort, or otherwise, but excluding claims arising out of willful misconduct or fraud.

ARTICLE VI MISCELLANEOUS

6.1. This Agreement shall be construed to be in accordance with any and all 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 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.

6.2. 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 thirty (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 thirty (30) day period, to terminate this Agreement upon sixty (60) additional days written notice to the other party.

6.3. Upon the written request of the Secretary of Health and Human Services or the Comptroller General or any of their duly authorized representatives, the Contractor and any of its affiliates providing services with a value or cost of \$10,000 or more over a twelve (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.

6.4. Section and Article headings are for convenience of reference only and shall not be used to construe the meaning of any provision of this Agreement.

6.5. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall together constitute one Agreement.

6.6. Should any part of this Agreement be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity and enforceability of the remaining portions.

6.7. The execution and performance of this Agreement by each party has been duly authorized by all applicable laws and regulations and all necessary corporate action, and this Agreement constitutes the valid and enforceable obligation of each party in accordance with its terms.

6.8. This Agreement and the rights of the parties shall be construed and enforced in accordance with the laws of the State of California without regard to its principles of conflicts of laws. Each party hereby irrevocably and unconditionally consents to venue in any state or federal court located in (or the district of which includes) Los Angeles, California (the "Los Angeles Courts") for any litigation arising out of or relating to this Agreement, and each party hereby waives any objection to the laying of venue of any such litigation in the Los Angeles Courts and agrees not to plead or claim in any Los Angeles Court that such litigation brought therein has been brought in an inconvenient forum. Each party hereby irrevocably and unconditionally consents to a Los Angeles Court applying California law to any litigation arising out of or relating to this Agreement.

6.9. This Agreement may not be modified except in writing executed by the party to be charged.

6.10. This Agreement constitutes the entire Agreement of the parties hereto and supersedes all prior Agreements and representations with respect to the subject matter hereof.

6.11. The parties hereto have each negotiated the terms hereof and reviewed this Agreement carefully. It is the intent of the parties that each word, phrase, and sentence and other part hereof shall be

given its plain meaning, and that rules of interpretation or construction of contracts that would construe any ambiguity of any part hereof against the draftsman, by virtue of being the draftsman, shall not apply.

6.12. This Section 6.13 shall become effective upon such date as the Manager 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 Contractor agrees to comply with the following:

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

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

c. If the Contractor 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 Centers' Protected Health Information, the Contractor 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 13.

d. The Contractor may use or disclose the Centers' Protected Health Information as is necessary for the Contractor's proper management and administration only if: (a) the Contractor obtains reasonable written assurances from the person or entity to whom the Centers' Protected Health Information is disclosed that such person or entity shall hold the Centers' Protected Health Information confidentially and only use or further disclose the Centers' Protected Health Information as required by law or for the purpose for which it was disclosed to the person or entity; and (b) the person or entity agrees to notify the Contractor of any unauthorized use or disclosure of the Centers' Protected Health Information of which the person or entity becomes aware.

e. The Contractor will implement appropriate safeguards to prevent the use or disclosure of the Centers' Protected Health Information by the Contractor or its subcontractors other than as provided for in this Agreement. If the Contractor becomes aware of any use or disclosure of the Centers' Protected Health Information by the Contractor or its subcontractors not provided for in this Agreement, the Contractor shall report such information to the Center.

f. Upon a patient's request, the Contractor shall make available all or a portion of the designated record sets as defined in 45 C.F.R. Section 164.501, containing the Centers' Protected Health Information which is stored or maintained by the Contractor or otherwise in the possession of the Contractor or its subcontractors ("Designated Record Sets") in accordance with 45 C.F.R. Section 164.524 and 45 C.F.R. Section 164.526. Upon a patient's request, the Contractor shall make available such information in the Contractor's possession, custody or control that is required to make the accounting required by 45 C.F.R. Section 164.528.

g. To the extent required by the Federal Privacy Regulations, the Contractor shall make its internal practices, books, and records relating to the use and disclosure of the Centers' Protected Health Information received from, or created or received by the Contractor on behalf of the Centers available to the Secretary of the Department of Health and Human Services to the extent required for determining 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 virtue of this Section 13.

h. Upon expiration or termination of this Agreement, the Contractor shall return all of the Centers' Protected Health Information. In the event that the Contractor determines that returning or destroying all copies of the Protected Health Information is not feasible, the Contractor shall extend the protections contained in this Section 13 to that portion of the Centers' 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.

6.13. 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 Blvd., Suite 500 Nashville, Tennessee 37215 Attn: President
With a copy to:	Joseph A. Sowell, III, Esq. Waller Lansden Dortch & Davis, PLLC 511 Union Street, Suite 2700 Nashville, Tennessee 37219
To the Contractor:	To the addresses set forth on the signature page
With a copy to:	Guth Christopher LLP 10866 Wilshire Blvd, Suite 1250 Los Angeles, California 90024 Attention: Theodore E. Guth

6.14. 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.

6.15. The Contractor shall not assign this Agreement without the written consent of the Manager, which consent shall not be unreasonably withheld. Except in the event of the merger or consolidation of the Manager, or the sale by the Manager of substantially all of its assets in which all of

the Management Agreements are also being assigned, the Manager shall not assign this Agreement, other than to a subsidiary corporation or other entity controlled by or under common control with the Manager and to which all of the Management Agreements are being assigned, without the written consent of the Contractor, which consent shall not be unreasonably withheld.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date and year first hereinabove written.

"MANAGER"

**SYMBIONARC MANAGEMENT
SERVICES, INC.**

By: Chamee Tuli

Title: Chief Executive Officer and President

"CONTRACTOR"

PARTHENON MANAGEMENT PARTNERS, LLC

By: _____

Title: _____

"OWNERS"

Andrew A. Brooks, M.D.

Address for Notices

Randhir S. Tuli

Address for Notices

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date and year first hereinabove written.

"MANAGER"

**SYMBIONARC MANAGEMENT
SERVICES, INC.**

By: _____

Title: _____

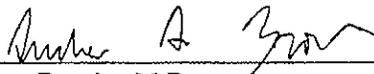
"CONTRACTOR"

PARTHENON MANAGEMENT PARTNERS, LLC

By:  _____

Title: MANAGING MEMBER

"OWNERS"



Andrew A. Brooks, M.D.

14159 BERESFORD RD
BEVERLY HILLS CA 90210

Address for Notices



Randhir S. Tuli

19248 Albandale Rd
Tarzana CA 91356

Address for Notices

SCHEDULE 1

List of Centers (as of the Effective Date)

Existing Centers

1. an outpatient surgery center located at 9575 Brighton Way, Suite 100, Beverly Hills, CA 90210 (the "Brighton Center").
2. an outpatient surgery center located at 16501 Ventura Boulevard, Suite 103, Encino, CA 91436 (the "Encino Center").
3. an outpatient surgery center located at 8670 Wilshire Boulevard, Suite 300, Beverly Hills, CA 90211 (the "Wilshire Center").

Developing Centers

1. an outpatient surgery center located at 15825 Laguna Canyon Road, Suite 200, Irvine, CA 92618 (the "Irvine Center").
2. an outpatient surgery center located at 51 North Fifth Avenue, Suite 101, Arcadia, CA 91006 (the "Arcadia Center").
3. an outpatient surgery center located at 696 Hampshire Road, Thousand Oaks, CA 91361 (the "Agoura Hills Center").

EXHIBIT 1.2

Services of Andrew A. Brooks, M.D.

Owner shall use good faith and reasonable diligence in providing consulting and management advisory services to assist Manager in its oversight of the efficient operation of the Existing Centers, and Developing Centers.

Services of Randhir S. Tuli

Owner shall use good faith and reasonable diligence in providing consulting and management advisory services to assist Manager in the day to day operation of the Existing Centers and Developing Centers, including, without limitation, monitoring and/or assisting Manager, as Manager may reasonably request, with the following:

- A. obtaining or maintaining the accreditation of a Center (if the Center is accredited) with the proper agencies and insurance companies, including JCAHO or AAAHC;
- B. the hiring, employing, supervising, directing, leasing and discharging all non-physician personnel performing services at a Center;
- C. the negotiation by Centers of reimbursement and fee payment methods, in coordination with Manager with the appropriate third party payers and state and federal agencies;
- D. the establishment of staffing schedules, wage structures and personnel policies for all personnel at a Center;
- E. the determination and setting of patient charges for services provided by a Center;
- F. the development and provision by Manager of policies and operating procedures to all departments of a Center;
- G. the development of standard formats for all charts, invoices, and other forms used in the operation of a Center;
- H. the purchase, lease or disposition by a Center of all supplies and equipment used in the operation of the Center;
- I. the day-to-day operations of a Center;
- J. the negotiating or retention of contractual relationships for anesthesia services, radiology services, and pathology services, at a Center.
- K. the establishment and functioning of accounting, billing, receivables, credit and collection policies and procedures for the Centers.
- L. the development of systems for handling patient complaints.

EXHIBIT 3.2

Agreements

1. Amended and Restated Operating Agreement of Specialty Surgical Center, LLC, a California limited liability company
2. Amended and Restated Operating Agreement of Specialty Surgical Center of Encino, LLC, a California limited liability company
3. Amended and Restated Operating Agreement of Specialty Surgical Center of Irvine, LLC, a California limited liability company
4. Amended and Restated Operating Agreement of Specialty Surgical Center of Arcadia, LLC, a California limited liability company
5. Amended and Restated Operating Agreement of Specialty Surgical Center of Thousand Oaks, LLC, a California limited liability company

EXHIBIT 4.1

Restricted Area

The Restricted Area shall consist of the following counties in California:

Fresno	Merced	San Jose
Imperial	Mono	San Luis Obispo
Inyo	Monterrey	San Mateo
Kern	Orange	Santa Barbara
Kings	Riverside	Santa Cruz
Los Angeles	San Benito	Stanislaus
Madera	San Bernardino	Tulare
Mariposa	San Diego	Ventura

EXHIBIT 4.2(A)

Form of Operating Agreement

The Form of Operating Agreement shall be substantially the same as the Operating Agreement of Specialty Surgical Center of Arcadia, LLC executed and delivered at the closing of the transactions contemplated by the MIPA, except that the provisions in respect of the "Second Option" contained in the Operating Agreement of Specialty Surgical Center of Thousand Oaks, LLC executed and delivered at the closing of the transactions contemplated by the MIPA shall be incorporated therein. Alternatively, it is agreed that a limited partnership agreement containing substantially the same provisions shall qualify as such an Operating Agreement if the entity through which such opportunity is pursued is determined to be a limited partnership rather than a limited liability company.

EXHIBIT 4.2(B)

Form of Management Agreement

The Form of Management Agreement shall be substantially the same as the Management Agreement attached as Exhibit 6.9A to the MIPA providing for a five percent (5%) management fee.

EXHIBIT “D”

THIRD AMENDED AND RESTATED OPERATING AGREEMENT
OF
SPECIALTY SURGICAL CENTER OF THOUSAND OAKS, LLC
(a California Limited Liability Company)

THIS THIRD AMENDED AND RESTATED OPERATING AGREEMENT ("Agreement") is entered into and shall be effective as of the 21st day of April, 2008 (the "Effective Date"), by and among each person named as a Member on Exhibit A attached hereto and all other persons who may hereafter become Members under the terms of this Agreement.

WITNESSETH:

WHEREAS, the Company was formed on June 22, 2005 as a limited liability company under and pursuant to the Beverly-Killea Limited Liability Company Act; and

WHEREAS, the Company originally operated pursuant to an Operating Agreement, dated August 1, 2005 (the "Original Effective Date"), the Company subsequently operated pursuant to an Amended and Restated Operating Agreement, dated January 2006 (the "First A&R Operating Agreement"), and the Company subsequently operated pursuant to a Second Amended and Restated Operating Agreement, dated February 22, 2007; and

WHEREAS, the Members deem it in the best interest of the Company to amend and restate the Second Amended and Restated Operating Agreement in the form hereof; and

WHEREAS, this Agreement was approved in accordance with the Act in order to set forth herein the Members' respective relationships, rights, obligations and agreements with respect to the Company and the governance thereof.

NOW, THEREFORE, in consideration of the mutual promises, covenants and undertakings hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

1. DEFINITIONS.

As used herein the following terms have the following meanings:

"Act" means the California Beverly-Killea Limited Liability Company Act, as codified at Section 17000, et seq. of the California Corporations Code, as amended from time to time.

"Adjusted Capital Contribution" means 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.

"Administrative Member" has the meaning set forth in Section 8.1.

"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,

member or partner of such Person; (iv) any company in which such Person is an officer, director, member or partner; and (v) in the case of a Class A Member, also includes (a) a Family Member of such Class A Member; (b) any trust for the benefit of a Class A Member; (c) any Affiliate of a Family Member of such Class A Member; and (d) any entity through or on behalf of which the Class A Member provides medical services.

“Agreement” means this Third Amended and Restated Operating Agreement of SPECIALTY SURGICAL CENTER OF THOUSAND OAKS, LLC, including all Schedules and Exhibits hereto, as such Agreement or Schedules and Exhibits may be amended from time to time pursuant to Section 16.2 hereof.

“Applicable Partnership” means Specialty Surgical Center of Thousand Oaks, L.P., a California limited partnership.

“Approval of the Governing Board” or **“Approved by the Governing Board”** and similar expressions mean approval given by not less than a majority of the Governors.

“Approval of the Members” or **“Approved by the Members”** means the approval of (a) the Class B Member and (b) Class A Members having a Class A Percentage Interest in excess of 50%.

“Articles” means the Articles of Organization of the Company filed with the California Secretary of State, as amended or restated from time to time.

“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.

“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 5 of this Agreement are respected for federal income tax purposes.

“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.

“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 Administrative Member 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;

(c) The Reserve; and

(d) All Liquidated Damages (other than Liquidated Damages described in clause (ii) of the definition thereof).

"Center" means a freestanding outpatient surgery center planned to be located at 696 Hampshire Road, Westlake Village, California 91361.

"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.

"Class A Percentage Interest" means as to each Class A Member, the percentage obtained by dividing the number of Class A Units then owned by such Class A Member by the total number of Class A Units then owned by all Class A Members.

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

"Class B Member" means Symbion and/or any Affiliate of Symbion which holds a Unit.

"Class A Member" means any Member who is not a Class B Member.

"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.

"Company" means SPECIALTY SURGICAL CENTER OF THOUSAND OAKS, LLC, a California limited liability company, the business and affairs of which are governed by this Agreement.

"Competing Business" means any health care business, other than a Grandfathered Business, in which surgical procedures or pain management procedures are performed and shall include, without limitation, a specialty hospital, hospital or ambulatory surgery center; provided, however, the private practice of any Class A Member will not be a Competing Business as long as it is not performing Facility Fee Procedures.

"Consulting Manager" means the following Persons: Randhir S. Tuli and Andrew A. Brooks.

"Disability" means the inability of a Class A Member by reason of mental or physical illness, disease or injury, to perform the usual surgical procedures within such Member's medical specialty for a minimum period of six (6) consecutive months or six (6) months cumulatively in any twelve (12) month period as determined by the Approval of the Governing Board.

"Effective Date" has the meaning set forth in the Preamble.

"Encumbrances" means any and all claims, liens, security interests, unwaived rights of first refusal, options, warrants or other encumbrances of any nature (other than restrictions of general applicability imposed by federal, state or other governmental securities laws).

“Facility Fee Procedures” means any surgical procedure that is (a) performable at the Center by a physician and (b) either (i) reimbursable by a third party payor at a rate in excess of a physician’s standard professional fee or as separate and distinct non-facility reimbursement for being performed in office, (ii) requires the presence of an anesthesiologist, (iii) involves conscious sedation or (iv) requires a separate facility license.

“Formula Value” means the positive difference, if any, of (x) three and one-half (3.5) times Trailing EBITDA minus (y) the aggregate long-term debt of the Company and the partnership of which the Company is general partner, including the current portion of long-term debt.

“Family Member” means a person’s siblings, ancestors and lineal descendants, as well as the spouse of each, and such person’s spouse.

“First A&R Operating Agreement” has the meaning set forth in the Recitals.

“Fiscal Year” means (a) the period commencing on the Original 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 5 hereof.

“GAAP” means generally accepted accounting principles, as determined by the Governing Board, applied on a consistent basis.

“Governing Board” has the meaning set forth in Section 12.1.

“Governors” means the Class A Governors and the Class B Governors.

“Grandfathered Business” means any ownership interest in a Competing Business set forth on Schedule 1.32 hereto; provided, however, any such Competing Business shall cease to be a Grandfathered Business if there is any increase in the Class A Member’s percentage ownership interest in such Competing Business after the Original Effective Date or if such Competing Business expands the surgical or pain management services offered on an outpatient basis or increases the number of operating rooms it has on the date hereof.

“Liquidated Damages” means, in the case of any Class A Member who breaches Section 10.3 of this Agreement, an amount equal to ninety percent (90%) of the sum of (i) the aggregate proceeds received by any such Class A Member (and if an Entity, all of its Owners) or its Affiliates pursuant to any “First Option Purchase Agreement” or “Second Option Purchase Agreement,” as those terms are defined herein, and (ii) the proceeds received by any Class A Member (and if an Entity, all of its Owners) from the sale of any portion of his Units, other than as provided in subsection (i) of this definition.

“Long-Term Debt” means all indebtedness, determined in accordance with GAAP, other than liabilities that are included in the calculation of Net Working Capital.

“Management Agreement” means that certain Management Agreement, dated as of August 11, 2005, by and between SymbionARC Management Services, Inc. (or its Affiliate or proper designee) and the Company, as the same may be assigned in accordance with Sections 4.7 or 12.3 hereof.

“Management Rights Purchase Agreement” means that certain agreement, dated as of July 27, 2005, by and between Parthenon Management Partners, LLC, a California limited liability company,

Andrew A. Brooks, M.D. and Randhir S. Tuli, both residents of the State of California, and SymbionARC Management Services, Inc., a Tennessee corporation.

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

"Member" means any Class A Member or Class B Member or Substituted Member as set forth on Exhibit A 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.

"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.

"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:

(a) 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;

(b) 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;

(c) 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, and subsequent calculations 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;

(d) to the extent an adjustment to the tax basis of any Company asset pursuant to Code Section 734(b) of 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 decrease 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

(e) any items which are specially allocated pursuant to Section 5.2 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 5.1(b), 5.3, 5.4 and 5.6 shall be determined by applying rules analogous to those set forth in paragraphs (i) through (iv).

"Net Working Capital" means as of the date of determination, an amount equal to (a) the sum of the current assets, including, without limitation, the following items: (i) cash, (ii) accounts receivable-net, (iii) inventories and supplies, and (iv) prepaid expenses, minus (b) the sum of the current liabilities, including, without limitation, the following items: (i) accounts payable, (ii) accrued expenses, (iii) all paid time off owed to employees (including vacation, sick or personal days, or similar benefits); and (iv) real and personal property Taxes to be paid following the date of determination (to the extent allocable to periods prior to the date of determination), but excluding the current portion of Long-Term Debt.

"Original Effective Date" has the meaning set forth in the Recitals.

"Owner" means any shareholder, partner or member of, or any other holder of a direct or indirect interest in an entity.

"Owner Restriction Agreement" means a written agreement between an Owner and the Company in the form and substance of Exhibit B hereto.

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

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

"Physician Entity" means each entity which has one or more Owners who are Physician Investors and which is wholly-owned by Physician Investors.

"Physician Investors" means licensed physicians actively practicing full-time clinical medicine in the State of California who have staff privileges at the Center and who meet the Safe Harbor Requirements or whose compliance with the Safe Harbor Tests has been waived as provided in Section 3.3 hereof.

"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.

"Reserve" means a cash reserve equal to one month's average operating expense plus one month's debt service; provided, however, that such cash reserve shall be built-up during the one year period following the date hereof by reserving at the end of each month during such period an amount equal to one-twelfth of one month's average operating expense.

"Retirement" or "Retires" means a Class A Member or Owner, as the case may be, has attained the age of sixty and is no longer engaged in the practice of medicine on a full-time or part-time basis in the area comprised of the county in which the center is located and any contiguous county thereto.

"Safe Harbor Requirements" has the meaning set forth in Section 3.3.

"Safe Harbor Test" has the meaning set forth in Section 3.3.

“Second Option Formula Value means (x) six and eight-tenths (6.8) times the earnings, net of extraordinary items, of the Company before depreciation, interest, taxes and amortization for the twelve month period ending on calendar month end immediately prior to the date of the Second Option Notice, determined in accordance with GAAP minus (y) the Company’s Long-Term Debt, other than indebtedness that is included in the calculation of the Company’s Net Working Capital. For purposes of this definition, “Company” means the Company and the limited partnership in which the Company is the general partner and owns a 99% partnership interest.

“Sharing Percentage” means, as to a Member, the percentage obtained by dividing the number of Units then owned by such Member by the total number of Units then 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).

“Substituted Member” means any Person admitted to the Company as a Member pursuant to Section 13.2.

“Symbion” means SMBISS Thousand Oaks, LLC, a Tennessee limited liability company, and any successor thereto.

“Terminating Event” means any of the following:

(i) A Member has breached the terms and conditions 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, and fails to cure such breach within thirty (30) days after receipt of a written notice of such breach sent by the Governing Board or the Class B Member to such Member; provided, however, the cure period in case of a breach of the provisions of Section 10.3 hereof shall be only fifteen (15) days;

(ii) A Member has disrupted the affairs of the Company or has acted adversely to the best interests of the Company, as determined in the reasonable discretion of the Governing Board, and fails to cure such conduct within thirty (30) days after receipt of a written notice of such conduct sent by the Governing Board to such Member;

(iii) A Class A Member other than a Consulting Manager (A) who is a natural person ceases to qualify as a Physician Investor, as determined by the Governing Board, or fails to provide, within 30 days of such request, such information as is reasonably requested by the Governing Board in order to enable the Governing Board to make such a determination, (B) that is an entity ceases to qualify as a Physician Entity, as determined by the Governing Board, or fails to provide, within 30 days of such request, such information as is reasonably requested by the Governing Board in order to enable the Governing Board to make such a determination, or (C) is a Physician Entity and has any Owner that on the Original Effective Date or any later date that it becomes a Class A Member who has not executed and delivered to the Company the Owner Restriction Agreement or admits any Owner thereafter who does not execute the Owner Restriction Agreement and deliver it to the Company within thirty (30) days following his admission as or otherwise becoming an Owner;

(iv) Bankruptcy of a Member;

(v) Death or Disability (as such disability is determined in the reasonable discretion of the Governing Board) of a Class A Member;

(vi) Retirement of a Class A Member or relocates outside a seventy five (75) mile radius of the Center;

(vii) As to a Class A Member that is an entity, has any Owner who:

(A) breaches the terms and conditions of an Owner Restriction Agreement (other than Section 3 thereof) as determined in the reasonable discretion of the Governing Board and the entity fails to cure or cause such Owner to cure such breach within fifteen (15) days after receipt of a written notice of such breach sent by the Governing Board or the Class B Member to such entity;

(B) transfers all or any portion of such Owner's interest in the Physician Entity in violation of Section 3 of the Owner Restriction Agreement and, if subject to Section 3.2 of the Owner Restriction Agreement, such interest or portion thereof is not acquired by such Physician Entity pursuant to the right of first refusal described in such Section 3.2 and the entity fails to cure or cause such Owner to cure such breach within thirty (30) days after receipt of a written notice of such breach sent by the Governing Board or the Class B Member to such entity;

(C) disrupts the affairs of the Company or acts adversely to the best interests of the Company, as determined in the reasonable discretion of the Governing Board, and fails to cure such conduct within thirty (30) days after receipt of a written notice of such conduct sent by the Governing Board to such Member;

(D) ceases to qualify as a Physician Investor, as determined by the Governing Board, or fails to provide, within 30 days of such request, such information as is reasonably requested by the Governing Board in order to enable the Governing Board to make such a determination;

(E) experiences an event of Bankruptcy;

(F) dies or becomes disabled (as such disability is determined in the reasonable discretion of the Governing Board); or

(G) Retires or relocates outside a seventy five (75) mile radius of the Center.

"Trailing EBITDA" means the earnings of the Company before depreciation, interest, taxes and amortization for the most recently ended Fiscal Year, exclusive of extraordinary items, all of which components shall be reasonably determined by the Administrative Member in accordance with GAAP.

"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 the Class B Units.

"Units" means all of the issued and outstanding Membership Interests in the Company. **"Unit"** means any one of the Units. **"Class A Units"** or **"Class B Units"** means Units held by Class A Members

and Class B Members, respectively. Class A Units acquired by Symbion, or any Affiliate of Symbion, shall automatically become Class B Units. The number of authorized Units is one hundred ninety-eight (198).

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. 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 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).

2. ORGANIZATION

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

2.2 **Name.** The name of the Company is "SPECIALTY SURGICAL CENTER OF THOUSAND OAKS, LLC." 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 place of business of the Company shall be at such place or places as determined by the Governing Board from time to time.

2.4 **Term.** The Company was formed on June 22, 2005, the date the Articles of Organization were filed with the California Secretary of State, and shall continue until the date on which the Company is dissolved pursuant to Article 14 and thereafter, to the extent provided for by applicable law, until wound up and terminated pursuant to Article 15 hereof.

2.5 **Registered Agent and Office.** The Company's registered office within the State of California and its registered agent at such address shall be as determined by the Governing Board from time to time.

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 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. The Company shall have any and all powers which are necessary or desirable to carry out the purposes and business of the Company, to the extent the same may be legally exercised by limited liability companies under the Act. 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 Members or the Administrative Member.

3.3 Permissible Relationships. Each Member understands that the Company's and the Center's operations are subject to various state and federal laws regulating permissible relationships between the Members and entities such as the Company, including 42 U.S.C. § 1320a-7b(b) (the "Anti-Kickback Statute"), and 42 U.S.C. § 1395nn (the "Stark Law"). It is the intent of the parties that the Company and the Center operate in a manner consistent with the foregoing statutes. Accordingly, each Class A Member (which for purposes of this Section 3.3 shall be deemed to exclude the Consulting Managers) that is a natural person represents and warrants that he or she, and each of Class A Member that is an entity represents and warrants that each of its Owners (i) has not received loans for the purpose of investing in the Center from the Company and the Center or from any investor in the Company; (ii) has not been barred or suspended from participation in any state or federal governmental healthcare program, including, but not limited to, the Medicare or Medicaid programs, (iii) shall derive a significant portion of his or her medical practice income from all sources for the previous fiscal year or previous 12-month period from his or her own performance of procedures that are on the Medicare list of ambulatory surgery procedures; (iv) shall perform at least one-third (1/3) of such physician's procedures that are required to be or can be performed at an ambulatory surgery center at the Center; (v) shall fully inform each patient, prior to referring such patient to the Center, of such physician's investment interest in the Center and advise the patient of his or her freedom of choice in the selection of a facility or entity; and (vi) shall treat patients receiving medical benefits or assistance under any federal health care program in a nondiscriminatory manner. These requirements shall be referred to herein as the "Safe Harbor Requirements." The Governing Board may, in its sole discretion after consultation with the Company's legal counsel, waive a Member's compliance with the provisions set forth in clauses (iii) and (iv) of this Section 3.3 (the "Safe Harbor Tests") if such Member is constrained from complying with such tests due to such Member's or the Center's exclusion from managed care contracts or other reasons; provided, such Member is using best efforts to comply with such tests and the Governing Board believes that the Member is not indirectly referring patients to the Center.

The intent of the Safe Harbor Tests and the other requirements set forth in this Section 3.3 is to help the Company to substantially comply with the safe harbor for ambulatory surgical centers promulgated by the Office of Inspector General. For a waiver to be granted, the Member must be acting in good faith to comply with the Safe Harbor Requirements. Further, the Governing Board may request from each Member such information as it deems necessary to assess compliance by such Member (or its Owners) with the Safe Harbor Requirements set forth above. The Company and the Members acknowledge that all activities and contracts of any kind necessary to, or in connection with, or incidental to the accomplishment of, the purposes of the Company shall be lawfully carried on or performed under the laws of the State of California and various federal laws. The Members also acknowledge that the Stark Law and the regulations promulgated thereunder may restrict the Center (as presently formed) from providing "designated health services" (as defined by the Stark Law) or other services to patients referred by Members. The Center shall not provide and bill separately for "designated health services." If, in the future, any of the services that the Center provides are deemed to be "designated health services" that are not billed to Medicare under an ASC composite rate, then in such event such services shall be provided

by the Center only if such services may be provided in compliance with one or more exceptions to the ban on self-referrals set forth in the Stark Law, the regulations promulgated thereunder, or any successor statutes and/or regulations thereto. Furthermore, if the owner of a Member is a pension plan, trust or other entity, all of the owners and beneficiaries of such pension plan, trust or other entity who are practicing physicians shall also comply with the Stark Law and its regulations.

4. CAPITAL CONTRIBUTIONS, LOANS, CAPITAL ACCOUNTS

4.1 Ownership Interests.

(a) As of the Effective Date, the Company has outstanding the Units set forth on Exhibit A, which Units are held by the persons identified thereon. Units issued after the date hereof shall be issued in accordance with Section 10.1 and at such price as is determined by the Governing Board. Exhibit A shall be amended to reflect all issuances and transfers of Units. By their adoption of this Agreement, the Members have approved the offer, sale and issuance of up to 198 Units.

(b) From and after the First Option Closing Date the holder of a Class B Unit may, in its discretion, agree to allow the Company to redeem from it a Class B Unit contemporaneously with the issuance by the Company of each new Class A Unit. Unless otherwise agreed by the Company (subject to Section 12.3) and such Class B Member whose Class B Unit(s) are being redeemed, the redemption price per Class B Unit shall be equal to the gross amount received by the Company for each Class A Unit which issuance gives rise to the redemption hereunder. The Company shall pay all reasonable costs directly incurred in connection with the offering of such Class A Units as necessary to cause such offering to comply with applicable law. For tax purposes only, any such transaction shall be treated as the purchase of the redeemed Class B Unit by the Class A Member whose purchase of a Class A Unit gives rise to the redemption.

(c) Notwithstanding anything to the contrary, the Company shall not (i) after the First Option Closing Date, issue any Class A Units without the written consent of the Class A Members having a majority of the Class A Percentage Interest unless (A) the Class B Member shall make the election described in Section 4.1(b) and the Units held by the Class B Member are redeemed in accordance with such Section 4.1(b) or such issuance does not result in there being more than 198 Units outstanding, or (B) issue any Class B Units without the written consent of the Class A Members having a majority of the Class A Percentage Interest, other than Class B Units representing converted Class A Units as contemplated by the definition of "Units."

4.2 Additional Contributions. Except as set forth in Section 12.3, 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.

4.7 **Class B Member's Options to Purchase Class A Units.**

(a) As described in Section 4.7 of the First A&R Operating Agreement, Wellspring Valuation, Ltd. has previously determined the aggregate fair market value of the option to acquire Units hereunder to be \$650 per Unit (the "Option Premium"). On the day on which the First Option becomes exercisable, the Class B Member shall pay to each Member the sum of (i) the Option Premium multiplied by the number of Units (or 1% limited partnership interests) held by such Member that are subject to the First Option pursuant to Section 4.7(b) plus (ii) simple interest at the rate of eight percent (8%) accruing from the date on which such Person acquired the Unit subject to the First Option; provided, with respect to Units held by the Consulting Managers (and their transferee(s), if any), the date on which interest shall have begun accruing shall be deemed to be October 31, 2006. The Members acknowledge and agree that the obligations in this Section 4.7(a) with respect to the payment of the Option Premium supersede the provisions of all prior operating agreements of the Company with respect thereto.

(b) The Class B Member has the right and option, exercisable at any time after six (6) months following the date upon which the first procedure is performed at the Center, but before the one (1) year anniversary of the date on which such first procedure is performed at the Center, to purchase from each of the Class A Members, pro rata in accordance with the Class A Members' respective Sharing Percentages, up to that number of Units as would cause the Class B Member to hold, immediately after exercise of the First Option, an 18.18% Sharing Percentage in the Company, and all outstanding limited partnership interests in the Applicable Partnership (the "First Option"). The Class B Member shall provide notice of its exercise of the First Option by signing and delivering an agreement substantially in the form of the "First Option Purchase Agreement" (attached hereto as Exhibit C) to each Class A Member, with the name inserted of each Class A Member from which Units and limited partnership interests are to be acquired, any other blank or bracketed portion in the First Option Purchase Agreement completed and the schedules contemplated thereby prepared in good faith and attached, after which each Class A Member and the Class B Member shall use their respective commercially reasonable efforts to consummate the sale and purchase of the Units subject to the First Option not later than the tenth (10th) day following the Class B Member's delivery of such First Option Purchase Agreement (such purchase and sale being a "First Option Closing", and the date on which they occur being the "First Option Closing Date"), at Waller Lansden Dortch and Davis, LLP, 511 Union Street, Suite 2700, Nashville, Tennessee 37219, by mutually convenient means, and the First Option Closing shall be deemed effective at 12:01 a.m. on the First Option Closing Date. At the First Option Closing, each Class A Member shall execute and deliver the First Option Purchase Agreement and shall thereupon sell, assign, transfer and deliver to the Class B Member the portion of his, her or its Membership Interest or limited partnership interest subject to the First Option, free and clear of any and all Encumbrances, in accordance with the First Option Purchase Agreement, upon delivery by the Class B Member of payment of the First Option exercise price in cash or wire transfer. The purchase price for each Unit (and limited partnership interest) purchased pursuant to the First Option (the "First Option Purchase Price") shall be equal to (i) \$25,000 per 1% Sharing Percentage (or 1% limited partnership interest, as the case may be)

minus (ii) the Option Premium payable per 1% Sharing Percentage (or 1% limited partnership interest, as the case may be) in accordance with Section 4.7(a).

(c) If the Class B Member does not exercise the First Option during the time period set forth above, then (1) the Company (or if it does not then the Consulting Members) may at the option of the Consulting Members redeem from the Class B Member the Class B Member's Unit and any other Units and/or interests in a limited partnership of which the Company is a general partner previously acquired by the Class B Member for \$8,000.00 per Unit (or such higher amount as the Class B Member was required by this Agreement to pay for such Unit), and each Class A Member and the Class B Member shall, use their respective commercially reasonable efforts to consummate the sale and purchase of the Class B Member's Unit not later than the tenth (10th) day following the expiration of the First Option, at Waller Lansden Dortch and Davis, LLP, 511 Union Street, Suite 2700, Nashville, Tennessee 37219, by mutually convenient means (after such acquisition, the Class B Member will have no further rights under this Agreement) and (2) the Management Agreement and the related Billing, Collection And Shared Services Agreement, and all rights and obligations accruing under those agreements thereafter (rights and obligations from periods prior to the assignment being not being affected), shall be deemed automatically assigned and delegated to Andrew A. Brooks, M.D. and Randhir S. Tuli as their designees.

(d) The Class B Member shall have the further right and option, exercisable at any time after the second, but before the third, anniversary of the date on which the first procedure is performed at the Center, to purchase all of the Units then held by the Consulting Managers, and up to that number of Units from the other Class A Members, pro rata in accordance with such Class A Members' Sharing Percentages, as are necessary to cause the Class B Member to hold an aggregate Sharing Percentage not to exceed fifty-five percent (55%) (the "Second Option") after the exercise of the Second Option (taking into account all Membership Interests in the Company already held by the Class B Member (and its Affiliates) and all Class A Members), by delivery of written notice (the "Second Option Notice") to the Class A Members. If exercised, the Second Option will be exercised as to all of the Members who are then Class A Members. The purchase price for each Unit purchased pursuant to the Second Option (the "Second Option Exercise Price") shall be equal to the Second Option Formula Value (determined as of the date of the Second Option Notice), multiplied by the percentage interest in the Company represented by the Units subject to the Second Option being purchased, as adjusted pursuant to the "Second Option Purchase Agreement" (attached hereto as Exhibit D).

(e) Within thirty (30) days of its exercise of the Second Option, the Class B Member shall sign, insert the name of each Class A Member from which Units subject to the Second Option are being purchased, complete any other blank or bracketed portion in and attach the schedules contemplated thereby prepared in good faith and deliver to each Class A Member a Second Option Purchase Agreement, after which each Class A Member and the Class B Member shall use their respective commercially reasonable efforts to consummate the sale and purchase of the Membership Interests subject to the Second Option not later than the sixtieth (60th) day following the later of (I) the Class B Member's delivery of such Second Option Purchase Agreement and (II) the date the calculation of the Second Option Exercise Price is delivered pursuant to Section 4.7(d) (such purchase and sale being an "Second Option Closing", and the date on which they occur being an "Second Option Closing Date"), at Waller Lansden Dortch and Davis, LLP, 511 Union Street, Suite 2700, Nashville, Tennessee 37219, by mutually convenient means, and the Second Option Closing shall be deemed effective at 12:01 a.m. on the Second Option Closing Date. At the Second Option Closing, each Class A Member shall execute and deliver the Second Option Purchase Agreement and shall thereupon sell, assign, transfer and

deliver to the Class B Member the portion of his, her or its Membership Interest that is being sold subject to the Second Option, free and clear of any and all Encumbrances, in accordance with the Second Option Purchase Agreement, upon delivery by the Class B Member of payment of the Option Exercise Price in cash or wire transfer.

(f) Within forty-five (45) days after the Class B Member's delivery of a Second Option Purchase Agreement in accordance with Section 4.7(d), the Consulting Managers may, in a written notice to the Class B Member, on behalf of the Class A Members, describe in reasonable detail any proposed adjustments to the Second Option Exercise Price and the reasons therefor, and shall include pertinent calculations. If the Consulting Managers fail to deliver notice of objection to the Second Option Exercise Price within such forty-five (45) day period, then all Class A Members shall be deemed to have accepted the Second Option Exercise Price. In the event that the Class B Member and the Consulting Managers are not able to agree on the Second Option Exercise Price within fifteen (15) days from and after the receipt by the Class B Member of any objections raised by such Consulting Managers, the Class B Member and the Consulting Managers shall each have the right to require that such disputed determinations be submitted to Deloitte & Touche LLP (provided that the Class B Member certifies in writing to the Class A Members that Deloitte & Touche LLP has not within the five (5) year period prior to the Second Option Closing Date provided services to the Class B Member or any Affiliate thereof) or to such other certified public accounting firm as the Class B Member and the Consulting Managers may then mutually agree upon in writing, for computation or verification in accordance with the provisions of this Agreement and the Second Option Purchase Agreement. The foregoing provisions for certified public accounting firm review shall be specifically enforceable by the Members; the decision of such accounting firm shall be final and binding upon the Members; 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 Members in proportion to the relative amount each Member's determination is modified. The provisions of this Section 4.7(f) are not intended to abrogate the provisions of the Second Option Purchase Agreement in respect of adjustments to the Second Option Exercise Price.

(g) Each Class A Member hereby makes, constitutes and appoints the Class B Member, its successors and assigns, with full power of substitution and resubstitution, such Class A Member's agent and true and lawful attorney-in-fact to sign and deliver on such Class A Member's behalf (but not earlier than ten (10) days after the giving of notice to such Class A Member of an intent to do so, and without prejudice to the right of any such Class A Member to seek equitable relief from a court of competent jurisdiction prior to the Class B Member's delivery thereof on such Class A Member's behalf) the First Option Purchase Agreement and Second Option Purchase Agreement and to sign, execute, certify, acknowledge, file and record any other instruments which may be reasonably necessary to effect the transactions contemplated thereby. Each Class A Member authorizes such attorney-in-fact to take any further action which such attorney-in-fact shall consider necessary or advisable in connection with the foregoing, hereby giving such attorney-in-fact full power and authority to act to the same extent as if such Class A Member were personally present, and hereby ratifying and confirming all that such attorney-in-fact shall lawfully do or cause to be done by virtue hereof. The power of attorney granted hereby is a special power of attorney coupled with an interest, is irrevocable, and shall survive the death, insanity or incapacity of any Class A Member.

(h) If the Class B Member does not exercise such Second Option on or before the third anniversary of date upon which the first procedure is performed at the Center, then the Consulting Managers may deliver written notice (the "Push/Pull Notice") to the Class B Member in which the Consulting Managers offer to purchase all (but not less than all) of the Membership

Interests owned by the Class B Member in the Company and any interests in a limited partnership of which the Company is a general partner), (collectively, the "Class B Members' Interest). Each Class A Member may, not later than the twentieth (20th) day following the giving of the Push/Pull Notice, give written notice to the Class B Member and the other Class A Members (a "Tag-Along Notice") that such Class A Member desires to participate in the purchase of the Class B Members Interest. Each Class A Member that provides a Tag-Along Notice shall be referred to as a "Notifying Class A Member." Not later than thirty (30) days from its receipt of the Push/Pull Notice, the Class B Member shall deliver to the Consulting Managers a binding and irrevocable offer (the "Response") (I) to purchase all of the Class A Membership Interests subject to the Second Option or (II) to sell the Class B Member's Interest, in either case at a price per Unit (the "Response Price"), which Response Price assumes that the Company (and the Applicable Partnership) has no Long-Term Debt. The Response shall also represent a binding and irrevocable offer (which may be accepted only in accordance with Section 4.7(i)) for the Class B Member to cause the termination or assignment of the Management Agreement in exchange for a "Management Agreement Termination Fee," payable to the Class B Member (or its Affiliate) equal to (a) the Selected Multiple (as defined below) multiplied by (b) the fees received by the Affiliate of the Class B Member pursuant to the Management Agreement for the twelve (12) month period ending with the month prior to the date on which the Management Agreement Termination Fee is due multiplied by (c) one minus the percentage of fees then being paid to the Consulting Managers pursuant to a Consulting Agreement between an Affiliate of the Class B Member and the Consulting Managers. The "Selected Multiple" shall equal that multiple of the Company's earnings, net of extraordinary items, before depreciation, interest, taxes and amortization for the twelve month period ending on the date of the Push/Pull Notice, determined in accordance with GAAP, if any, that was used by the Class B Member in determining the Response Price; provided, however, if no Selected Multiple was used by the Class B Member in determining the Response Price (whether because using such multiple would have failed to produce a positive or meaningful result or because a different metric is then being used by the Class B Member in good faith to value membership interests in ambulatory surgery centers), then the Selected Multiple shall be the multiple used in the determination of the applicable Deferred Payment in Section 2.1(c) of the Management Rights Purchase Agreement.

(i) Not later than the sixtieth (60th) day following the giving of the Response, the Consulting Managers may deliver a notice to the Class B Member by which the Consulting Managers elect, on behalf of the Consulting Managers and any Class A Members that elect to join the Consulting Managers in giving the notice ("Electing Call Option Sellers"), either of the following options (but no other option):

(1) such Electing Call Option Sellers accept the Class B Member's offers to both (i) sell the Class B Member's Interest at the Final Price (as defined below) and (ii) cause the termination or assignment of the applicable Management Agreement in exchange for the Management Agreement Termination Fee and agrees to consummate such transaction not later than the sixtieth (60th) day thereafter by (X) the Class B Member's delivery to such Electing Call Option Sellers of an Assignment of the Class B Member's Interest and such Electing Call Option Sellers' delivery to the Class B Member of the Final Price (as defined below), and (Y) the Class B Member shall take all action appropriate to terminate or cause to be assigned to the Consulting Managers (or an Affiliate) the applicable Management Agreement and the Consulting Managers shall pay to the Class B Member the Management Agreement Termination Fee. Each Electing Call Option Seller shall purchase a portion of the Class B Member's Interest based on the Electing Call Option Sellers' pro rata Membership Interests (or in such other proportions as the Electing Call Option Sellers' may agree). The purchase and sale of the Class B

Member's Interest hereunder shall be made pursuant to a Second Option Purchase Agreement (appropriately modified by the Class B Member prior to delivery) and in a manner generally consistent with the procedures set forth in Section 4.7(e) and subject to the adjustments provided in the Second Option Purchase Agreement. As used herein, the "Final Price" shall equal (A) the product of the Response Price and the number of Units represented by the Class B Member's Interest or the Membership Interests subject to the Second Option (as the case may be), minus (B) the product of the Company's Long-Term Debt (other than indebtedness that is included in the calculation of the Company's Net Working Capital) and the percentage interest in the Company represented by the Class B Member's Interest or the Membership Interests subject to the Second Option (as the case may be); or

(2) such Electing Call Option Sellers accept, on behalf of all Class A Members, the Class B Member's offer to purchase all of the Membership Interests subject to the Second Option, all in accordance with the procedures set forth in Section 4.7(e), except that the aggregate purchase price shall be equal to the Final Price. Each Class A Member agrees that (a) if the Consulting Managers determine to require the Class B Member to purchase all Membership Interests subject to the Second Option pursuant to this Subsection 4.7(i)(2), such Class A Member shall be bound by this provision and shall convey such Class A Member's Membership Interest subject to the Second Option even if the Class A Member is not in favor of such sale and (b) the Class B Member's obligation under this Section 4.7(i)(2) is to acquire all Membership Interests subject to the Second Option.

If the Electing Call Option Sellers fail to deliver a notice not later than the sixtieth (60th) day following the giving of the Response in which such Electing Call Option Sellers make one of the elections set forth in clause (1) or (2) of this Section 4.7(i), then this Section 4.7 shall be of no further force and effect. Notwithstanding anything herein to the contrary, the Class B Member shall have no obligation to deliver any Membership Interest held by the Class B Member pursuant to this Section 4.7(i) unless and until it shall have received payment for all Membership Interests held by the Class B Member and the Management Agreement Termination Fee as provided hereunder;

(j)(i) All of the Class A Members hereby designate the Consulting Managers as the representatives of such Class A Members to serve as the sole and exclusive representatives of such Class A Members with respect to Sections 4.7(f), (h) and (i) hereof and Section 1.4 of the Second Option Purchase Agreement related to such Class A Members. The Consulting Managers shall take action pursuant to this Section through unanimous vote of the Consulting Managers. Each Consulting Manager has accepted such designation as of the date hereof. Notwithstanding anything to the contrary contained in this Agreement, no Consulting Manager shall have any duties or responsibilities with respect to Sections 4.7 (f), (h) or (i) except those expressly set forth herein, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on behalf of any Class A Member shall otherwise exist against any Consulting Manager with respect to Sections 4.7(f), (h) or (i).

(ii) Each such Consulting Manager is hereby irrevocably appointed as the agent, proxy and attorney-in-fact for such Class A Member for all purposes with respect to Sections 4.7(f), (h) or (i), including full power and authority on such Class A Member's behalf, (i) to take all actions which the Consulting Manager considers necessary or desirable with respect to Sections 4.7(f), (h) or (i), (ii) to engage and employ

agents and to incur such other expenses on Consulting Manager's behalf, as applicable, as the Consulting shall deem necessary or prudent in connection with the administration of the foregoing, and to deduct the cost and expense thereof from any sums that may become payable to a Class A Member, (iii) to accept and receive notices to the Class A Member with respect to Sections 4.7(f), (h) or (i) and (iv) to take all other actions and exercise all other rights which the Consulting Manager considers necessary or appropriate; provided, the unanimous action of the Consulting Manager shall be required to exercise any of (i) through (iv) above. It is acknowledged and agreed that such agency and proxy are coupled with an interest, and are, therefore, irrevocable without the consent of the Consulting Manager, and shall survive the death, incapacity, bankruptcy, dissolution or liquidation of any such Class A Member. All decisions and acts by a unanimous action of the Consulting Manager with respect to Sections 4.7(f), (h) or (i) shall be binding upon all of the Class A Member and no such Class A Member shall have the right to object, dissent, protest or otherwise contest the same.

(iii) In the event that a Consulting Manager (or any successor appointed in accordance with this Section 4.7(j)) shall die, become incapacitated or resign, the Class A Members who then hold no less than a majority of the Class A Percentage Interests subject to Sections 4.7(f), (h) and (i) shall designate a successor.

(iv) The Consulting Managers are authorized to act on behalf of the Class A Members subject to Sections 4.7(f) (h) and (i), notwithstanding any dispute or disagreement among such Class A Members, and Class B Member shall be entitled to rely on any and all actions taken by such Consulting Managers, without any liability to, or obligation to inquire of, any such Class A Members, even if such party shall be aware of any actual or potential dispute or disagreement among such Class A. Class B Member is expressly authorized to rely on the genuineness of the signatures of the Consulting Managers, upon receipt of any writing which reasonably appears to have been signed by the no less than all the Consulting Managers. Class B Member may act upon the same without any further duty of inquiry as to the genuineness of the writing.

(v) The Consulting Manager shall promptly deliver to all Class A Members any notice received by the Consulting Managers on behalf of such Class A Members.

(vi) Neither the Consulting Managers nor any agent employed by the Consulting Managers, shall be liable to Class A Members relating to the performance of the Consulting Managers' duties under this Section 4.7 for any errors in judgment, negligence, oversight, breach of duty or otherwise, except to the extent it is finally determined in a court of competent jurisdiction by clear and convincing evidence that the actions taken or not taken by a Consulting Manager constituted fraud or were taken or not taken in bad faith. No Consulting Managers shall have any liability for acting upon any notice, statement or certificate believed by the Consulting Managers to be genuine and to have been furnished by the appropriate person and in acting or refusing to act in good faith on any matter.

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 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 his Sharing Percentage.

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 Administrative Member 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 **Code Section 704(c) Allocations.** 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 Administrative Member. 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, 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 5 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 Administrative Member shall make such special allocations determined necessary, by the Administrative Member 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 charge-backs, and non-recourse deductions)

5.6 **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.

5.7 **Modification.** The Administrative Member may modify the provisions of this Article 5 or any other provisions of this Agreement without the consent of the Members if, after consultation with counsel to the Company, the Administrative Member determines that such modification is necessary to (a) cause the allocations contained in this Article 5 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 Administrative Member shall determine in its reasonable judgment the Company's Cash Available for Distribution. Except as provided in Article 15, the Company shall distribute monthly 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 reduced by the aggregate of the cash distributions previously made with respect to the tax year for which the taxable income has been calculated. Notwithstanding the foregoing, nothing in this Agreement shall be construed as requiring the Company to make distributions in contravention of any limitation in California law on the payment of distributions.

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 Person (as defined in Article 12) 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.

6.4 **Special Distribution of Liquidated Damages and Additional Contribution Amounts.** In the event that the Company shall receive from time to time while Symbion is a Class B Member any Liquidated Damages made pursuant to Article 10 hereof, then the Company shall promptly distribute to Symbion the full amount of any and all such Liquidated Damages (other than Liquidated Damages described in clause (ii) of the definition thereof), no Member other than Symbion shall be entitled to receive any portion thereof, the full amount of such Liquidated Damages shall be distributed to Symbion promptly upon receipt by the Company thereof and deducted from the value of the capital contribution received from the Member that pays the Liquidated Damages and the Members' Capital Accounts shall be adjusted accordingly.

7. BOOKS OF ACCOUNT, TAX COMPLIANCE AND FISCAL YEAR

7.1 **Books and Records.** The Administrative Member shall keep books of account and records relative to the Company's business. 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 Administrative Member 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 and statement of cash flows, 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.

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 Tax Matters Member shall, at Company expense, prepare or cause to be prepared 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 Administrative Member 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 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 ADMINISTRATIVE MEMBER

8.1 Appointment Rights and Powers of Administrative Member. The initial "Administrative Member" shall be Symbion and upon a redemption under Section 4.7(c) Randhir Tuli shall automatically and without any further action replace Symbion as the Administrative Member. The Administrative Member shall possess all of the rights and powers delegated to the Administrative Member hereunder and by the Governing Board.

8.2 Right to Rely on Administrative Member. 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 Administrative Member 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 Administrative Member as to the following:

- (a) the identity of the Administrative Member or any Member;
- (b) the existence or nonexistence of any fact or facts that constitute a condition precedent to acts by the Administrative Member 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 Administrative Member as provided for herein.

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 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 Covered Persons 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;
- (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; and
- (d) any amendment of the articles of organization of the Company.

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

10.1 **Admission of Class A Members.** Subject to Section 4.1, Physician Investors and Physician Entities may be admitted as Members of the Company at such time and on such terms as may be deemed appropriate by the Governing Board. Further, to be admitted as a Member, a Person shall agree to be bound by this Agreement by executing an instrument satisfactory to the Administrative Member, delivering same to the Administrative Member and Administrative Member accepting same on behalf of the Company. Members have no preemptive rights, except as expressly set forth in this Agreement. Each Physician Entity hereby agrees that it will not issue or allow the transfer of any ownership interest, or any other interest, that allows a Person to directly or indirectly participate in profits, loss or cash distributions of such Physician Entity without Approval of the Governing Board.

10.2 **Required Transfer of Member's Interest.** Under the circumstances described hereinbelow, a Class A Member may be required to transfer such Class A Member's Unit(s), and under the circumstances described hereinbelow, the Company and/or the Members may be required to purchase a Class A Member's Unit(s).

10.2.1 **Terminating Event.**

(a) If a Terminating Event occurs with respect to a Class A Member, such Class A Member, or his successor, shall (and the Governing Board may) give written notice of the Terminating Event to the Class B Member (the "Class A Termination Notice").

(b) After the First Option Closing Date, the Class B Member shall have the right (the "Class B Member Purchase Right"), but not the obligation, and before the First Option Closing Date, the Company shall have the right, but not the obligation (the "Company Purchase Right") to purchase any or all of the Units of a Class A Member any time from the occurrence of the Terminating Event with respect to such Class A Member until 90 days after the Class B Member's or Company's receipt, as applicable, of the Class A Termination Notice; provided, however, if a Terminating Event described in clause (vii) of the definition of "Terminating Event" occurs with respect to a Physician Entity (an "Owner Terminating Event"), the Class B Member Purchase Right or

Company Purchase Right, as applicable shall be limited to the product of (x) the number of Units held by such Physician Entity multiplied by (y) the percentage ownership in the Physician Entity held immediately prior to the Owner Terminating Event by the Owner who is responsible for the occurrence of the Owner Terminating Event (the "Responsible Owner") (excluding from the calculation of such percentage any Owners of the Physician Entity who did not qualify as Physician Investors immediately prior to the Terminating Event); provided, further there shall be no Class B Member Purchase Right or Company Purchase Right, as applicable with respect to an Owner Terminating Event described in clause (vii)(G) of the definition of "Terminating Event" if, on the sixtieth (60th) day immediately following such event, (A) there remain at least that number of Owners (other than the Responsible Owner(s)) in such Physician Entity as existed on the date such Physician Entity last purchased Class A Units, and (B) all of the interests of the Responsible Owner(s) in the Physician Entity shall have been acquired by the Physician Entity or another Owner therein. The purchase price for Units purchased pursuant to the Class B Member Purchase Right will be:

(i) 10% of the Class A Member's Adjusted Capital Contribution as of the date of breach, if the Terminating Event is for a breach of Section 10.3 hereof or a breach of an Owner Restriction Agreement (other than Section 3 thereof); or

(ii) the lesser of (A) the Formula Value times the Class A Member's Sharing Percentage and (B) such Class A Member's Adjusted Capital Contribution, if the Terminating Event is not an event described in clauses (i) or (iii) hereof; or

(iii) the greater of (A) the Formula Value times the Class A Member's Sharing Percentage and (B) such Member's Adjusted Capital Contribution, if the Terminating Event is a Class A Member's (or its Owner's) death, Retirement (at any time after the fifth (5th) anniversary of the date such Member becomes a Member), relocation (at any time after the fifth (5th) anniversary of the date he became a Class A Member) outside a seventy five (75) mile radius of the Center, failure to meet the definition of a Physician Investor (at any time after the fifth (5th) anniversary of the date he became a Class A Member) or disability, as reasonably determined by the Class B Member.

(c) If a Terminating Event occurs with respect to a Class B Member, such Class B Member, or its successor, or the Governing Board shall give written notice of the Terminating Event to the Class A Members (the "Class B Termination Notice").

(d) The Class A Members shall have the right (the "Class A Member Purchase Right"), but not the obligation, to purchase, pro rata based on their respective relative ownership of Class A Units, any or all of the Units of a Class B Member any time from the occurrence of the Terminating Event with respect to such Class B Member until 90 days after the Class A Member's receipt of the Class B Termination Notice. The purchase price for Units purchased pursuant to the Class A Member Purchase Right will be: the greater of (A) the Formula Value times the Class B Member's Sharing Percentage and (B) the Class B Member's Adjusted Capital Contribution.

(e) Upon any purchase of Unit(s), the Member shall transfer good and marketable title to the purchaser of the Units, free and clear from all liens and

encumbrances. The Company shall, however, complete the transfer of the Units by amending this Agreement pursuant to Article 13 regardless of whether the Member executes documents of transfer required to effect such transaction.

10.2.2 Illegality. If the Class B Member determines based upon an opinion of nationally-recognized health care counsel acceptable to the Class B Member, that any Class A Member 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 Class B Member shall attempt to restructure the Company in order to comply with such enactment or interpretation. If any Class A Member shall be so prohibited from owning an interest in the Company and the Company cannot be so restructured, the Class B Member, at its option may, (and if not exercised by the Class B Member, then the Company shall) purchase such Class A Members' interests in the Company on the terms provided in Section 10.4. If the number of Class A Members whose interest is required to be purchased pursuant to the preceding sentence is, in the opinion of the Class B Member, substantial, the Class B Member, in its sole and absolute discretion, shall have the option to purchase (or cause the Company to purchase) all of the Class A Members' interests in the Company on the terms provided in Section 10.4. Additionally, if 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, based upon an opinion of nationally-recognized health care counsel acceptable to the Class B Member have the effect of limiting reimbursement 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 Class B Member shall attempt to restructure the Company to eliminate the adverse effect and if the Company cannot be so restructured, the Class B Member, at its sole and absolute discretion, shall have the option to purchase all of the Class A Members' interests in the Company on the terms provided in Section 10.4. Prior to the First Option Closing, the provisions above in this Section 10.2.2 shall not be effective as to the Class B member and until the First Option Closing, all of the rights above of the Class B Member shall be rights of the Company. In addition, upon any liquidation of the Company after the First Option Closing, the Class B Member, in its sole and absolute discretion, shall have the option to purchase all of the Class A Units on the terms provided in Section 10.4 hereof. The purchase price for each Member's Units purchased under this Section 10.2.2 shall equal the Formula Value times the Class A Member's Sharing Percentage.

10.3 Restriction on Ownership.

(a) Each Class A Member agrees that while he is a Member and for two (2) years, thereafter (the "Restricted Period"), neither he nor any of his Affiliates or Owners shall, directly or indirectly, own an interest in, lease, manage, joint venture with or be employed by a Competing Business located in the Restricted Area. "Restricted Area" means the circle around the Center having a radius of twenty-five (25) miles. Nothing in this Section 10.3 is intended to prevent a Class A Member or any Owner or Affiliate from practicing medicine, being a member of the medical staff of, or referring patients to, any other hospital or health care facility.

(b) Each Class A Member agrees that the restrictions contained in this Section 10.3 are reasonable and necessary to protect the legitimate interests of the Company and the other Members and that any violation of this provision would result in damages to the Company and the other Members which cannot be compensated by money alone. Each Class A Member agrees that the Company will be entitled, at the Company's sole election, to:

(i) injunctive relief enjoining such Class A Member from the conduct in violation hereof, without proving actual damages or posting any bond, and any other relief (other than Liquidated Damages) to which the Company may be determined to be entitled; or

(ii) Liquidated Damages, provided, however, in any action, suit or proceeding brought by the Company against a Class A Member to enforce the covenants contained in this Section 10.3, the Company shall not be required to make such election unless and until it shall have been determined by a court of competent jurisdiction that the remedies in both of clauses (i) and (ii) of this Section 10.3(b) are available to the Company and enforceable as against such Class A Member and, if either shall later be determined by such court or on appeal to be unavailable or unenforceable, then the Company may instead pursue either or both of such remedies until a final and nonappealable order is entered with respect thereto, at which time the Company shall make its election under this Section.

(c) The parties to this Agreement hereby agree that the Liquidated Damages represent the goodwill of the Company, that the amount of the damages from a breach by a Class A Member of this provision is difficult to ascertain and that the Liquidated Damages represents the parties good faith effort to quantify the damages for the breach of this Section 10.3 by a Class A Member.

(d) If a court of competent jurisdiction shall hold that the duration and/or scope (geographic or otherwise) of the agreement contained in this Section 10.3 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 10.3, and as so modified, this Section 10.3 shall be as fully enforceable as if set forth herein by the parties in the modified form.

(e) The Company's right to enforce the restrictive covenants contained in this Section 10.3 may be waived with respect to any Member's ownership of an interest in a Competing Business upon the written approval of the Class B Member and either (A) the holders of not less than a majority of the Class A Percentage Interest or (B) any of the Class A Governors.

(f) Notwithstanding anything to the contrary herein, the Governing Board is authorized by the Members to make, in its sole discretion, from time to time, one or more exceptions to the applicability of any of the provisions of this Section 10.3 with respect to any Class A Member or Owner who applies therefor if the Governing Board determines, in its sole discretion, that the making of such exception(s) is not adverse to the interests of the Company, and any such exception shall be strictly limited in accordance with the terms of any writing delivered to such Person evidencing such exception. In making any such determination, the Class A Governors shall owe a fiduciary duty only to the Class A Members, and the Class B Governors shall owe a fiduciary duty only to the Class B Member(s).

10.4 **Payment of Purchase Price for 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 purchaser 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.

10.4.4 In the case of any purchase made pursuant to Section 10.2.1, or if the number of Units being purchased pursuant to Section 10.2.2 is, in the purchaser's judgment, substantial, then the purchase price may, at the election of the Purchaser, be paid by delivery of a promissory note. The note shall be payable in equal monthly installments of principal and interest over the Applicable Term with interest accruing on the unpaid balance at the lesser of the prime rate or LIBOR (each as published in The Wall Street Journal on the date of such purchase), and the first such installment shall be paid to such Class A Member on the first day of the month after thirty (30) days have expired since the Member's interest was acquired under such sections, with subsequent installments paid on the first day of each successive month thereafter until paid in full. The purchaser may pre-pay in whole or in part the amount owed without penalty. Such loan shall be subordinate to the purchaser's senior lenders. The note shall be nonrecourse and secured by the Units purchased. The "Applicable Term" shall be not greater than:

- (a) sixty (60) months for purchases made pursuant to Section 10.2.1(b)(i);
- (b) thirty six (36) months for purchases made pursuant to Section 10.2.1(b)(ii) or pursuant to Section 10.2.2; and
- (c) twelve (12) months for purchases made pursuant to Section 10.2.1(b)(iii).

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) a majority in ownership of the Class A Members. 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 the county of the State of California in which the Center is located, 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 by 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 (or of a class of Members) may be taken without a meeting if a written consent setting forth the action so taken is executed by the requisite Members whose approval would be needed to take such action at a meeting, 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 (the "Governing Board") by appointing thereto the Class B Governors and the Class A Governors, as applicable. The Class A Members shall be entitled to elect two (2) Class A Governors by the affirmative vote of Class A Members having a Class A Percentage Interest in excess of fifty percent (50%), and prior to the date the Class B Member has a Sharing Percentage of at least forty percent (40%) ("Class B Member Control"), the Class B

Members shall be entitled to elect or appoint one (1) Class B Governor and during such period each Class A Governor and Class B Governor shall be entitled to cast one (1) vote. Such election shall be held in such manner as the Administrative Member shall determine. From and after the date of Class B Member Control, the Class B Member shall be entitled to elect or appoint two (2) Class B Governors and each such Class B Governor shall be entitled to cast two (2) votes and each Class A Governor shall be entitled to cast one (1) vote. The Class A Members hereby appoint the persons set forth on Exhibit E under "Class A Governors" as the initial Class A Governors and the Class B Member hereby appoints the persons set forth on Exhibit E under "Class B Governors" as the initial Class B Governors.

(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, subject to the powers granted to the Administrative Member hereunder, have the exclusive right and power to manage the business and the affairs of the Company (which term shall include, for purposes of Sections 12.2 and 12.3, the limited partnership of which the limited liability company governed by this Agreement is the general partner) 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. Except as provided below, a majority vote of the Governing Board shall constitute the action of the Governing Board. Notwithstanding the foregoing, prior to the date of Class B Member Control, the following actions shall require the approval of a majority of the Class B Governors and a majority of the Class A Governors:

(a) Sale or transfer of more than 5% (measured by book value) of the Company's total assets (excluding from this Section 12.2(a) sales or transfers of inventory to patients or other customers of the Company in the ordinary course of the Company's business);

(b) Approval of the Company's annual capital and operating budgets; provided, that if the Governing Board shall have failed to approve an operating budget for any fiscal year, then the Company shall be authorized to operate the Company and the Center in a manner consistent with the operations of the Company and the Center during the last year for which the Governing Board shall have approved an operating budget, subject to such modifications as the Company reasonably determines are necessary or appropriate due to changes in applicable law, licensure requirements, accreditation requirements, requirements of Medicare, Medicaid and/or other third party payors and/or to effectuate changes in the operations of the Company and the Center directly resulting from capital expenditures, acquisitions and/or divestitures previously approved by the Governing Board; and provided further, that if the Governing Board shall have failed to approve a capital budget for any fiscal year, then the Company shall be authorized to make, capital expenditures previously approved by the Governing Board (but not yet expended), plus capital expenditures with respect to the Company that the Company reasonably determines are

necessary for the maintenance of the Center and the other assets of the Company, or necessary to keep the Center and any other facilities of the Company or their respective operations in compliance with applicable law, licensure requirements, accreditation requirements, and/or requirements of Medicare, Medicaid and/or other third party payors, it being the intent of this proviso that under the circumstances herein described, the Company's authority is to maintain the status quo of the Company's operations and capital expenditures, subject only to such modifications and exceptions as are noted herein;

(c) Incurrence of debt on behalf of the Company in excess of \$125,000 at any time outstanding; provided, however, that the Company shall have the authority to draw down any and all funds available under any lines of credit that shall have been approved by the board pursuant to this Section 12.2(c) (or that are within the borrowing authority contemplated by this Section 12.2(c)) without the prior approval of the Governing Board; and provided further that leases (operating and capital) shall be considered debt for purposes of this paragraph in an amount equal to the present value of the total rental payments over the leases term, including renewals, using a discount factor of 10%;

(d) Declaration of dividends and distributions to Members at variance from the Company's distribution policy set forth in Article 6;

(e) Entering into agreements on behalf of the Company which require, individually or as a result of a series of related agreements in the aggregate, payments in excess of \$100,000 annually and any material amendments thereto which are not provided for the Company's operating or capital budget;

(f) Selection of the Company's chief executive officer, chief financial officer, administrator or chief nursing officer;

(g) Selection of the Chairman of the Board of the Governing Board (provided, however, that the Class B Governors shall select the initial Chairman of the Governing Board and thereafter the right to choose the Chairman shall alternate annually between the Class A and Class B Members);

(h) Establishing and maintaining the JCAHO and similar accreditation and licensure requirements relating to medical staff credentialing and quality assurance at the Center and all amendments to the medical staff bylaws, rules or regulations of the Center;

(i) Filing of any litigation unrelated to the normal daily operation of the Center (examples of litigation related to the normal daily operations of the hospitals include, without limitation, litigation involving collections, professional liability, employment or ordinary contractual matters) or otherwise not in the ordinary course of the Company's business;

(j) Determining the credentialing standards for clinical privileges at the Center;

(k) Selection of the architect and general contractor and approval of plans and all phases of the design/build process for all construction to be owned and/or leased by the Company;

(l) Expenditures for non-budgeted items whether capital or operating, in excess of \$10,000 individually, or \$120,000 per year in aggregate;

(m) Any entry into, or termination of, or modification of, a significant managed care contract;

(n) Leases of office space and other real property as lessor or lessee in excess of 1,500 square feet and/or \$50,000 total annual cost, whether capital or operating;

(o) Any significant change in services provided by the Company;

(p) Any change in the Reserve;

(q) The making of any offer to sell and issue Units, the issuance of any Units and the price at which Units are issued, or the approval of any Transfer that requires approval of the Board;

(r) Any decision to not exercise the purchase rights set forth in Section 10.2;

(s) Any decision to not enforce the restriction on ownership set forth in Section 10.3, make exceptions pursuant to Section 10.3(f) or require payment of Liquidated Damages. (If the Company pursues a violation of Section 10.3, all decisions regarding such dispute shall be made by a majority of the Class B Governors); and

(t) Cause the Company to take any action or cast any vote as the General Partner of any partnership of which the Company is a partner including, but not limited to, making any amendment to such partnership's Certificate of Limited Partnership or the Agreement of Limited Partnership.

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. Except as provided herein, all Governing Board action shall require the Approval of the Governing Board.

Unanimous vote of the Governing Board shall be necessary to determine that a Terminating Event, as defined in clauses (ii) or (vii)(C) of the definition thereof has occurred.

From and after the date of Class B Member Control, the following actions shall require approval by the affirmative vote of a majority of the Class A Governors and a majority of the Class B Governors:

(a) make capital expenditures in any calendar year in excess of 20% of the fair market value of the Company;

(b) incur indebtedness in any calendar year in excess of 20% of the fair market value of the Company;

(c) redeem Units (except pursuant to Section 4.1(b) or Article 10) or the agreement by the Company to redeem any Class B Units pursuant to Section 4.1(b) at a price other than the gross amount received by the Company for each Class A Unit which issuance gives rise to such redemption;

(d) admit a Physician Investor or Physician Entity as a Member of the Company except when Units are redeemed from the Class B Member and there is a contemporaneous sale of Units to one or more new Class A Members, as provided in Section 4.1; or

(e) except as otherwise provided in this Section 12.3, make any amendment to the Management Agreement (provided, that a renewal of the Management Agreement in accordance with its terms shall not be deemed to be an amendment for purposes hereof, as long as the Class B Member's Sharing Percentage is 40% or greater).

Notwithstanding anything to the contrary, any determination by the Company to deliver notices of breach and/or termination under an agreement between the Company and any Affiliates of the Class B Member (including, but not limited to, the Management Agreement), and any decisions made by the Company in connection with disputes arising therefrom ("Disputes"), shall be made solely by a majority of the Class A Governors; provided, that in any such Dispute in which the Company incurs any out-of-pocket cost or expense, the Class A Members shall be jointly and severally obligated to make loans to the Company (the "Dispute Loans") from time to time in amounts sufficient to cover, when due, any and all such costs and expenses. As to any such Dispute, if the Company shall be the prevailing party, then the proceeds from any and all fees and costs received by the Company from the non-prevailing party in such dispute shall be used to repay the Dispute Loans made in connection with such Dispute. If the Company shall not be the prevailing party, then the Class A Members shall contribute to the Company an amount of capital, in cash, as is equal to any remaining balance on any outstanding Dispute Loans made in connection with such Dispute, which contribution shall be used to satisfy such Dispute Loans. The Company shall, at the request of the Class B Member, bring an action against any Class A Member that fails to make the foregoing contribution to enforce such Class A Member's obligation to make the foregoing contribution and, further, the Company shall withhold from any distributions payable to such Class A Member, from time to time, up to amount needed to satisfy the required contribution, and in the event of any action, suit or proceeding, the prevailing party in such litigation shall be entitled to recover attorneys' fees and costs of litigation in addition to all other remedies available at law or in equity. The Dispute Loans shall bear no interest and shall be due and payable upon the final adjudication or settlement of the Dispute. Any capital contributions made pursuant to this paragraph shall not increase or decrease any Member's Membership Interest. Any funds distributed from the Company in connection with this paragraph shall be in repayment of borrowed funds for purposes of Section 6.2 hereof, but any income, losses, gain or expense resulting from the payment or receipt of Dispute-related fees and expenses shall be specially allocated proportionately to the Members who made the Dispute Loans in accordance with the amounts loaned by such Members. Wherever the Class A Members are required to make Loans or contributions pursuant to this paragraph, they shall do so pro rata in accordance with their holdings of Class A Units; provided, that the pro rata share of any Class A Member that defaults on such obligations shall be instead paid by all other non-defaulting Class A Members pro rata in accordance with their holdings of Class A Units; provided, further, if at any time the Class A Members cease to make Loans or contributions pursuant to this paragraph and fees or expenses are no longer able to be paid when due from the proceeds of such Loans or contributions, then the Company shall, at the request of the Class B Member, discontinue promptly the prosecution of any Dispute or claim arising therefrom, and all Dispute Loans shall be thereupon forgiven.

Notwithstanding anything to the contrary, the Administrative Member, acting alone and without the requirement of consent by any Member(s) or any Governors, may at any time, in its sole and absolute discretion, cause the Company to assign to the limited partnership of which the Company is a partner all of the Company's right, title and interest in and to the Management Agreement, and the Billing, Collection and Shared Services Agreement between the Company and SymbionARC Support Management Services, LLC after which assignment each Member and Governor acknowledges and agrees that such Management Agreement and the related Billing, Collection and Shared Services

Agreement shall remain in full force and effect as between the other party thereto, on one hand, and such limited partnership, on the other hand, and such limited partnership shall be deemed to be the "Owner" for all purposes thereunder, as that term is defined in such Management Agreement and the Billing, Collection and Shared Services Agreement.

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. Meetings may be held at any place in or outside of California. 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 the consent of the Governors. Such consent shall be in writing, shall set forth the action so taken and shall be signed by the number of Governors whose vote would be necessary to authorize such action at a meeting of the Governing Board. 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 surgical staff 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 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 thereof 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, the Administrative Member, 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: the indemnitee (i) conducted himself in good faith; (ii) derived no improper personal benefit, (iii) reasonably believed (A) in the case of conduct in his official capacity with the Company, that his conduct was in its best interests and (B) in all other cases, that his conduct was at least not opposed to its best interests; and (iv) in the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful; provided, the right to indemnification and payment of expenses shall exist unless and until it is determined in a final disposition that such indemnification and/or expense payment was not required hereunder, in which case the indemnitee shall repay all such indemnified and reimbursed amounts. The payment of any amounts for indemnification shall be made before any distribution are made by the Company. No Member shall have any obligation to provide funds for any indemnification obligation hereunder.

(b) The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition 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 of Organization, 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 California 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.

(e) Each of the Members agree that by his, her or its execution of this Agreement that he, she or it waives the right to claim a breach of fiduciary duty under Section 17153 of the Act. Section 17153 of the Act provides that an limited liability company's managers owe the same fiduciary duty to its members and the limited liability company that a partner owes to its partnership and the partners of the partnership.

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 the Approval of the Governing Board, unless the Transferee is then the Class B Member or an Affiliate of the Class B Member. If a Member receives the Approval 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; and

(c) except with respect to the admission of the Symbion Pledgee (as defined below), 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 "Symbion Interest"), without the consent of any other Member or of the Governing Board, for the limited purpose of securing loans to be made available to the Company, Symbion or any Affiliate of Symbion, but not otherwise, by granting a security interest in the Symbion Interest to a creditor. Any party to whom the Symbion Interest is pledged (together with such party's successors and assigns, the "Symbion Pledgee") may foreclose on the Symbion Interest, with ten (10) business days notice to the Company, and transfer the Symbion 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 "Symbion Foreclosure"). "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 Symbion Pledgee or any proposed Symbion Pledgee to evidence its consent to foreclosure on or transfer of the Symbion Interest and the admission of the Symbion Pledgee and/or a Permitted Pledgee Transferee as a Member.

Notwithstanding any other provision to the contrary, a Class A Member may Transfer his Units (a "Transferring Member") to a Physician Entity or inter vivos trust of which the Transferring Member, his spouse and lineal descendants are the sole beneficiaries provided that the such Transferring Member execute such documentation as is required by the Class B Member and the Class B Member receives an opinion of its counsel, or such other evidence as is acceptable to the Class B Member in its sole discretion, that the Company and Class B Member's rights under Section 10.3 with respect to the Transferring Member are not impaired to any degree and that the rights set forth under Section 10.2 are enforceable against the transferee based upon the actions or status of the transferee and/or the Transferring Member as if there had been no transfer and that no other rights of the Company or Class B Member under this Agreement are adversely affected.

In the event a court of competent jurisdiction holds a restriction on Transfer in this Section 13.1 to be unenforceable, the Company shall have a right of first refusal to purchase Units with respect to any proposed Transfer thereof by a Member which may be exercised by the Company by giving written notice thereof to the Member during the period of ninety (90) days immediately following the date that a court of competent jurisdiction determines such restriction 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 Units held by such Member, multiplied by the Sharing Percentage represented by the Units which are the subject of the proposed Transfer, and (b) the amount offered by the third party to acquire such Units. 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 shall be paid, at the option of the Company, on the same terms and conditions as set forth in the third party offer or by delivery of twenty percent (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 five percent (5%) per annum. The Company may prepay the Note in whole or in part without penalty. The closing shall occur at the Company's principal place of business as soon as reasonably practicable and in any event within thirty (30) days following exercise of such right of first refusal. Any Transfer in violation of this provision shall be void.

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, shall be admitted as a Substituted Member without the Approval of the Governing Board, which Approval of the Governing Board may be unreasonably withheld, 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 Symbion 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 Administrative Member 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 for 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 Exhibit A.** The Governing Board shall direct that Exhibit A 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(b) shall not constitute a dissolution at will. The Company shall not be dissolved by the replacement of the Governing Board or the Administrative Member.

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, upon Approval of the Board. If the Company is reconstituted, an amendment to this Agreement shall be executed, and if and to the extent required by the Act, a Certificate of Amendment to the Articles of Organization shall be filed with the California Secretary of State.

14.3 **Interim Administrative Member.** If the Company is dissolved as a result of an event described in Section 14.1(a) and the Administrative Member is unable to continue acting as the Administrative Member of the Company, those Members (excluding the outgoing Administrative Member) who own Units representing a majority of the aggregate Sharing Percentage of all Members (excluding that owned by the Administrative Member) may appoint an interim Administrative Member of the Company, who shall have and may exercise only the rights, powers and duties of a managing member necessary to preserve the Company assets until (a) a new Administrative Member is elected if the Company is reconstituted; or (b) a liquidator is appointed under Article 15, if the Company is not reconstituted. The interim Administrative Member shall not be liable to the Members to the extent permitted in the Act and shall, while acting in the capacity of interim Administrative Member 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 "Manager" pursuant to Section 9 of the Management Agreement. The interim Administrative Member appointed as provided herein shall be entitled to receive such reasonable compensation for its services as may be agreed upon by such interim Administrative Member and those Members who appointed the interim Administrative Member.

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 sixty (60) days to purchase Company property for which a third party offer is made in connection with liquidation. 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 Administrative Member, 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 Administrative Member, in the same proportions as the amount distributed to such trust by the Company would otherwise have been distributed 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 15, 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 Exhibit A; provided, however, that each Member shall have the right to change his address with notice hereunder to any other location by the giving of at least 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 the Administrative Member, 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 Governing Board 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 which the Governing Board deems to be in the best interest of the Company and the Members and 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; or
- (d) an amendment required pursuant to Section 16.3.

Notwithstanding anything herein to the contrary, neither the Symbion 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 Symbion Pledgee or a Permitted Pledgee Transferee becomes a Member, unless the Symbion 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 from and after the date of Class B Member Control, 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 GAAP, as such may change from time to time. Notwithstanding any provision in this Agreement to the contrary, from and after the date of Class B Member Control, Symbion may amend this Agreement without the approval of any other Member as minimally 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 (and the partnership of which the Company is a general partner) on the consolidation method of accounting under applicable GAAP in the future. Notwithstanding anything in this Section 16.3 to the contrary, no Member shall suffer a reduction in its Sharing Percentage (or an increase in the interest acquirable by the Class B Member pursuant to Section 4.1 hereof) pursuant to this Section 16.3 without payment of fair market value therefor.

16.4 **Schedules and Exhibits.** Each Schedule and Exhibit 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 California 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.

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.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Members have executed this Third Amended and Restated Operating Agreement as of the date first above written.

MEMBERS:

Class B Member:

SMBISS THOUSAND OAKS, LLC

By: _____
Name: Craig Stanley
Title: VP

Class A Member:

Class A Members signatures appear on the "Counterpart Signature Pages" attached hereto:

Signature Pages of Class A Members Intentionally Omitted
and
Available For Inspection Upon Request

EXHIBIT A

MEMBERS' OWNERSHIP INTERESTS

CLASS B MEMBER	# OF UNITS
SMBISS THOUSAND OAKS, 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: Waller Lansden Dortch & Davis, LLP 511 Union Street, Suite 2700 Nashville, Tennessee 37219-1760 Attention: Joseph A. Sowell, III, Esq. Fax No.: (615) 244-6804	1
CLASS A MEMBERS	# OF UNITS
Randhir S. Tuli	12.5
Andrew A. Brooks, M.D.	12.5
Glenn Cohen, M.D.	8
Yellowfin, Inc.	5
Gregory Johnson, M.D.	5
Jerome R. Friedland, M.D.	3
David D. Chi, M.D.	5
Evan Bachner, M.D.	2
Center for Orthopaedic Specialists	5
Tjerk Bury, M.D.	8
Frank Kandela, M.D.	2
James Lin, M.D.	3
Erik C. Spayde M.D.	4
TOTAL:	76

EXHIBIT B

RESTRICTION ON OWNERSHIP AGREEMENT

THIS RESTRICTION ON OWNERSHIP AGREEMENT ("Agreement") is entered into as of _____, 20__, by and between SPECIALTY SURGICAL CENTER OF THOUSAND OAKS, LLC, a California limited liability company (the "Company"), and the undersigned Owner, an individual residing in the State of California ("Owner"), and an owner, trustee and/or beneficiary of the entity identified on the signature page attached hereto ("Physician Entity"), with reference to the following facts and objectives:

RECITALS:

WHEREAS, Physician Entity is a Member in the Company;

WHEREAS, each of the Members in the Company is subject to certain negative covenants contained in Section 10.3 of the Third Amended and Restated Operating Agreement, as the same may be amended from time to time (the "Operating Agreement");

WHEREAS, Owner will realize a substantial benefit from the Physician Entity being a Member in the Company; and

WHEREAS, the Company would not have admitted the Physician Entity as a Member without Owner's execution of this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein set forth, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Terms capitalized herein and not defined will have the same identical meaning as set forth in the Operating Agreement unless the context otherwise requires.
2. Restriction on Ownership Provision.

2.1 Owner agrees that while the Physician Entity is a Member and for two (2) years thereafter, neither Owner nor any of his Affiliates (each a "Covered Party") shall, directly or indirectly, own any interest in, lease, manage, joint venture with or be employed by a Competing Business that is located in a Restricted Area, "Restricted Area" means, with respect to the Company (and its Applicable Partnership and Successors), the circle around the Center having a radius of twenty-five (25) miles. 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. Notwithstanding any provisions

contained herein to the contrary, the restriction on ownership set forth in this Agreement shall not apply at such time as the Company is not operating an ambulatory surgery center.

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 a Covered Party 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 in the absence of such restrictions.

2.4 The Company's right to enforce the restrictive covenants contained in this Section 2.4 may be waived with respect to any Member's ownership of an interest in a Competing Business upon the written approval of the Class B Member and either (A) a holders of not less than a majority of the Class A Percentage Interest or (B) any of the Class A Governors.

3. Transfer.

3.1 Owner agrees that he will not Transfer his ownership interest in Physician Entity, other than to the Physician Entity, to a Non-Participating Owner or to an Owner of Physician Entity who is already a Physician Investor, without Approval of the Governing Board.

3.2 In the event a court of competent jurisdiction holds this restriction on Transfer in Section 3.1 hereof to be unenforceable, the Physician Entity shall have a right of first refusal to purchase such ownership interests with respect to any proposed Transfer thereof by Owner which may be exercised by the Physician Entity by giving written notice thereof to Owner and the Company at any time during the period of ninety (90) days immediately following the date that a court of competent jurisdiction determines this provision to be unenforceable. Unless the Physician Entity and the transferring Owner shall otherwise agree, the purchase price pursuant to the right of first refusal shall be an amount equal to the amount offered by the third party to acquire such interest.

3.3 Any Transfer in violation of this Section 3 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 posting bond or 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:

Specialty Surgical Center of Thousand Oaks, LLC
c/o Symbion, Inc.
40 Burton Hills Boulevard, Suite 500
Nashville, Tennessee 37215
Telephone No.: (615) 234-7900
Facsimile No.: (615) 234-7999
Attention: Administrative Member

With a Copy to:

Specialty Surgical Center of Thousand Oaks, LLC
40 Burton Hills Boulevard, Suite 500
Nashville, Tennessee 37215
Telephone No.: (615) 234-7900
Facsimile No.: (615) 234-7999
Attention: President

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; Waiver of Jury Trial. This Agreement shall be construed and enforced in accordance with the laws of the State of California without regard to its principles of conflicts of laws. 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.

8. Legal Fees and Costs. 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.

9. Modification. No modification of this Agreement or waiver 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 second anniversary of the date that the Physician Entity disposes of its entire Membership Interest in the Company.

12. Conflicts. Nothing herein contained shall in any way conflict, directly or indirectly, with the provisions of the Operating Agreement. In the event of any such direct or indirect conflict, the conflicting provisions of the Operating Agreement shall prevail in each and every respect.

Remainder of page intentionally left blank.

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the day and year first above written.

**SPECIALTY SURGICAL CENTER OF
THOUSAND OAKS, LLC**

By: _____

Name: _____

Title: _____

OWNER:

Print Name: _____

PHYSICIAN ENTITY

By: _____

Name: _____

Title: _____

EXHIBIT C

FORM OF FIRST OPTION PURCHASE AGREEMENT

THIS FIRST OPTION PURCHASE AGREEMENT (this "Agreement"), dated as of _____, 20__, is by and among those Persons identified on Exhibit A hereto (each a "Seller" and, collectively, the "Sellers"), and _____, LLC, a Tennessee limited liability company ("Purchaser"). The Sellers and Purchaser are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS:

WHEREAS, the Sellers own outstanding membership interests and economic interests comprised of membership units of ownership in Specialty Surgical Center of Thousand Oaks, LLC, a California limited liability company (the "LLC"), or its successor, and/or in Specialty Surgical Center of Thousand Oaks, L.P., a California limited partnership (the "Partnership"), or its successor, that are subject to the "First Option," as that term is defined in the Third Amended and Restated Operating Agreement of the LLC (the "Operating Agreement") in the percentages set forth on Exhibit A hereto (the "Option Interests"), and pursuant to Section 4.7 of the Operating Agreement of the LLC, the Purchaser has an option to acquire such Option Interests in accordance with the Operating Agreement, and capitalized terms used herein but not defined shall have the meaning accorded thereto in the Operating Agreement; and

WHEREAS, the LLC owns a 99% general partner interest in the Partnership, and the Partnership leases space for, owns the assets of, and operates an outpatient surgery center located at 696 Hampshire Road, Westlake Village, California 91361;

WHEREAS, on the terms and conditions set forth in this Agreement, each Seller will sell to the Purchaser an Option Interest; and

WHEREAS, the Purchaser is ready, willing and financially able to take such actions to enable it to purchase such Option Interest in conformity with the terms hereof.

NOW, THEREFORE, in consideration of the foregoing and of the promises and mutual covenants contained herein, the Parties hereby agree as follows:

I. PURCHASE AND SALE OF OPTION INTERESTS

1.1 Purchase and Sale of Option Interest. At the Option Closing (as defined in Section 1.5 hereof), Purchaser agrees to purchase from Sellers, and each Seller agrees to sell, assign, transfer and deliver to the Purchaser, all of such Seller's Option Interest, free and clear of any and all claims, liens, security interests, unwaived rights of first refusal, options, warrants or other encumbrances of any nature (other than restrictions of general applicability imposed by federal, state or other governmental securities laws) (collectively, "Encumbrances").

1.2 Consideration. Subject to the terms and conditions hereof, in reliance upon the representations and warranties of Sellers set forth herein, and as consideration for the purchase and sale of the Option Interests as herein contemplated, Purchaser agrees to tender to Sellers the First Option Exercise Price, payable to Sellers by delivery at the Option Closing by wire transfer to an account designated by each Seller in the amounts set forth on Exhibit A.

1.3 Assignment. The sale, assignment, transfer and delivery of all Option Interests shall be made by each Seller's execution and delivery at the Option Closing of an Assignment substantially in the form attached as Exhibit 1.3 hereto (the "Assignment").

1.4 Closing. The sale and purchase of the Option Interests provided for herein (the "Option Closing") shall take place concurrently herewith at Waller Lansden Dortch and Davis, LLP, 511 Union Street, Suite 2700, Nashville, Tennessee 37219. The date of the Option Closing is referred to as the "Option Closing Date". The Option Closing shall be deemed effective at 12:01 a.m. on the Option Closing Date.

1.5 Further Acts and Assurances. Each Seller shall, at any time and from time to time at and after the Option Closing, upon request of the Purchaser, take any and all reasonable steps necessary to place the Purchaser in possession of such Seller's Option Interest and will do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such reasonable further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably required for the better transferring and confirming to the Purchaser or to its successors or permitted assigns, or for reducing to possession, such Option Interest.

1.6 Interpretation. In this Agreement, unless the context otherwise requires:

(a) references to this Agreement are references to this Agreement and to the Schedules and Exhibits attached hereto;

(b) references to Articles and Sections are references to articles and sections of this Agreement;

(c) references to any Party to this Agreement shall include references to its respective successors and permitted assigns;

(d) references to a judgment shall include references to any order, writ, injunction, decree, determination or award of any court or tribunal;

(e) references to a person shall include references to any individual, company, body corporate, association, limited liability company, firm, joint venture, trust or governmental entity or agency;

(f) the terms "hereof," "herein," "hereby" and derivative or similar words will refer to this entire Agreement;

(g) references to any document (including this Agreement) are references to that document as amended, consolidated, supplemented, novated or replaced by the Parties from time to time;

(h) the word "including" shall mean including without limitation;

(i) each representation, warranty and covenant contained herein shall have independent significance and, if any party hereto has breached any representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) which such party has not breached shall not detract from or mitigate the fact that the party is in breach of the first representation, warranty or covenant, provided that indemnification for any such breach shall be only in accordance with and subject to the limitations of Article IV hereof; and

(j) in respect of a party, the term "Affiliate" shall mean any entity controlling, controlled by or under common control with such party.

II. REPRESENTATIONS AND WARRANTIES OF SELLERS

Except as set forth in the Schedules to be delivered by Sellers referenced below, each Seller hereby represents and warrants to the Purchaser as follows:

2.1 Authorization and Binding Effect of Sellers. Such Seller has all necessary authority and power to execute and deliver this Agreement and consummate the transactions contemplated hereby and has taken all action required to be taken to authorize the execution, delivery and performance of this Agreement. This Agreement constitutes a valid and binding agreement or commitment against such Seller in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and similar laws of general application relating to or affecting creditors' rights and to general equity principles. Unless otherwise indicated in Schedule 2.1 hereto, such Seller is an individual licensed to practice medicine and residing in the State of California.

2.2 Ownership. Such Seller owns of record the Option Interest he or she is selling to the Purchaser free and clear of any and all Encumbrances and there are no existing agreements, options, warrants, rights, calls or commitments of any character to which such Seller is a party or by which such Seller is bound providing for the sale of such Seller's Option Interest or for the repurchase or redemption of such Seller's Option Interest, other than the Operating Agreement.

2.3 No Finders or Brokers. Except as set forth on Schedule 2.3 hereto, such Seller has not engaged any finder or broker in connection with the transactions contemplated hereunder.

III. REPRESENTATIONS AND WARRANTIES OF PURCHASER

The Purchaser represents and warrants to each Seller as follows:

3.1 Organization and Standing. Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Tennessee and has full limited liability company power and authority to conduct its business as now being conducted, and is duly qualified to do business in each jurisdiction in which the nature of its property or business requires.

3.2 Authorization and Binding Effect. Purchaser has all necessary authority and power to execute and deliver this Agreement and consummate the transactions contemplated hereby and has taken all action required to be taken by or on the part of Purchaser to authorize the execution, delivery and performance of this Agreement. This Agreement constitutes a valid and binding agreement enforceable against Purchaser in accordance with its terms. The execution of this Agreement by Purchaser, the performance by Purchaser of its obligations hereunder and the consummation of the transaction contemplated hereby by Purchaser will not require any consent, approval or notice under, or violate, breach, be in conflict with or constitute a default (or an event that, with notice or lapse of time or both, would constitute a default) under, or permit termination of, or result in the creation or imposition of any lien upon any properties, assets or business of Purchaser under any note, bond, indenture, mortgage, deed of trust, lease, franchise, permit, authorization, license, contract, instrument, agreement or commitment, in each case which is material to Purchaser, or any order, judgment or decree to which Purchaser is a party or by which Purchaser is bound. No notice to, filing or registration with or authorization, consent or approval of any public body or governmental or regulatory authority is necessary for the consummation by Purchaser of the transaction contemplated by this Agreement.

3.3 No Finders or Brokers. Purchaser has not engaged any finder or broker in connection with the transactions contemplated hereunder.

3.4 No Untrue or Inaccurate Representation or Warranty. No representation or warranty by Purchaser contains or will contain any untrue statement of fact, or omits or will omit to state a fact necessary to make the statements therein not misleading.

3.5 Financial Ability. Purchaser has, and will have on the Option Closing Date, and thereafter as needed, sufficient cash on hand from Purchaser's immediately available internal organization funds or available under a currently established committed credit facility or unutilized lines of credit with financial institutions, to consummate the transactions contemplated by this Agreement and perform its obligations hereunder.

3.6 Solvency. On the Option Closing Date, after giving effect to all indebtedness being incurred on such date in connection herewith, Purchaser will not (i) be insolvent (either because its financial condition is such that the sum of its debts is greater than the fair value of its assets or because the present fair salable value of its assets will be less than the amount required to pay its probable liability on its debts as they become absolute and matured), (ii) have unreasonably small capital with which to engage in its business or (iii) have incurred or plan to incur debts beyond its ability to pay as they become absolute and matured.

3.7 Independent Analysis.

(a) Purchaser acknowledges that it has conducted an independent investigation of the financial condition, results of operations, assets, liabilities, properties and projected operations of the LLC and the Partnership and, in making its determination to proceed with the transactions contemplated by this Agreement, Purchaser has relied solely on the results of such investigation and the representations and warranties of the Sellers set forth herein. Such representations and warranties constitute the sole and exclusive representations and warranties of the Sellers in connection with the transactions contemplated hereby, and Purchaser acknowledges and agrees that the Sellers are not making any representation or warranty whatsoever, express or implied, beyond those expressly given in this Agreement.

(b) Without limiting the foregoing, Purchaser acknowledges that no Seller has made any representation or warranty, express or implied, as to the accuracy or completeness of any memoranda, charts, summaries, presentations or schedules heretofore made available to Purchaser or any other information which is not included in this Agreement. Purchaser further acknowledges and agrees that any cost estimates, forecasts, projections or other predictions or forward-looking information that may have been provided to Purchaser were prepared for internal planning purposes only and are not representations or warranties of the Sellers, and no assurances can be given that any estimated, forecasted, projected or predicted results will be achieved.

3.8 Investment Intention. Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of acquiring the Option Interests. Purchaser will acquire the Option Interests for investment only, and not with a view toward or for sale in connection with any distribution thereof or with any present intention of distributing or selling any interest therein. Purchaser understands that the transactions contemplated hereby have not been, and will not be registered or qualified under the Securities Act of 1933, as amended, nor any state or any other applicable securities law, by reason of a specific exemption from the registration or qualification provisions of those laws, based in part upon Purchaser's representations in this Agreement. Purchaser understands that no part of the Option Interests may be resold unless such resale is registered under the

Securities Act of 1933, as amended, and registered or qualified under applicable state securities laws or an exemption from such registration and qualification is available.

IV. INDEMNIFICATION

4.1 Indemnification of Purchaser.

(a) From and after the Option Closing and subject to the limitations herein provided, each Seller shall upon demand indemnify and hold the Purchaser harmless against, and reimburse such Purchaser from time to time as costs are incurred for any actual damage, loss, liability, fine, penalty, charge, administrative or judicial proceeding or order, judgment, remedial action requirement, enforcement action of any kind, cost or expense (including reasonable attorneys' fees and other reasonable expenses incurred in investigating or defending any claim against such Purchaser for such damage, loss, cost or expense incurred, directly or indirectly, by such Purchaser or its Affiliate) resulting from any breach of such Seller's representations, warranties or covenants in this Agreement, or any document or instrument delivered pursuant hereto.

(b) Purchaser shall have the right, with notice, to offset or set off amounts owed to it by a Seller under this Article IV against amounts owed by Purchaser or its Affiliates to such Seller pursuant to any other obligations, including without limitation, any distributions due to such Seller from the LLC; provided, however, no right of off-set may be exercised until ninety (90) days have lapsed from the date the amount owed by such Seller to Purchaser is due. Purchaser's right to indemnification, payment of damages or other remedy hereunder based upon Sellers' representations, warranties, covenants and obligations herein will not be affected or limited by any investigation conducted by or on behalf of Purchaser with respect hereto, any preparation or compilation by or on behalf of Purchaser of schedules to this Agreement, or any knowledge acquired (or capable of being acquired) by Purchaser at any time before or after the execution and delivery of this Agreement or the Option Closing Date with respect to the accuracy or inaccuracy of or compliance with, any such representation, warranty, covenant or obligation.

4.2 Indemnification of Sellers. From and after the Option Closing and subject to the limitations herein provided, Purchaser shall upon demand indemnify and hold Sellers harmless against, and reimburse Sellers from time to time when and as costs are incurred for, any actual damage, loss, liability, fine, penalty, charge, administrative or judicial proceeding or order, judgment, remedial action requirement, enforcement action of any kind, cost or expense (including reasonable attorneys' fees and other expenses incurred in investigating or defending any claim against Sellers for such damage, loss, cost or expense) incurred by Sellers resulting from any breach of Purchaser's representations, warranties or covenants in this Agreement, or any document or instrument delivered pursuant hereto. Each Seller shall have the right, with notice, to offset or set off amounts owed to such Seller under this Article IV against amounts owed by such Seller to the Purchaser pursuant to any other obligations. Seller's right to indemnification, payment of damages or other remedy hereunder based upon Purchaser's representations, warranties, covenants and obligations herein will not be affected or limited by any investigation conducted by or on behalf of Sellers with respect hereto, any preparation or compilation by or on behalf of Sellers of schedules to this Agreement, or any knowledge acquired (or capable of being acquired) by Sellers at any time before or after the execution and delivery of this Agreement or the Option Closing Date with respect to the accuracy or inaccuracy of or compliance with, any such representation, warranty, covenant or obligation.

4.3 Limitations. If the Option Closing occurs, this Article IV shall be the sole and exclusive remedy for breach of, or inaccuracy in, any representation, warranty, or covenant contained herein, or otherwise in respect of the transactions contemplated hereby.

V. MISCELLANEOUS

5.1 Schedules and Other Instruments. Each Schedule and Exhibit to this Agreement shall be considered a part hereof as if set forth herein in full.

5.2 Additional Assurances. The provisions of this Agreement shall be self-operative and shall not require further agreement by the Parties except as may be herein specifically provided to the contrary; provided, however, at the reasonable request and expense of a Party, the other Party or Parties shall execute such additional instruments and take such additional actions as the requesting Party may deem necessary to effectuate this Agreement. In addition and from time to time after Option Closing, Sellers shall execute and deliver such instruments of conveyance and transfer, and take such other actions as Purchaser reasonably may request, to effectively convey and transfer full right, title and interest to, vest in, and place Purchaser in legal, equitable and actual possession of the Option Interest.

5.3 Consented Assignment. Anything contained herein to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign any claim, right, contract, license, lease, commitment, sales order or purchase order if an attempted assignment thereof without the consent of the other Party thereto would constitute a breach thereof or in any material way affect the rights of Sellers, as appropriate, thereunder, unless such consent is obtained. If such consent is not obtained, or if an attempted assignment would be ineffective or would materially affect the rights thereunder of Sellers so that Purchaser would not in fact receive all such rights, the Parties shall cooperate in any reasonable arrangement designed to provide for the Parties the benefits under any such claim, right, contract, license, lease, commitment, sales order or purchase order, including, without limitation, enforcement of any and all rights of Sellers, against the other party or parties thereto arising out of the breach or cancellation by such other party or otherwise.

5.4 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 attorneys fees, costs and necessary disbursements at all court levels, in addition to any other relief to which such Party shall be entitled.

5.5 Choice of Law and Venue. The Parties agree that this Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to its conflicts of law provisions. The Parties hereto hereby designate all courts of record sitting in Los Angeles County, California, both state and federal, as the exclusive forums where any action, suit or proceeding in respect of or arising out of this Agreement, or the transactions contemplated by this Agreement shall be prosecuted as to all Parties, their successors and assigns, and by the foregoing designations the Parties hereto consent to the exclusive jurisdiction and venue of such courts.

5.6 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 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 any Party may, without the prior written consent of the other Party, assign its rights and delegate its duties hereunder to one or more of its affiliates (it being understood that neither such assignment or delegation shall relieve any Party of its obligations 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.

5.7 Cost of Transaction. Except as otherwise provided herein, whether or not the transactions contemplated hereby shall be consummated, the Parties agree as follows: (i) Sellers will pay the fees,

expenses, and disbursements of Sellers and their agents, representatives, accountants, and counsel incurred in connection with the subject matter hereof and any amendments hereto; and (ii) Purchaser shall pay the fees, expenses and disbursements of Purchaser and its agents, representatives, accountants and counsel incurred in connection with the subject matter hereof and any amendments hereto. Purchaser shall bear the costs of any regulatory or licensure filings under the laws or regulations of the State of California.

5.8 Confidentiality.

(a) The information, documents and instruments made available or delivered to Purchaser by Sellers or their agents and the information, documents and instruments made available or delivered to Sellers by Purchaser or its respective agents are of a confidential and proprietary nature. Each of the Parties hereto agrees that both prior and subsequent to the Option Closing it will maintain the confidentiality of all such confidential information, documents or instruments made available or delivered to it by each of the other Parties hereto or their agents in connection with the negotiation of this Agreement or in compliance with the terms, conditions and covenants hereof and will only disclose such information, documents and instruments to its duly authorized officers, directors, representatives and agents. Each of the Parties hereto further agrees that if the transactions contemplated hereby are not consummated, it will return all such information, documents and instruments and all copies thereof in its possession to the other Party to this Agreement. Each of the Parties hereto recognizes that any breach of this Section would result in irreparable harm to the other Parties to this Agreement and their affiliates and that therefore each of them shall be entitled to an injunction to prohibit any such breach or anticipated breach, without the necessity of posting a bond, cash or otherwise, in addition to all of their other legal and equitable remedies. Nothing in this Section 5.8, however, shall prohibit the use of such confidential information, documents or instruments for such governmental filings as in the reasonable opinion of Seller's counsel or Purchaser's counsel are (i) required by law or governmental regulations or (ii) otherwise appropriate; provided the disclosing party provides the owner of such confidential information, documents or instruments prior written notice so that such owner may seek a protective order to maintain its confidentiality.

(b) The Parties hereto agree that the terms and conditions of this Agreement, and all other agreements and instruments executed and delivered by the respective Parties in connection with this Agreement (the "Transaction Documents") shall remain confidential. Neither Purchaser nor Sellers nor their respective agents and representatives shall distribute the Transaction Documents or any drafts thereof, or any part thereof, to any third party unless required by law to do so; provided the disclosing party provides the owner of such confidential information, documents or instruments prior written notice so that such owner may seek a protective order to maintain its confidentiality.

5.9 Public Announcements. Sellers agree that they shall not release, publish or otherwise make available to the public in any manner whatsoever any information or announcement regarding the transactions herein contemplated without the prior written consent of the Purchaser, except for information and filings reasonably necessary to be directed to governmental agencies to fully and lawfully effect the transactions herein contemplated or required in connection with securities and other laws; provided, that Purchaser shall, to the extent reasonable and practicable, give notice to the Consulting Managers prior to making any announcement regarding the transactions herein contemplated.

5.10 Waiver of Breach. 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.

5.11 Notice. Any notice, demand or communication required, permitted, or desired to be given hereunder shall be deemed effectively given upon receipt or refusal to accept receipt when delivered personally, upon facsimile (if the sending facsimile machine prints confirmation of receipt by the receiving machine and notice is given by other means permitted by this Section within one business day thereafter) or the next Business Day when sent by overnight courier, with delivery prepaid thereon and overnight delivery specified, or five days after being deposited in the United States mail, with postage prepaid thereon, or certified or registered mail, return receipt requested, addressed as follows:

Seller:	To the addresses set forth on the signature pages hereto for such Seller
With a simultaneous copy to:	To the counsel (if any) for such Seller, as indicated on the signature page hereto
With a simultaneous copy to:	Waller Lansden Dortch & Davis, LLP 511 Union Street, Suite 2700 Nashville, Tennessee 37219-1760 Attention: Joseph A. Sowell, III, Esq.

or to such other address, and to the attention of such other person or officer as any Party may designate, with copies thereof to the respective counsel thereof as notified by such Party.

5.12 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.

5.13 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.

5.14 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.

5.15 Survival. All of the covenants and agreements made by the Parties in this Agreement or pursuant hereto in any certificate, instrument or document which are to be performed after the Option Closing shall survive the consummation of the transactions described herein and shall not be deemed merged into any instruments or agreements delivered at the Option Closing or thereafter, and no other covenants and agreements shall survive the Option Closing but shall be deemed merge into any instruments or agreements delivered at the Option Closing.

5.16 Entire Agreement/Amendment. 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 shall be recognized unless and until made in writing and signed by all Parties hereto. 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.

5.17 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 IS KNOWINGLY AND VOLUNTARILY WAIVING ITS RIGHTS TO DEMAND TRIAL BY JURY.

5.18 Tax Advice and Reliance. None of the Parties (nor any of the Parties' respective counsel, accountants or other representatives) has made or is making any representations to any other Party (or to any other Party's counsel, accountants or other representatives) concerning the consequences of the transactions contemplated hereby under applicable tax laws. Each Party has relied solely upon the tax advice of its own employees or of representatives engaged by such Party and not on any such advice provided by any other Party hereto.

5.19 No Rescission. No Party shall be entitled to rescind the transactions contemplated hereby by virtue of any failure of any Party's representations and warranties herein to have been true or any failure by any Party to perform its obligations hereunder.

5.20 Counterparts. This Agreement may be executed in multiple counterparts (including by means of telecopied signature pages), any one of which need not contain the signatures of more than one Party, each of which shall be enforceable against the Parties executing such counterparts, and all of which together shall constitute one instrument.

Remainder of page intentionally left blank.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

PURCHASER:

SMBISS THOUSAND OAKS, LLC, A TENNESSEE
LIMITED LIABILITY COMPANY

By: _____

Name: _____

Title: _____

SELLER:

Each Seller's signature appears on the "Counterpart
Signature Pages" attached hereto:

**SELLERS' COUNTERPART SIGNATURE PAGE TO FIRST OPTION PURCHASE
AGREEMENT**

Signature of Seller

Print Name of Seller

Address of Seller for Notices

Address of Counsel

EXHIBIT D

FORM OF SECOND OPTION PURCHASE AGREEMENT

THIS SECOND OPTION PURCHASE AGREEMENT (this "Agreement"), dated as of _____, 20__, is by and among those Persons identified on Exhibit A hereto (each a "Seller" and, collectively, the "Sellers"), and _____, LLC, a Tennessee limited liability company ("Purchaser"). The Sellers and Purchaser are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS:

WHEREAS, the Sellers own outstanding membership interests and economic interests comprised of membership units of ownership in Specialty Surgical Center of Thousand Oaks, LLC, a California limited liability company (the "LLC"), or its successor, that are subject to the "Second Option," as that term is defined in the Third Amended and Restated Operating Agreement of the LLC (the "Operating Agreement") in the percentages set forth on Exhibit A hereto (the "Option Interests"), and pursuant to Section 4.7 of the Operating Agreement of the LLC, the Purchaser has an option to acquire such Option Interests in accordance with the Operating Agreement, and capitalized terms used herein but not defined shall have the meaning accorded thereto in the Operating Agreement; and

WHEREAS, the LLC owns a 99% general partner interest in Specialty Surgical Center of Thousand Oaks, L.P., a California limited partnership (the "Partnership"), and the Partnership leases space for, owns the assets of, and operates an outpatient surgery center located at 696 Hampshire Road, Westlake Village, California 91361;

WHEREAS, on the terms and conditions set forth in this Agreement, each Seller will sell to the Purchaser an Option Interest in the LLC; and

WHEREAS, each Purchaser is ready, willing and financially able to take such actions to enable it to purchase such Option Interest in conformity with the terms hereof.

NOW, THEREFORE, in consideration of the foregoing and of the promises and mutual covenants contained herein, the Parties hereby agree as follows:

I. PURCHASE AND SALE OF OPTION INTERESTS

1.1 Purchase and Sale of Option Interest. At the Option Closing (as defined in Section 1.5 hereof), Purchaser agrees to purchase from Sellers, and each Seller agrees to sell, assign, transfer and deliver to the Purchaser, all of such Seller's Option Interest, free and clear of any and all claims, liens, security interests, unwaived rights of first refusal, options, warrants or other encumbrances of any nature (other than restrictions of general applicability imposed by federal, state or other governmental securities laws) (collectively, "Encumbrances").

1.2 Consideration. Subject to the terms and conditions hereof, in reliance upon the representations and warranties of Sellers set forth herein, and as consideration for the purchase and sale of the Option Interests as herein contemplated, Purchaser agrees to tender to Sellers the Second Option Exercise Price at the Option Closing by wire transfer to an account designated by each Seller in the amounts set forth on Exhibit A.

1.3 Post-Option Closing Exercise Price Adjustment.

(a) Not more than 90 days after the Option Closing Date, Purchaser shall deliver to the Consulting Managers a consolidated balance sheet of the LLC and the Partnership (the "Closing Balance Sheet"), prepared as of the Option Closing Date, in accordance with GAAP; provided, however, for all purposes, the items set forth in (iii) and (iv) of the definition of Net Working Capital shall be accrued monthly for the period ending on the Option Closing Date based, in the case of Taxes, on 1/12 the annual Taxes multiplied by the number of months (or portions thereof) elapsed prior to the Closing Date in the year during which the Option Closing Date occurs and, in the case of paid time-off for employees, on the amount of paid time-off accrued as of the Option Closing Date. The Closing Balance Sheets will not include any changes in assets or liabilities as a result of purchase accounting adjustments arising from or resulting as a consequence of the transactions contemplated hereby or subsequent changes in accounting policy or procedure.

(b) For purposes of this Agreement:

(i) "Net Working Capital" shall mean, as of the date of determination, an amount equal to (a) the sum of the current assets, including, without limitation, the following items: (i) cash, (ii) accounts receivable net, (ii) inventories and supplies, and (iii) prepaid expenses, minus (b) the sum of the current liabilities, including, without limitation, the following items: (i) accounts payable, (ii) accrued expenses, (iii) all paid time off owed to employees (including vacation, sick or personal days, or similar benefits); and (iv) real and personal property Taxes to be paid following the Option Closing (to the extent allocable to periods prior to the Option Closing), but excluding the current portion of Long-Term Debt;

(ii) "Reference Working Capital Position" means the average Net Working Capital of the LLC and the Partnership as of the close of business on the last day of the six calendar months ending with the calendar month preceding the date on which Purchaser delivers to Sellers the amount of the Option Price;

(iii) "Purchaser's Working Capital Position" means the Net Working Capital, as reflected on the applicable Closing Balance Sheet;

(iv) A Seller's "Pro Rata Share" means the percentage obtained by dividing (A) the Option Price received by the Seller with respect to Seller's Option Interest by (B) the aggregate Option Price paid with respect to the Option Interests; and

(v) "Net Adjustment" means the Purchaser's Working Capital Position minus the Reference Working Capital Position.

(vi) "Taxes" means all applicable, taxes, charges, duties, fees, levies or other assessments, including income, excise, property, sales, use, gross receipts, recording, insurance, value added, profits, license, withholding, payroll, employment, net worth, capital gains, transfer, stamp, social security, environmental, occupation and franchise taxes, imposed by any governmental entity, and including any interest, penalties and additions attributable thereto, federal, state, local and foreign tax returns, reports, declarations, statements and other documents.

(c) Except as provided in Section 1.3(d) hereof, on or before the 90th day after the Option Closing Date (the "Adjustment Payment Date"):

(i) If the Net Adjustment is a negative number, then each Seller shall pay the Purchaser an amount equal to the product of such Seller's Pro Rata Share multiplied by the Net Adjustment; or

(ii) If the Net Adjustment is a positive number, then Purchaser shall pay each Seller an amount equal to the product of such Seller's Pro Rata Share multiplied by the Net Adjustment.

(d) Within 30 days after the Purchasers' delivery of the Closing Balance Sheets to the Consulting Managers, the Consulting Managers may, in a written notice to Purchaser, describe in reasonable detail any proposed adjustments to the Closing Balance Sheet and the reasons therefor, and shall include pertinent calculations. If the Consulting Managers shall fail to deliver notice of objection to its Closing Balance Sheet within such 30-day period, then all Sellers shall be deemed to have accepted the Closing Balance Sheet. In the event that, following delivery of such a notice, the Purchaser and the Consulting Managers are not able to agree on the Closing Balance Sheet within 30 days from and after the receipt by Purchaser of any objections raised by the Consulting Managers, Purchaser and the Consulting Managers shall each have the right to require that such disputed determinations be submitted to Deloitte & Touche LLP (provided that the Purchasers certify in writing to the Sellers that Deloitte & Touche LLP has not within the five (5) year period prior to the Option Closing Date provided services to any Purchaser or Affiliate thereof) or to such other certified public accounting firm as the Consulting Managers and Purchaser may then mutually agree upon in writing, for computation or verification in accordance with the provisions of this Agreement, and the Sellers or Purchaser shall immediately pay to the Purchaser or Sellers, as applicable, any undisputed amounts. 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 the Purchaser and the Sellers; 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 all Parties in proportion to the relative amount each Party's determination has been modified. Any payments due under this Section 1.3 shall bear interest at eight percent (8%) per annum from the Adjustment Payment Date.

(e) All payments made under this Section 1.3 shall be in cash or by wire transfer of immediately available funds to such bank account or accounts as per written instructions of the recipient, which recipient shall provide such written instructions at least one business day prior to the date such payment is due.

1.4 Assignment. The sale, assignment, transfer and delivery of all Option Interests shall be made by each Seller's execution and delivery at the Option Closing of an Assignment substantially in the form attached as Exhibit 1.4 hereto (the "Assignment").

1.5 Closing. The sale and purchase of the Option Interests provided for herein (the "Option Closing") shall take place concurrently herewith at Waller Lansden Dortch and Davis, LLP, 511 Union Street, Suite 2700, Nashville, Tennessee 37219. The date of the Option Closing is referred to as the "Option Closing Date". The Option Closing shall be deemed effective at 12:01 a.m. on the Option Closing Date.

1.6 Further Acts and Assurances. Each Seller shall, at any time and from time to time at and after the Option Closing, upon request of the Purchaser, take any and all reasonable steps necessary to place the Purchaser in possession of such Seller's Option Interest and will do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such reasonable further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably required for the better transferring and confirming to the Purchaser or to its successors or permitted assigns, or for reducing to possession, such Option Interest.

1.7 Interpretation. In this Agreement, unless the context otherwise requires:

(a) references to this Agreement are references to this Agreement and to the Schedules and Exhibits attached hereto;

(b) references to Articles and Sections are references to articles and sections of this Agreement;

(c) references to any Party to this Agreement shall include references to its respective successors and permitted assigns;

(d) references to a judgment shall include references to any order, writ, injunction, decree, determination or award of any court or tribunal;

(e) references to a person shall include references to any individual, company, body corporate, association, limited liability company, firm, joint venture, trust or governmental entity or agency;

(f) the terms "hereof," "herein," "hereby" and derivative or similar words will refer to this entire Agreement;

(g) references to any document (including this Agreement) are references to that document as amended, consolidated, supplemented, novated or replaced by the Parties from time to time;

(h) the word "including" shall mean including without limitation;

(i) each representation, warranty and covenant contained herein shall have independent significance and, if any party hereto has breached any representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) which such party has not breached shall not detract from or mitigate the fact that the party is in breach of the first representation, warranty or covenant, provided that indemnification for any such breach shall be only in accordance with and subject to the limitations of Article IV hereof; and

(j) in respect of a party, the term "Affiliate" shall mean any entity controlling, controlled by or under common control with such party.

II. REPRESENTATIONS AND WARRANTIES OF SELLERS

Except as set forth in the Schedules to be delivered by Sellers referenced below, each Seller hereby represents and warrants to the Purchaser as follows:

2.1 Authorization and Binding Effect of Sellers. Such Seller has all necessary authority and power to execute and deliver this Agreement and consummate the transactions contemplated hereby and has taken all action required to be taken to authorize the execution, delivery and performance of this Agreement. This Agreement constitutes a valid and binding agreement or commitment against such Seller in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and similar laws of general application relating to or affecting creditors' rights and to general equity principles. Unless otherwise indicated in Schedule 2.1 hereto, such Seller is an individual licensed to practice medicine and residing in the State of California.

2.2 Ownership. Such Seller owns of record the Option Interest he or she is selling to the Purchaser free and clear of any and all Encumbrances and there are no existing agreements, options, warrants, rights, calls or commitments of any character to which such Seller is a party or by which such Seller is bound providing for the sale of such Seller's Option Interest or for the repurchase or redemption of such Seller's Option Interest, other than the Operating Agreement.

2.3 No Finders or Brokers. Except as set forth on Schedule 2.3 hereto, such Seller has not engaged any finder or broker in connection with the transactions contemplated hereunder.

III. REPRESENTATIONS AND WARRANTIES OF PURCHASER

The Purchaser represents and warrants to each Seller as follows:

3.1 Organization and Standing. Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Tennessee and has full limited liability company power and authority to conduct its business as now being conducted, and is duly qualified to do business in each jurisdiction in which the nature of its property or business requires.

3.2 Authorization and Binding Effect. Purchaser has all necessary authority and power to execute and deliver this Agreement and consummate the transactions contemplated hereby and has taken all action required to be taken by or on the part of Purchaser to authorize the execution, delivery and performance of this Agreement. This Agreement constitutes a valid and binding agreement enforceable against Purchaser in accordance with its terms. The execution of this Agreement by Purchaser, the performance by Purchaser of its obligations hereunder and the consummation of the transaction contemplated hereby by Purchaser will not require any consent, approval or notice under, or violate, breach, be in conflict with or constitute a default (or an event that, with notice or lapse of time or both, would constitute a default) under, or permit termination of, or result in the creation or imposition of any lien upon any properties, assets or business of Purchaser under any note, bond, indenture, mortgage, deed of trust, lease, franchise, permit, authorization, license, contract, instrument, agreement or commitment, in each case which is material to Purchaser, or any order, judgment or decree to which Purchaser is a party or by which Purchaser is bound. No notice to, filing or registration with or authorization, consent or approval of any public body or governmental or regulatory authority is necessary for the consummation by Purchaser of the transaction contemplated by this Agreement.

3.3 No Finders or Brokers. Purchaser has not engaged any finder or broker in connection with the transactions contemplated hereunder.

3.4 No Untrue or Inaccurate Representation or Warranty. No representation or warranty by Purchaser contains or will contain any untrue statement of fact, or omits or will omit to state a fact necessary to make the statements therein not misleading.

3.5 Financial Ability. Purchaser has, and will have on the Option Closing Date, and thereafter as needed, sufficient cash on hand from Purchaser's immediately available internal organization funds or available under a currently established committed credit facility or unutilized lines of credit with financial institutions, to consummate the transactions contemplated by this Agreement and perform its obligations hereunder.

3.6 Solvency. On the Option Closing Date, after giving effect to all indebtedness being incurred on such date in connection herewith, Purchaser will not (i) be insolvent (either because its financial condition is such that the sum of its debts is greater than the fair value of its assets or because the present fair salable value of its assets will be less than the amount required to pay its probable liability on its debts as they become absolute and matured), (ii) have unreasonably small capital with which to engage in its business or (iii) have incurred or plan to incur debts beyond its ability to pay as they become absolute and matured.

3.7 Independent Analysis.

(a) Purchaser acknowledges that it has conducted an independent investigation of the financial condition, results of operations, assets, liabilities, properties and projected operations of the LLC and the Partnership and, in making its determination to proceed with the transactions contemplated by this Agreement, Purchaser has relied solely on the results of such investigation and the representations and warranties of the Sellers set forth herein. Such representations and warranties constitute the sole and exclusive representations and warranties of the Sellers in connection with the transactions contemplated hereby, and Purchaser acknowledges and agrees that the Sellers are not making any representation or warranty whatsoever, express or implied, beyond those expressly given in this Agreement.

(b) Without limiting the foregoing, Purchaser acknowledges that no Seller has made any representation or warranty, express or implied, as to the accuracy or completeness of any memoranda, charts, summaries, presentations or schedules heretofore made available to Purchaser or any other information which is not included in this Agreement. Purchaser further acknowledges and agrees that any cost estimates, forecasts, projections or other predictions or forward-looking information that may have been provided to Purchaser were prepared for internal planning purposes only and are not representations or warranties of the Sellers, and no assurances can be given that any estimated, forecasted, projected or predicted results will be achieved.

3.8 Investment Intention. Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of acquiring the Option Interests. Purchaser will acquire the Option Interests for investment only, and not with a view toward or for sale in connection with any distribution thereof or with any present intention of distributing or selling any interest therein. Purchaser understands that the transactions contemplated hereby have not been, and will not be registered or qualified under the Securities Act of 1933, as amended, nor any state or any other applicable securities law, by reason of a specific exemption from the registration or qualification provisions of those laws, based in part upon Purchaser's representations in this Agreement. Purchaser understands that no part of the Option Interests may be resold unless such resale is registered under the Securities Act of 1933, as amended, and registered or qualified under applicable state securities laws or an exemption from such registration and qualification is available.

IV. INDEMNIFICATION

4.1 Indemnification of Purchaser.

(a) From and after the Option Closing and subject to the limitations herein provided, each Seller shall upon demand indemnify and hold the Purchaser harmless against, and reimburse such Purchaser from time to time as costs are incurred for any actual damage, loss, liability, fine, penalty, charge, administrative or judicial proceeding or order, judgment, remedial action requirement, enforcement action of any kind, cost or expense (including reasonable attorneys' fees and other reasonable expenses incurred in investigating or defending any claim against such Purchaser for such damage, loss, cost or expense incurred, directly or indirectly, by such Purchaser or its Affiliate) resulting from any breach of such Seller's representations, warranties or covenants in this Agreement, or any document or instrument delivered pursuant hereto.

(b) Purchaser shall have the right, with notice, to offset or set off amounts owed to it by a Seller under this Article IV against amounts owed by Purchaser or its Affiliates to such Seller pursuant to any other obligations, including without limitation, any distributions due to such Seller from the LLC; provided, however, no right of off-set may be exercised until ninety (90) days have lapsed from the date the amount owed by such Seller to Purchaser is due. Purchaser's right to indemnification, payment of damages or other remedy hereunder based upon Sellers' representations, warranties, covenants and obligations herein will not be affected or limited by any investigation conducted by or on behalf of Purchaser with respect hereto, any preparation or compilation by or on behalf of Purchaser of schedules to this Agreement, or any knowledge acquired (or capable of being acquired) by Purchaser at any time before or after the execution and delivery of this Agreement or the Option Closing Date with respect to the accuracy or inaccuracy of or compliance with, any such representation, warranty, covenant or obligation.

4.2 Indemnification of Sellers. From and after the Option Closing and subject to the limitations herein provided, Purchaser shall upon demand indemnify and hold Sellers harmless against, and reimburse Sellers from time to time when and as costs are incurred for, any actual damage, loss, liability, fine, penalty, charge, administrative or judicial proceeding or order, judgment, remedial action requirement, enforcement action of any kind, cost or expense (including reasonable attorneys' fees and other expenses incurred in investigating or defending any claim against Sellers for such damage, loss, cost or expense) incurred by Sellers resulting from any breach of Purchaser's representations, warranties or covenants in this Agreement, or any document or instrument delivered pursuant hereto. Each Seller shall have the right, with notice, to offset or set off amounts owed to such Seller under this Article IV against amounts owed by such Seller to the Purchaser pursuant to any other obligations. Seller's right to indemnification, payment of damages or other remedy hereunder based upon Purchaser's representations, warranties, covenants and obligations herein will not be affected, or limited by any investigation conducted by or on behalf of Sellers with respect hereto, any preparation or compilation by or on behalf of Sellers of schedules to this Agreement, or any knowledge acquired (or capable of being acquired) by Sellers at any time before or after the execution and delivery of this Agreement or the Option Closing Date with respect to the accuracy or inaccuracy of or compliance with, any such representation, warranty, covenant or obligation.

4.3 Limitations. If the Option Closing occurs, this Article IV shall be the sole and exclusive remedy for breach of, or inaccuracy in, any representation, warranty, or covenant contained herein, or otherwise in respect of the transactions contemplated hereby.

V. MISCELLANEOUS

5.1 Schedules and Other Instruments. Each Schedule and Exhibit to this Agreement shall be considered a part hereof as if set forth herein in full.

5.2 Additional Assurances. The provisions of this Agreement shall be self-operative and shall not require further agreement by the Parties except as may be herein specifically provided to the contrary; provided, however, at the reasonable request and expense of a Party, the other Party or Parties shall execute such additional instruments and take such additional actions as the requesting Party may deem necessary to effectuate this Agreement. In addition and from time to time after Option Closing, Sellers shall execute and deliver such instruments of conveyance and transfer, and take such other actions as Purchaser reasonably may request, to effectively convey and transfer full right, title and interest to, vest in, and place Purchaser in legal, equitable and actual possession of the Option Interest.

5.3 Consented Assignment. Anything contained herein to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign any claim, right, contract, license, lease, commitment, sales order or purchase order if an attempted assignment thereof without the consent of the other Party thereto would constitute a breach thereof or in any material way affect the rights of Sellers, as appropriate, thereunder, unless such consent is obtained. If such consent is not obtained, or if an attempted assignment would be ineffective or would materially affect the rights thereunder of Sellers so that Purchaser would not in fact receive all such rights, the Parties shall cooperate in any reasonable arrangement designed to provide for the Parties the benefits under any such claim, right, contract, license, lease, commitment, sales order or purchase order, including, without limitation, enforcement of any and all rights of Sellers, against the other party or parties thereto arising out of the breach or cancellation by such other party or otherwise.

5.4 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.

5.5 Choice of Law and Venue. The Parties agree that this Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to its conflicts of law provisions. The Parties hereto hereby designate all courts of record sitting in Los Angeles County, California, both state and federal, as the exclusive forums where any action, suit or proceeding in respect of or arising out of this Agreement, or the transactions contemplated by this Agreement shall be prosecuted as to all Parties, their successors and assigns, and by the foregoing designations the Parties hereto consent to the exclusive jurisdiction and venue of such courts.

5.6 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 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 any Party may, without the prior written consent of the other Party, assign its rights and delegate its duties hereunder to one or more of its affiliates (it being understood that neither such assignment or delegation shall relieve any Party of its obligations 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.

5.7 Cost of Transaction. Except as otherwise provided herein, whether or not the transactions contemplated hereby shall be consummated, the Parties agree as follows: (i) Sellers will pay the fees,

expenses, and disbursements of Sellers and their agents, representatives, accountants, and counsel incurred in connection with the subject matter hereof and any amendments hereto; and (ii) Purchaser shall pay the fees, expenses and disbursements of Purchaser and its agents, representatives, accountants and counsel incurred in connection with the subject matter hereof and any amendments hereto. Purchaser shall bear the costs of any regulatory or licensure filings under the laws or regulations of the State of California.

5.8 Confidentiality.

(a) The information, documents and instruments made available or delivered to Purchaser by Sellers or their agents and the information, documents and instruments made available or delivered to Sellers by Purchaser or its respective agents are of a confidential and proprietary nature. Each of the Parties hereto agrees that both prior and subsequent to the Option Closing it will maintain the confidentiality of all such confidential information, documents or instruments made available or delivered to it by each of the other Parties hereto or their agents in connection with the negotiation of this Agreement or in compliance with the terms, conditions and covenants hereof and will only disclose such information, documents and instruments to its duly authorized officers, directors, representatives and agents. Each of the Parties hereto further agrees that if the transactions contemplated hereby are not consummated, it will return all such information, documents and instruments and all copies thereof in its possession to the other Party to this Agreement. Each of the Parties hereto recognizes that any breach of this Section would result in irreparable harm to the other Parties to this Agreement and their affiliates and that therefore each of them shall be entitled to an injunction to prohibit any such breach or anticipated breach, without the necessity of posting a bond, cash or otherwise, in addition to all of their other legal and equitable remedies. Nothing in this Section 5.8, however, shall prohibit the use of such confidential information, documents or instruments for such governmental filings as in the reasonable opinion of Seller's counsel or Purchaser's counsel are (i) required by law or governmental regulations or (ii) otherwise appropriate; provided the disclosing party provides the owner of such confidential information, documents or instruments prior written notice so that such owner may seek a protective order to maintain its confidentiality.

(b) The Parties hereto agree that the terms and conditions of this Agreement, and all other agreements and instruments executed and delivered by the respective Parties in connection with this Agreement (the "Transaction Documents") shall remain confidential. Neither Purchaser nor Sellers nor their respective agents and representatives shall distribute the Transaction Documents or any drafts thereof, or any part thereof, to any third party unless required by law to do so; provided the disclosing party provides the owner of such confidential information, documents or instruments prior written notice so that such owner may seek a protective order to maintain its confidentiality.

5.9 Public Announcements. Sellers agree that they shall not release, publish or otherwise make available to the public in any manner whatsoever any information or announcement regarding the transactions herein contemplated without the prior written consent of the Purchaser, except for information and filings reasonably necessary to be directed to governmental agencies to fully and lawfully effect the transactions herein contemplated or required in connection with securities and other laws; provided, that Purchaser shall, to the extent reasonable and practicable, give notice to the Consulting Managers prior to making any announcement regarding the transactions herein contemplated.

5.10 Waiver of Breach. 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.

5.11 Notice. Any notice, demand or communication required, permitted, or desired to be given hereunder shall be deemed effectively given upon receipt or refusal to accept receipt when delivered personally, upon facsimile (if the sending facsimile machine prints confirmation of receipt by the receiving machine and notice is given by other means permitted by this Section within one business day thereafter) or the next Business Day when sent by overnight courier, with delivery prepaid thereon and overnight delivery specified, or five days after being deposited in the United States mail, with postage prepaid thereon, or certified or registered mail, return receipt requested, addressed as follows:

Seller:	To the addresses set forth on the signature pages hereto for such Seller
With a simultaneous copy to:	To the counsel (if any) for such Seller, as indicated on the signature page hereto
With a simultaneous copy to:	Waller Lansden Dortch & Davis, LLP 511 Union Street, Suite 2700 Nashville, Tennessee 37219-1760 Attention: Joseph A. Sowell, III, Esq.

or to such other address, and to the attention of such other person or officer as any Party may designate, with copies thereof to the respective counsel thereof as notified by such Party.

5.12 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.

5.13 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.

5.14 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.

5.15 Survival. All of the covenants and agreements made by the Parties in this Agreement or pursuant hereto in any certificate, instrument or document which are to be performed after the Option Closing shall survive the consummation of the transactions described herein and shall not be deemed merged into any instruments or agreements delivered at the Option Closing or thereafter, and no other covenants and agreements shall survive the Option Closing but shall be deemed merge into any instruments or agreements delivered at the Option Closing.

5.16 Entire Agreement/Amendment. 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 shall be recognized unless and until made in writing and signed by all Parties hereto. 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.

5.17 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 IS KNOWINGLY AND VOLUNTARILY WAIVING ITS RIGHTS TO DEMAND TRIAL BY JURY.

5.18 Tax Advice and Reliance. None of the Parties (nor any of the Parties' respective counsel, accountants or other representatives) has made or is making any representations to any other Party (or to any other Party's counsel, accountants or other representatives) concerning the consequences of the transactions contemplated hereby under applicable tax laws. Each Party has relied solely upon the tax advice of its own employees or of representatives engaged by such Party and not on any such advice provided by any other Party hereto.

5.19 No Rescission. No Party shall be entitled to rescind the transactions contemplated hereby by virtue of any failure of any Party's representations and warranties herein to have been true or any failure by any Party to perform its obligations hereunder.

5.20 Counterparts. This Agreement may be executed in multiple counterparts (including by means of telecopied signature pages), any one of which need not contain the signatures of more than one Party, each of which shall be enforceable against the Parties executing such counterparts, and all of which together shall constitute one instrument.

Remainder of page intentionally left blank.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

PURCHASER:

SMBISS THOUSAND OAKS, LLC, A TENNESSEE
LIMITED LIABILITY COMPANY

By: _____

Name: _____

Title: _____

SELLER:

Each Seller's signature appears on the "Counterpart
Signature Pages" attached hereto:

**SELLERS' COUNTERPART SIGNATURE PAGE TO SECOND OPTION PURCHASE
AGREEMENT**

Signature of Seller

Print Name of Seller

Address of Seller for Notices

Address of Counsel

EXHIBIT E

GOVERNORS

Class A Governing Board Members - Specialty Surgical Center of Thousand Oaks, LLC (2)	Class B Governing Board Members - Specialty Surgical Center of Thousand Oaks, LLC (1)
1. Randhir S. Tuli	1. Gregg Stanley
2. Andrew A. Brooks, M.D.	-----

Schedule 1.32

Grandfathered Businesses

<u>Member Name</u>	<u>Grandfathered Interest</u>
<u>Grandfathered Business at "Specialty Surgical Center of Thousand Oaks, LLC"</u>	
Evan Jay Bachner, M.D.	West Hills Surgical Center
Tjerk Bury, M.D.	TOSH, Thousand Oaks (These Competing Business shall cease to be Grandfathered Businesses on July 13, 2008)
David D. Chi, M.D.	Los Robles Surgicenter
Jerome Friedland, M.D.	Specialty Surgical Center of Encino
Yellowfin, Inc.	Thousand Oaks Surgical Hospital
<u>Grandfathered Business at "All Specialty Surgical Centers"</u>	
Andrew A. Brooks, M.D. Randhir S. Tuli	Specialty Surgical Center, LLC; Specialty Surgical Center of Encino, LLC; Specialty Surgical Center of Arcadia, LLC; Specialty Surgical Center of Irvine, LLC; and any new surgical centers covered by Sections 4.2 or 4.3 of the Consulting Agreement between the Consulting Managers, Parthenon Management Partners, LLC and Symbion ARC Management Services, Inc., dated July 27, 2005.

EXHIBIT E

AGREEMENT OF LIMITED PARTNERSHIP

EXHIBIT “E”



Randhir Tuli <rtuli@mdsynergy.com>

Re: Check

Andrew Brooks <abrooks@cardomedical.com>

Mon, Jun 28, 2010 at 11:12 PM

To: Randhir Tuli <rtuli@mdsynergy.com>

Okay thanks.

Andrew A. Brooks, M.D.

Cardo Medical

9701 Wilshire Blvd. Suite 1100

Beverly Hills, Ca 90212

Office 310 274-2036

----- Original Message -----

From: Randhir Tuli <rtuli@mdsynergy.com>

To: Andrew Brooks

Sent: Tue Jun 29 01:42:12 2010

Subject: RE: Check

Let me know when you are back Andrew. Let's get together on your return.

Have a good trip

Regards

Randhir S. Tuli

Chairman & CEO

818-914-3407 Office

818-721-2161 Cell/Wildfire

818-475-1637 Fax

www.mdsynergy.com

Join our webinars:

MD Synergy PRO Solutions Spotlight on May 13th, 2010 at 12:30 pm (PST)

MD Synergy PRO Solutions Spotlight on May 27th, 2010 at 12:30 pm (PST)

MD Synergy PRO Solutions Spotlight on June 8th, 2010 at 11:00 am (PST)

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-----Original Message-----

From: Andrew Brooks [mailto:abrooks@cardomedical.com]

Sent: Monday, June 28, 2010 10:25 PM

To: Randhir Tuli

Subject: Re: Check

Ahhhh yes the good old days.....it is funny I always associate Aviara with stress related to SSC. I haven't been there in 4 years. My kids still talk about the one trip we had there where I spent the whole time dealing with Share, Spirt over something going on.

Anyway, Symbion said they are going to "fix" the situation with Arcadia. I didn't return any docs to B of A which were sent recently.

I expect the EBITDA of T.O. to be near 5mm for the past 12 months. The buyout value should be 25-30mm. We still own about 12.5 percent each. Actually, my soon be ex has 6.25 of mine. Plus the management fee buyout which should be about 800k each. All in all I expect your payday to be 3mm plus. Kelly will have 1.5mm and me approx 1.5mm. Those are just my rough calcs.

I am seeing a lot of new opportunities in healthcare. I am in NY now but in the next few weeks we should get together and discuss some things.

One thing Cardo has done has given me more of a national understanding of regions and trends. I have some revolutionary ideas for delivery of surgical services at a lower cost.

Andrew

Andrew A. Brooks, M.D.

Cardo Medical

9701 Wilshire Blvd. Suite 1100

Beverly Hills, Ca 90212

Office 310 274-2036

----- Original Message -----

From: Randhir Tuli <rtuli@mdsynergy.com>

To: Andrew Brooks

Sent: Tue Jun 29 00:46:12 2010

Subject: RE: Check

Hi Andrew

All is well and hope same with you. We were in Aviara over the weekend and Sonia and I were just talking about days we all planned our trip with you and your family...BBQ...miss those good days.

Andrew as a matter of fact Rick had me sign a check for you today...reason for delay was payment from Arcadia comes late now since accounting is separately done by SSC facilities. Otherwise no issues all as usual

Lets get together for lunch or game of golf when you have time

BTW I got a call from someone from Bank of America inquting about financial statements in relation to SSC Arcadia. Are we still on the hook with Arcadia loan? do you know what the buyout amount will be for Thousand Oaks?

Best

Randhir S. Tuli
Chairman & CEO

818-914-3407 Office
818-721-2161 Cell/Wildfire
818-475-1637 Fax

www.mdsynergy.com

Join our webinars:

MD Synergy PRO Solutions Spotlight on May 13th, 2010 at 12:30 pm (PST)
MD Synergy PRO Solutions Spotlight on May 27th, 2010 at 12:30 pm (PST)
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-----Original Message-----

From: Andrew Brooks [mailto:abrooks@cardomedical.com]
Sent: Monday, June 28, 2010 9:39 PM
To: Randhir Tuli
Subject: Check

Hi Randhir,

Hope all is well with you. The last check I received regarding the transcription was 4/20. Can you please let me know if the subsequent checks were sent and perhaps lost in the mail?

I expect Symbion to be exercising their buyout of us from Thousand Oaks soon.

Andrew

Andrew A. Brooks, M.D.
Cardo Medical
9701 Wilshire Blvd. Suite 1100
Beverly Hills, Ca 90212
Office 310 274-2036

EXHIBIT “F”

Symbion then has 30 days to calculate and deliver the price with the closing to occur to within 60 days

If Symbion does not exercise the purchase option – then Andrew and Randhir have a choice.

Their choice is to –

(1) deliver the push/pull notice or (2) do nothing and the purchase option expires

If Andrew and Randhir deliver the push/pull notice then Symbion will calculate a price and per unit and deliver it.

With this information then Andrew, Randhir and the MD's that choose to participate make a choice to buy the Symbion units at that price or Symbion gets to buy the Consultant Member units and some of the physician units at that price.

Using an absurd number to illustrate the point only –

Let's say Symbion does not exercise the option

Then Andrew and Randhir deliver the push pull notice

Symbion then delivers the response price

Say the response price is \$1 per unit

Then Andrew and Randhir and the MD's choose either buy or sell

If the choice is to buy then Symbion is bought out for \$1 per unit and we go away

If the choice is to sell then Symbion buys the consultant units and some portion of the MD units for \$1 per unit

The management agreement is dealt with separately and we can discuss it when you would like.

This information is in response to the first question in your email from yesterday. The answer to the second question is that we are proposing to leave all the terms of the Second Purchase Option the same but add one year to all of the dates/timeline detailed below. Really simple – just extend all the dates by one year with no change.

I will respond to questions 3, 4, and 5 as soon as I am able to get to the office. Let me know when you have time to discuss this.

Thanks,

George

Specialty Surgical Center of Thousand Oaks

Second Purchase Option

20-Jul-10

	<u>Start</u>	<u>End</u>
Option period - deliver notice	3/22/2010	3/21/2011
Deliver notice of exercise - within 30 days		4/20/2011
Closing - commercially reasonable efforts within 60 days of delivery of the option notice		6/19/2011

4/5/2014

MD Synergy Solutions, LLC Mail - RE: Fw: Second Purchase Option -

Units to be acquired -

All consultant interest and an amount to allow Symbion to own up to

55% of the center

Second Option Formula value -

6.8x EBITDA for TTM ended prior to notice date less indebtedness

Process if Second Purchase Option is not exercised -

Consultant members may deliver "Push/Pull Notice" to buy Symbion position

4/20/2011

Value is determined by Symbion and delivered to Consultant Members

("Response Price")

Consultant members decide to buy or sell - within 60 days

Closing within 60 days

Management Agreement Termination Fee

Required by purchase of Symbion position based on the push pull notice

Same multiple as used in determining the "Response Price" above

If not readily determined or meaningful then use multiple per Management Rights

Purchase Agreement

George M. Goodwin

President, American Group

Symbion, Inc.

40 Burton Hills Blvd., Suite 500

Nashville, TN 37215

615-234-8909 (O)

615-478-4250 (C)

615-694-5113 (F)

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||

Randhir S. Tuli
Chairman & CEO
P: 818 914 3407 | C: 818 934 1494 | F: 818 475 1637

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EXHIBIT “G”

 **Re: SSC of Thousand Oaks**

Randhir Tuli <rtuli@mdsynergy.com>
To: "Goodwin, George" <GGOODWIN@symbion.com>

Wed, Feb 29, 2012 at 7:47 AM

Nice talking to you.

George, I am a bit surprised by your call.

This is what you brought to my attention on this call regards to SSC of Thousand Oaks

1. You informed me that Symbion is not planning to exercise its option
2. You also informed me that you have no intention to exercise option to purchase at agreed upon multiple per the asset purchase agreement
3. You would like to buy my units in SSC Thousand Oaks at some discounted rate. For clarification you confirmed just me as the member you want purchase the units not Andrew and other doctors
4. When I inquired why me only, your response was you are not involved in the management and have not attended meetings

George to single me out is not going to go well for anyone involved in this plot.

The buy-out has to be consistent for all members specially the managing members. Now for you to say I am not involved that is ridiculous statement....I have never been asked to get involved and never has this issue been brought to my attention regards to my involvement with SSC operations. If this partnership wants me involved and have me make decisions for the partnership, I am there and happy to drive the center and play the role which both Andrew and I are required to play. But to come back now and suggest I am not involved is nothing but looking for excuse and George this wont really work. Other then meeting notice I receive and some case updates I dont receive any communication from anyone including Symbion....

On another note I received a call from Andrew few weeks ago regards to SSC Thousand oaks. He informed me that he wanted to meet to discuss the possibility to acquire back SSC Thousand oaks in case Symbion does not exercise its option. He asked me if I was in support which I confirmed yes if that is what the partnership determines I am in support for it. He suggested we will borrow money to acquire the Symbion Units and again I confirmed was fine with me. He asked me if I was interested to be involved in managing if we exercised the option to acquire units back from Symbion. I also confirmed yes that he and I will manage the center....I find it odd that now this discussion is coming in a different twist...I know the too well the personalities involved and well averse of there thinking and how greed plays in this thought process.

Best

On Wed, Feb 29, 2012 at 6:26 AM, Randhir Tuli <rtuli@mdsynergy.com> wrote:
I never got your message George. I will call you in 30 mins. What number should I call?

Randhir S. Tuli
Chairman & CEO

P: 818-914-3407 | C: 818-934-1494 | F: 818-475-1637
www.mdsynergy.com

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On Feb 29, 2012, at 6:23 AM, "Goodwin, George" <GGOODWIN@symbion.com> wrote:

Rhandir -

Hope you are doing well. Please give me a call regarding SSC of Thousand Oaks. I called your cell phone yesterday and it said it beeped you with my number, but I am not sure you actually received the information.

Hope to talk to you soon.

George

George M. Goodwin
President, American Group

Symbion Healthcare

40 Burton Hills Boulevard, Suite 500

Nashville, TN 37215

Direct: 615-234-8909

FAX: 615-694-5113

Cell: 615-478-4250

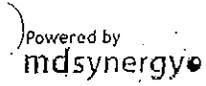
ggoodwin@symbion.com

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Randhir S. Tuli

Partner & CEO

818-914-3407 | C: 818-934-1494 | F: 818-475-1637



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EXHIBIT “H”

Follow up to our discussions

Goodwin, George <GGOODWIN@symbion.com>
To: Randhir Tuli <rtuli@mdsynergy.com>

Thu, Mar 22, 2012 at 6:39 AM

Randhir -

As a follow up to some of the recent discussions I am forwarding you a copy of the consulting agreement for your review. We will be meeting with the partners at Thousand Oaks and reviewing this document, performance, etc. We will be communicating with you related to the execution of the duties required under this agreement.

Hope you are doing well and look forward to resolving this as soon as possible.

George

George M. Goodwin
President, American Group

Symbion Healthcare

40 Burton Hills Boulevard, Suite 500

Nashville, TN 37215

Direct: 615-234-8909

FAX: 615-694-5113

Cell: 615-478-4250

ggoodwin@symbion.com

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 Parthenon Consulting Agreement.pdf
310K

EXHIBIT “I”

Re: Follow up to our discussions

Randhir Tuli <rtuli@mdsynergy.com>
To: "Goodwin, George" <GGOODWIN@symbion.com>

Thu, Mar 22, 2012 at 7:14 AM

All this time the management was never an issue neither from Symbion or it's doctors. Since the greed has creeped in to acquire units this is now an issue. Timing of all this is well documented and noted.

Thank you

Randhir S. Tuli
Chairman & CEO

P: 818-914-3407 | C: 818-934-1494 | F: 818-475-1637
www.mdsynergy.com

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On Mar 22, 2012, at 6:39 AM, "Goodwin, George" <GGOODWIN@symbion.com> wrote:

Randhir --

As a follow up to some of the recent discussions I am forwarding you a copy of the consulting agreement for your review. We will be meeting with the partners at Thousand Oaks and reviewing this document, performance, etc. We will be communicating with you related to the execution of the duties required under this agreement.

Hope you are doing well and look forward to resolving this as soon as possible.

George

George M. Goodwin
President, American Group

Symbion Healthcare

40 Burton Hills Boulevard, Suite 500

Nashville, TN 37215

Direct: 615-234-8909

FAX: 615-694-5113

Cell: 615-478-4250

ggoodwin@symbion.com

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<Parthenon Consulting Agreement.pdf>

EXHIBIT “J”



Consulting Agreement letter

Lyons, Linda <llyons@symbion.com>
To: "rtuli@mdsynergy.com" <rtuli@mdsynergy.com>

Mon, Apr 9, 2012 at 2:42 PM

George Goodwin will also be mailing this to you, but thought we would email so you can receive today.

As requested, we are attempting to deliver this to Theodore E. Guth. However, we have indications that he no longer is practicing law. Please provide contact information for your attorney.

Thanks!

)
Linda Lyons

Executive Assistant - National and American Groups

Symbion Healthcare

40 Burton Hills Blvd, Suite 500

Nashville, TN 37215

615-234-7902 eFAX: 16156945103@efaxsend.com

llyons@symbion.com

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 **CONSULTING LTR.pdf**
46K

SYMBION

HEALTHCARE

April 9, 2012

Via Email and Regular Mail

Randhir S. Tuli
19248 Allandale Road
Tarzana, CA 91356
Attention: Randhir S. Tuli, Managing Member

Re: Consulting Agreement

Dear Mr. Tuli:

As you know, Parthenon Management Partners, LLC ("Parthenon"), you, Andrew A. Brooks, M.D. (together with you, the "Owners") and SymbionARC Management Services, Inc. ("Symbion") are parties to that certain Consulting Agreement, dated as of August 1, 2005 (the "Consulting Agreement"), pursuant to which you, Andrew and the Owners are to provide consulting and oversight management services to an outpatient surgery center, SSC of Thousand Oaks, managed by Symbion (the "Center"). At a meeting of the Governing Board of the Center last night, it came to my attention that you have not provided any of the services required to be provided by you under the Consulting Agreement for the last 24 months. This failure to provide services meets the definition of Contractor/Owner Material Breach contained in Section 3.2(c) of the Consulting Agreement - "the habitual breach of an Owner to perform the duties set forth on Exhibit 1.2 hereto in any material respect." As a result, this letter serves as written notice to you that you are in Material Breach of the Consulting Agreement pursuant to Section 3.2 of the Consulting Agreement. As a means of providing detail, as required by Section 3.2 of the Consulting Agreement, you have not provided any of the services listed on Exhibit 1.2 of the Consulting Agreement for the last 24 months. In accordance with Section 3.2 of the Consulting Agreement you have 45 days from your receipt of this notice during which to attempt to cure the Contractor/Owner Material Breach described above. In order to cure such breach, if you choose, Symbion will expect you to provide all of the services set forth on Exhibit 1.2, which will require your presence at the Center. We expect you to be present at the center between the hours of 0800 and 1600 daily. We will have you report directly to the medical director Dr. Glenn Cohen. Please know that, if you choose not to cure the breach, your Consulting Agreement will be terminated 45 days from your receipt of this notice.

If you have any questions regarding this letter and the notice provided herein, please contact me at 40 Burton Hills Boulevard, Suite 500, Nashville, Tennessee 37215, telephone number (615) 234-8909.

Sincerely yours,



George M. Goodwin
SymbionARC Management Services, Inc.

cc: Guth Christopher LLP
10866 Wilshire Boulevard, Suite 1250
Los Angeles, CA 90024
Attention: Theodore E. Guth

EXHIBIT “K”



Fox Rothschild LLP
ATTORNEYS AT LAW

1800 Century Park East, Suite 300
Los Angeles, CA 90067-1506
Tel 310.598.4150 Fax 310.556.9828
www.foxrothschild.com

James E. Doroshow
Direct Dial: (310) 228-6990
Email Address: jdoroshow@foxrothschild.com

April 10, 2012

Via E-Mail & U.S. Mail
(ggoodwin@symbion.com)

George Goodwin
President, American Group
Symbion Healthcare
40 Burton Hills Boulevard, Suite 500
Nashville, TN 37215

Re: Randhir S. Tuli

Dear Mr. Goodwin:

I am responding to your letter to my client (Randhir S. Tuli) dated April 9, 2012. As I previously informed you in my letter to you dated March 26, 2012, any and all communications relating to this matter should now be directed to my attention. Is there a reason why you are ignoring this request?

In terms of the statements in your April 9th correspondence, it is perfectly clear to me and to my client that the sole reason why you are now making the unfounded allegations and threats found in your letter is that you wish to retaliate against Mr. Tuli for his refusal to sell his remaining equity interest in the Centers to Symbion and existing SSC Members and to harass him. This of course does not provide any justification for your claims of breach of the Consulting Agreement, or your threat to terminate it. As you know, the Consulting Agreement is dated August 1, 2005, over six and a half-years ago. Yet, until now, there has never been a demand by Symbion that Mr. Tuli perform any additional services, much less be present at the SSC of Thousand Oaks on a daily basis for eight (8) hours a day as you now demand as a condition of continuing to perform your obligations under the Consulting Agreement. I would



Fox Rothschild LLP
ATTORNEYS AT LAW

George Goodwin

April 10, 2012

Page 2

remind you that my client's obligations under the Consulting Agreement consist solely of the duty to provide "consulting and oversight services" to the Manager relating to the operation of the Centers. *See* Agreement at para. 1.1. Mr. Tuli is not an employee of Symbion who needs to be physically present at the Center for eight hours a day. In fact, among other duties that Symbion itself has under the Consulting Agreement, is to conduct itself in a "business-like manner in accordance with such reasonable policies and directives adopted by the Manager from time to time and communicated in writing to the Contractor and the Owners." *Id.* at para. 1.2b. In addition, Exhibit 1.2 to the Agreement defining the "services" Mr. Tuli is required to provide and which you cite in your April 9th letter states that Mr. Tuli shall only provide the designated services as Symbion "may reasonably request." There is nothing in the Consulting Agreement stating that Mr. Tuli must be physically present at the Center on a daily basis for eight (8) hours a day. This of course is not reasonable. Also, I am not aware of any "written" request that Symbion has ever made of my client since the inception of the Agreement over six and one-half years ago, much less any claim that Mr. Tuli is in breach of the Consulting Agreement. If you have such prior written requests to Mr. Tuli please send them to me for my immediate review. However, to now claim for the first time over six and one-half years later that Mr. Tuli has somehow failed to fulfill his obligations to Symbion under the Consulting Agreement is of course self-serving fabrication pure and simple. In particular, having heard nothing from Symbion for years requesting that Mr. Tuli perform any additional services, to now claim that Mr. Tuli has somehow engaged in a "habitual breach" of his duties under the Agreement is totally contrived and unfounded.

Please be advised that if Symbion fails to fulfill all of its obligations to Mr. Tuli under the Consulting Agreement, including payment of the fees to which my client is entitled under Article II of the Agreement, it is our intention to file suit against Symbion for breach of the Agreement and for all other relief available to my client under California law. Having said this, we sincerely hope that you will reconsider your threats of terminating the Consulting Agreement, and continue to perform all of Symbion's obligations under the Agreement. As always, if there are any "reasonable" and specific requests you have of my client to fulfill his contractual obligations to Symbion under the Consulting Agreement, please send us a written request as the Agreement plainly requires and we will be happy to address it.

Very truly yours,

A handwritten signature in cursive script that reads "James E. Doroshov".

James E. Doroshov

JED:jo

EXHIBIT “L”



Randhir Tuli <rtuli@mdsynergy.com>

Re: Meeting

GLENN COHEN <glenncohen@me.com>

Tue, May 15, 2012 at 7:07 PM

To: Randhir Tuli <rtuli@mdsynergy.com>

Cc: Farnum Mark <markfarnum@roadrunner.com>, Chi David <davechi@aol.com>

I spoke to David. Let's do 630 please.

See you then at four seasons lobby lounge.

G

Glenn D. Cohen, M.D.

On May 15, 2012, at 9:14, Randhir Tuli <rtuli@mdsynergy.com> wrote:

Works for me

Randhir S. Tuli
Chairman & CEO

P: 818-914-3407 | C: 818-934-1494 | F: 818-475-1637
www.mdsynergy.com

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On May 15, 2012, at 8:55 AM, "Glenn D. Cohen, M.D." <glenncohen@me.com> wrote:

Gents can we pick a time for tomorrow that we can all meet at four seasons westlake village?

I am free after 6pm anytime

Glenn

From: Randhir Tuli <rtuli@mdsynergy.com>

Subject: Re: Meeting

Date: May 15, 2012 8:52:12 AM PDT

To: "Glenn D. Cohen, M.D." <glenncohen@me.com>

Yes I will confirm time shortly. Let's meet at four seasons westlake. What time works for you, Dr Chi and Dr Farnum?

Randhir S. Tuli
Chairman & CEO

P: 818-914-3407 | C: 818-934-1494 | F: 818-475-1637
www.mdsynergy.com

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On May 15, 2012, at 8:14 AM, "Glenn D. Cohen, M.D." <glenncohen@me.com> wrote:

R

Any word on this?

Thanks
G

Glenn D. Cohen, M.D.
Diplomate American Board of Orthopedic Surgeons
Disorders of the Hand, Wrist and Elbow
www.handsurgeon.org | 805.370.6877
www.orthopedicapotheary.com

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Click Here For Facebook Instructions

<image006.jpg>

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Protected Health Information (PHI) is personal and sensitive information related to a person's health care. If contained herein it is being delivered after appropriate authorization

information, and being controlled under appropriate authorization, from the patient or under circumstances that do not require patient authorization. The recipient is obligated to maintain it in a safe, secure and confidential manner. Re-disclosure without additional patient consent or as permitted by law is prohibited. Unauthorized re-disclosure or failure to maintain confidentiality could subject the recipient to penalties described in federal and state law.

On May 13, 2012, at 10:46 AM, Randhir Tuli wrote:

No problem Glenn, I will confirm on Monday

Best

Randhir S. Tuli
Chairman & CEO

P: 818-914-3407 | C: 818-934-1494 | F: 818-475-1637
www.mdsynergy.com

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Thank you for your respect to privacy.

On May 13, 2012, at 10:40 AM, "Glenn D. Cohen, M.D." <glenncohen@me.com> wrote:

Randhir,

Sorry about the prior misspelling of your name.

We can meet.

G

Glenn D. Cohen, M.D.
Diplomate American Board of
Orthopedic Surgeons
Disorders of the Hand, Wrist and
Elbow
www.handsurgeon.org |
818-970-0077

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<image006.jpg>

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On May 13, 2012, at 10:36 AM, Randhir Tuli wrote:

Glenn
I have to reschedule few things
and will confirm on Monday. I
am happy
to meet initially with you, Chi
and Farnum only. Let me know if
acceptable then we can finalize
place to meet

Best

Randhir S. Tuli
Chairman & CEO

P: 818-914-3407 | C: 818-934-
1494 | F: 818-475-1637
www.mdsynergy.com

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redistribute to anyone, the
message or any
information contained in the
message. If you have received
this
E-Mail in error, please
immediately advise the sender
by reply E-Mail.
Thank you for your respect to
privacy.

On May 12, 2012, at 6:01 PM,
GLENN COHEN
<glenncohen@me.com> wrote:

Hi Rhandir,

Are you available
Wednesday
evening 6pm to
meet at the center
in Westlake?

Thanks

Glenn D. Cohen,
M.D.

EXHIBIT "M"

SYMBION

HEALTHCARE

May 23, 2012

Via Overnight Delivery

Parthenon Management Partners, LLC
19248 Allandale Road
Tarzana, California 91356
Attention: Randhir S. Tuli, Managing Member

Parthenon Management Partners, LLC
14159 Beresford Road
Beverly Hills, California 90210
Attention: Andrew A. Brooks, M.D.

Re: Consulting Agreement

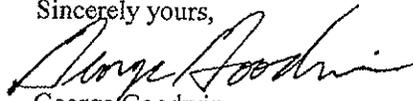
Dear Mr. Tuli:

This letter is in follow-up to the letter that I sent you in early April. In that letter, I referenced the Consulting Agreement, dated as of August 1, 2005 ("Agreement"). Among Parthenon Management Partners, LLC ("Parthenon"), you, Andrew A. Brooks, M.D. (together with you, the "Owners") and SymbionARC Management Services, Inc. ("Symbion"). In that letter, I notified you of your failure to provide services under the Agreement, which such failure meets the definition of Contractor/Owner Material Breach contained in Section 3.2(c) of the Consulting Agreement – "the habitual breach of an Owner to perform the duties set forth on Exhibit 1.2 hereto in any material respect." As detailed in the letter, in accordance with Section 3.2 of the Consulting Agreement Parthenon and you had 45 days from your receipt of the initial notice letter during which to attempt to cure the Contractor/Owner Material Breach or the Agreement was to be terminated 45 days from your receipt of the initial notice letter.

As of today, you have not cured the Contractor/Owner Material Breach. If you and Parthenon choose not to cure the breach, the Consulting Agreement will be terminated as of June 15, 2012. As stated in the initial notice letter, in order to cure such breach, if you choose, Symbion will expect you to provide all of the services set forth on Exhibit 1.2, which will require your presence at the Center. We expect you to be present at the center between the hours of 0800 and 1600 daily. We will have you report directly to the medical director Dr. Glenn Cohen.

If you have any questions regarding this letter or the initial notice letter, please contact me at 40 Burton Hills Boulevard, Suite 500, Nashville, Tennessee 37215, telephone number (615) 234-8909.

Sincerely yours,



George Goodwin
SymbionARC Management Services, Inc.

cc: James E. Doroshow
Fox Rothchild LLP
1800 Century Park East, Suite 300
Los Angeles, CA 90067

40 Burton Hills Boulevard, Suite 500
Nashville, Tennessee 37215
Tel 615-234-5900 Fax 615-234-5998

EXHIBIT "N"

SYMBION

HEALTHCARE

July 9, 2012

Via Overnight Delivery

Parthenon Management Partners, LLC
19248 Allandale Road
Tarzana, California 91356
Attention: Randhir S. Tuli, Managing Member

Parthenon Management Partners, LLC
14159 Beresford Road
Beverly Hills, California 90210
Attention: Andrew A. Brooks, M.D.

Re: Consulting Agreement

Dear Dr. Brooks and Dr. Tuli:

As you know, Parthenon Management Partners, LLC ("Parthenon") and each of you (together, the "Owners") and SymbionARC Management Services, Inc. ("Symbion") are parties to that certain Consulting Agreement, dated as of August 1, 2005 (the "Consulting Agreement"), pursuant to which Parthenon and the Owners are to provide consulting and oversight services to an outpatient surgery center, SSC of Thousand Oaks, managed by Symbion (the "Center"). In accordance with Section 3.1 of the Consulting Agreement, the Consulting Agreement's term has expired. Please note that, based on this expiration, Symbion considers the Consulting Agreement terminated as of May 31, 2012. Thank you for your service to the Center.

If you have any questions regarding this letter, please contact me at 40 Burton Hills Boulevard, Suite 500, Nashville, Tennessee 37215, telephone number (615) 234-8909.

Sincerely yours,



George Goodwin
SymbionARC Management Services, Inc.

cc: James E. Doroshow
Fox Rothchild LLP
1800 Century Park East, Suite 300
Los Angeles, CA 90067

EXHIBIT "O"

EXHIBIT A
AMENDMENT NUMBER 4
TO THE
THIRD AMENDED AND RESTATED OPERATING AGREEMENT
OF
SPECIALTY SURGICAL CENTER OF THOUSAND OAKS, LLC

This Amendment Number 4 to the Third Amended and Restated Operating Agreement of Specialty Surgical Center of Thousand Oaks, LLC (this "Amendment"), made and entered into as of February 28, 2013, by and among the undersigned Members of Specialty Surgical Center of Thousand Oaks, LLC, a California limited liability company (the "LLC").

WHEREAS, this Amendment amends that certain Third Amended and Restated Operating Agreement, dated as of April 21, 2008, as amended (the "Operating Agreement"); and

WHEREAS, subject to the terms and provisions hereof, the Members wish to amend the Operating Agreement, as set forth in this Amendment; and

WHEREAS, the Operating Agreement may be amended upon the approval of both (i) the Class B Member and (ii) the holders of a majority of the outstanding Class A Units voting as a separate class; and

WHEREAS, all capitalized terms used but not otherwise defined herein shall have the meanings attributed to them in the Operating Agreement; and

NOW, THEREFORE, in accordance with the terms of the Operating Agreement and in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Operating Agreement is hereby amended, and the Members hereby agree as follows:

1. Section 10.2. Section 10.2.1 of the Operating Agreement is amended by adding the following as new Section 10.2.1(f):

(f) The purchase price for Units purchased under this Section 10.2.1 shall be the amount provided herein; provided, however, if at any time the Administrative Member, in its reasonable discretion, determines that the result of the purchase price provided herein is not equal to the fair market value of the Company, then the value of the Company may be determined by the Governing Board by using commercially reasonable means of determining fair market value.

2. Ratification. Except as amended by this Amendment, the Operating Agreement shall be and remain in full force and effect, and this Amendment shall become a part of the Operating Agreement.

3. Acceptance of Provisions of the Operating Agreement. By its execution hereof, each of the undersigned not a party to the Operating Agreement hereby accepts, adopts and agrees to all of the terms and conditions of the Operating Agreement, as amended by this Amendment.
4. Entire Agreement. The Operating Agreement, as amended by this Amendment, constitutes the entire agreement of the parties with regard to the subject matter hereof and supersedes any prior oral or written agreements or understandings.
5. Counterparts. This Amendment may be executed by the Members in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement binding on all the parties hereto.
6. Governing Law. This Amendment is governed by and shall be construed and enforced in accordance with the laws of the State of California.
7. Ownership. Each Member hereby represents and warrants that it is the sole legal and beneficial owner of all right, title and interest in and to the membership interests represented by Units described in the ownership exhibit to the Operating Agreement and all rights to profits, capital and distributions attributable thereto (except for the community property interest of the spouse of the undersigned, if any, in such membership interest) and that it holds such membership interest in the name and capacity shown therein.
8. Capacity. Each Member hereby represents and warrants that to the extent the membership interests represented by the Units are community property, such community property is subject to the sole management, control and disposition of the undersigned and the undersigned is entering into this Amendment with capacity under applicable law to bind the community property interest, if any, of the spouse, if any, of the undersigned in such Unit.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned, representing all of the Members of the LLC has executed and acknowledged the approval of this Amendment as of the date first above written.

MEMBERS:

Class B Member:

SMBISS THOUSAND OAKS, LLC

By: _____
Name: _____
Title: _____

SPECIALTY SURGICAL CENTER OF THOUSAND OAKS, LLC

February 21, 2013

To all of the Members of Specialty Surgical Center of Thousand Oaks, LLC (the "LLC")

RE: Amendment No. 4 to the Third Amended and Restated Operating Agreement of Specialty Surgical Center of Thousand Oaks, LLC, dated April 21, 2008 (the "Operating Agreement")

PROPOSED AMENDMENT NO. 4 TO THE OPERATING AGREEMENT

You are being asked to consider and vote on a proposal to adopt an Amendment Number 4 to the Operating Agreement, substantially in the form attached as Exhibit A to this letter ("Amendment No. 4"). All capitalized terms used herein shall have the meaning set forth in the Operating Agreement unless otherwise indicated.

WHO IS PROPOSING THE AMENDMENT

Amendment No. 4 is being proposed by the Governing Board of the LLC.

CHANGES TO BE EFFECTED IF THE AMENDMENT IS ADOPTED

The Governing Board is proposing to adopt Amendment No. 4. Amendment No. 4 will be effective upon the approval of the Class B Member and Class A Members holding a Class A Member Percentage Interest in excess of 50%. Any Member who does not return a Ballot on or before February 28, 2013 will constitute a vote in favor of Amendment No. 4.

Amendment No. 4, if adopted, will amend the Operating Agreement to provide that, if at any time the Administrative Member, in its reasonable discretion, determines that the purchase price for a Class A Member's Units as a result of a Terminating Event (as defined in the Operating Agreement) as determined pursuant to the terms of the Operating Agreement is not equal to the fair market value of the Company, then the value of the Company may be determined by the Governing Board by using commercially reasonable means of determining fair market value.

The foregoing description is a summary only, is not intended to be complete and is qualified in their entirety by reference to Amendment No. 4 in the form attached as Exhibit A to this letter.

WHAT YOU ARE BEING ASKED TO DO

As stated above, you are being asked to consider and vote on whether to adopt Amendment No. 4. If you vote FOR Amendment No. 4, you are approving and consenting to the adoption of Amendment No. 4 in the form attached to this letter as Exhibit A. The Governing Board recommends that you vote FOR Amendment No. 4. Please indicate your vote concerning Amendment No. 4 by marking in the appropriate space and signing the attached Ballot Form. Please respond as soon as possible. Failure to respond by March 15, 2013 shall constitute a vote in favor of Amendment No. 4.

If you have any questions about this letter, the Ballot Form or the accompanying Amendment No. 4 or would like to receive additional information, please contact Tessa Burr at (615) 234-5924.

BALLOT FORM
FOR
SPECIALTY SURGICAL CENTER OF THOUSAND OAKS, LLC

Vote (choose one option below)	
<i>FOR</i> <i>AMENDMENT NO. 4</i>	<i>AGAINST</i> <i>AMENDMENT NO. 4</i>

MEMBER:

Print Name of Member

Signature: _____

Name: _____

Date: _____

If Member is an entity, title of person signing

Please complete, sign, date and return this Ballot Form to Tessa Burr at Symbion, Inc., 40 Burton Hills Boulevard, Suite 500, Nashville, Tennessee 37215 no later than March 15, 2013. (Fax Number: 615-234-7994).

EXHIBIT “P”



Fox Rothschild LLP
ATTORNEYS AT LAW

1800 Century Park East, Suite 300
Los Angeles, CA 90067-1506
Tel 310.598.4150 Fax 310.556.9828
www.foxrothschild.com

James E. Doroshow
Direct Dial: (310) 228-6990
Email Address: jdoroshow@foxrothschild.com

June 8, 2012

Via E-Mail and U. S. Mail
(ggoodwin@symbion.com)

George Goodwin
Symbion ARC Management Services, Inc.
40 Burton Hills Blvd., Suite 500
Nashville, TN 37215

Re: Consulting Agreement

Dear Mr. Goodwin:

I am in receipt of your letter dated May 23, 2012, and have discussed it with my client. Unfortunately, it does not look like we are moving in the right direction.

As I stated in my last letter to you, my client is not obligated to be present at the center for eight hours a day. He is a consultant; not an employee of yours. The Consulting Agreement makes this perfectly clear, and, in fact, states that you were and are required to provide him with written notice as to what specific services were and are required of him, on an as-needed basis. Despite my request that you identify what specific services you desire from him in my last letter, your latest letter of May 23, 2012 simply states that you want him to be present each and every business day for eight hours "to provide all of the services" set forth in Exhibit 1.2 to the Agreement. This is neither consistent with what the Agreement provides nor what you have required of my client in the past. To now suddenly claim six-and-one-half years after the Agreement was executed, and without any prior indication from Symbion that Mr. Tuli had somehow failed to perform any of his duties over this entire period of time, that my client is now



Fox Rothschild LLP
ATTORNEYS AT LAW

George Goodwin
June 8, 2012
Page 2

somehow in breach of the Agreement because of the purported "habitual breach" by him to perform the duties set forth in Exhibit 1.2 is fabrication on your part pure and simple.

In fact, as Mr. Tuli's recent meeting with the doctor representatives made clear, it is not any purported breach of the Consulting Agreement that is driving your improper attempt to terminate the Consulting Agreement; but Symbion's and the physicians' greed. The timing of your notice and Mr. Tuli's conversation with the physicians makes this perfectly clear. In fact, as you know, there has never been a single complaint from Symbion or the physicians during the entire six-and-one-half year relationship with Symbion that Mr. Tuli has failed to perform any of the services required of him under the Consulting Agreement until now. As your representatives recently confirmed, the only reason why Symbion and the doctors now seek to terminate the Consulting Agreement, and to stop paying Mr. Tuli the money he is entitled to under the Agreement, is because Mr. Tuli has declined to sell his remaining interest in the centers. However, the fact that Symbion and the doctors stand to make more money without continuing to pay Mr. Tuli as agreed under the Consulting Agreement is obviously not a proper legal basis for terminating the Agreement at this late date. As such, should you attempt to wrongfully terminate the Consulting Agreement effective June 15, 2012 as your May 23rd letter threatens, you will unfortunately leave us no alternative other than to initiate legal proceedings in Los Angeles against Symbion and the physicians for breach of the Consulting Agreement, and for other relief. As you know, Mr. Tuli remains a shareholder to this day and, as such, is entitled to a full accounting from you and the physicians, including for the centers' financial performance while he remains a shareholder. You and the physicians also owe him a fiduciary duty to keep him fully and accurately informed of the performance of the centers. We believe it would not be in either parties' interest to litigate these issues, and sincerely hope Symbion and the doctors will reconsider their position and continue to perform all of their obligations to Mr. Tuli, as Mr. Tuli has and will continue to perform what is required of him.

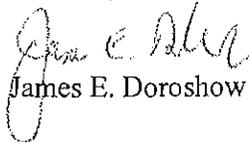


Fox Rothschild LLP
ATTORNEYS AT LAW

George Goodwin
June 8, 2012
Page 3

I am available at your convenience to discuss this matter further should you like to schedule a conference. However, if I do not hear from you prior to June 15, 2012 advising me you will not be terminating the Consulting Agreement, we will assume you stand by your threats in your May 23rd correspondence to dishonor the terms of the Consulting Agreement and proceed with legal action in Los Angeles as the Agreement requires. For now, as in the past, all rights continue to be reserved.

Sincerely,



James E. Doroshov

JED:jo

cc: Glenn Cohen, MD (via e-mail – glenncohen@me.com)
Mark Farnum, MD (via e-mail – markfarnum@roadrunner.com)
David Chi, MD (via e-mail – davechi@aol.com)

EXHIBIT “Q”



February 13, 2014

By Electronic Mail

Kiumars Arfai
dkarfai@yahoo.com

Osep Armagan MD
oseparmagan@ymail.com

Evan Bachner MD
e.bachner@sbcglobal.net

Andrew Brooks MD
abrooks@tigerxmed.com

Frank Candela, MD
frank.candela@verizon.net

David Chi MD
davechi@aol.com

Glenn D. Cohen MD
glenncohen@me.com

Chess, Shara
schess@symbion.com

By Electronic Mail

Nilou Guiv MD
nilouguiv@aol.com

Lana Davis
lana.davis@symbion.com

George Goodwin
ggoodwin@symbion.com

Hai-En Peng MD
pengfoot@yahoo.com

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Re: **Specialty Surgical Center of Thousand Oaks
Cease and Desist Notice re: Medicare Anti-Kickback Statutory
Violations and Bad Faith Class A Unit Dilution Efforts**

To The Above Addressees:¹

Larson | Albert LLP has been retained by Randhir S. Tuli (“Tuli”) regarding the squeeze-out, dilution, and buy-out dispute between Tuli and his company, Parthenon Management

¹ If and when each of you is represented by counsel in this matter—which we urge you to do, given the seriousness of the illegal conduct at issue—please advise us immediately. The California Rules of Professional Conduct require us to communicate through counsel with respect to represented parties.

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To: Symbion and SSC T.O. Members

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Partners, LLC (“Parthenon”), on the one hand, and certain other members and executives of Specialty Surgical Center of Thousand Oaks, LLC (“SSC T.O.”), SymbionARC Management Services, Inc. (“SymbionARC”) and possibly other SymbionARC affiliates, as well as Tuli’s former “partner,” Andrew Brooks, MD (“Brooks”), on the other hand, with respect to Tuli’s management and ownership interests in SSC T.O. (the “Squeeze-Out Dispute”). The Firm also has been retained regarding SymbionARC’s termination and alleged breach of its Consulting Agreement with Parthenon dated as of August 1, 2005 (the “Consulting Agreement Dispute”).

It is our understanding that the Governing Board of SSC T.O., acting at the instigation of Brooks and other members, has proposed Amendment No. 4 to the Third Amended and Restated Operating Agreement of Specialty Surgical Center of Thousand Oaks, LLC (the “Operating Agreement”) in anticipation of the proposed private placement offering of up to 84.88 SSC T.O. Class A Units to certain supposedly “qualified” physician investors. Amendment No. 4, if adopted, purports to alter the unit buy-out valuation provisions of Section 10.2.1 of the Operating Agreement in a way that seeks to empower the Administrative Member, in collusion with the Governing Board, to depress unit buy-out prices “by using commercially reasonable means of determining fair market value.” We all know that “fair market value” can have a broad range depending on the metrics utilized.

We also understand that at the last official Meeting of the Members of SSC T.O., held on January 29, 2014, Brooks apparently told Tuli in front of all present, in so many words, that his continued presence and ownership interest at SSC T.O. were no longer desired. This must be seen in the context of prior unsuccessful efforts by Symbion and Brooks to induce Tuli—a founder of SSC T.O.—to sell his ownership interest at a depressed or fire-sale price under duress. Now, having failed thus far in coercing Tuli to relinquish his SSC T.O. Units at a price far below market value, the Governing Board of SSC T.O., goaded on by Brooks, is endeavoring to dilute the value of Tuli’s Units by offering up to 84.88 new Class A Units at \$17,000 each to certain favored insiders and new physician investors they hope will be lucrative patient referral sources.

This dilution scheme is discriminatory and illegal. With this notice in hand and in mind, none of you can claim henceforth you acted without advance knowledge and intent for purpose of establishing “scienter” under the federal healthcare program (Medicare) anti-kickback statute (42 U.S.C. § 1320a-7b(b)), which prohibits any person from “knowingly and willfully” providing any remuneration to induce referrals, or in exchange for referrals, of federal health care program patients or business. The anti-kickback statute applies to any physician-owned surgery center—like SSC T.O.—that treats federal health care program patients (including

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To: Symbion and SSC T.O. Members

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Medicare and Medicaid). Courts have held that an unrealistically high potential return on investment by referring physician investors constitutes an illegal inducement for physician investors to refer to the surgery center.

Indicia of violations of the anti-kickback statute here include the fact that SSC T.O. Governing Members and their co-conspirators are not offering investment terms that are same for all investors (by excluding Tuli from the offer), and they are offering returns to physician investors that appear to be based not on a proper valuation of per-unit ownership interests, but on the potential for patient referrals. The re-valuation ruse of Amendment No. 4 will not shield you from liability. The proposed sale of SSC T.O. Units at below fair market value (which could be verified by an independent-expert valuation appraiser) evidences illegal consideration for physician-referral sources. Offering more Units at a low price (in relation to SSC T.O. operating profits) to high-performing investor physicians than are offered to lesser performing physicians or non-physician owners (such as Tuli) also is evidence of illegal inducement under the anti-kickback statute. (42 U.S.C. § 1320a-7b(b) .)

California Business and Professions Code section 650 makes it unlawful for one licensed in the healing arts to receive or accept any rebate, refund, commission, preference, patronage dividend, discount, or other consideration, whether in the form of money or otherwise, as compensation or inducement for the referral of patients.

Similarly, California Welfare and Institutions Code section 14107.2, modeled after the federal Medicare anti-kickback statute (42 U.S.C.A. section 1320a-7b), proscribes criminal penalties for the offer or payment of “any remuneration, including, but not restricted to, any kickback, bribe, or rebate . . . to refer any individual to a person for the furnishing or arranging for furnishing of any service,” or “to purchase, lease, order or arrange for or recommend the purchasing, leasing or ordering of any goods, facility, service or merchandise,” for which payment may be made by Medi-Cal. We are concerned that, in addition to illegal inducements designed to perpetrate a bad faith Class A Unit dilution scheme, Brooks has entered into leasing and other arrangements regarding his extended stay facilities that also may violate Welfare and Institutions Code § 14107.2.

None of you should take comfort in the fiduciary duty and liability limitation provisions of the SSC T.O. Operating Agreement. Liability for illegal conduct cannot be waived by contract.

Please also be advised also that the Parthenon Operating Agreement, dated as of April 15, 2005, does not contain comparable fiduciary duty or liability limitation provisions. As such,

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To: Symbion and SSC T.O. Members

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Section 17153 of the Limited Liability Company Act in the California Corporations Code provides that Brooks owes to Tuli the same fiduciary duty that a partner owes to its partnership and the partners of the partnership. By conspiring with Brooks in a bad faith effort to dilute Tuli's ownership interest, and attempt to force him to sell his interest at a materially-depressed valuation, while offering and selling underpriced Class A Units to high-performing physicians and new potential patient referral sources (i.e., the "qualified" physician investors), you are aiding and abetting Brooks' fiduciary breaches.

Cancelling the Parthenon Consulting Agreement while paying substantial management fees to Brooks that formerly were paid to Parthenon also constitutes interference with contractual relations and aiding and abetting Brooks' fiduciary breaches in usurping Parthenon's corporate opportunity.

If you approve Amendment No. 4 and proceed to make discriminatory sales of underpriced Units to favored insiders and new potential referral source investors, you may subject yourself to significant potential liability.

Soon, in a separate letter, we will request copies of documents sufficient to show, among other things (without limitation), the following:

- How Class A Units have been valued and allocated among physicians, and physician production and referral rates in relation to any past or prospective offerings;
- All valuations and financial statements relating to Class A Unit valuations;
- All agreements between Brooks and SSC T.O. with respect to his extended stay facility and referrals from SSC T.O.

Tuli wishes to avoid litigation and the bad publicity that it would engender, as well as the cost, distraction, and annoyance, for all concerned. The business and personal reputational risk attending such litigation is manifest. Tuli will not permit, however, the value of his Units to be diluted and depressed, and will not succumb to coercive efforts to force him to relinquish his shares, especially at an artificially-reduced price.

We represent a businessman who is concerned that the foregoing misconduct will harm the value of his investment and disrupt successful company operations. Tuli is concerned that the Governing Board's dilution efforts may expose the company to liability for statutory and

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Cease and Desist Notice

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regulatory violations. It is important that this be avoided, not only for the benefit of SSC T.O. and its patients, but also to Tuli individually—because he does not intend to, and has no interest in, selling his Class A Units.

We hope that this matter can be resolved in a business-like manner. We are willing to meet with you or your attorneys forthwith in a good faith effort to reach an accommodation that avoids litigation.

We look forward to receiving your prompt response.

Very truly yours,



Mark Anchor Albert

cc: Mr. Randhir S. Tuli
William L. Larson, Esq.

EXHIBIT “R”



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February 14, 2014

Via Facsimile, U.S. Mail and Electronic Mail

Mark Anchor Albert
Larson Albert LLP
601 South Figueroa Street
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Los Angeles, California 90017
albert@LALitigators.com
Facsimile: 213-622-2144

Re: Specialty Surgical Center of Thousand Oaks
Cease and Desist Notice from Randhir S. Tuli

Dear Mr. Albert:

I am counsel for Symbion and Specialty Surgery Center of Thousand Oaks, LLC ("the Company"). I am in receipt of your February 13, 2014 letter addressed to each of the Company's members as well as to various employees of Symbion on behalf of your client, Randhir S. Tuli. In that letter, you make a series of unfounded and irresponsible allegations against the Company and your client's fellow members in the Company. My clients take very seriously allegations of this nature, particularly since they appear wholly fabricated and designed to cause harm to the Company and to the fellow members to whom your client also owes fiduciary duties. I will not deign to dignify your client's spurious charges with a point by point response, and frankly, do not understand what basis in reality any of them have. For example, you go to great lengths in your letter to describe an alleged "Amendment 4 to the Third Amended and Restated Operating Agreement," which you claim is designed to improperly depress unit buy-out prices. There is no such thing as an "Amendment 4." It simply does not exist. What does exist is a recent valuation by a respected and qualified appraiser that fully supports the unit pricing related to the ongoing syndication efforts.

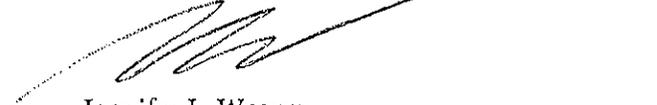
This letter serves as formal notice under the Third Amended and Restated Operating Agreement, Section 1, Subsection (ii) in definition of "Terminating Event," that Mr. Tuli has, by making the baseless allegations in the purported "cease and desist notice" and related actions, disrupted the affairs of the Company and acted adversely to the best interests of the Company. If such actions are not cured within thirty (30) days of the date of receipt of this notice, the Governing Board will move forward pursuant to the terms of the Third Amended and Restated Operating Agreement.

waller

Mark Anchor Albert
February 14, 2014
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Should you have any questions, please feel free to give me a call.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Jennifer L. Weaver', written over a long, thin horizontal line that extends across the page.

Jennifer L. Weaver

JLW:rb

EXHIBIT “S”



February 24, 2014

By Electronic Mail and U.S. Mail
(Jennifer.weaver@wallerlaw.com)

Jennifer L. Weaver, Esq.
WALLER LANDSDEN DORTCH & DAVIS, LLP
511 Union Street, Suite 2700
P.O. Box 198966
Nashville, Tennessee 37219-8966

Re: Specialty Surgical Center of Thousand Oaks
Cease and Desist Notice re: Medicare Anti-Kickback Statutory
Violations and Bad Faith Class A Unit Dilution Efforts

Dear Ms. Weaver:

This letter addresses your letter dated February 14, 2014, responding to the Cease and Desist Notice dated February 13, 2014, which I sent on behalf of Randhir S. Tuli ("Tuli") to Dr. Andrew Brooks ("Brooks") and other members and executives of Specialty Surgical Center of Thousand Oaks, LLC ("SSC T.O."), and to SymbionARC Management Services, Inc. and its affiliates related to SSC T.O. (collectively, "Symbion"). Your February 14th letter purports to give notice to Tuli of a "Terminating Event" under Section 1, Subsection (ii) of the Third Amended and Restated Operating Agreement (the "Operating Agreement"), requiring him either to "cure" or face a forced buy-out instigated by Symbion, Brooks, and their insider allies on the Governing Board.

I. RESPONSE TO SUPPOSED NOTICE OF "TERMINATING EVENT"

As you may already know, the California Beverly-Killea Limited Liability Company Act, as codified at Section 17000 *et seq.* of the California Corporations Code, under which SSC T.O. was formed and to which the Operating Agreement refers as "the Act," was repealed effective January 1, 2014, by the terms of former Corporations Code § 17657. Accordingly, the waiver set forth in Section 12.9 (e) of the Operating Agreement of "the right to claim a breach of fiduciary duty under Section 17153 of the Act" is moot, as Section 17153 and all other provisions of the Act have been repealed. Section 12.9 (e) does not provide that fiduciary duties are disclaimed under common law or statutory law, or as otherwise might exist. It instead refers specifically to a "claim a breach of fiduciary duty under Section 17153 of the Act" (emphasis added), which now is inapplicable.

The new California Revised Uniform Limited Liability Company Act (the "RULLCA"), added by Stats 2012 ch. 419 § 20 (SB 323), effective January 1, 2013 and made operative January 1, 2014, is codified at Section § 17701.01 *et seq.* of the California Corporations Code.

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One of RULLCA's many "default" provisions that apply unless a specific provision in a legally enforceable operating agreement trumps them is Section 17704.09. Section 17704.09 of the RULLCA, entitled "Fiduciary duties," provides that California LLC managers—such as Symbion and Brooks—owe to the other members and to the LLC "duties of loyalty and care." (See § 17704.09 (a).) A manager's duty of care requires him or her to "refrain[] from engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of law." (See § 17704.09 (c).)

California LLC managers and members also now are statutorily required to "exercise any rights consistent with the obligation of good faith and fair dealing." (See § 17704.09 (d); see also § 17704.09 (f) [in manager-managed LLCs, "Subdivisions (a), (b), (c), and (e) apply to the manager or managers and not the members" and "Subdivision (d) applies to the members and managers"].)

In addition, Subdivisions (c) (4) (C) and (D) of Section 17704.07 of the RULLCA provides that, for manager-managed limited liability companies such as SSC T.O., the "consent of all members of SSC T.O. is required to do any of the following: . . . (C) Undertake any other act outside the ordinary course of SSC T.O.'s activities . . ."

The discriminatory issuance of new, dilutive Class A Units to preferred "Physician Investors" at below-market prices, based on a supposedly-independent third party appraisal that that has not been provided to Tuli (and perhaps other minority interest holders being excluded from the proposed private placement), certainly qualifies as being "outside the ordinary course" of SSC T.O.'s normal activities as a specialty surgical center: it is not a hedge fund or investment bank. Tuli does not give consent at this time with respect to his 11.3% voting Class A Unit interest to the issuance and sale of up to 84.88 SSC T.O. discriminatory and dilutive Class A Units to certain supposedly "qualified" Physician Investors.

With the foregoing in mind, Symbion's Notice of a "Terminating Event" is defective and pretextual, for many reasons.

First, a Notice of a "Terminating Event," to be effective under the Operating Agreement, requires the unanimous vote of the Governing Board of SSC T.O., and is constrained by the exercise of a "reasonable discretion." (See Operating Agreement § 12.3 [unanimous vote requirement]; § 1.55 [reasonable discretion requirement, emphasis added].)

Tuli was not given advance notice of any meeting of the Governing Board of SSC T.O. in which a unanimous vote to terminate his member interests was reached.

Nor could any such unanimous vote be concluded in the exercise of the Governing Board's "reasonable discretion." There is nothing commercially reasonable in seeking to squeeze out the founding member of SSC T.O. based on a pretextual invocation of a supposed

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“Terminating Event” predicated on the self-serving claim that Tuli’s assertion of his statutory and contractual rights—and his concern to avoid discriminatory dilution of his member interest by a proposed syndication that may violate the Stark Act and Anti-Kickback Statute¹—somehow constitutes “disruption” of SSC T.O.’s affairs or an action “adverse” to its interests. Any such vote terminating Tuli’s interests would not be “consistent with the obligation of good faith and fair dealing” of Brooks, Symbion, the Governing Board another members. (*See* Cal. Corp. Code § 17704.09 (d).)

The assertion of Tuli’s rights—and his expression of his concerns that the proposed syndication may constitute discriminatory and illegal inducement under Stark and the Anti-Kickback Statute and fall outside of any “safe harbors”—does not constitute “disruption” or activities “adverse to the Company’s interests.” The very opposite is true: Tuli is endeavoring to avoid expensive and disruptive litigation and the risk of statutory and regulatory violations and attendant liability under Stark and the Anti-Kickback Statute and California Business & Professions Code Section 650, and implementing regulations, for improper inducements to new Physician Investors based on below-market valuations of the proposed new Class A Units.

Your letter states that Tuli must “cure” “such actions” within 30 days of your February 14th letter, or the “Governing Board will move forward pursuant to the terms” of the Operating Agreement. We take this to mean that the Governing Board will seek to force the sale of Tuli’s membership interest at a fire-sale price unless he “rolls over” and accedes to Symbion’s, Brooks’s, and the Governing Board’s discriminatory dilution effort and squeeze-out tactics. If I am mistaken in that regard, please so advise. We also are unaware of what other “actions” you and your clients claim Tuli has taken that would constitute a “Terminating Event.” Please inform us of what you contend those supposed “actions” to be.

We dispute, in short: (i) that a “Terminating Event” has occurred; (ii) that proper notice of a “Terminating Event” has been given; (iii) that notice of a meeting of the Governing Board to vote on whether a “Terminating Event” occurred was given (properly or at all); (iv) that such a unanimous vote occurred (at least we are unaware of it); (v) that such a vote, if it occurred at all, could be undertaken in the Governing Board’s “reasonable discretion” or be “consistent with the obligation of good faith and fair dealing”; and (vi) that Symbion and the Governing Board properly can invoke, in good faith, the “cure” provisions of the Operating Agreement as a cudgel to force Tuli to abandon his statutory and contractual rights, to accede to a discriminatory and possibly illegal dilution scheme, or to turn a blind eye to the significant risk of violations of Stark and the Anti-Kickback Statute and California Business & Professions Code Section 650 arising from a proposed private placement of new Class A Units that are grossly under-valued.

¹ 42 U.S.C. § 1320a-7b(b) (the “Anti-Kickback Statute”), and 42 U.S.C. § 1395nn (the “Stark Law”). *See also* Cal. Bus. & Prof. Code § 650 [state anti-kickback statute].

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Jennifer L. Weaver, Esq.
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Regarding the last points, the dilution and low-ball valuation issues are not overly complicated.

Tuli's "Class A Percentage Interest" under Section 1.16 of the Operating Agreement is linked to his "Sharing Percentage" under Section 1.15 of the Operating Agreement. Tuli's proportionate interest in sharing in SSC T.O.'s profits—i.e., the percentage obtained by dividing the number of Class A Units presently owned by Tuli by the total number of Class A Units that would include the 84.88 new Class A Units your clients wish to sell to "qualified" Physician Investors—would be proportionately reduced.

Whatever metrics were used by the "recent valuation by a respected and qualified appraiser" mentioned in your February 14th letter—that we suspect has been used by Symbion in other lucrative hospital deals—they were obviously incomplete, biased, or otherwise inadequate. According to SSC T.O.'s 2013 Partnership Form 1065 Schedule K-1 for Tuli prepared by Watkins Uiberall, PLLC, Tuli received a profit distribution of \$1,177,153 from SSC T.O. in 2013 with respect to his 11.3% Class A Unit membership interest in the company. Yet your clients, their insider allies, and proposed "well qualified" Physician Investors, ask Tuli to believe that the proposed new issuance of 84.88 Class A Units are only worth approximately \$17,000 each based on a company valuation of approximately \$16 million (based on a one-page valuation dated September 18, 2013, included in meeting minute materials provided to Tuli). But the company made almost that much profit in 2013 alone.

Given those numbers and the number of existing Class A Units issued and outstanding, a valuation of little more than \$17,000 per Unit is materially understated and does not come near to approaching "fair market value." Our valuation experts no doubt will reach a multiple of that figure using sounder valuation methodologies and analytics.²

Taking cover behind a low-ball per-Unit valuation report and appraisal will not absolve Symbion, the Governing Board, Brooks, and any actual or prospective members colluding with them from liability for aiding and abetting breach of fiduciary duties, violations of the RULLCA, and violation of the Operating Agreement's Section 3.3 ("Permissible Relationships"), which requires compliance with Stark, the Anti-Kickback Statute, and their implementing regulations.

42 C.F.R. § 1001.952(r)(3)(i) prohibits surgery centers from altering the ownership interest of an investor based on "previous or expected volume of referrals, services furnished, or the amount of business otherwise generated from that investor to the entity." As you are

² We understand that Symbion may be looking to sell some or all of its assets, including its interest in SSC T.O. As such, securities anti-fraud statutes, rules, and regulations may be implicated if Symbion's own internal valuation of its SSC T.O. interests are materially greater than would be indicated by a \$17,000 per unit valuation.

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undoubtedly aware, under the “Safe Harbor” provisions of the Anti-Kickback Statute, the terms on which an investment interest is offered to an investor who is in a position to make or influence referrals to or generate business for SSC T.O. must not be related to the previous or expected volume of referrals, or the amount of SSC T.O. business generated from the investor. Non-physician, passive investors such as Tuli cannot be required to either make referrals to, or otherwise generate business for, SSC T.O. as a condition for remaining as an investor. SSC T.O. is not permitted to market or sell new Class A Units to passive investors differently than to non-investors or active Physician Investors. Moreover, the amount of the payment to an investor in return for the investment must be directly proportional to the amount of the capital investment, *i.e.*, the per-Unit price.

Similarly, under Stark, the amount of remuneration to be provided to the new proposed Physician Investors must be consistent with the fair market value of the services provided and/or the capital contribution made. The amount of remuneration cannot take into account (directly or indirectly) the volume or value of any referrals by the Physician Investors or other business generated by the Physician Investors. The remuneration or return on investment has to be commercially reasonable, even if the Physician Investor made no referrals.

The basic rule dominant in the safe harbor regulations is that financial transactions between potential referring parties be conducted at fair market value. The proposed valuation of the new 84.88 Class A Units of little more than \$17,000 per unit is grossly depressed and does not approach a credible fair market valuation. Offering materially underpriced Units to high-performing Physician Investors without making the same or comparable offer to other physicians or non-physician investors (such as Tuli) may well constitute illegal inducement under the Anti-Kickback Statute, Stark, California Business and Professions Code § 650, and California Welfare and Institutions Code § 14107.2, and their respective implementing regulations.

Finally, we are pleased that proposed Amendment No. 4 to the Operating Agreement—that would have amended Section 10.2.1 of the Operating Agreement adding a Section 10.2.1(f) providing that the purchase price for Units purchased under Section 10.2.1 could be modified by the Governing Board “by using commercially reasonable means of determining fair market value”—apparently no longer is on the table. That fact does not ameliorate, however, the bad faith dilution and squeeze-out efforts discussed above.

II. DOCUMENTS REQUESTED

Please take notice, pursuant to Section 17704.10 of the RULLCA, Symbion and the other members of the Governing Board of SSC TO are required to produce or otherwise make available for inspection and copying all of the documents identified in Section 17704.10 and Section 17701.13, including but not limited to the following:

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Jennifer L. Weaver, Esq.
WALLER LANDSDEN DORTCH & DAVIS LLP
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1. A current list of the full name and last known business or residence address of each member and of each holder of a transferable interest in SSC T.O. set forth in alphabetical order, together with the contribution and the share in profits and losses of each member and holder of a transferable interest;
2. A current list of the full name and business or residence address of each manager;
3. A copy of the articles of organization and all amendments thereto, together with any powers of attorney, pursuant to which the articles of organization or any amendments thereto were executed;
4. Copies of SSC T.O.'s federal, state, and local income tax or information returns and reports, if any, for the six most recent fiscal years;
5. A copy of SSC T.O.'s Operating Agreement, and any amendments thereto, together with any powers of attorney pursuant to which any written operating agreement or any amendments thereto were executed;
6. Copies of the financial statements of SSC T.O., if any, for the six most recent fiscal years; and
7. The books and records of SSC T.O. as they relate to the internal affairs of SSC T.O. for at least the current and past four fiscal years.

Please take further notice, pursuant to Section 17704.10(b)(1) and (i) of the RULLCA, that Tuli hereby requests that he, his lawyers, and forensic accountants be granted access to SSC T.O. facilities during normal business hours one week from today, on Monday, March 2, 2014, commencing at 9:00 a.m., “[t]o inspect and copy . . . any of the records required to be maintained pursuant to Section 17701.13.”

In my letter of February 13, 2014, we requested documents sufficient to show, among other things (without limitation), the following:

- How Class A Units have been valued and allocated among physicians, and physician production and referral rates in relation to any past or prospective offerings;
- All valuations and financial statements relating to Class A Unit valuations; and
- All agreements between Brooks and SSC T.O. with respect to his extended stay facility and referrals from SSC T.O.

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Jennifer L. Weaver, Esq.
WALLER LANDSIDEN DORTCH & DAVIS LLP
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We also request copies of, or to be permitted to inspect and copy:

- All private communications, including e-mail records, with the potential investors in the Class A Unit offering for SSC T.O.;
- All private communications, including e-mail records, with those persons or entities who invested or may invest in Brooks's new extended-stay facility;
- All private communications, including e-mail records, of physicians utilizing Brooks's new extended-stay facility;
- All private communications, including e-mail records, with those physicians and other individuals who are being offered or solicited to purchase the new Class A Units in SSC T.O.;
- All complete member meeting packages for the last two years for SSC T.O.; and,
- All documents reflecting the financial relationship and financial agreements between SSC T.O. and the new extended-care facility.

All of the documents referenced above fall within the statutory ambit of "the books and records" of SSC T.O. "as they relate to the internal affairs" of SSC T.O., pursuant to Section 17701.13. Tuli requests that such documents be produced to us forthwith or made available for inspection and copying on Monday, March 2, 2014, in connection with the exercise of Tuli's mandatory inspection and document copying rights under Section 17704.10 of the RULLCA.

We remain interested and willing to reach a negotiated resolution that avoids expensive and disruptive litigation. We and our client will not let his rights be trampled, however.

We request that you distribute this letter to the Governing Board, members and any prospective "Physician Investors" of SSC T.O.

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Jennifer L. Weaver, Esq.
WALLER LANDSDEN DORTCH & DAVIS LLP
February 24, 2014
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We look forward to receiving your prompt response.

Very truly yours,

A handwritten signature in black ink, appearing to read "Mark Anchor Albert". The signature is stylized with a long horizontal stroke and a small vertical stroke at the end.

Mark Anchor Albert

cc: Mr. Randhir S. Tuli
William L. Larson, Esq.
Dr. Andrew Brooks (by email)

EXHIBIT “T”



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February 27, 2014

Via Email and U.S. Mail

Mark Anchor Albert
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*Re: Specialty Surgical Center of Thousand Oaks
Cease and Desist Notice from Randhir S. Tuli*

Dear Mr. Albert:

This letter is in response to your February 24, 2014 letter in which you continue to make reckless and unfounded claims against Specialty Surgery Center of Thousand Oaks, LLC ("the Company") and its members. Despite its length, this latest letter is devoid of any actual facts, and appears designed to further damage the Company, which can only serve to negatively impact the value of your client's own investment. Having previously provided notice of a "Terminating Event" pursuant to the terms of the Third Amended and Restated Operating Agreement, my client has no interest in engaging in a letter writing campaign that your client has initiated in bad faith. We will make available for inspection on Monday, March 2, 2014 at the center during normal business hours those records to which members are entitled under the terms of the Third Amended and Restated Operating Agreement and California Corporations Code §§ 17701.13 and 17704.10 and which we are reasonably able to gather by that date. As a courtesy, please let me know who will be coming to inspect the documents and the time that they are arriving.

If you have any questions during the course of the inspection, please direct them to me rather than communicating directly with my clients. If you have any questions in the interim, please feel free to give me a call.

Very truly yours,

Jennifer L. Weaver

JLW:rb

EXHIBIT "U"



March 6, 2014

By Electronic Mail and U.S. Mail
(Jennifer.weaver@wallerlaw.com)

Jennifer L. Weaver, Esq.
WALLER LANDSDEN DORTCH & DAVIS, LLP
511 Union Street, Suite 2700
P.O. Box 198966
Nashville, Tennessee 37219-8966

Re: Specialty Surgical Center of Thousand Oaks, LLC

Dear Ms. Weaver:

During our conversation on Friday, February 28, 2014, in response to Bill Larson's question about what "cure" Specialty Surgical Center of Thousand Oaks, LLC ("SSC T.O.") and SymbionARC Management Services, Inc. and its affiliates related to SSC T.O. required in response to their Notice of Terminating Event in your letter of February 14, 2014, you could not provide an answer. We reiterate our request, on behalf of our client, Randhir S. Tuli, founding Member of SSC T.O., to inform us in writing of what "cure" you and your clients are demanding under Section I ("Terminating Event"), Subsection (ii) of the Third Amended and Restated Operating Agreement. Time is of the essence.

Please advise.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Mark Anchor Albert'.

Mark Anchor Albert

cc: Mr. Randhir S. Tuli
William L. Larson, Esq.

EXHIBIT “V”



Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
P.O. Box 198966
Nashville, TN 37219-8966

615.244.6380 main
615.244.6804 fax
wallerlaw.com

Jennifer L. Weaver
615.850.8116 direct
jennifer.weaver@wallerlaw.com

March 7, 2014

Via Email and U.S. Mail

Mark Anchor Albert
Larson Albert LLP
601 South Figueroa Street
Suite 2370
Los Angeles, California 90017
albert@LAlitigators.com

*Re: Specialty Surgical Center of Thousand Oaks
Cease and Desist Notice from Randhir S. Tuli*

Dear Mr. Albert:

This letter is in response to your March 6, 2014 in which you request that my clients advise on what constitutes a "cure" under the Third Amended and Restated Operating Agreement. As Mr. Tuli's counsel, you will undoubtedly provide your own advice on the interpretation of the notice and cure provisions in the Third Amended and Restated Operating Agreement. Nothing in this letter should be relied upon as advice on what legally constitutes a "cure" under the Operating Agreement, as each side needs to make their own legal determinations in consultation with their separate counsel.

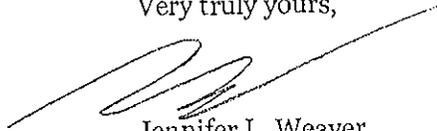
That said, I will note that your client caused significant damage and disruption to Specialty Surgery Center of Thousand Oaks, LLC ("the Company") and its members by making false and defamatory statements about the Company and individual members. Having levelled these false and reckless charges through lengthy written diatribes, simply refraining from making further false claims in the future does nothing to undo the damage already done. To begin to repair that damage, Mr. Tuli would at the very least need to issue a written and public statement of apology to the Company and each individual member in which he acknowledges that the statements he made were false and designed to damage the Company. He would need to correct the record on each separate false statement with specificity. Further, the Company has incurred significant costs, including attorneys' fees, in dealing with Mr. Tuli's disruptive behavior that would need to be repaid in full. Given the damage is already done, it is unknown whether these actions could successfully undo that damage. Suggesting these actions to rectify the damage already inflicted should not be construed in any way as a concession that such actions constitute a "cure" under the terms of the Third Amended and Restated Operating Agreement. That is a legal determination that you will have to make on your own client's behalf.

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Mark Anchor Albert
March 7, 2014
Page 2

If you have any further questions, please feel free to give me a call.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jennifer L. Weaver". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jennifer L. Weaver

JLW:rb

EXHIBIT “W”



March 11, 2014

By Electronic Mail and U.S. Mail
(Jennifer.weaver@wallerlaw.com)

Jennifer L. Weaver, Esq.
WALLER LANDSDEN DORTCH & DAVIS, LLP
511 Union Street, Suite 2700
P.O. Box 198966
Nashville, Tennessee 37219-8966

Re: Specialty Surgical Center of Thousand Oaks LLC

Dear Ms. Weaver:

We write in response to your letter dated March 7, 2014, in which you claim that our client, Randhir S. Tuli, the founding Member and largest Unit-holder of Specialty Surgical Center of Thousand Oaks, LLC ("SSC T.O."), has "levelled these false and reckless charges through lengthy written diatribes," demanding that he "issue a written and public statement of apology to the Company and each individual member in which he acknowledges that the statements he made were false and designed to damage the Company," and that he "correct the record on each separate false statement with specificity." In your earlier letter of February 14, 2014, you similarly state, in a conclusory manner, that Mr. Tuli's stated concerns—that the dilutive and discriminatory offering of 84.88 new Class A Units in SSC T.O. for only \$17,261 per Unit (the "Private Placement Offering") appears to constitute an illegal inducement in violation of the Stark Act and Anti-Kickback Statute (and related state anti-kickback statutes),¹ and is designed to create at the same time a "low ball" enterprise and per-Unit valuation for purposes of a bad faith squeeze-out effort—are "unfounded and irresponsible allegations against the Company" that "appear wholly fabricated and designed to cause harm to the Company and to the fellow members. . . ."

On March 3, 2014, my partner, Bill Larson (together with a mobile copying service) obtained some of the documents we requested be produced under Section 17704.10 of the Revised Uniform Limited Liability Company Act (codified at Cal. Corp. Code § 17701.01). In that production we obtained for the first time the "Confidential Private Offering Memorandum" relating to the Private Placement Offering. In it, at page 30, Symbion and the Governing Board make the following admission against interest:

¹ 42 U.S.C. § 1320a-7b(b) (the "Anti-Kickback Statute"), and 42 U.S.C. § 1395nn (the "Stark Act"). *See also* Cal. Bus. & Prof. Code § 650 [state anti-kickback statute].

LARSON | ALBERT LLP

Jennifer L. Weaver, Esq.
WALLER LANDSDEN DORTCH & DAVIS LLP
March 11, 2014
Page 2

Because the ownership and operations of the Center will not meet the requirements of the ASC Safe Harbor or any other safe harbor provision, the LLC's distribution of available cash to its physician Members will not be protected from review and prosecution under the Anti-Kickback Statute.

(Emphasis added.)

In particular, the safe harbor protection established in the implementing regulations for the Anti-Kickback Statute requires that the amount of payment to a physician investor in return for the investment be directly proportional to the amount of capital invested by that investor. 42 C.F.R. § 1001.952(r)(4)(iii). This requirement helps ensure that referral sources are not rewarded for their referrals through investment returns that are disproportionate to the capital they invested.

But that is exactly what has happened here; and Mr. Tuli's concerns have been borne out by the facts.

Assuming SSC T.O. will generate in FY2014 the same EBITDA as it did in FY2013, a \$17,261 per-Unit purchase price would generate distributable income per-Unit in excess of 62% per annum. It also is based on just 1.5 X EBITDA for FY2013—an absurdly low valuation.² That annual rate of return is grossly disproportionate to the amount of capital invested and therefore does not meet the safe harbor requirements of 42 C.F.R. § 1001.952(r)(4)(iii) and constitutes a facial violation of the Anti-Kickback Statute (and Cal. Bus. & Prof. Code § 650). It also constitutes a breach of Section 3.3 of the Third Amended and Restated Operating Agreement, which requires compliance with the Stark Act, the Anti-Kickback Statute, and related statutes and implementing regulations.³

No disparagement occurred by raising a “red flag” in house (internally to the company) about potential statutory and regulatory violations that implicate not only Mr. Tuli's interest, but those of all members of SSC T.O. (and SSC T.O.'s employees and patients). The illegality

² The low-ball nature of the 1.5 EBITDA multiple is demonstrated, in part, by the pending acquisition of Symbion, Inc.'s ambulatory surgery operations by Crestview Advisors at a reported 12.1 EBITDA multiple.

³ We note that the “independent” valuation analyst you mention in your letter of February 14, 2014—Brown, Gibbons, Lang & Company Securities, Inc.—turns out to be Symbion's essentially captive investment bank, doing repeated Symbion healthcare offerings and deals. It also is the Placement Agent for the Private Placement Offering, working closely with the Waller firm, which has serious conflicts of interest in representing both Symbion and SSC T.O. under the circumstances.

LARSON | ALBERT LLP

Jennifer L. Weaver, Esq.
WALLER LANDSDEN DORTCH & DAVIS LLP
March 11, 2014
Page 3

admission in the Private Offering Memorandum and the grossly disproportionate rate of return on the low-ball valuation of the new Class A Units are demonstrable facts, not “false and reckless charges.”

If Symbion and the Governing Board of SSC T.O. decide to proceed with the bogus and pre-textual “Terminating Event” squeeze-out of Mr. Tuli, rest assured that we will seek to vindicate Mr. Tuli’s rights and pursue full justice and redress, in and outside of the courtroom, in a very public and vocal manner, against all participants, individually and collectively. We sincerely hope that will not be necessary.

We request that you distribute this letter to the Governing Board, members, and any actual or prospective “Physician Investors” of SSC T.O. If the Governing Board decides to proceed with the “Terminating Event” squeeze-out, please so inform us of when the vote(s) and processes will occur, so that we may respond accordingly.

Thank you.

Very truly yours,



Mark Anchor Albert

cc: Mr. Randhir S. Tuli
William L. Larson, Esq.
Dr. Andrew Brooks (by email)

EXHIBIT "X"



Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
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615.244.6380 main
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Jennifer L. Weaver
615.850.8116 direct
jennifer.weaver@wallerlaw.com

March 18, 2014

Via Email and U.S. Mail

Mark Anchor Albert
Larson Albert LLP
601 South Figueroa Street
Suite 2370
Los Angeles, California 90017
albert@LAlitigators.com

*Re: Specialty Surgical Center of Thousand Oaks
Notice of Purchase of Class A Units from Randhir S. Tuli*

Dear Mr. Albert:

This letter is to advise your client, Randhir Tuli, that the Class B Member of Specialty Surgery Center of Thousand Oaks, LLC ("the Company"), SYMBISS Thousand Oaks, LLC, hereby exercises its right to purchase Mr. Tuli's 103.38 Class A Units pursuant to Section 10.2.1(b) of the Third Amended and Restated Operating Agreement ("the Agreement"). The purchase price for Mr. Tuli's 12.5 Class A Units is \$0.00, pursuant to the formula set forth in Section 10.2.1(b)(i)-(iii) of the Agreement.

The Class B Member has the right "to purchase any or all of the Units of a Class A member any time from the occurrence of the Terminating Event with respect to such Class A Member . . ." (Agreement § 10.2.1(b)). Under Section 1 of the Agreement, subsection (ii) of the Definition of "Terminating Event," a "Terminating Event" occurs when "[a] Member has disrupted the affairs of the Company or has acted adversely to the best interests of the Company, as determined in the reasonable discretion of the Governing Board, and fails to cure such conduct within thirty (30) days after receipt of written notice of such conduct sent by the Governing Board to such Member." The Governing Board made such a determination and provided written notice to Mr. Tuli, through counsel, pursuant to this provision on February 14, 2014. Specifically, Mr. Tuli was advised that by making false and reckless claims regarding the Company and his fellow Members of the Company to whom Mr. Tuli owes fiduciary duties, Mr. Tuli had disrupted the affairs of the Company and had acted adversely to the best interests of the Company. Mr. Tuli made matters worse by making these false claims in writing and copying the Members and employees of the Company, significantly disrupting the ongoing operations of the Company. Mr. Tuli never raised any concerns with the Governing Board, assuming he had any sincere interest in regulatory compliance, choosing instead to level false and defamatory charges regarding kickbacks to all the Members and employees of the Company. When challenged to substantiate those charges, and particularly to back up his claim that there is a Fourth Amendment to the Operating Agreement, Mr. Tuli has come back completely empty handed. In blatant disregard of his fiduciary duties, and in an attempt to cause harm to the Company and to block the recent offering, Mr. Tuli chose to peddle in false claims and refused to

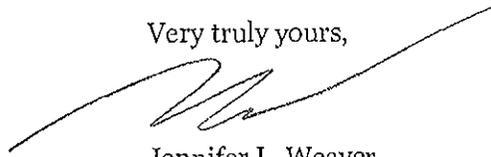
waller

Mark Anchor Albert
March 18, 2014
Page 2

cure by retracting and apologizing for those false claims. In sum, Mr. Tuli has failed to cure his disruptive conduct within thirty (30) days, and thus, a "Terminating Event" occurred effective March 16, 2014.

If you have questions about this matter, please feel free to give me a call.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jennifer L. Weaver", with a long, sweeping flourish extending to the right.

Jennifer L. Weaver

JLW:rb

EXHIBIT “Y”

CONFIDENTIAL PRIVATE OFFERING MEMORANDUM

SPECIALTY SURGICAL CENTER OF THOUSAND OAKS, LLC

Up to 84.88 Units of membership interests (the "Units")
 each generally representing a 0.108% to 0.100% membership interest in the LLC,
 depending upon the number of Units subscribed for in this offering

Price: \$17,261 per Unit

- Specialty Surgical Center of Thousand Oaks, LLC, a California limited liability company (the "LLC"), owns a 99% general partnership interest in Specialty Surgical Center of Thousand Oaks, L.P., a California limited partnership (the "Partnership"), which owns and operates an ambulatory surgery center located in Westlake Village, California (the "Center").
- SMBISS Thousand Oaks, LLC, a Tennessee limited liability company (the "Administrative Member"), is the sole Class B Member of the LLC. The Administrative Member is a wholly-owned subsidiary of SymbionARC Management Services, Inc., a Tennessee corporation ("SARC Management"), which is a wholly-owned subsidiary of Symbion Ambulatory Resource Centres, Inc., a Tennessee corporation ("SARC"), which is a wholly-owned subsidiary of Symbion, Inc., a Delaware corporation ("Symbion").
- In connection with this offering, the LLC anticipates entering into an Asset Purchase Agreement (the "Purchase Agreement") with Paul J. Dougherty, M.D. Inc. (the "Seller") for the purchase of substantially all of the assets owned by Seller in exchange for \$250,000.00 payable in Units in the LLC.

This investment involves a high degree of risk. Potential investors should purchase Units only if they can afford to lose their investment. See "Risk Factors" beginning on page 13.

	<u>Subscription Price⁽¹⁾</u>	<u>Commissions and Expenses⁽²⁾</u>	<u>Proceeds to the LLC⁽³⁾</u>	<u>Special Distribution⁽³⁾</u>
Per Unit.....	\$17,261.00	N/A	N/A	N/A
Total Minimum Offering (14.48 Units).....	\$249,939.28	\$55,000	\$194,939.28	\$194,939.28 ⁽⁴⁾
Total Maximum Offering (84.88 Units).....	\$1,465,113.68	\$55,000	\$1,410,113.68	\$1,160,113.68

(1) All subscriptions will be in the form of cash other than the subscriptions for Units to be issued under the Purchase Agreement, which will be in the form of assets acquired by the LLC or the Partnership and valued at approximately \$250,000.

(2) The LLC will be responsible for the costs of the offering which are estimated to be \$55,000, including commissions (\$25,000) and the estimated legal, accounting and other expenses (\$30,000). See "Information Regarding the Offering - Use of Proceeds."

(3) The estimated use of the cash proceeds from the sale of the Units, net of commissions and expenses and excluding the assets acquired under the Purchase Agreement (valued at approximately \$250,000), will be used to fund a special distribution in the form of cash to the existing Members immediately prior to the closing of this offering, including the Administrative Member, to compensate such Members for the dilution of their membership interest pursuant to this offering.

(4) Assumes the Minimum Offering does not include the issuance of Units under the Purchase Agreement, in which case the cash subscriptions net of commissions and expenses will be used to fund the special distribution.

The Units have not been registered with the Securities and Exchange Commission or with any state securities commission. The Units have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission, nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this Confidential Private Offering Memorandum. Any representation to the contrary is a criminal offense.

The LLC is offering and selling the Units in reliance upon exemptions from the registration requirements of the Securities Act of 1933, as amended and applicable state laws. In making an investment decision, investors must rely on their own examination of the LLC, the Units and the terms of the offering, including the merits and risks involved, and should request from the LLC any additional information necessary to make an informed investment decision. Investors should rely only on the information contained in this document or in documents referred to herein. No person is authorized to give any information or to make any representation not contained in this Memorandum. The LLC does not intend to update any of the information contained in this document. There are significant restrictions on the transfer of Units. Investors may be required to bear the financial risk of an investment in the Units for an indefinite period of time.

Potential investors should request from the LLC any additional information they may consider necessary to make an informed investment decision.

Potential investors should conduct their own examination of the LLC and the Units, including the merits and risks involved, before investing in the Units.

Potential investors should rely only on the information contained in this document or in documents that the LLC has referred them to. The LLC has not authorized anyone to provide you with information that is different from the information in this document.

The LLC does not intend to update any of the information contained in this document.

Potential investors may not be able to resell the Units. They may be required to bear the financial risk of their investment in the Units for an indefinite period of time.

December 2, 2013

This Confidential Private Offering Memorandum, including the exhibits hereto (the "Memorandum"), is confidential and for the sole use of the offeree whose name appears on the cover page hereof. Any distribution of this Memorandum (including the exhibits hereto), whether in whole or in part, to any person other than such offeree and such offeree's authorized agents or advisors, and any reproductions of this Memorandum (including any exhibit hereto) or divulgence of any of its contents, is strictly prohibited. The offeree named on the cover page hereof, by accepting delivery of this Memorandum, agrees to return it, together with all exhibits hereto, to the LLC if such offeree does not purchase any of the securities offered hereby.

This Memorandum does not constitute an offer to sell nor a solicitation of any offer to buy the securities described herein in any jurisdiction to any person to whom it is unlawful to make such an offer or sale.

Persons contemplating an investment in the securities offered hereby should not construe the contents of this Memorandum as legal, tax or investment advice. Each prospective investor should consult his or her own legal counsel, accountant or other business or tax advisors concerning their investment.

Statements in this Memorandum that are not based on historical facts, that reference future periods or that use forward-looking terminology, such as "anticipate," "expect," "believe," "intend," "should" or "may," are identified as "forward-looking statements." The Administrative Member cautions readers that such "forward-looking statements," including without limitation those relating to the LLC's future business prospects, demand for outpatient surgery in general, revenues, capital needs, interest costs and income, wherever they occur in this document or in other statements attributable to the LLC or the Administrative Member, are necessarily estimates that involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the "forward looking statements." Such "forward-looking statements" should, therefore, be considered in light of various important factors, including those set forth in the section of this Memorandum captioned "Risk Factors." Given these uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements. The LLC disclaims any obligation to update any such factors.

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL INCOME TAX CONSIDERATIONS CONTAINED OR REFERRED TO IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY PROSPECTIVE INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM 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) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

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- Exhibit A - Management Agreement
- Exhibit B - Lease Agreement
- Exhibit C - Unaudited Financial Statements
- Exhibit D - Third Amended and Restated Operating Agreement
- Exhibit E - Agreement of Limited Partnership
- Exhibit F - Federal Tax Considerations
- Exhibit G - Form of Subscription Agreement and Power of Attorney

INFORMATION REGARDING THE OFFERING

The following contains certain information regarding the offering; however, it does not contain all the information that may be important to potential investors. Potential investors should read this entire document and its exhibits carefully before they decide to invest in the Units.

The Offering

The LLC is offering up to 84.88 Units of membership interest in the LLC to suitable investors for a purchase price of \$17,261 per Unit (\$160,380 per 1% membership interest). The price per Unit was determined based upon an independent valuation. The LLC believes this price to be fair market value.

The closing of this offering is expressly conditioned upon the LLC receiving and accepting subscriptions for at least 14.48 Units from Physician Investors who are suitable to the Administrative Member, in its sole discretion (the "Minimum Subscription"). If the Minimum Subscription is not met on or before January 1, 2014 (or during any extension period if the offering is extended in the sole discretion of the Administrative Member), this offering will be terminated and all subscriptions returned. THERE CAN BE NO ASSURANCE THAT THESE CONDITIONS WILL BE SATISFIED. THE INVESTORS WILL NOT BECOME MEMBERS OF THE LLC IF THE CONDITIONS ARE NOT SATISFIED.

No single investor may purchase less than one or more than ten Units unless approved by the Administrative Member, in its sole discretion. The Administrative Member reserves the right, in its sole discretion, to reject any subscription.

The Units are being offered to physicians ("Physician Investors"), or entities ("Physician Entity") owned by Physician Investors ("Owner"), who meet certain suitability requirements and are satisfactory to the LLC, in its sole discretion, for admission as members of the LLC. Investors will become Class A Members of the LLC. The percentage interest per Unit will depend upon the number of Units subscribed for in this offering, but will be between 0.108% to 0.100% per Unit. No fractional Units may be purchased, except as the Administrative Member may otherwise decide on a case-by-case basis and in its sole discretion.

The purchase price for each Unit must be paid by check upon subscription.

The Units are being offered on a 14.48 Unit-minimum basis by Brown, Gibbons, Lang & Company Securities, Inc., an Ohio corporation ("Placement Agent") on behalf of the LLC, subject to the acceptance of subscriptions by the LLC. John C. Riddle, a registered investment banking representative with Placement Agent, will act on behalf of Placement Agent in the engagement. Placement Agent is a registered broker-dealer in the State of California. Placement Agent will receive a commission of \$25,000 and will be reimbursed for its expenses incurred in connection with the offering.

This offering will terminate on January 1, 2014 unless extended by the Administrative Member, in its sole discretion, with or without notice, for three additional periods of 30 days each ("Termination Date").

Assuming the Minimum Subscription is satisfied but less than 84.88 Units (the "Maximum Subscription") are subscribed for by January 1, 2014, it is anticipated that the Administrative Member will conduct a tiered closing of the offering and admit the investors for which subscription agreements have been received and approved by the Administrative Member (the "Tiered Closing"). In such a case, the outstanding Units that are not subscribed for at that time will remain available for sale in the Offering until the earlier of (i) the sale of all of the remaining Units or (ii) the Termination Date.

Purchase Agreement

The Partnership and the Seller have executed a non-binding Letter of Intent to enter into the Purchase Agreement, pursuant to which the LLC will agree to purchase substantially all of the assets owned by Seller and used in the operation of Advanced Sight Surgery Center (the "Target Center") in exchange for \$250,000.00, payable in Units in the LLC issued to Seller (the "Purchase Transaction"). The Purchase Transaction includes standard representations and warranties and includes customary conditions to closing. In the event this Offering is not completed, the LLC may elect, however, in its sole discretion to proceed with the Purchase Transaction. The LLC anticipates closing the Purchase Transaction simultaneously with the closing of this Offering or the Tiered Closing, whichever occurs first.

Use of Proceeds

The proceeds from the sale of the Units by the LLC, net of commissions and expenses and excluding the assets acquired under the Purchase Agreement, will be used to fund a special distribution to the existing Members immediately prior to the closing of this offering, including the Administrative Member, to compensate such Members for the dilution of their membership interest pursuant to this offering. The table on the front page of this Memorandum shows the anticipated use of proceeds from this offering, assuming that either the maximum number of Units or the minimum number of Units offered are sold.

Subscription

Each investor will be required to execute an Investor Suitability Questionnaire and a Subscription Agreement and Power of Attorney, the forms of which are attached hereto as Exhibit G (the "Subscription Package"), evidencing his suitability to purchase Units (see "SUITABILITY REQUIREMENTS"), such investor's compliance with the terms of this Memorandum, such investor's agreement to be bound by the Operating Agreement (defined below) and such investor's intent to become a Member. Owners of any Physician Entities will also be required to execute an Owner Restriction Agreement which is attached to the Subscription Package for Entities.

Each Subscription Agreement and Power of Attorney will be accepted or rejected according to the suitability standards and the discretion of the Administrative Member. The Administrative Member reserves the right, in its sole discretion, to reject any subscription. The Administrative Member may, in its sole discretion, reduce subscriptions for any reason whatsoever, subject to the subscriber's acceptance of a reduced number of Units.

The full purchase price for each Unit must be paid in cash to "US Bank as Escrow Agent for Specialty Surgical Center of Thousand Oaks, LLC" when an investor delivers his, her or its subscription to the LLC. Upon

receipt of subscriptions, Placement Agent will deposit all funds for the purchase price of Units into an escrow account at US Bank (the "Escrow Agent") pursuant to the terms of an Escrow Agreement between the LLC and the Escrow Agent (the "Escrow Agreement"). Proceeds of the offering will be held in escrow by US Bank pursuant to the Escrow Agreement until (i) the Administrative Member receives and accepts the Minimum Subscription or (ii) written notice from the Administrative Member to the Escrow Agent that the offering has terminated on the Termination Date. If the Administrative Member does not receive and accept the Minimum Subscription on or before the Termination Date, all funds will be returned to investors, without interest, pursuant to the terms of the Escrow Agreement.

Each prospective investor who desires to purchase Units in this Offering must: (i) complete, date, sign and deliver to Placement Agent the enclosed Subscription Package, which incorporates a power of attorney; and (ii) concurrently with the delivery of the Subscription Package, deliver to Placement Agent a check payable to "US Bank as Escrow Agent for Specialty Surgical Center of Thousand Oaks, LLC." Subscriptions and questions regarding the offering should be directed to Brown, Gibbons, Lang & Company Securities, Inc., One Magnificent Mile, 980 North Michigan, Suite 1880, Chicago, IL 60611, Attention: John C. Riddle. Mr. Riddle may also be contacted by telephone at (312) 658-1600 or by email at jriddle@bglco.com.

* * *

INFORMATION REGARDING THE LLC

The following contains certain information regarding the LLC; however, it may not contain all the information that may be important to potential investors. Potential investors should read this entire document and its exhibits carefully before they decide to invest in the Units.

The LLC The LLC is a California limited liability company that owns a 99% general partnership interest in the partnership that owns the assets of and operates the Center. The Administrative Member owns the remaining 1% limited partnership interest in the Partnership. The LLC and the relationships among its Members are governed by a Third Amended and Restated Operating Agreement, dated as of April 21, 2008, as amended, a copy of which is attached hereto as Exhibit D (the "Operating Agreement"). The Partnership and the relationships among its partners are governed by an Agreement of Limited Partnership, dated as of August 1, 2005, a copy of which is attached hereto as Exhibit E (the "Partnership Agreement").

The principal place of business of the LLC is at the Center.

The Center The Center is a multi-specialty ambulatory surgery center ("ASC") located in Westlake Village, California. The Center was originally opened in March 2008. The Center currently includes four operating rooms, two procedure rooms, one 23-hour stay room and auxiliary space for patient care. The Center is equipped with operating room tables, an anesthesia machine, sterilizers and other miscellaneous surgical equipment and instruments.

The Center is available for use by individuals who have valid and unrestricted licenses to practice as a physician in the State of California, who are actively practicing full-time clinical medicine in the State of California and who are admitted to the medical staff of a Joint Commission accredited hospital.

Governing Board Generally, the right and power to manage and control the LLC's business and affairs rests with its Governing Board. The Governing Board consists of six (6) governors. Four (4) governors are elected or appointed by the Class A Members, each of whom is entitled to cast one vote. The Administrative Member elects or appoints two (2) Class B Governors, each of whom is entitled to cast one vote. The Class A Member's designated governors are generally able to decide matters submitted to the Governing Board. However, there are certain decisions that require the approval of a majority of both sets of governors.

The following table identifies the members of the Governing Board of the LLC as of the date of this Memorandum:

<u>Name:</u>	<u>Appointed By:</u>
Andrew A. Brooks, M.D.	Class A Members
David Chi, M.D.	Class A Members
Glenn Cohen, M.D.	Class A Members
Mark Farnum, M.D.	Class A Members
George Goodwin	Class B Member
G. Miles Kennedy	Class B Member

Management Agreement SARC Management manages the Center under a Management Agreement with the Partnership, a copy of which is attached as Exhibit A hereto (the "Management Agreement"). Under the Management Agreement, SARC Management

manages the day-to-day operations of the Center, but is not responsible for any medical or professional matters. For its management services, SARC Management receives a fee equal to the greater of (a) 5% of the net revenues of the Partnership and (b) \$10,000, payable monthly. The definition of net revenues under the Management Agreement is gross revenues less contractual adjustments and bad debt adjustments. SARC Management is reimbursed for all direct costs and expenses incurred by it for the benefit of the Partnership and attributable to the operation of the Partnership.

The Management Agreement is terminable by the Partnership in the event of a material breach by SARC Management, after notice and an opportunity to cure. SARC Management is permitted to assign its rights under the Management Agreement to any subsidiary company of SARC Management or other company controlling or under common control with SARC Management, but is not permitted to assign its rights to any other entity without the Partnership's consent. The initial term of the Management Agreement, which commenced on August 1, 2005, is for the longest of: (a) 15 years from the date on which the first procedure was performed at the Center, which is to be automatically renewed for two additional terms of five years each unless either party gives the other party written notice of termination at least 180 days before the expiration of the then current term, (b) until any loans to the Partnership from SARC Management or its affiliates have been paid in full, or (c) until any liability of SARC Management or its affiliates for any debt or obligation of the Partnership has been released. The Administrative Member, who is an affiliate of SARC Management, will, in its sole discretion, determine on behalf of the Partnership whether to renew the Management Agreement.

Lease

The Center operates in an approximately 12,000 square foot building located at 696 Hampshire Road, Suite 100, Westlake Village, California. The Partnership leases that facility from 696 Hampshire, LLC (the "Landlord") under a written lease agreement, a copy of which is attached hereto as Exhibit B hereto (the "Lease"). The initial ten year term of the Lease will expire during 2017 with two five-year renewal options exercisable by the Partnership. The base rent is currently \$54,737.00 per month and increases each year by approximately 3%. In addition, the Partnership is also responsible for a portion of the annual expenses relating to the maintenance of the common areas of the property, which is currently \$2,403.01 per month, resulting in a total monthly lease payment of \$57,140.01.

The Lease contains covenants and agreements typically found in professional office building leases. In the event of default by the Partnership in the payment of rent or in the event of another material default in the performance of obligations under the Lease, which remain uncured after applicable notice, the Landlord would be able to foreclose on the lease or exercise other rights and remedies against the Partnership. The Lease prohibits assignment or subletting of the Lease by the Partnership without the Landlord's prior consent. Dr. Brooks, a current Class A Member of the LLC, is an owner of the Landlord.

Unaudited Financial Statements

The unaudited consolidated financial statements of the LLC and the Partnership attached hereto as Exhibit C, as described below, include the accounts of the LLC and the Partnership, in which the LLC owns a 99% general partnership interest. The LLC's only business and only material asset are its ownership interest in the Partnership. The unaudited consolidated balance sheet of the LLC and the Partnership as of September 30, 2013, and the unaudited consolidated income statement and statement of cash flows of the

LLC and the Partnership for the nine months ended September 30, 2013, are attached hereto as Exhibit C. In addition, included in Exhibit C are unaudited consolidated balance sheets of the LLC and the Partnership as of December 31, 2012 and 2011 and unaudited consolidated income statements and statement of cash flows of the LLC and the Partnership for the 12 months ended December 31, 2012 and 2011. These financial statements have not been audited or reviewed by an independent accountant, and they are not necessarily indicative of results for future periods. Such financial statements were prepared in accordance with generally accepted accounting principles ("GAAP"), except (i) the financial statements do not include accompanying notes, (ii) the statement of operations does not provide the level of disclosure required by GAAP, and (iii) the financial statements do not reflect stock compensation expense. There can be no assurance that the operations of the LLC will be profitable in the future.

**Out of Network
Impact on
Revenue**

As of September 30, 2013, approximately 83% of the Center's revenue was generated from out-of-network payors. Historically, the third-party payors that do not have contracts with the Center have paid the Center's claims at rates that are higher than the Center's contracted rates. However, there is a growing trend for third-party payors to adopt out-of-network fee schedules that are more comparable to the Center's contracted rates or to take other steps to discourage their enrollees from seeking treatment at an out-of-network facility. In addition, the patients whose treatments are covered by the third-party payors for which the Center is out-of-network are often required to pay higher copayments and/or other out-of-pocket costs for services obtained at the Center, and the Center has historically adjusted the out-of-pocket costs for those patients to reflect in-network copayments and other costs.

Although the Center does not plan to go in-network with any payors, it expects that it may be required to do so with a majority of its payors over the next five years. In the event that the Center is required to do so, the LLC anticipates that net patient revenue could be reduced as much as approximately 27% within the next five years. This will likely have a material adverse effect on the Center's results of operations, will likely result in significantly reduced revenue to the Center and, as a result, would reduce the LLC's cash available for distribution.

In February 2011, Cigna and the LLC entered into a settlement agreement concerning claims related to the Center's practice of adjusting out-of-pocket costs to Cigna enrollees for whom the Center is out-of-network. In November 2012, Cigna notified the LLC that it believes the LLC to be in breach of the settlement agreement by continuing to adjust the out-of-pocket costs for Cigna patients to reflect in-network copayments and other costs. The LLC and Partnership, through counsel, have disputed Cigna's allegations. As of September 30, 2013, Cigna has withheld approximately \$641,149.00 in claims payable to the Center related to this dispute. Cigna has also indicated that it may review the claims that were submitted by the Center prior to that date and attempt to recoup the amounts it previously paid the Center for its services. The LLC, through counsel, has disputed Cigna's allegations but cannot provide any assurances that this most recent dispute with Cigna will be resolved in a timely manner or in a manner that is favorable to the LLC. If Cigna's denials of the Center's claims are not reversed or if the dispute is not otherwise resolved in a manner favorable to the Center, the LLC's revenues would be adversely affected. In addition, if the Center's other out-of-network payors restrict reimbursement for out-of-network services or if any governmental agency or other out-of-network payors challenge the Center's out-of-network practices, the

LLC's results of operations could be materially adversely affected, as well. Also, both Cigna and Aetna, another third party payor for which the Center is out-of-network, have requested that the Center enter into participating provider agreements and go in-network with those companies. While negotiations with Cigna and Aetna are on-going, the LLC anticipates that the Center may go in-network with Cigna and Aetna in 2014. Going in-network with Cigna and Aetna could potentially reduce the Center's revenues by as much as \$3,039,361 and would have a material adverse effect on the revenues of the LLC and the Partnership.

Another trend in the California market is the consolidation of third-party payors. As a result of payor consolidation in certain markets, typically low volume payors with which the Center has a written contract have allowed recently acquired payors to access their network. As a result, payors with which the Center did not negotiate a written contract are now paying at contracted rates. The contracted rates are typically lower than rates paid for out-of-network services. Additionally, the Center has experienced difficulty from some payors in adjudicating claims properly and submitting timely payments as a result of integration issues certain payors have experienced through the consolidation with other payors.

**Outstanding
Debt of the LLC**

The LLC has capital lease obligations totaling approximately \$1,982,422 as of September 30, 2013 (the "Indebtedness"). Such Indebtedness is made up of a capital lease with Key Equipment Finance ("Key") described below.

The Partnership has an equipment lease with Key for the purpose of financing the purchase of certain equipment (the "Key Lease"). The Key Lease incurs interest at a rate of 3.951% and is being amortized over five years with monthly payments of \$47,470.00 until July 2017 at which time the Partnership has the option to purchase the equipment for \$1.00. As of September 30, 2013, there is approximately \$1,982,422 outstanding under the Key Lease. The assets of the Partnership purchased with the proceeds of the Key Lease have been pledged to Key to secure the indebtedness under the Key Lease. If the Partnership defaults in its arrangements with Key, Key may foreclose on the pledged assets. Such a foreclosure would have a severe adverse impact on the business of the Partnership and the LLC.

**Purpose and
Objective**

The purpose of the LLC is to own a 99% general partnership interest in the Partnership which owns and operates the Center. The principal objective of the LLC and the Partnership is to provide Physician Investors (as defined below) with access to a multi-specialty ASC to be utilized as an extension of their private practice of medicine in order to provide a convenient, competitively priced alternative for outpatient surgery to patients in the community.

The principal financial objectives of the LLC are to (1) preserve and protect the capital of the Members (as defined in the Operating Agreement), and (2) generate distributable cash to the Members during the term of the LLC.

Profits, Losses and Distributions per Unit In general, each Member will share in the LLC's profits, losses and distributable cash pro rata based upon the number of Units owned by that Member and the percentage of total issued Units that those Units represent.

The interests of the Members in the LLC, and the expected percentage membership interests of the Members in the LLC upon the sale of the maximum number of Units in this offering, are approximately as follows:

	Currently	Upon Completion of Offering	
		Minimum	Maximum
Administrative Member..	18.67%	18.38%	17.09%
20 Current Physician Investors	81.33%	80.06%	74.42%
New Physician Investors	0.00%	1.56%	8.49%
Total	100.00%	100.00%	100.00%

In the nine months ended September 30, 2013 and the years 2012 and 2011, the holder of a 1% membership interest received distributions totaling approximately \$79,473, \$67,527 and \$35,113, respectively.

Operating Agreement The LLC's affairs will be conducted in the manner described in the Operating Agreement, a copy of which is attached as Exhibit D hereto. Section 1 of the Operating Agreement contains definitions of some of the capitalized terms used in this Memorandum.

The Operating Agreement governs, restricts and controls a Member's ownership interest in the LLC, so it is important that prospective investors carefully read and understand its provisions. For example, the LLC's affairs are governed by its Governing Board. The distribution of available cash flow and sales proceeds, and the allocation of taxable income or loss are also governed by the Operating Agreement. Each Member is required to certify upon the LLC's request that the Member is using the Center as an extension of the Member's practice. ***Prospective Investors should read and become familiar with the Operating Agreement in its entirety, as they will be subject to the provisions set forth in the Operating Agreement if they invest in the LLC pursuant to this offering.***

Restrictive Covenants The Operating Agreement subjects each Class A Member and his Affiliates or Owners to a restrictive covenant which prohibits them from investing in facilities which compete with the Center within 25 miles of it. This restriction continues for so long as a person is a Member and until 2 years after a person ceases being a Member or Owner. This restrictive covenant is not intended to prevent a Class A Member or any Owner or Affiliate from practicing medicine, being a member of the medical staff of, or referring patients to, any other hospital or health care facility. ***Prospective investors should carefully review Section 10 of the Operating Agreement, a copy of which is attached to this Memorandum as Exhibit D, regarding the restrictive covenants.***

Limited Participation in Management Members do not participate in the active management or control of the LLC's business, transact any business for the LLC or have any power to bind the LLC. With limited exceptions, the business and affairs of the LLC are managed by (1) the Governing Board, (2) the Class B Member (as the Administrative Member) and (3) SARC Management pursuant to the Management Agreement.

Required Transfer of Units	The Operating Agreement provides that upon the occurrence of certain conditions, many of which may be outside the control of the Member, the LLC, the Class B Member or other Members have the right to repurchase the Units of a Class A Member. The price at which the Units may be required to be repurchased may be less than fair market value. <i>Prospective investors should carefully review <u>Section 10</u> of the Operating Agreement, a copy of which is attached to this Memorandum as <u>Exhibit D</u>, regarding the required transfer of a Member's Units.</i>
Risk Factors	The general economic, financial and regulatory risks of owning and operating an ASC are considered to be substantial and such risks could adversely affect the LLC, the Partnership and the Center. An investment in the Units also involves a high degree of risk. Many of the factors which may affect the LLC are subject to change or are not within the control of the LLC or its Members. See "RISK FACTORS."
Indemnification	Because the Operating Agreement provides for indemnification of the Administrative Member and its officers, directors and employees if: (i) such person conducted himself in good faith; (ii) derived no improper personal benefit; (iii) he reasonably believed (a) in the case of conduct in his official capacity with the LLC, that his conduct was in its best interests and (b) in all other cases, that his conduct was at least not opposed to its best interests; and (iv) in the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful, the Administrative Member may not be liable to the LLC or the Members for any loss suffered which arises out of such action or inaction. Therefore, purchasers of the Units have a more limited right of action than they would have absent this provision in the Operating Agreement. To the extent that this provision purports to provide for indemnification for liabilities arising under the Securities Act, it is the opinion of the Securities and Exchange Commission that such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.
Operations of the Center	The Center is normally open weekdays from 7:00 a.m. to 5:00 p.m. local time. Surgical procedures performed in the Center are non-emergency, low-risk procedures that are generally performed to correct conditions that are not life-threatening. The following procedures have been the most commonly performed procedures at the Center: <ul style="list-style-type: none"> • Orthopedic surgery, including arthroscopy, hand surgery, foot surgery, fracture repair and tendon repair; • Pain management procedures; • Ear, nose and throat surgery, including removal of tonsils and adenoids and insertion of ear drainage tubes; • General surgery, including hernia repair, biopsy and removal of lesions of the female breast and pilonidal cysts; • Plastic surgery, including face lifts, rhinoplasty, eyelid surgery and breast augmentation; • Gynecology procedures, including laparoscopy and dilation and curettage; • Neurological procedures; • Podiatric surgery, including foot surgery; and • Gastroenterology, including colonoscopy.

The decision to use the Center is generally made by the patient's surgeon after discussion with the patient.

In the nine months ended September, 2013 and the years 2012 and 2011, 3,602, 4,283 and 5,221 cases were performed at the Center with approximately \$3,325, \$3,907 and \$2,132 net revenue per case, respectively.

The following table sets forth the case mix of the Center for the periods presented:

Specialty	Year Ended December 31,				YTD	
	2012		2011		Sept. 30, 2013	
	Cases	%	Cases	%	Cases	%
General Surgery	241	5%	300	6%	213	6%
Ophthalmology	0	0	0	0%	0	0%
Gastrointestinal	2110	45%	2660	51%	1486	42%
Pain Management	1018	22%	1025	20%	827	23%
OB/GYN	12	0%	12	0%	6	0%
Orthopedics	1057	24%	1061	20%	831	23%
ENT	0	0%	1	0%	0	0%
Podiatry	50	1%	63	1%	73	2%
Urology	0	0%	0	0%	0	0%
Oncology	0	0%	0	0%	0	0%
Neurology	94	2%	45	1%	82	2%
Plastic	60	1%	54	1%	84	2%
Total	4642	100.00%	5221	100.00%	3602	100.00%

The current payor mix for the Center, based on net revenues for the years ended December 31, 2012 and 2011 and the nine months ended on September 30, 2013, is as follows:

Center Percentage Net Revenue by Payor

	Year Ended December 31,		YTD
	2012	2011	Sept. 30, 2013
Medicare.....	3.01%	8.19%	6.06%
Blue Cross.....	45.22%	18.52%	34.81%
HMO.....	3.17%	6.68%	(0.37)%
Commercial.....	42.55%	60.41%	52.96%
Champus.....	0.09%	0.94%	0.05%
Workers' Compensation...	3.53%	3.78%	2.73%
Self-Pay.....	0.71%	1.32%	3.67%

Billing and Fees

The fees charged by the Center vary depending on the procedure, but include all charges for procedure room time, supplies, recovery room time and medication. The revenues depend in large part on the amount of reimbursement for the procedures that the Partnership receives from the ultimate payors. The Center is reimbursed by a variety of payors including the patient, various private third party payors, and the Medicare program. The Center's fees do not include the charges of the patient's surgeon or anesthesiologist, which are usually billed directly by the respective physician.

Equipment	The LLC or the Partnership currently owns or leases through equipment leases with commercial leasing companies the necessary equipment needed to perform the types of cases described above. Additional equipment planning and procurement will be determined in the sole discretion of the Administrative Member.
Employees	The Center currently has a staff of approximately 29 full time and 31 part-time employees, including registered nurses, technicians, housekeepers, an administrator, a business office manager, receptionists and business office workers. The medical and office personnel employed at the Center are employed by SARC Management. Under the Management Agreement, the Partnership will reimburse SARC Management for SARC Management's actual cost of employing the Center's employees, including wages, payroll taxes, worker's compensation insurance and fringe benefits.
Competition	The Partnership competes with other health care providers in providing patient care, recruiting physicians to utilize the Center and in contracting with managed care payors. The ambulatory care sector of the health care industry has attracted many large and well-capitalized companies. Certain of these competitors have, and new competitors may have, greater financial resources than the Partnership. There currently is one hospital and three surgery centers with outpatient surgical care facilities in the Center's service area. The success of the Center will depend upon the ability of the Center to attract patients from its service area, recruit physicians from the local medical community and to negotiate favorable contracts with managed care organizations.
Risk Insurance	<p>The Partnership requires each member of the Center's medical staff to maintain insurance coverage in amounts sufficient to protect themselves and the LLC against liability for any professional liability which may occur at the Center.</p> <p>The Partnership maintains the following types of insurance policies: (1) professional and general liability coverage, (2) property and (3) workers compensation coverage. Currently, policy limits are (1) \$1,000,000 per occurrence and \$3,000,000 in the aggregate for professional and general liability, (2) \$1,000,000 for building, \$2,700,000 for improvements, \$2,000,000 for business property, \$6,000,000 for business income and \$1,000,000 for auto, and (3) \$1,000,000 for workers compensation liability.</p> <p>The Administrative Member considers the Partnership's insurance coverage limits to be adequate. The Partnership cannot assure, however, that potential claims will not exceed the amount of coverage.</p>
Information Regarding Symbion	Symbion is headquartered in Nashville, Tennessee, and through its wholly-owned subsidiaries, owns interests in partnerships and limited liability companies that own and operate a national network of short stay surgical facilities in joint ownership with physicians and physician groups, hospitals and hospital systems. As of August 12, 2013, Symbion owned and operated 49 surgical facilities, including 43 ASCs and six surgical hospitals, and managed eight additional ASCs. Symbion owns a majority ownership interest in 29 of the 49 surgical facilities and consolidates 45 of these facilities for financial reporting purposes. Symbion files annual, quarterly and current reports and other information with the Securities and Exchange Commission. Potential investors may obtain copies of Symbion's filings with the Securities and

Exchange Commission on the Internet at the Securities and Exchange Commission's website at www.sec.gov or Symbion's website at www.symbion.com. Potential investors may also read and copy any document Symbion files with the Securities and Exchange Commission at its public reference facilities at 100 F Street, N.E., Washington, D.C. 20549. Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the operation of the public reference facilities.

**Additional
Information**

The LLC will make every effort to furnish the prospective investor with any additional information they desire which is not set forth herein and will provide an opportunity for inquiry concerning the terms and conditions of this offering, including information requested to verify the accuracy of the information contained in this Memorandum. Inquiries should be addressed to: Symbion Ambulatory Resource Centres, Inc., 40 Burton Hills Blvd., Suite 500, Nashville, Tennessee 37215, Attention: Tessa Burr. Ms. Burr may also be contacted by telephone at (615) 234-5900 or by email at tburr@symbion.com. For securities related questions please contact Brown, Gibbons, Lang & Company Securities, Inc., One Magnificent Mile, 980 North Michigan, Suite 1880, Chicago, IL 60611, Attention: John C. Riddle. Mr. Riddle may also be contacted by telephone at (312) 658-1600 or by email at jriddle@bglco.com.

Except as otherwise indicated, this Memorandum speaks as of the date appearing on the cover page hereof, and neither the delivery hereof nor the purchase of the Units shall create an implication that the affairs of the LLC have continued without change since said date. Copies of all documents described or referred to herein are available or, upon execution will be available, at the offices of the LLC at the address given above.

* * *

RISK FACTORS

An investment in the Units involves a high degree of risk. Potential investors should carefully consider the following risk factors prior to any purchase of Units, as well as the other information set forth in this Memorandum.

Risks Related to the LLC

The LLC is entirely dependent on the Center's success.

The LLC has no assets other than its interest in the Partnership, which has no assets other than the assets comprising the Center. The LLC's financial performance is totally dependent upon the success of the Partnership and the Center's operations.

The LLC or the Partnership could incur unknown liabilities.

The LLC or the Partnership could be subject to liabilities other than as reflected on the financial statements attached hereto as Exhibit C or as currently known and disclosed herein, such as liabilities from third-party payors or tax liabilities, among others. In the event the LLC or the Partnership sustains any such losses, this could have a severe, adverse impact on the LLC and the Partnership.

If the LLC fails to develop and maintain good relationships with the physicians in the Center's service area, the LLC's revenues and profitability would be adversely affected.

The LLC's business depends upon, among other things, the efforts and success of the physicians who perform procedures at the Center and the strength of the LLC's relationships with such physicians. Any damage to the reputation of a key physician or group of physicians or the failure of these physicians to provide quality medical care or adhere to professional guidelines at the Center could damage the LLC's reputation, subject the LLC to liability and significantly reduce the LLC's revenues. In addition, physicians who practice at the Center are not employees of the LLC or the Partnership and are not contractually required to use the Center. The LLC and the Partnership generally do not enter into contracts with physicians who use the Center, other than the Operating Agreement with the physician Members of the LLC and certain agreements, like anesthesia service, medical director agreements and real estate leases, the LLC or the Partnership may enter into from time to time with physicians who provide professional and administrative services directly to the Center. Physicians who utilize the Center also use other surgical facilities or hospitals and may choose to perform procedures that might otherwise be performed at the Center in an office-based setting. The LLC's revenues and profitability could be significantly impacted if the LLC or the Partnership lost its relationship with one or more key physicians or groups of physicians, or if such physicians or groups reduce their use of the Center. Physicians who practice at the Center may also choose not to accept patients who pay for services through certain third-party payors, which could reduce the LLC's revenues.

The Center is subject to competition for patients, physicians and managed care contracts, which may result in a decline in the LLC's revenues, profitability and market share.

The health care and ASC industries are highly competitive. The Partnership competes with other health care providers in providing patient care, recruiting physicians to utilize the Center and in contracting with managed care payors. The success of the LLC depends on the effective and efficient operation of the Center, which is affected by competition from acute care centers, hospitals and ASCs. There currently is one hospital with outpatient surgical care facilities in the Center's service area: Thousand Oaks Surgical Hospital. There are three ASCs (other than the Center) in the Center's service area: Los Robles SurgiCenter, Westlake Surgery Center and Canejo Surgery Center. Other companies or organizations may decide to open competing facilities in the Center's service

area, some of which may have greater financial, staff and marketing resources than the LLC. See "INFORMATION REGARDING THE LLC -- Competition."

The LLC may be unable to distribute cash to its Members.

The LLC may not have sufficient cash to make distributions to the Members. Accordingly, prospective investors should not rely on regular distributions of cash from the LLC and may experience allocations of taxable profits without receiving distributions of cash sufficient to pay the tax on the allocations.

The Administrative Member and its affiliates may have conflicts of interest.

The LLC engages in various business transactions with the Administrative Member, Symbion Ambulatory Resource Centres, Inc. ("SARC") and other affiliates of the Administrative Member, as described in this Memorandum, including transactions under the Management Agreement with SARC Management. SARC Management and the Administrative Member are indirect subsidiaries of SARC. The terms of the Management Agreement and the resolution of any disputes under the Management Agreement were not and will not be determined based on arm's-length negotiations. See "CONFLICT OF INTEREST."

The LLC has incurred significant indebtedness.

The LLC is required to repay and otherwise comply with the terms of its financial obligations. As of September 30, 2013, the Partnership had outstanding capital lease obligations in the aggregate amount of approximately \$1,982,422 and may incur additional indebtedness in the future. The Administrative Member has the right to cause the LLC to incur indebtedness, including lease obligations, in such amounts and on such terms as the Administrative Member believes will be in the best interest of the LLC; provided, however that any amount in excess of 20% of the fair market value of the LLC in any calendar year must be approved by a majority of the Governors.

A failure to pay or other default under our financial obligations would have a material adverse effect on the viability of the LLC. The outstanding debt may become immediately due and payable and the LLC may not have sufficient funds to repay the loans. In the event that the LLC defaults in making payments of principal and interest under or defaults under any of its debt obligations, then its creditors will have the right to exercise their rights as a secured creditor under applicable law, including, but not limited to, the right to foreclose upon the pledged assets, close the Center and sell the assets of the Center to satisfy any of the LLC's outstanding obligations. In addition, the Members may be required by a lender to agree that upon default under a loan from the lender the Members will subordinate their right to distributions to the lender. Also, upon liquidation or bankruptcy of the LLC, the repayment of any indebtedness will have priority over distributions to the Members.

The current state of the economy and future economic conditions may adversely impact the LLC's business.

The United States economy continues to experience difficult conditions. Burdened by economic constraints, patients may delay or cancel non-emergency surgical procedures. It is difficult to predict the degree to which the LLC's business will be impacted by such conditions or the course of the economy in the coming year.

The Partnership and the LLC may have difficulty in obtaining additional funds if they are required.

The LLC and the partnership have no commitments for additional debt financing, and there is no assurance that additional debt financing can be obtained. To the extent additional funds are required, such funds may be obtained through additional LLC borrowings or issuance of additional LLC interests. Credit constraints and other banking regulations, as well as nationwide and local economic conditions, may adversely affect the ability of the LLC or the Partnership to borrow money or issue additional LLC interests.

The Administrative Member's outstanding ownership interest has been pledged as collateral for loans.

The ownership interest of the Administrative Member (which include the Administrative Member's ownership interest in the LLC and the Partnership) are pledged as security for a loan to Symbion and its affiliates. If the Administrative Member's ownership interest is foreclosed upon, the Administrative Member or the Administrative Member's ownership interest in the LLC or the Partnership is unable to predict who may become the owner of the Administrative Member and the impact of such a change in ownership on the LLC. In such a case, there could be a severe, adverse impact on the LLC.

The Members will have limited control over the LLC. The Administrative Member has the power to manage the LLC, and SARC Management will manage day-to-day operations.

The management and control of the LLC's business and affairs rests with the Governing Board. The Partnership has entered into a Management Agreement with SARC Management to manage the day-to-day operations of the Center. The Members are unable to exercise control over many aspects of the LLC or its operations, and, therefore, are reliant on the Governing Board and SARC Management for the successful management and administration of the Center. The Management Agreement may be extended indefinitely by the agreement of SARC Management and the Administrative Member. The Members do not have the right to approve the renewal of the Management Agreement.

Members may have liability for professional acts or omissions.

The Beverly-Killea Limited Liability Company Act provides that, except under limited circumstances, including an agreement by a member to guaranty such debt and/or obligations, a member in a limited liability company will not have any personal liability to satisfy a debt, obligation or liability of, or a judgment against, the limited liability company, solely by reason of being a member. The Beverly-Killea Limited Liability Company Act, however, does not affect any statutory provision or common law pertaining to liability of a member who renders medical or other professional services for acts or omissions committed or omitted during the course of rendering the professional service.

Under the Management Agreement, SARC Management's obligations to indemnify the Partnership for losses suffered as a result of SARC Management's gross negligence or willful misconduct in connection with its management of the day to day operations of the Center is subject to a cap.

The Management Agreement generally obligates SARC Management to indemnify the Partnership for losses experienced by the Partnership as a result of SARC Management's gross negligence or willful misconduct in connection with the performance by SARC Management of its duties under the Management Agreement. However, the maximum amount of indemnification that SARC Management would have to pay is the greater of (a) two times the management fee payable to the Partnership for the twelve months ending on the date that the loss occurred or (b) one million

dollars. This amount may not be enough to cover such losses and the Partnership may be liable for the difference.

The LLC or the Partnership could dissolve and Members could sustain economic losses as a result.

The LLC will be dissolved immediately upon the approval by the Administrative Member and the Class A Members holding in excess of 50% of the outstanding Class A Units or upon judicial decree. The Partnership will be dissolved upon the unanimous agreement of its partners. A dissolution of the LLC or the Partnership could occur at a time that would be disadvantageous to the remaining Members. The value of the Units could be materially and adversely affected by a dissolution of the LLC or the Partnership, and the Members could sustain economic losses, including adverse federal income tax consequences, from such a dissolution.

The transfer and sale of Units will be restricted.

The Units are transferable only in accordance with the Operating Agreement, which allows transfers only under certain circumstances. Any transfer of a Unit by a Physician Investor or interest therein must be approved by the Governing board and made to an individual person who at the time of transfer is a member of the medical staff of the Center, and such transfer of a Unit by a Physician Investor is subject to a right of first refusal of the LLC. In addition, because the Units are being sold in reliance upon exemptions from registration under the Securities Act of 1933 and the securities regulations of the various states, the Units may not be sold unless they are subsequently registered under the Securities Act of 1933 and the applicable states, if so required, or unless an opinion of counsel or other evidence satisfactory to the LLC and counsel for the LLC is obtained which states that such registration is not required. No such registration is contemplated by the LLC. Prospective investors should carefully review the Operating Agreement attached hereto as Exhibit D.

There is no market for the Units.

There is no current market for any of the Units, and it is not anticipated that any will develop. The Units offered hereby have not been registered under the Securities Act of 1933 or any state securities law and may not be offered for sale, sold, transferred, pledged or otherwise disposed of without registration under such laws or an exemption from such registration. Transfer of these securities will be restricted (i) in order to comply with applicable securities laws and (ii) by the terms and provisions of the Operating Agreement.

Investors face possible involuntary disposition of Units.

The investor's Units are subject to the option or obligation of the LLC, the Administrative Member or other Members to purchase some or all of the investor's Units upon the occurrence of certain conditions, many of which may be outside the control of the investor. The price at which the Units may be required to be resold may be less than fair market value.

The Members are subject to a restriction on ownership in certain competing businesses.

The Operating Agreement provides that each Member and Owner agrees that while he is a Member or Owner and for two years thereafter neither he nor any of his affiliates, owners or employees shall, directly or indirectly, own an interest in, lease, manage, joint venture with, be employed by or have any economical interest in any health care business which provides a facility in which surgical procedures are performed and shall include, without limitation, a specialty hospital, hospital or ASC that is located within 25 miles of the Center. In the event of a breach of this covenant, the Managing Member may repurchase any Units from the affected Member or Physician Entity at a purchase price that may be less than fair market value. Any Class A Member whose

Units are do purchased will continue to be subject to the restrictions on ownership in certain competing business contained in the Operating Agreement for a two year period from the date of the sale of his or her Units. Prospective Investors should carefully review the Operating Agreement, a copy of which is attached hereto as Exhibit D.

If the LLC or the Partnership become subject to legal claims, they could be required to pay significant damages, which may not be covered by insurance.

The LLC, the Partnership and their affiliates operate in a highly regulated and litigious industry. As a result, various lawsuits, claims and legal and regulatory proceedings can be expected to be instituted or asserted against the LLC, SARC Management and their respective affiliates from time to time. The LLC or the Partnership may be liable for damages to persons or property arising from occurrences at the Center. Although the LLC and the Partnership require Physician Investors and other physicians to obtain general and professional liability insurance, and the LLC and the Partnership maintain casualty, general and professional liability insurance, the LLC and the Partnership may not be able to maintain coverage in amounts sufficient to cover all potential liability. Since most insurance policies contain deductibles and exclusions, the LLC and the Partnership will not be insured against all possible occurrences. In the event of an uninsured or underinsured loss, the earnings of the LLC will be reduced, and accordingly, the value of an investment in the Units and the amount of distributions could be adversely affected.

If the LLC or the Partnership is found to be an "affiliated service group," as defined in the Internal Revenue Code, a Member's retirement plan could be disqualified.

The affiliated service group rules of Section 414(m) of the Internal Revenue Code of 1986, as amended, (the "Code") and the aggregation rules of Section 414(o) of the Code require aggregation of partnerships, corporations, limited liability companies, sole proprietorships and other entities involved in providing professional services to each other and have certain types of relationships with each other. It is possible that the Internal Revenue Service (the "IRS") could assert that the LLC, the Partnership, SARC Management, the Administrative Member and the investor or his or her professional organization constitute an "affiliated service group" or that they must be aggregated under Code Section 414(o).

If an affiliated service group is deemed to exist or the rules of Code Section 414(o) apply, the LLC, the Partnership, SARC Management, the Administrative Member, and the investor or his or her professional organization or 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, other employee benefit plans or non-taxable fringe benefits of the investor or his or her professional organization complies with certain requirements of the Code, including minimum participation, e.g., Code Sections 410(b) and 401(a)(26), and nondiscrimination rules, e.g., Code Sections 105(h), 125, 401(a)(4), 401(k) and 401(m). Therefore, any retirement plan could be disqualified, which could result in benefits accrued under the plan being immediately taxable to the participants or require that the investor or his or her professional organization to make additional contributions to the plan(s). In addition, certain highly compensated employees of the investor or his or her professional organization may be taxable on a portion of certain generally non-taxable fringe benefits. Each investor should consult his or her own tax advisor regarding the aggregation of employers under Code Sections 414(m) and (o) and the potential consequences of such aggregation. See "FEDERAL TAX CONSIDERATIONS -- Impact on a Member's Qualified Retirement Plan and Fringe Benefit Plan."

The Administrative Member may engage in other ventures, including other surgery centers, that may result in a conflict of interest.

The Administrative Member is required to devote only so much of its time to the business of the Center as it deems to be necessary to manage and supervise the Center's business and affairs in an efficient manner. Affiliates of the Administrative Member may engage, and are currently

engaging, for their own accounts, in other business ventures, including ventures similar to the Center throughout Southern California. Such activities may result in conflicts of interest involving the time, attention and resources of the Administrative Member, SARC Management and their key management personnel.

Members in the LLC will be subject to certain tax-related risks.

Tax Liability. Each Member is and will be taxed on his distributive share of the LLC's income regardless of whether he 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 the LLC's taxable income and gain. Consequently, a Member may be required to pay federal and state income taxes on income or gain from the LLC in excess of cash received by the Member from the LLC. See "FEDERAL TAX CONSIDERATIONS" attached hereto as Exhibit F.

New Legislation. There is a high degree of risk that there may be significant changes in the federal income tax laws on a relatively regular and recurring basis. Such changes are often made retroactively, so as to affect past conduct. In addition, both judicial and administrative interpretations of the law may alter the impact of particular provisions. Therefore, the tax consequences of an investment may be fundamentally affected by future changes in the tax law which may result through legislation, judicial decisions or IRS interpretations. Presently there is pending legislation that, if enacted, may characterize each individual Member's share of income from the LLC as self-employment income. See "FEDERAL TAX CONSIDERATIONS" attached hereto as Exhibit F.

Other Tax Matters. In judging an investment in the Units, a potential investor should consider the tax consequences thereof, including the risk that net income and net loss will be reallocated between the Members and the Administrative Member; the tax liability on income resulting from a sale or other disposition of his Units, or a sale (including a foreclosure sale) or other disposition of the Center, a portion of which may be ordinary income; the possibility that a Member's tax liability may exceed his share of cash proceeds resulting from a sale of his Units; the risk that the Member's ability to deduct LLC losses may be limited by the "at risk" rules or passive activity loss rules in the Internal Revenue Code and Treasury regulations thereunder; the possibility that an audit of the LLC's information returns may result in the disallowance of various deductions and in an audit of a Member's return with resulting expenses for legal and accounting fees, court costs, related expenses, taxes, interest and penalties if applicable; and possible adverse changes in the tax laws or their interpretation. See "FEDERAL TAX CONSIDERATIONS" attached hereto as Exhibit F.

See "FEDERAL TAX CONSIDERATIONS" attached hereto as Exhibit F for a more complete discussion of the income tax aspects of an investment in the LLC. Prospective investors are urged to consult with their own advisors with reference to their own tax situations.

State and Local Taxes. In addition to the federal income tax consequences described above, prospective investors should consider state and local tax consequences of an investment. This Memorandum does not address state and local tax considerations.

Risks Related to the Health Care Industry

The Center is subject to extensive governmental regulation.

The Center is subject to many laws and regulations at the federal, state, and local levels. Among other things, these laws and regulations (i) require the Center to meet various licensing, certification, and other requirements, (ii) regulate the use of the Center's property and equipment, (iii) regulate the Center's disposal of medical waste, (iv) regulate the privacy and security of patient information, (v) regulate the reimbursement for the services provided by the Center, (v) prohibit the

submission of false and fraudulent claims, and (vi) prohibit the payment of remuneration to any person or entity in exchange for patient referrals. The Administrative Member intends to conduct the operations of the LLC in compliance with all applicable laws and regulations. However, many of those laws and regulation are very broad and complex and have not been interpreted by any courts or the applicable regulatory agencies. As a result, the Administrative Member cannot provide any assurances that the LLC's or the Partnership's activities or operations will not be reviewed or challenged by an enforcement authority or, if challenged, that they would be found to be lawful. If the Center fails to comply with the laws and regulations applicable to their operations, the Center, the LLC, the Partnership and the Members could be subject to criminal and civil penalties, such as fines, imprisonment, civil monetary penalties, and the loss of their professional license or license to operate, and exclusion or suspension from participation in Medicare, Medicaid, and other government sponsored health care programs. Prospective investors should carefully review the section of this Memorandum entitled "Government Regulation."

The LLC is dependent on payments from third-party payors. If these payments are reduced or eliminated, or if the LLC is unable to negotiate contracts or maintain satisfactory relationships with third-party payors, the LLC's operating income will decrease.

The LLC is dependent upon private and governmental third-party sources of payment for the services provided to patients. If the LLC fails to enter into favorable contracts or maintain satisfactory relationships with the primary managed care organizations in the Center's service area, its revenues may decrease. In addition, most, if not all, governmental health care programs and third-party payor agreements provide that the Center's participation in such programs or agreements may be terminated without cause or upon the occurrence of certain events. The amounts the Center receives as payment for its services may be adversely affected by market and cost factors as well as other factors over which the LLC has no control, including Medicare, Medicaid, and state regulations, the decreased fee schedules and cost containment and utilization decisions of third-party payors, Congressional changes, refinements to Medicare's ASC payment system and reimbursement policies, and other factors described in this Memorandum. In addition, fixed fee schedules, capitation payment arrangements, exclusion from participation in managed care networks, and other factors affecting payments for health care services could cause a reduction in the LLC's revenues. A reduction in the amounts received by the Center for its services and/or the termination of the Center's participation in governmental health care programs or third party payor agreements could have a materially adverse effect on the Center and, consequently, the results of operations and financial position of the LLC. See "Payment For Services."

The LLC has significant revenue from out-of-network payors.

As of September 30, 2013, approximately 83% of the Center's revenue was generated from out-of-network payors. Historically, the third-party payors that do not have contracts with the Center have paid the Center's claims at rates that are higher than the Center's contracted rates. However, there is a growing trend for third-party payors to adopt out-of-network fee schedules that are more comparable to the Center's contracted rates or to take other steps to discourage their enrollees from seeking treatment at an out-of-network facility. In addition, the patients whose treatments are covered by the third-party payors for which the Center is out-of-network are often required to pay higher copayments and/or other out-of-pocket costs for services obtained at the Center, and the Center has historically adjusted the out-of-pocket costs for those patients to reflect in-network copayments and other costs.

Although the Center does not plan to go in-network with any payors, it expects that it may be required to do so with a majority of its payors over the next five years. In the event that the Center is required to do so, the LLC anticipates that net patient revenue could be reduced as much as approximately 27% within the next five years. This will likely have a material adverse effect on

the Center's results of operations, will likely result in significantly reduced revenue to the Center and, as a result, would reduce the LLC's cash available for distribution.

In February 2011, Cigna and the LLC entered into a settlement agreement concerning claims related to the Center's practice of adjusting out-of-pocket costs to Cigna enrollees for whom the Center is out-of-network. In November 2012, Cigna notified the LLC that it believes the LLC to be in breach of the settlement agreement by continuing to adjust the out-of-pocket costs for Cigna patients to reflect in-network copayments and other costs. The LLC and Partnership, through counsel, have disputed Cigna's allegations. As of September 30, 2013, Cigna has withheld approximately \$641,149.00 in claims payable to the Center related to this dispute. Cigna has also indicated that it may review the claims that were submitted by the Center prior to that date and attempt to recoup the amounts it previously paid the Center for its services. The LLC, through counsel, has disputed Cigna's allegations but cannot provide any assurances that this most recent dispute with Cigna will be resolved in a timely manner or in a manner that is favorable to the LLC. If Cigna's denials of the Center's claims are not reversed or if the dispute is not otherwise resolved in a manner favorable to the Center, the LLC's revenues would be adversely affected. In addition, if the Center's other out-of-network payors restrict reimbursement for out-of-network services or if any governmental agency or other out-of-network payors challenge the Center's out-of-network practices, the LLC's results of operations could be materially adversely affected, as well. Also, both Cigna and Aetna, another third party payor for which the Center is out-of-network, have requested that the Center enter into participating provider agreements and go in-network with those companies. While negotiations with Cigna and Aetna are on-going, the LLC anticipates that the Center may go in-network with Cigna and Aetna in 2014. Going in-network with Cigna and Aetna could potentially reduce the Center's revenues by as much as \$3,039,361 and would have a material adverse effect on the revenues of the LLC and the Partnership.

Another trend in the California market is the consolidation of third-party payors. As a result of payor consolidation in certain markets, typically low volume payors with which the Center has a written contract have allowed recently acquired payors to access their network. As a result, payors with which the Center did not negotiate a written contract are now paying at contracted rates. The contracted rates are typically lower than rates paid for out-of-network services. Additionally, the Center has experienced difficulty from some payors in adjudicating claims properly and submitting timely payments as a result of integration issues certain payors have experienced through the consolidation with other payors.

The Center's revenues could be impacted by health care reform.

The Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, the "Health Care Reform Acts") were signed into law on March 23, 2010 and March 30, 2010, respectively, dramatically altering the U.S. health care system. The Health Care Reform Acts are intended to provide coverage and access to substantially all Americans, to increase the quality of care provided, and to reduce the rate of growth in health care expenditures. The changes include, among other things, reducing payments to Medicare Advantage plans, expanding the Medicare program's use of value-based purchasing programs, bundling payments to hospitals and other providers, reducing Medicare and Medicaid payments, expanding Medicare and Medicaid eligibility, and expanding access to health insurance. As part of the effort to control or reduce health care spending, the Health Care Reform Acts also contain a number of measures intended to reduce fraud and abuse in the Medicare and Medicaid programs, such as requiring the use of recovery audit contractors in the Medicaid program. In addition, the Health Care Reform Acts mandate reductions in reimbursement, such as productivity adjustments to Medicare's annual inflation updates, which became effective in 2010, 2011 and 2012. However, a majority of the measures contained in the Health Care Reform Acts do not take effect until 2014 or later.

Since their enactment, the Health Care Reform Acts have been subject to a number of challenges to their constitutionality. However, on June 28, 2012, the United States Supreme Court upheld most of the Health Care Reform Acts, including the "individual mandate" provision, which generally requires all individuals to purchase health care insurance or pay a penalty. The only provision of the Health Care Reform Acts that the Court struck down as unconstitutional was the provision that would have allowed the federal government to revoke all federal Medicaid funding to any state that did not expand its Medicaid program. In response to the ruling, a number of states, have indicated that they will not expand their Medicaid programs, which would result in the Health Care Reform Acts not providing coverage to some low-income persons in those states. In addition, several bills have been and will likely continue to be introduced in Congress to repeal or amend all or significant provisions of the Health Care Reform Acts, and a number of the provisions of the Health Care Reform Acts that were supposed to become effective in 2014, such as the provision that requires employers with 50 or more full-time employees or full-time equivalents to provide affordable health insurance to those employees, have been delayed until 2015. As a result, it is difficult to predict the impact the Health Care Reform Acts will have on our operations given the delay in the implementation of and possible amendment or repeal of elements of the Health Care Reform Acts. However, depending on how the Health Care Reform Acts are ultimately interpreted, amended and implemented, they could have an adverse effect on the LLC's business, financial condition and results of operations.

The Center's revenues could be impacted by the Budget Control Act of 2011.

On August 2, 2011, the Budget Control Act of 2011 (the "BCA") was enacted. The BCA increased the nation's debt ceiling, while taking steps to reduce the federal deficit. The BCA requires \$1.2 trillion in automatic across-the-board spending reductions for federal fiscal year ("FFY") 2013 through FFY 2021, split evenly between domestic and defense spending. While certain programs (including the Medicaid program) are protected from these automatic spending reductions, payments to Medicare providers are subject to reductions of up to 2.0%. The BCA's automatic spending reductions were originally set to begin on January 2, 2013. However, the enactment of the American Taxpayer Relief Act of 2012 ("ATRA") postponed the implementation of the automatic spending reductions required by the BCA until March 1, 2013. On March 1, 2013, President Barack Obama signed an order implementing the automatic spending reductions required by the BCA. Payment reductions to Medicare providers became effective on April 1, 2013. If the BCA's automatic spending reductions become permanent, they could adversely affect the LLC's business, results of operations and/or financial condition.

On April 10, 2013, President Obama released his proposed budget for FFY 2014. The proposed budget would replace the automatic spending reductions required by the BCA in their entirety by replacing the \$1.2 trillion in reductions with a combination of new revenue and spending cuts. Specifically, the budget proposes to cut Medicare spending by approximately \$400 billion over 10 years.

The LLC cannot predict whether President Obama's proposed budget will be implemented in its entirety or replace the BCA's automatic spending reductions. In addition, Congress could pass a different budget bill or take other legislative action that could reduce Medicare spending by a different amount or that could impose additional restrictions on Medicare programs, which could further reduce the revenue the LLC receives from governmental payment programs.

INVESTOR SUITABILITY REQUIREMENTS

The Units are being offered only to physicians, or entities wholly-owned by or employing physicians (each, a "Physician Investor"), who are accredited investors, meet the suitability requirements described below and who (i) are licensed to practice medicine and in good standing to practice medicine in the State of California; (ii) are actively practicing full-time clinical medicine in the State of California; (iii) have staff privileges at a Joint Commission accredited hospital; and (iv) will utilize the Center in accordance with applicable law as an extension of their private practices.

The Units are not being offered to any pension, profit sharing or other employee benefit plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), HR-10 (Keogh) plans, individual retirement accounts, or benefit plans that are exempt from ERISA coverage (e.g. government or church plans.)

As a long-term illiquid equity investment in an entity whose only asset is a 99% general partnership interest in an entity that leases and operates an ASC, purchase of the Units involves a high degree of financial risk. See "RISK FACTORS." Each prospective investor should realize that the Units being offered are subject to certain restrictions on transfer, and it is highly unlikely that a public market will ever develop for resale of the Units.

The Units are being offered and sold pursuant to an exemption from registration under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to Regulation D of the Securities and Exchange Commission.

This offering is limited to "accredited investors," as such term is defined in SEC Rule 501. "Accredited investors" include without limitation, (i) any natural person whose individual net worth, or joint net worth with the person's spouse, at the time of purchase exceeds \$1,000,000; (ii) any natural person who had an individual income in excess of \$200,000 in each of the two most recent years and who reasonably expects an income in excess of \$200,000 in the current year; (iii) any natural person whose joint income with that person's spouse was in excess of \$300,000 in each of the two most recent years and who reasonably expects a joint income in excess of \$300,000 in the current year; (iv) any corporation or limited liability company, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000; and (v) any entity in which all of the equity owners are accredited investors.

Each prospective investor will be required to represent to the LLC that the investor is an "accredited investor" who is acquiring the Units for investment purposes only and not with a view toward resale or distribution; can bear the economic risk of losing his or her entire investment; has an overall commitment to investments that are not readily marketable and are not disproportionate to the investor's net worth, and investment in the Units will not cause such overall commitment to become excessive; has adequate means of providing for the investor's current needs and personal contingencies and has no need for liquidity in this investment; and has such knowledge and experience in financial and business matters that the investor is capable of evaluating the merits and risks of this prospective investment. Further, no subscriber will be permitted to borrow his or her capital contribution, or any portion thereof, from the LLC, any Member or any of their affiliates or any other investor in the LLC. Transferees may be required to comply with these or substantially similar requirements as a condition to substitution as a Member.

The suitability standards referred to above represent minimum suitability requirements for prospective investors, and the satisfaction of such standards by a prospective investor does not necessarily mean that the Units are a suitable investment for such person. The LLC will have the right to refuse a subscription for Units in its sole discretion.

CONFLICTS OF INTEREST

The LLC receives services from or otherwise engages in business transactions with several affiliates of the Administrative Member. These transactions may create conflicts of interest for the Administrative Member which will not be resolved through arm's-length negotiations, but through the exercise of the Administrative Member's judgment consistent with its fiduciary responsibility to the LLC and its Members. These conflicts may involve the following:

1. Competition with Other Activities. Affiliates of the Administrative Member are engaged in many activities, including serving as Administrative Members, members or managers of other limited liability companies, partnerships or other business entities with investment objectives similar to those of the LLC. The Administrative Member and its affiliates do not expect to devote their full time to the affairs of the LLC, and the other activities are and will be competing with the LLC for the time, attention and financial resources of the Administrative Member and its affiliates.

2. Participation by Affiliate as Management Company. SARC Management, an affiliate of the Administrative Member, will act as the management company for the Center pursuant to the terms of the Management Agreement. The terms of the Management Agreement were not determined through arm's length negotiations, but the Administrative Member believes that the terms are comparable to the terms that could be obtained from an independent third party management company. The Administrative Member, who is an affiliate of SARC Management, will, in its sole discretion, determine on behalf of the LLC whether to renew the Management Agreement.

3. Participation by Affiliates as Guarantors. Symbion, the ultimate parent company of the Administrative Member, may be required by certain lenders and landlords to guarantee certain obligations and indebtedness of the LLC or the Partnership. If Symbion serves as a guarantor on behalf of the LLC or the Partnership, Symbion may charge the LLC or the Partnership, as applicable, a guaranty fee in accordance with existing policies. In addition, the Administrative Member has pledged its Units and its ownership interest in the LLC and the Partnership as security for a loan to Symbion and its affiliates.

4. Dealings with Members. The Partnership may, from time to time, enter into arrangements with Members of the LLC. For example, the Partnership plans to use, in certain cases, an extended care facility called Rhulani that is owned and operated by Dr. Andrew Brooks. Dr. Brooks is a Member of the LLC. Certain arrangements with Members of the LLC may not have been negotiated on arms-length terms.

5. Lack of Independent Representation. Waller Lansden Dortch & Davis, LLP ("Waller") has acted as counsel to the LLC, the Partnership, Symbion, the Administrative Member SARC and SARC Management regarding this offer and sale of Units and other matters. The use of the same counsel by the Administrative Member, the LLC, the Partnership, Symbion, SARC Management and SARC, and the lack of independent counsel representing the Members, will result in a lack of independent review. It is anticipated that Waller will represent the LLC, the Partnership and Symbion and its affiliates with respect to activities other than the offering of Units. Should a dispute arise between the LLC and Symbion or its affiliates, however, it is anticipated that the LLC and the Partnership would retain separate counsel, and Waller would represent Symbion or its affiliates. In connection with this offering, Waller will not represent clients other than Symbion and its affiliates. Prospective Members, including other clients of Waller, are advised to obtain independent counsel with respect to such prospective purchase.

PAYMENT FOR SERVICES

The Center receives a majority of its revenues from private and governmental third party sources of reimbursement, such as health maintenance organizations (HMOs), preferred provider organizations (PPOs), private health insurance programs, and the Medicare program, for the services the Center provides to its patients.

Private Third-Party Payors

In addition to paying professional fees directly to the physicians performing medical services in ASCs, most private third party payors also pay a facility fee to the ASCs for the use of the centers' surgical facilities. Most third party payors pay pursuant to a written contract with the applicable ASC, and the contract generally requires the ASC to offer discounts from its established charges. The market share growth of private third party payors and managed care has resulted in substantial competition among providers of services, including pain management and outpatient surgical centers, for inclusion in managed care contracts in some markets, which has resulted in increased discounts from providers and, in some cases, exclusion from participation in certain managed care networks. If the Center fails to enter into favorable contracts or maintain satisfactory relationships with the primary managed care organizations in their service area, their revenues may significantly decrease. In addition, many third-party payor contracts also contain termination provisions that allow the payor to terminate the contract without cause after delivering notice of intent to terminate. The termination of a managed care contract could result in material reductions in patient volume and revenue to the LLC. Furthermore, market and cost factors affecting the fee structure, cost containment and utilization decisions of third-party payors and other payment factors over which the LLC has no control may adversely affect the amount of payment the LLC may receive for its services.

Historically, a material portion of the Center's revenue has been generated from out-of-network payors. The third-party payors that do not have contracts with the Center have typically paid the Center's claims at rates that are higher than the Center's contracted rates. However, there is a growing trend for third-party payors to adopt out-of-network fee schedules that are more comparable to the Center's contracted rates or to take other steps, such as reimbursement reductions and claim denials, to discourage their enrollees from seeking treatment at an out-of-network facility. In addition, the patients whose treatments are covered by the third-party payors for which the Center is out-of-network are often required to pay higher copayments and/or other penalties for services obtained at the Center. In many cases, the Center gives its out-of-network patients the same benefits they would have received if the Center had been a participating provider or "in-network" with the patients' applicable third party payors. The Administrative Member cannot make any assurances that the provision of such benefits will not be reviewed or challenged by the applicable third party payors. If the Center's out-of-network payors object to the Center's adjustment practices or restrict reimbursement to the Center, the LLC's revenues could be materially adversely affected.

In February 2011, Cigna and the LLC entered into a settlement agreement concerning claims related to the Center's practice of adjusting out-of-pocket costs to Cigna enrollees for whom the Center is out-of-network. In November 2012, Cigna notified the LLC that it believes the LLC to be in breach of the settlement agreement by continuing to adjust the out-of-pocket costs for Cigna patients to reflect in-network copayments and other costs. The LLC and Partnership, through counsel, have disputed Cigna's allegations. As of September 30, 2013, Cigna has withheld approximately \$641,149.00 in claims payable to the Center related to this dispute. Cigna has also indicated that it may review the claims that were submitted by the Center prior to that date and attempt to recoup the amounts it previously paid the Center for its services. The LLC, through counsel, has disputed Cigna's allegations but cannot provide any assurances that this most recent

dispute with Cigna will be resolved in a timely manner or in a manner that is favorable to the LLC. If Cigna's denials of the Center's claims are not reversed or if the dispute is not otherwise resolved in a manner favorable to the Center, the LLC's revenues would be adversely affected. In addition, if the Center's other out-of-network payors restrict reimbursement for out-of-network services or if any governmental agency or other out-of-network payors challenge the Center's out-of-network practices, the LLC's results of operations could be materially adversely affected, as well. Also, both Cigna and Aetna, another third party payor for which the Center is out-of-network, have requested that the Center enter into participating provider agreements and go in-network with those companies. While negotiations with Cigna and Aetna are on-going, the LLC anticipates that the Center may go in-network with Cigna and Aetna in 2014. Going in-network with Cigna and Aetna could potentially reduce the Center's revenues by as much as \$3,039,361 and would have a material adverse effect on the revenues of the LLC and the Partnership.

Health Care Reform

The Health Care Reform Acts dramatically alter the United States health care system and are intended to decrease the number of uninsured Americans and reduce overall health care costs. The Health Care Reform Acts attempt to achieve these goals by, among other things, requiring most Americans to obtain health insurance, expanding Medicare and Medicaid eligibility, reducing Medicare and Medicaid payments, expanding the Medicare program's use of value-based purchasing programs, and bundling payments to hospitals and other providers. The Health Care Reform Acts also contain a number of measures that are intended to reduce fraud and abuse in the Medicare and Medicaid programs, such as requiring the use of recovery audit contractors in the Medicaid program and expanding the scope of the federal False Claims Act.

Since their enactment, the Health Care Reform Acts have been subject to a number of challenges to its constitutionality. However, on June 28, 2012, the United States Supreme Court upheld most of the Health Care Reform Acts, including the "individual mandate" provision, which generally requires all individuals to purchase health care insurance or pay a penalty. The only provision of the Health Care Reform Acts that the Court struck down as unconstitutional was the provision that would have allowed the federal government to revoke all federal Medicaid funding to any state that did not expand its Medicaid program. In response to the ruling, a number of states have already indicated that they will not expand their Medicaid programs, which would result in the Health Care Reform Acts not providing coverage to some low-income persons in those states. In addition, a number of the provisions of the Health Care Reform Acts that were supposed to become effective in 2014, such as such as the provision that requires employers with 50 or more full-time employees or full-time equivalents to provide affordable health insurance to those employees, have been delayed until 2015, and additional delays in the implementation of these or other provisions of the Health Care Reform Acts could be imposed in the future. As a result, it is difficult to predict the impact the Health Care Reform Acts will have on the LLC's and the Partnership's operations given the delay in the implementation and possible amendment or repeal of elements of the Health Care Reform Acts. However, depending on how the Health Care Reform Acts are ultimately interpreted, amended and implemented, they could have an adverse effect on the LLC's and the Partnership's business, financial condition and results of operations.

Budget Control Act

The BCA requires \$1.2 trillion in automatic across-the-board spending reductions for FFY 2013 through FFY 2021, split evenly between domestic and defense spending. While certain programs (including the Medicaid program) are protected from these automatic spending reductions, Medicare reimbursement rates may be reduced by up to 2%. The BCA's automatic spending reductions were set to begin on January 2, 2013. However, the enactment of the ATRA postponed the implementation of the automatic spending reductions required by the BCA until March 1, 2013. On March 1, 2013, President Barack Obama signed an order implementing the automatic spending

reductions required by the BCA. If the BCA's automatic spending reductions become permanent, they could adversely affect the LLC's and the Partnership's business, results of operations and/or financial condition.

On April 10, 2013, President Obama released his proposed budget for FFY 2014. The proposed budget would replace the automatic spending reductions required by the BCA in their entirety by replacing the \$1.2 trillion in reductions with a combination of new revenue and spending cuts. Specifically, the budget proposes to cut Medicare spending by approximately \$400 billion over 10 years. The LLC cannot predict whether President Obama's proposed budget will be implemented in its entirety or replace the BCA's automatic spending reductions. In addition, Congress could pass a different budget bill or take other legislative action that could reduce Medicare spending by a different amount or that could impose additional restrictions on Medicare programs, which could further reduce the revenue the LLC and the Partnership receive from governmental payment programs.

Medicare

The Center receives a substantial portion of its revenues from government sponsored federal and state health care programs, including the Medicare program. Prior to 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 geographic wage variances and inflation.

Through the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (the "MMA") and the Deficit Reduction Act of 2005 (the "DRA"), Congress directed the Centers for Medicare and Medicaid Services ("CMS") to develop a new ASC payment system that was based on the Medicare program's hospital outpatient department payment system and modeled ASC reimbursement on the methodology and payment rates that are applicable to surgical services that are furnished in hospital outpatient departments. Under the legislation, the new payment system was required to result in the same aggregate amount of expenditures for surgical services provided at ASCs as would have been made if the new payment system had not been adopted.

On July 16, 2007, CMS issued a final rule that established the payment policies for the new Medicare ASC payment system. Under the final rule, for procedures provided on or after January 1, 2008, ASC payment rates are based on the ambulatory payment classifications ("APCs") that are used to group surgical procedures under the Medicare program's hospital outpatient prospective payment system ("OPPS"). Under the new Medicare ASC payment system, the standard ASC payment rate for most ASC covered surgical procedures is determined by multiplying the ASC relative payment weight (which is based on the OPPS relative payment weight) for each separately payable APC by the ASC conversion factor. The ASC relative payments are adjusted by CMS on an annual basis, and the ASC conversion factor is updated yearly by the rate of increase in the Consumer Price Index for urban consumers. The final rule also added approximately 800 procedures to Medicare's list of approved ASC procedures and authorized ASCs to bill separately for certain ancillary procedures. It did, however, limit reimbursement for surgical procedures that are added to the approved ASC procedure list on or after January 1, 2008, and that are 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 2011 being completely based on the revised ASC payment system.

On July 19, 2013, CMS published a proposed rule to update the Medicare program's payment policies and rates for ASCs for calendar year ("CY") 2014. Among other things, the proposed rule applies a 0.9% increase to the ASC payment rate for CY 2014 for ASCs that successfully report the

quality measures for the ASC Quality Reporting ("ASCQR") Program and a 1.1% decrease for ASCs that do not. The increase is based on a proposed consumer price index for all urban consumers (CPI-U) update of 1.4%, which is reduced by a multi-factor productivity adjustment of 0.5%. The proposed rule also adds four new quality measures to the ASCQR Program that ASCs will need to report in order to receive the full payment rate update for CY 2016 and subsequent years. CMS proposes to release the CY 2014 final rule in late November 2013.

While difficult to predict, the ultimate impact of the changes to the Medicare program's ASC payment system, the proposed Medicare ASC payment rule for CY 2014, and the Medicare program's quality reporting requirements on the Center's performance will depend on a number of factors, including, but not limited to, the Center's case mix and their ability to realize increased volume as a result of the expansion of Medicare's list of approved ASC procedures. Additional legislation may be introduced in Congress to further refine Medicare's ASC payment system or reduce Medicare reimbursement rates, and the LLC and the Partnership cannot predict whether any such legislation will pass. If the new ASC payment system or any future legislation results in a further decrease in ASC payment rates for Medicare procedures performed at the Center, the Partnership's and the LLC's revenues and profitability could be materially adversely affected.

Medicaid

The Center does not currently participate in Medi-Cal, the California Medicaid program, but may elect to do so in the future. The Medicaid program is funded by both the federal and state governments to provide health care benefits to certain low-income individuals and groups. While each state administers its own Medicaid program, most Medicaid programs pay ASCs a fixed amount for the use of their surgical facilities. Although Medicaid ASC rates vary widely from state to state, the amounts received by ASCs under the various Medicaid programs are often less than the ASCs' billed or usual and customary charges. In addition, many states are currently facing budgetary challenges and are considering reductions in program coverage and the reimbursement rates that are offered to Medicaid providers. Such reductions or other changes in the administration or interpretation of the Medicaid programs could have a material adverse effect on the Partnership's and the LLC's financial position and results of operations.

California Single Payor Legislation

In 2008, the California State Legislature passed legislation (S.B. 840) that created a "single payor" health care reimbursement system in the State of California, but the legislation was vetoed by California's governor. In 2009, the sponsors of S.B. 840 re-introduced the legislation in the 2009-2010 regular session of the California State Legislature as S.B. 810, the California Universal Health Care Act of 2009, but the legislation was suspended on the Assembly floor through the end of the 2009-2010 session. In 2011, the sponsors of S.B. 810 re-introduced the legislation in the 2010-2011 regular session of the California State Legislature as S.B. 810, the California Universal Health Care Act of 2011. However, S.B. 810 failed to secure the necessary votes to pass. The LLC and the Partnership cannot predict if additional single payor legislation will be proposed in the future or will otherwise become effective in the State of California. In the absence of private third party payors, the establishment and implementation of the single payor system proposed in S.B. 810 or any other universal health care plan in the State of California could have a material adverse effect on the business, operations, and profitability of the Partnership and the LLC.

GOVERNMENT REGULATION

General

The Center is subject to intense regulation at the federal, state and local levels and is required to obtain a number of licenses and other governmental approvals in order to operate. The federal and state laws and regulations regarding the licensure and operations of the Center are subject to change, and no assurance can be given that the LLC, the Partnership and the Center will be able to comply with any newly adopted or amended requirements. The failure to obtain any necessary licenses or to maintain the licenses and approvals that have been issued would have a material adverse effect on the Partnership's and the LLC's business and results of operations.

State Licensure

The California Department of Public Health (the "Department") licenses surgical clinics, including ASCs, that are not owned, either in whole or in part, by physicians. The Medical Board of California (the "Medical Board") is responsible for the regulation and oversight of physician-owned clinics and ASCs. Because the Center has physician ownership, it is subject to the regulation and oversight of the Medical Board and is not required to obtain surgical clinic licenses from the Department. To date, the Medical Board has not taken any action to license physician-owned facilities. However, the Medical Board could adopt licensure and certification requirements for physician-owned surgical clinics in the future, and the Administrative Member cannot provide any assurances that the Center would be able to comply with the requirements, if any, that are adopted.

Although the Center is not currently required to be licensed, California law does require the Center to either be (i) certified to participate in the Medicare program or (ii) accredited by an accreditation agency that has been approved by the Medical Board. The Center is currently accredited by an approved accreditation agency and is certified to participate in the Medicare Program. As a result, the LLC believes that the Center is in compliance with this requirement. However, the LLC cannot provide any assurances that the Center will be able to maintain such certification or that additional requirements will not be imposed on the Center in the future. There may be additional legislative, regulatory, or court-initiated changes to the licensure and certification requirements for physician-affiliated surgical clinics in California in the future. While the Administrative Member intends for the Center to operate in compliance with all applicable state licensure and certification requirements, there can be no guarantee that the Center will be able to comply with any new or revised licensure or certification requirement. If the Center is unable to obtain and maintain the necessary licenses or certifications, the Center could be required to cease operations, which would have a material adverse effect on the Partnership and the LLC.

Medicare Participation

The Center has received certification to participate in the Medicare program and to qualify for reimbursement for services that are rendered to Medicare patients. The Medicare program has conditions of participation that a provider must satisfy to qualify for reimbursement including, but not limited to, compliance with state licensure requirements, governing body and management requirements, medical records requirements, quality assurance and utilization review requirements, surgical service standards, physical environment standards, nursing services standards, pharmaceutical standards, laboratory and radiological standards, medical staff credentialing standards, and architectural standards. Although the LLC and the Partnership intend for the Center to comply with all applicable Medicare conditions and requirements, there can be no assurance that the Center will continue to qualify for participation. In addition, one of the requirements for participation in Medicare is that an ASC be licensed in accordance with state laws. Because no state license is required for physician-owned clinics in California, the Center believes that it is in compliance with this requirement. The requirements for certification under the

Medicare program are subject to change and, in order to remain qualified for participation, it may be necessary for the Center to make changes from time to time in their facilities, equipment, personnel or services. The failure to obtain, or any loss or restriction of, Medicare certification would adversely affect not only the financial viability of the Center, but also on the Center's ability to operate under California law.

Anti-Kickback Statute

The federal Anti-Kickback Statute (the "Anti-Kickback Statute") prohibits 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 Statute are criminal offenses and are punishable by substantial civil and criminal penalties, including criminal fines of up to \$25,000 and civil monetary penalties of up to \$50,000 for each violation, plus three times the remuneration involved or the amount claimed from the government, and exclusion from participation in the Medicare and Medicaid programs. In addition, individuals who hold a direct or indirect ownership or controlling interest in an entity that is found to violate the Anti-Kickback Statute 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 the Inspector General of the Department of Health and Human Services (the "OIG").

Because the physician investors who invest in the LLC 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 Statute. 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 Statute is 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. Because none of these cases involved a joint venture such as the Center, it is not clear how a court would apply these holdings to the Center. Further, the Health Care Reform Acts provide that actual knowledge of an Anti-Kickback Statute violation or the specific intent to commit a violation of the Anti-Kickback Statute is not necessary for conviction under the statute.

In 1987, Congress authorized the Department of Health and Human Services ("HHS") to issue "safe harbor" regulations that specify certain business practices and financial arrangements that, while potentially prohibited by the Anti-Kickback Statute, would not be prosecuted by the federal government. To qualify for protection under the safe harbor regulations, the financial arrangement at issue must strictly comply with all of the elements of the applicable safe harbor. The failure of a particular business practice or financial arrangement to qualify for safe harbor protection does not mean that the arrangement is illegal. It does, however, mean that the arrangement is subject to increased scrutiny under the Anti-Kickback Statute.

The OIG has promulgated a safe harbor for investments in ASCs by hospitals and by surgeons who are in a position to refer patients to and perform procedures at the applicable ASC (the "ASC Safe Harbor"). Under the ASC Safe Harbor, payments made by an ASC to an investor as a return on an investment interest, such as a dividend or interest income, will not be subject to prosecution under the Anti-Kickback Statute so long as all of the following requirements are met:

1. the center is certified to participate in the Medicare program as an ASC, and its operating and recovery room space is dedicated exclusively to the ASC and is not a part of a hospital;

2. each of the investors is (a) a surgeon who derived at least one-third of his or her medical practice income for the previous fiscal year or 12-month period from performing procedures on the list of Medicare-covered procedures for ASCs (the "Procedures"), (b) a hospital, or (c) a person who is not employed by the center or any investor or in a position to provide items or services or make or influence referrals, directly or indirectly, to the center or any of its investors;

3. all patients referred to the center by investors are fully informed of the investor's investment interest;

4. the terms on which an investment interest is offered to an investor are not related to the previous or expected volume of referrals, services furnished, or the amount of business otherwise generated from that investor to the center;

5. neither the center nor any other investor may loan funds to or guarantee a loan for an investor if the investor uses any part of such loan to obtain his or her investment interest in the center;

6. the amount of payment to an investor in return for the investment interest in the center is directly proportional to the amount of the capital investment (including the fair market value of any pre-operational services rendered) of that investor;

7. the center and all of its physician investors treat patients receiving medical benefits or assistance under the Medicare or Medicaid programs in a non-discriminatory manner;

8. all ancillary services performed at the center for beneficiaries of federal health care programs must be directly and integrally related to primary procedures performed at the center and may not be billed separately to Medicare or any other federal health care program; and

9. if all physician-investors are not members of a single specialty, at least one-third of the procedures performed by each physician-investor for the previous fiscal year or previous 12-month period are performed at the center in which the investment is made.

The LLC does not believe that the ownership and operations of the Center will satisfy the requirements of the ASC Safe Harbor because, among other things, an affiliate of the Administrative Member provides management services to the Center. In addition, while the LLC and the Partnership have implemented a number of safeguards that are intended to achieve compliance with the remaining elements of the ASC Safe Harbor, they cannot provide any assurances that such safeguards would be viewed favorably by the OIG.

Because the ownership and operations of the Center will not meet the requirements of the ASC Safe Harbor or any other safe harbor provision, the LLC's distribution of available cash to its physician Members will not be protected from review and prosecution under the Anti-Kickback Statute. The Administrative Member does, however, believe that the following favorable factors support its conclusion that a physician's ownership of membership interests in and receipt of distributions, if any, from the LLC will comply with the Anti-Kickback Statute:

1. the physician Members of the LLC have a substantial investment at risk in their investments in the LLC;

2. the terms of the investment do not take into account the volume of any physician Member's past or anticipated future referrals;

3. all physician Members are expected to personally perform surgical services on any patients such physician Member refers to the Center;

4. physician Members will be expected to disclose their investment interests in the Center to all of the patients they refer to the Center;

5. neither the LLC, the Partnership, the Center, the Administrative Member nor any of their affiliates, will loan or otherwise lend any funds to or guarantee any debt on behalf of any physician Member, and the physician Members will be contractually prohibited from borrowing investment funds from one another;

6. distributions will be allocated uniformly among all physician Members in the LLC in proportion to their investment interest and will bear no relationship to patient referrals; and

7. the investment interests offered hereby are uniformly offered to all prospective investors on the same terms.

The LLC and the Partnership intend for the Center to comply with the Anti-Kickback Statute and believes that a Physician Member's ownership interest in and referral of federal health care patients to the Center should not constitute a violation of the Anti-Kickback Statute. However, the ownership and operations of the Center do not qualify for safe harbor protection, and the LLC and the Partnership cannot give any assurances that such referrals will not be considered to be unlawful by any court or the OIG or any other federal or state enforcement agency or that regulatory or legislative actions will not be taken in the future to prohibit or restrict the referral of patients to the Center by physician Members.

The Health Insurance Portability and Accountability Act of 1996 ("HIPAA") requires the OIG to issue advisory opinions to outside parties regarding the interpretation and applicability of the Anti-Kickback Statute and other OIG fraud and abuse sanctions to particular arrangements. While OIG advisory opinions are only applicable to the people and/or entities which requested them, they do provide useful guidance as to how the OIG interprets and applies the Anti-Kickback Statute and other federal fraud and abuse statutes. The LLC has not requested an Advisory Opinion from the OIG regarding the Center's ownership and operations and does not intend to request one in the future.

In addition to the physician ownership interests in the Center, other aspects of the Center's operations could also be scrutinized under the Anti-Kickback Statute. For example, SARC Management, an affiliate of the Administrative Member, provides certain operational and management services to the Center under the terms of the Management Agreement. The OIG has created a safe harbor under the Anti-Kickback Statute for personal services and management contracts (the "Personal Services and Management Contracts Safe Harbor"). Under the Personal Services and Management Contracts Safe Harbor, payment made by a principal to an agent as compensation for the services of the agent will not be considered to be unlawful remuneration if a number of requirements are satisfied, including, among other things, the requirement that the aggregate amount of compensation paid to the agent over the term of the agreement is set in advance, is consistent with fair market value in an arms-length transaction, and is not determined in a manner that takes into account the volume or value of any referrals or business otherwise generated between the parties for which payment may be made under a federal health care program.

Under the Management Agreement, SARC Management receives a fee that is equal to the greater of a certain specified percentage of the net revenues of the Partnership or \$10,000 per month. The OIG has issued an advisory opinion that states percentage-based management agreements are not protected by the Personal Services and Management Contracts Safe Harbor and, as a result, are subject to scrutiny under the Anti-Kickback Statute. The advisory opinion was, however, focused on

the areas that the OIG considers to be problematic in the physician practice management context, including (i) the use of financial incentives to increase patient referrals, (ii) the lack of safeguards to prevent overutilization, and (iii) the existence of incentives to increase the risk of abusive billing, and reiterated that proof of intent to violate the Anti-Kickback Statute is the central focus of the OIG. In addition to the OIG advisory opinion, at least two courts have found arrangements between health care providers and management companies to violate anti-kickback type laws in situations where a management company provides marketing services and is paid a percentage of the health care provider's revenues. While the LLC does not believe that the Management Agreement qualifies for Safe Harbor protection, it does believe that the management fee being paid to the Administrative Member reflects the fair market value of the services being provided and that the Management Agreement complies with the requirements of the Anti-Kickback Statute. However, the LLC 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 LLC and the Partnership may have other financial arrangements, such as medical director and anesthesiology service agreements and real estate leases, with physicians or other actual or potential sources of referrals to the Center. 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 patient referrals, the arrangements could be subject to scrutiny and enforcement action by the OIG. The LLC and the Partnership intend to comply with the requirements of the Anti-Kickback Statute and other similar statutes but cannot give any assurances that the OIG or other enforcement agencies will not review or challenge any particular arrangement or any other aspect of the Center's operations.

THE LLC AND THE PARTNERSHIP INTEND FOR ALL BUSINESS ACTIVITIES OF THE CENTER TO CONFORM IN ALL RESPECTS WITH ALL APPLICABLE LAWS AND REGULATIONS AND BELIEVES THAT THE OWNERSHIP AND OPERATIONS OF THE CENTER COMPLIES WITH THE ANTI-KICKBACK STATUTE. HOWEVER, IF IT WERE DETERMINED THAT THE ACTIVITIES OF THE LLC, THE PARTNERSHIP OR THEIR AFFILIATES VIOLATE THE ANTI-KICKBACK STATUTE, THE LLC, THE PARTNERSHIP, THE ADMINISTRATIVE MEMBER, SARC MANAGEMENT AND EACH MEMBER, INCLUDING EACH PHYSICIAN INVESTOR, COULD BE SUBJECT, INDIVIDUALLY, TO SUBSTANTIAL MONETARY LIABILITY, PRISON SENTENCES AND/OR EXCLUSION FROM PARTICIPATION IN ANY FEDERAL HEALTH CARE PROGRAM, INCLUDING, BUT NOT LIMITED TO, THE MEDICARE, MEDICAID, AND TRICARE PROGRAMS. A POTENTIAL INVESTOR WITH QUESTIONS CONCERNING THESE MATTERS SHOULD SEEK ADVICE FROM LEGAL COUNSEL.

Self-Referral Legislation (the "Stark Law")

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 with 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 program unless an exception applies. The Stark Law also prohibits the entity from seeking payment from the Medicare program 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 and paid under the Medicare program's ASC composite rate from the definition of the term "designated health services." As a result, the LLC does not believe that the referral of patients to the Center by the physician investors will violate the Stark Law. The prohibitions of the Stark Law do, however, limit the Center's ability to expand and provide other types of health care services. If legislation or regulations are implemented that prohibit physicians from referring patients to

surgery centers in which the physicians have a beneficial interest, the LLC's business and financial results would be adversely affected.

False and Other Improper Claims

The federal False Claims Act gives the federal government an additional way to police false bills or requests for payment for health care services. Under the False Claims Act, the government may fine any person or entity that, among other things, knowingly submits, or participates in submitting, false or fraudulent claims for payment to the federal government or knowingly and improperly avoids or decreases an obligation to pay money to the federal government. The federal government has widely used the False Claims Act to prosecute Medicare and other federal health care program fraud such as coding errors, billing for services not provided, submitting false cost reports, and providing care that is not medically necessary or that is substandard in quality. Some courts have held that a violation of the Anti-Kickback Statute or the Stark Law can result in False Claims Act liability, as well. The Health Care Reform Acts clarify this issue with respect to the Anti-Kickback Statute by providing that submission of claims for services or items generated in violation of the Anti-Kickback Statute constitutes a false or fraudulent claim under the False Claims Act. Under the Health Care Reform Acts, the False Claims Act is also implicated by the knowing failure to report and return an overpayment within 60 days of identifying the overpayment or by the date a corresponding cost report is due, whichever is later. Further, the Acts expand the scope of the False Claims Act to cover payments in connection with the new health insurance exchanges to be created by the health reform laws, if those payments include any federal funds.

Violations of the False Claims Act are punishable by fines of at least \$5,500 for each fraudulent claim plus three times the amount of damages caused to the government as a result of the fraudulent claim. In addition, under the qui tam, or whistleblower, provisions of the False Claims Act, private parties may bring actions under the False Claims Act on behalf of the U.S. government. These private parties, often referred to as relators, are entitled to share in any amounts recovered by the government, and, as a result, whistleblower lawsuits have increased significantly in recent years. Many states have similar false claims statutes that impose liability for the types of acts prohibited by the False Claims Act or that otherwise prohibit the submission of false or fraudulent claims to the state government or Medicaid program.

In addition to the False Claims Act, the federal government may use several criminal statutes, such as the federal mail and wire fraud statutes and the anti-fraud provisions of HIPAA, to prosecute the submission of false or fraudulent claims for payment to the federal government. Most states have also adopted generally applicable insurance fraud statutes and regulations that prohibit health care providers from submitting inaccurate, incorrect or misleading claims to private insurance companies. Because the Center perform hundreds of procedures each year that are reimbursed by the Medicare program and private third party payors, a billing error by the Center could potentially result in significant civil or criminal penalties. Although the LLC believes that the Center's operations materially comply with both federal and state laws, the Center may nevertheless be the subject of a whistleblower lawsuit, or may otherwise be challenged or scrutinized by the applicable governmental authorities or private third party payors. A determination that the Center violated these laws could have a material adverse effect on the LLC.

HIPAA Privacy, Transaction and Security Standards

HIPAA required HHS to, among other things, promulgate regulations that are designed to encourage electronic commerce in the health care industry. At this time, HHS has promulgated standards for HIPAA transactions, standards for unique identifiers for employers and health care providers to be used in the HIPAA transactions, standards for the privacy of individually identifiable information, and security standards for the protection of electronic health information. The privacy standards apply to individually identifiable information that is held or disclosed by the Center in any form, whether communicated electronically, on paper or orally, and impose extensive administrative requirements on the Center, including appointing a privacy officer, adopting privacy policies and

training the Center's workforce on these policies. The security standards require the Center to establish and maintain reasonable and appropriate administrative, technical and physical safeguards to ensure the integrity, confidentiality and the availability of electronic health and related financial information. Violations of HIPAA are punishable by the imposition of significant civil monetary penalties under a tiered penalty system with penalties of up to \$50,000 per violation with a maximum civil penalty of \$1.5 million in a calendar year for violations of the same requirement. HIPAA also authorizes state attorneys general to bring civil actions on behalf of affected state residents against individuals or entities that violate HIPAA to enjoin further violations or to obtain civil damages on the residents' behalf. In addition, certain violations of HIPAA are criminal offenses and are punishable by imprisonment.

The American Recovery and Reinvestment Act of 2009 ("ARRA") extended the reach of HIPAA and imposed a number of additional privacy and security obligations on health care providers. Among other things, ARRA requires a health care provider to notify its patients of any unauthorized access, acquisition, or disclosure of their unsecured demographic and health information that compromises the patient's privacy and security. ARRA specifies the form and content of the required notices and specifies that all such breaches of security must be reported to the Secretary. If a breach affects 500 patients or more, it must immediately be reported to the Secretary, who, in turn, is required to post the name of the provider on the HHS website. If a breach affects 500 patients or more who reside in the same area, the breach must also be reported to the local media. Additionally, the HIPAA Omnibus Rule, which took effect on March 26, 2013, finalizes multiple revisions to previous HIPAA regulations that further increase the obligations of HIPAA "covered entities," such as the Center, and its "business associates."

The LLC believes that the Center is in compliance with all applicable HIPAA rules and regulations but cannot provide any assurances that its activities and operations will not be reviewed or scrutinized by HHS or any other agency authorized to enforce HIPAA or the regulations promulgated thereunder. The LLC expects that continued compliance with these standards will require significant commitment and action by it, the Partnership and the Center.

Red Flags Rule

In October 2007, the Federal Trade Commission ("FTC") issued a final rule, known as the Red Flags Rule, that requires financial institutions and other businesses, including ASCs and other health care providers, which maintain accounts that are used for primarily individual purposes and that permit multiple payments, to implement written identity theft prevention programs. Under the Rule, the identity theft programs must be designed to detect, prevent, and mitigate identity theft in connection with these accounts. The Red Flag Program Clarification Act of 2010, appears to exclude health care providers from the Red Flags Rule but permits the FTC or relevant agencies to designate additional creditors subject to the Red Flags Rule through future rulemaking if the agencies determine that the person in question maintains accounts subject to foreseeable risk of identity theft. Compliance with any such future rulemaking may require additional expenditures in the future.

Recovery Audit Contractors

The MMA required CMS to conduct a three year demonstration program that used recovery audit contractors ("RACs"), private entities that are under contract with CMS to review Medicare claims on a post-payment basis and that are paid via contingency fees, to identify overpayments and underpayments that have been made to health care providers for items and services that have been rendered to Medicare beneficiaries. The Tax Relief and Health Care Act of 2006 made the RAC program permanent and required CMS to implement the program nationwide by January 1, 2010. In addition, the Health Care Reform Acts further expanded the use of the RAC program and required each state to contract with one or more RACs to identify and recoup over- and under-payments that are made under their Medicaid programs beginning in 2011. The LLC cannot quantify the financial

impact of potential RAC audits, but the Center could incur expenses associated with responding to and challenging any audit or adverse determination, as well as costs of repayment of alleged overpayments.

State Law

The State of California has also adopted a number of statutes and regulations that govern the operations of ASCs and other health care providers and that are intended to prevent fraud and abuse in the provision of health care services.

General Anti-Kickback and Anti-Fraud Statutes

The State of California has enacted several anti-kickback and anti-fraud provisions that are intended to prevent fraud and abuse in the provision of health care goods and services. The California Business and Professions Code prohibits a licensed health care provider from offering, delivering, receiving, or accepting any rebate, refund, commission, preference, patronage dividend, discount, or other consideration, whether in the form of money or otherwise, as compensation or inducement for referring patients, clients, or customers to any person. However, the Business and Professions Code does provide that the referral of a patient by a provider to a laboratory, pharmacy, clinic, or other health care facility in which the provider has a proprietary interest or co-ownership is not unlawful so long as the provider's return on investment for his or her proprietary interest or co-ownership is based upon the amount of the capital investment or proportional ownership of the provider which ownership interest is not based on the number or value of any patient referrals. In addition, the California Health and Safety Code prohibits any person or entity from referring or recommending a patient for profit to a physician, hospital, health care facility, or dispensary for medical care or treatment of any ailment or physical condition. California's Insurance Code also contains an anti-kickback prohibition relating to claims that are paid by non-governmental insurers. Violations of the anti-kickback and anti-fraud provisions of the California Business and Professions, Health and Safety, and Insurance Codes are criminal offenses and are punishable by imprisonment and the imposition of substantial monetary penalties.

Medicaid Anti-Kickback and False Claims

In addition to the general anti-kickback and anti-fraud statutes, the State of California has also adopted several anti-kickback and false claims statutes that are intended to prevent fraud and abuse in Medi-Cal, the California Medicaid program. The Center will be subject to these statutes if it provides services to Medi-Cal beneficiaries. The California Welfare and Institutions Code makes it unlawful for any person to: (i) intentionally present for allowance or payment any false or fraudulent claim; (ii) knowingly submit false information for the purpose of obtaining greater compensation than that to which he or she is legally entitled; (iii) knowingly submit false information for the purpose of obtaining authorization for furnishing services or merchandise; or (iv) knowingly and willfully execute a scheme or artifice to defraud or obtain by means of false or fraudulent pretenses any money or property of Medi-Cal. It also prohibits any person or entity from soliciting, receiving, offering, or paying any remuneration, including, but not limited to, any kickback, bribe, or rebate, in return for (i) the referral or promised referral of any individual to a person for furnishing or arranging for the furnishing of services or merchandise or (ii) the purchasing, leasing, ordering, or arranging for or recommending the purchasing, leasing, or ordering of any goods, facility service, or merchandise for which payment may be made, in whole or in part, by Medi-Cal. Violations of the anti-kickback and false claims provisions of the California Welfare and Institutions Code are criminal offenses and are punishable by substantial fines, imprisonment, and exclusion from participation in the Medi-Cal program.

Physician Ownership and Referral Act of 1993

The State of California has also enacted a physician self-referral act, the Physician Ownership and Referral Act of 1993 ("PORA"), that generally prohibits health care licensees (including physicians, dentists, and podiatrists) from referring a patient for certain goods and services if the licensee or a member of his or her immediate family has a financial interest with the person or in the entity that receives the referral unless a specific exception applies. The goods and services covered by PORA include laboratory, diagnostic nuclear medicine, radiation oncology, physical therapy, physical rehabilitation, psychometric testing, home infusion therapy, and diagnostic imaging goods or services. ASC services are not currently considered to be covered goods or services for the purposes of PORA. However, in the event that a good or service covered by PORA is provided as part of an ASC service and is separately billed, the Center and the physician Member could be subject to the PORA referral prohibition. In addition, under PORA's disclosure requirements, if a practitioner makes a permitted referral to an entity in which a practitioner or a member of his or her immediate family has a financial interest, the practitioner must make a written disclosure of the financial interest to the patient at the time the referral is made. The physician Members of the LLC will be responsible for complying with any applicable disclosure requirements. Violations of PORA are criminal offenses and are punishable by substantial fines and imprisonment and the imposition of disciplinary action against the licenses of the health care facilities and providers involved.

There are no regulations and little reported case law interpreting the provisions of PORA, and most of its statutory terms are not defined. Accordingly, recognizing prohibited activities is extremely difficult. Should the referral for any of the goods or services that are provided at the Center be determined, by a judicial or administrative enforcement authority, to be prohibited by PORA, the Administrative Member intends to take steps necessary to cause the operation of the Center to comply with the law. A finding that the Center or any health care practitioner has violated PORA could have a material adverse effect on the Center, the health care practitioner involved, and any investment in the LLC.

In addition to the PORA disclosure requirements, under Medi-Cal's payment eligibility regulations, a health care provider may not bill or submit a claim for services involving the referral of a Medi-Cal beneficiary to or from another provider unless each provider has disclosed any significant beneficial interest that exists between the providers on a Medi-Cal Personal Disclosure Statement of Significant Beneficial Interest form. For the purposes of the regulations, a significant beneficial interest is defined as any financial interest held by a provider, or an immediate family member, in another provider that is equal to or greater than the lesser of either five percent of the entity or \$25,000. Failure to disclose a significant beneficial interest could result in a provider's suspension of participation in or receipt of payment from the Medi-Cal program. The California Business and Professions Code also generally requires physicians who are licensed to practice medicine in the State of California to report to the Medical Board of California at the time of renewal of a license any financial interests the physician or a member of his or her immediate family may have in a health-related facility. The LLC anticipates that all of its physician Members will comply with the applicable PORA, Medi-Cal and Medical Board disclosure requirements.

California Patient Privacy Protection and Breach Reporting Statute

California law requires that health facilities, including ASCs, prevent the unlawful or unauthorized use or disclosure of patient medical information, regardless of the format in which the information is stored (e.g., paper or electronic). In addition, health facilities are required by law to report any unlawful or unauthorized use or disclosure to the patient as well as to the California Department of Health within five (5) business days of when the facility learns of the event. The Department maintains an online listing of all reported violations that is accessible to the general public. The Department also has discretion to investigate any breaches and levy administrative penalties of up to \$25,000 per violation, per patient for violation of the statute. Additional

administrative penalties of up to \$17,500 per subsequent occurrence of unauthorized uses or disclosures are also permitted by statute, meaning that if medical information is disclosed to an unauthorized party, the facility may be fined for the subsequent unauthorized uses or disclosures made by the unauthorized party to any other persons, regardless of whether the facility had knowledge of those subsequent uses or disclosures. The Department has historically taken an active role in enforcing the statute.

The LLC and the Partnership intend to comply with all applicable state laws, rules, and regulations and does not believe that their activities violate the applicable anti-kickback and fraud and abuse provisions of the California Business and Professions, Health and Safety, Insurance, and Welfare and Institutions Codes, PORA, the Medi-Cal payment eligibility regulations, or patient privacy protection and breach reporting statute. However, LLC and the Partnership cannot provide any assurances that neither the LLC's, the Partnership's nor the Center's activities or operations will be reviewed or challenged by an enforcement authority or, if challenged, that they would be found to be lawful. In addition, state law and regulations are subject to modification and varying interpretation by state legislatures and agencies, and we cannot predict whether any future amendments to or interpretations of these restrictions would have a material adverse effect on the LLC, the Partnership, the Center.

Ethical Guidelines

The position of the American Medical Association's Council on Ethical and Judicial Affairs as set forth in the Council's conflict of interest guidelines (the "Guidelines") is that physician ownership interests in commercial ventures with the potential for abuse is not, in itself, unethical and that physicians are free to enter into lawful contractual relationships, including the acquisition of ownership interests in health facilities or equipment. According to the Guidelines, if a physician refers patients to a facility in which he or she has an ownership interest, the physician, as a general matter, should have personal involvement with the provision of care at the facility. If the physician does not provide care at the facility, the physician may still invest in a facility to which he or she refers if there is a demonstrated need in the community for the facility, alternative financing is not available, and the physician and facility meet the other requirements set forth in the Guidelines.

Because it is anticipated that all physicians who become Physician Investors will be physicians who will directly provide health care services at the Center or who will be personally involved in the provision, supervision or direction of care for the referred patient, the Administrative Member does not believe the Guidelines prohibit physician investment in the LLC. However, it is the responsibility of the referring physicians to comply with the Guidelines and to disclose their investment interests to patients being referred, as discussed above. A violation of the Guidelines could adversely affect the LLC, its Members and the Administrative Member, and may result in action against any or all of them.

PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR LEGAL COUNSEL AS TO THE IMPLICATIONS OF FEDERAL AND STATE LAWS AND PROFESSIONAL ETHICAL CODES DEALING WITH JOINT PHYSICIAN/FACILITY ARRANGEMENTS BEFORE PURCHASING UNITS.

Safety Standards

The Center is subject to various federal, state and local laws pertaining to safety standards, including the Occupational Safety and Health Act of the United States and the Americans with Disabilities Act. The LLC believes that the Center is operating in substantial compliance with the applicable provisions of the currently applicable safety laws.

Waste Disposal Requirements

As a generator of infectious waste, the Center is required to satisfy all applicable federal, state and local waste disposal requirements. If a regulatory agency or other governmental authority finds the Center to be in violation of waste disposal laws, penalties and fines may be imposed for each day of violation, and the Center could be forced to cease operations. The LLC anticipates that the Center will operate in substantial compliance with the applicable provisions of the current applicable waste disposal laws.

Future

The LLC cannot predict whether other federal or state statutory or regulatory provisions will be enacted that would prohibit or otherwise regulate relationships which the LLC has established or may establish with other health care providers or have materially adverse effects on the LLC's business or results of operations.

EXHIBIT "Z"

B1
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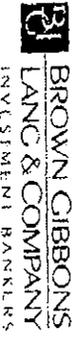
November 26, 2013
DRAFT Valuation Analysis of:
Specialty Surgical Center of Westlake Village
Prepared For:

SYMBION
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Introduction & Major Assumptions

Brown Gibbons Lang & Company ("BGL", "we" and "our") has conducted a valuation analysis of the business enterprise of **Specialty Surgical Center of Westlake Village** ("SSC Westlake" or the "Center"), a multispecialty ambulatory surgery center located in Westlake Village, CA. We have estimated the fair market value of the business enterprise and stockholders' equity of the Center on a non-marketable, minority interest basis, inclusive of net working capital as of **November 26, 2013**. We understand that the results of our analysis will be used by **Symbion, Inc.** ("Symbion") in connection with a potential syndication of the Center through the sale of equity to physician investors (the "Transaction").

As detailed in this valuation opinion, the following represents the major operational and financial assumptions utilized by BGL in the formulation of our valuation opinion. To the degree that these assumptions are altered, our opinion of the business enterprise value of the Center may require revision.

- The Center's operating working capital is expected to transfer for purposes of valuation estimation.
 - Actual working capital and inventory consideration should be considered at the time of Transaction close
- The physicians, productive and non-productive employees are all expected to transfer with the Center.
- The Center's cash is expected to transfer in the Transaction. The Center's cash balance as of December 31, 2012 was \$3,105,917. An adjustment to concluded enterprise value will be required should the actual balance at the time of closing differ.
- As of December 31, 2012, the Center had interest-bearing debt of \$2,834,539. An adjustment will be required should the actual balance at the time of closing differ.
- The Center's property, plant and equipment, inclusive of leasehold improvements, is expected to transfer.

Introduction & Major Assumptions

Standard of Value

The standard of value used in this valuation report is fair market value as defined by Treasury Reg. § 1.170A-1(c)(2).

Stark Law **Fair Market Value** is defined as follows :

The value in arms' length transactions, consistent with the general market value. General market value means the compensation that would be included in a service agreement as the result of a bona fide bargaining between well-informed buyers and sellers who are not otherwise in a position to generate business for the other party, at the time of the service agreement. Usually, the fair market compensation that has been included in bona fide service agreements with comparable terms at the time of the agreement, where the compensation has not been determined in any manner that takes into account the volume or value of anticipated or actual Medicare/Medicaid Designated Health Services referrals (as defined below) by physicians, and which is deemed commercially reasonable.

The term **Comparative Business Enterprise Value** is defined as:

The Market Value of Stockholders' Equity (excluding any non-operating or excess assets but including the extent to which there are any deficiencies in assets as well as the existence of any residual claims on the assets) plus the market value of all outstanding debt.

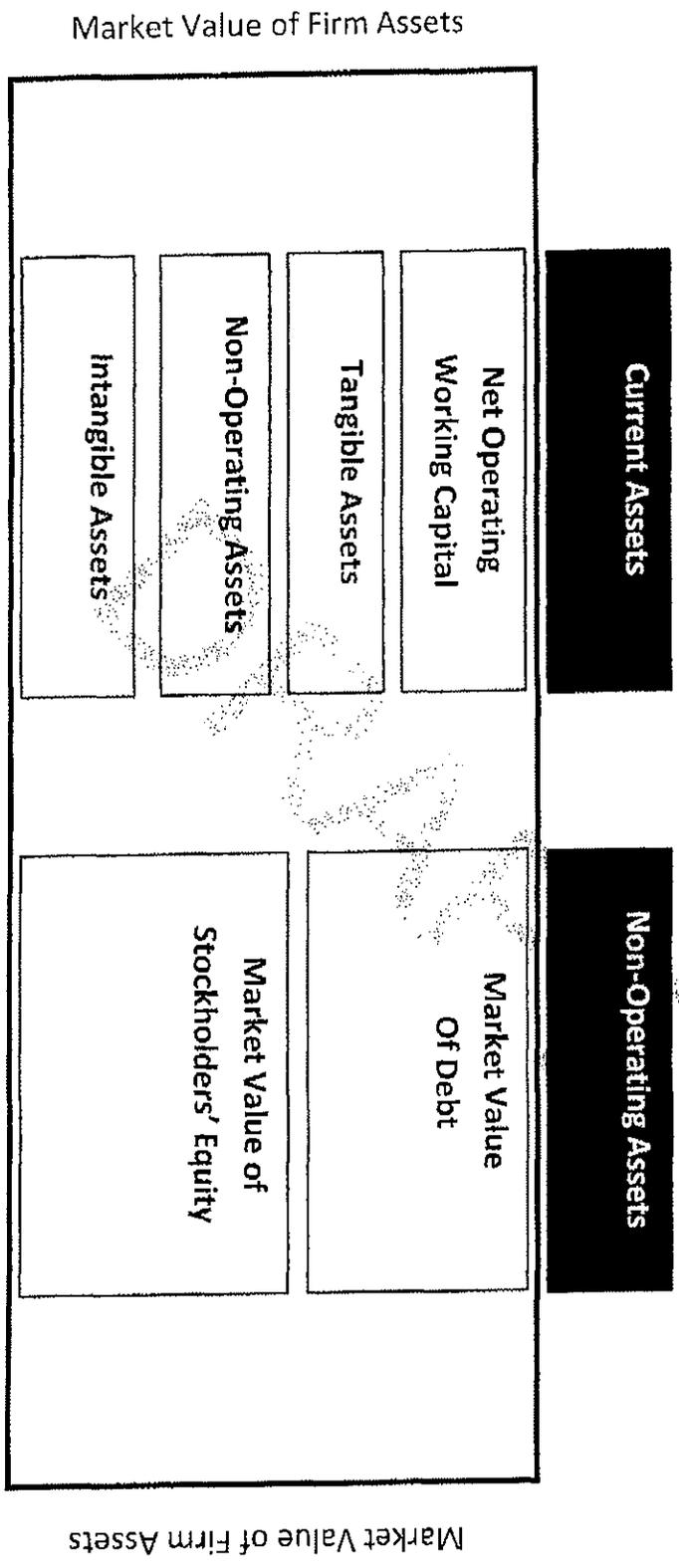
The term **Concluded Business Enterprise Value** is defined as:

The economic market value of all the assets comprised within the subject business, or the theoretical "takeover" value of the business. The components of Business Enterprise Value can be attributed to the different financing sources for the business with a claim on such value, including holders of the capital stock (common and preferred shares as well as any warrants, options and other minority interests), holders of any outstanding debt and finally any other entities with claims on the business enterprise (e.g. under-funded pension plans, deferred compensation plans, etc.). Alternatively, the Business Enterprise Value is represented as the summation of the market value of stockholders' equity (giving effect to the inclusion of any non-operating items and/or excesses or deficiencies in assets required for on-going operation) and the market value of any outstanding debt.

Introduction & Major Assumptions

Equity Value Definition

The term **Stockholders' Equity Value** is defined as:
The residual claims on the Business Enterprise Value after retiring the market values of all outstanding debt, minority interests, deficiencies in assets, and any other senior claims on value.



Introduction & Major Assumptions

Factors Considered

Factors Considered

In accordance with Revenue Ruling 59-60, we considered the following factors in performing our valuation analysis of the Center:

- The nature of the Center and the history of the Center from its inception;
- The economic outlook in general and the condition and outlook of the specific industry in particular;
- The book value of the stock and the financial condition of the Center;
- The earning capacity of the Center;
- The dividend-paying capacity of the Center;
- Whether or not the Center has goodwill or other intangible value;
- Sales of the stock and the size of the block of stock to be valued; and
- The market price of stocks of corporations engaged in the same or a similar line of business having their stocks actively traded in a free and open market, either on an exchange or over-the-counter.

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Enterprise Value Summary

Our opinion of the fair market value of the concluded business enterprise and stockholders' equity of Specialty Surgical Center of Westlake Village, inclusive of working capital, on a non-marketable minority-interest basis, as of November 26, 2013, is summarized below:

Valuation Methodology	Range of Fair Market Value	
	Low	High
Discounted Cash Flow Method	\$ 27,100,000	\$ 30,700,000
Guideline Company Method	25,300,000	38,000,000
Market Transaction Method	28,800,000	35,100,000
Indicated Range of Enterprise Value (Rounded)	\$ 27,100,000	\$ 34,300,000
Add: Cash and Cash Equivalents	3,105,917	3,105,917
Total Adjustments	3,105,917	3,105,917
Concluded Range of Enterprise Value, Marketable, Majority-Interest Basis (Rounded)	\$ 30,200,000	\$ 34,400,000
Less: Interest-bearing Debt	(2,384,539)	(2,384,539)
Total Adjustments	(2,384,539)	(2,384,539)
Concluded Range of Equity Value, Marketable, Majority-Interest Basis (Rounded)	\$ 27,800,000	\$ 32,000,000
Less: Discount for Lack of Control @ 16.7%	(4,633,333)	(5,333,333)
Less: Discount for Lack of Marketability @ 35.0%	(8,108,333)	(9,333,333)
Concluded Range of Equity Value, Non-Marketable, Majority-Interest Basis (Rounded)	\$ 15,000,000	\$ 17,300,000
Concluded Range of Equity Value, Non-Marketable, Minority-Interest Basis (Rounded)	\$ 151,000	\$ 173,000
LTM Implied Multiple and Ratio Analysis		
EV / Net Revenue	Low 1.48x	High 1.73x
EV / EBITDA	Low 2.4x	High 2.8x
Projected Year 1 Implied Multiple and Ratio Analysis		
EV / Net Revenue	Low 1.48x	High 1.71x
EV / EBITDA	Low 2.5x	High 2.8x



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Center Overview

- SSC Westlake was formed in Westlake Village, CA in March 2008 to provide outpatient surgical services to patients in the northwestern part of the Greater Los Angeles Area.
- Since its inception, the Center has been a joint venture involving Symbion, Inc., physician owners, and non-physician owners.
 - Symbion is the largest single owner with 18.18%. 16 physicians cumulatively own 54.54% and non-physicians own 27.28%.
 - Drs. Glenn Cohen, Gregory Tchejeyan, Gregory Johnson, David Chi are the largest physician owners with 7.23%, 6.33%, 6.33%, and 4.52% ownership respectively.
- The Center houses 12,000 usable sq. ft. containing 4 operating rooms and 2 GI suites.
 - The building's lease is set to expire in November of 2016. The Center will pay \$54,737 monthly for the majority of 2013.
 - The lease agreement has a built in 3.5% annual increase.
- Beginning October 1, 2012, the Center changed fee schedules and pursued a strategy to remain out-of-network with all medical insurance payors, aside from remaining in-network with Blue Shield of California and maintaining a Medicare contract.
 - Since implementing the out-of-network strategy, the Center has seen rapid growth in volume of cases and net revenue.
- Services provided include ENT, orthopedics, gastroenterology, pain management, spine, podiatry, general surgery, plastics, hand, and oculoplastics.
- The Center is located in a highly competitive market. The facility's service area includes 1 competing multispecialty center, 3 single specialty centers, and 2 hospitals.
 - Thousand Oaks Surgical Hospital ("TOSH"), SSC Westlake's largest competitor, was recently acquired by HCA
- As of March 2013, 46 physicians had privileges" at the Center. Management noted intentions to add 4-8 more physicians by year-end 2013.
 - The Center is actively recruiting doctors to fill voids in the following fields: OB/GYN, ENT, ophthalmology, URO, and bariatrics.



SPECIALTY
SURGICAL CENTER
OF WESTLAKE VILLAGE

Center Overview

Ownership Structure

The current ownership structure of Specialty Surgical Center of Westlake Village is detailed below.

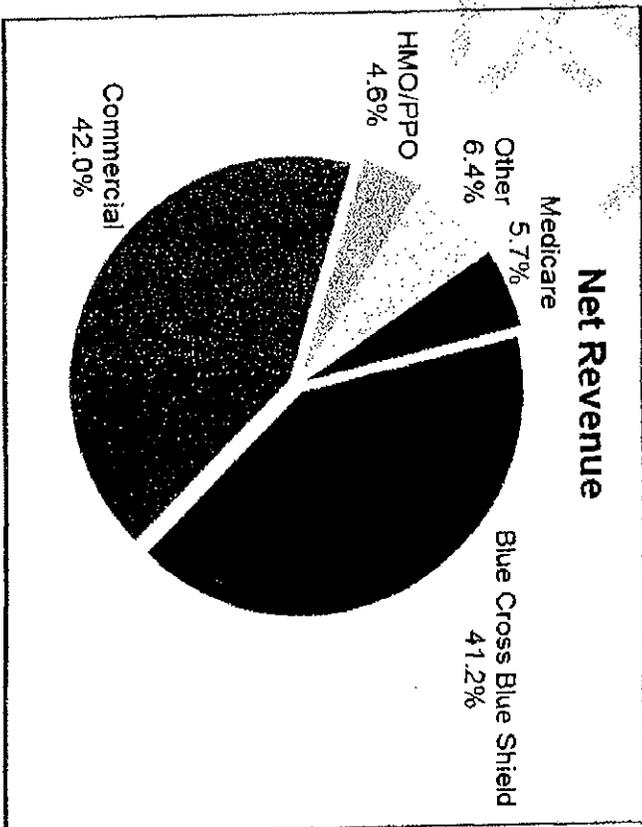
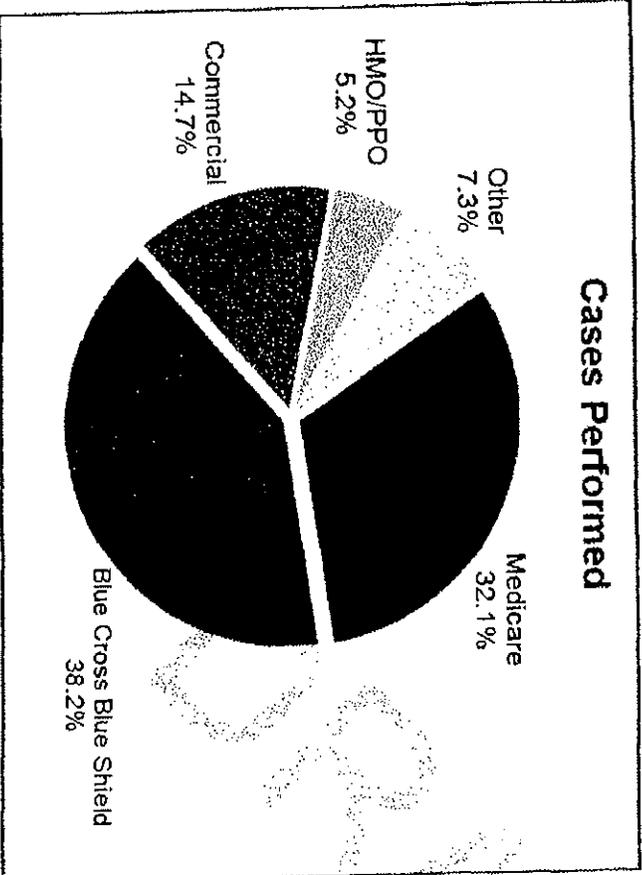
Name of Partner	# of Shares	% of Ownership	Notes
Symbion	17.09	18.68%	
Glenn Cohen, MD	6.62	7.23%	
YellowFin Inc.	5.79	6.33%	Dr. Tchejeyan
Gregory Johnson, MD	5.79	6.33%	
David Chi, MD	4.14	4.52%	
The Bachner Trust	1.65	1.80%	
COS (Bachner & Ziv)	2.48	2.71%	
Randhir Tuli	10.34	11.30%	Non-physician Owner
Andrew Brooks	9.82	10.73%	Non-physician Owner
AAB Capital, LLC	3	3.28%	Non-physician Owner (Brooks)
Frank Candela, MD	1.65	1.80%	
Dr. and Mrs. Spayde	3.31	3.62%	
Mark Farrum, MD	2.48	2.71%	
Niloufar Guiv, MD	1.65	1.80%	
Daniel K. Davis, MD	2.48	2.71%	
Brian Rudin, MD	2.48	2.71%	
Osepe Armagan, MD	0	0.00%	
Hai-En Peng, POD	2.48	2.71%	
Eli Ziv, MD	1.65	1.80%	
Walter Thomas, MD	2.48	2.71%	
Sunset Film Productions	2.48	2.71%	Dr. Armagan
Kumars Arfai, MD	1.65	1.80%	
TOTALS	91.51	100%	



Center Overview

Payor Mix

- The chart below depicts the Center's payor mix for the fiscal year ended December 31, 2012.
- The largest payors in 2012 were Commercial Indemnity and Blue Cross Blue Shield, which accounted for 42.0% and 41.2% of Center net revenue, while accounting for 14.7% and 38.2% of total case volume, respectively.
- The Center has an in-network contract with Blue Cross Blue Shield of California and maintains a Medicare contract. It is out-of-network with all other payors.
 - Medicare patients accounted for 32.1% of total case volume, but provided only 5.7% of the Center's net revenue.



Center Overview

Demographics

- Specialty Surgical Care of Westlake Village is located at 696 Hampshire Road, Suite 100 in Westlake Village, California.
- Approximately 1.2 million people live within a 20 mile radius.
- From 2010 to 2013, the population grew at a compound annual rate of 0.79%. This is greater than the historical growth of the United States, which grew at a compound annual rate of 0.66% over the same time period.
- The proportion of the local population aged 65 and older is 13.6%, similar to the national average of 13.9%.
- The estimated number of families below the poverty line is 7.3%, with a median household income of \$75,300. Both measurements compare favorably to national figures of 10.9% and \$49,297, respectively.

Population Overview	20 Mile Radius		United States		Population Statistics		
	20 Mile Radius	United States	20 Mile Radius	United States	Estimated Population by Age	20 Mile Radius	United States
2018 Projection	1,259,290	325,322,277	Age 18 and over	76.8%	76.3%		
2013 Estimate	1,209,326	314,861,807	Age 35 and over	54.5%	53.2%		
2010 Census	1,181,226	308,745,538	Age 55 and over	26.4%	26.3%		
2000 Census	1,089,172	281,421,942	Age 65 and over	13.6%	13.9%		
Growth 2013-2018	4.13%	3.32%	Age 75 and over	6.0%	6.1%		
Growth 2010-2013	2.38%	1.98%	Age 85 and over	1.9%	1.9%		
Growth 2000-2010	8.45%	9.71%	Estimated Population by HH Income		20 Mile Radius	United States	
CAGR 2013 - 2018	0.81%	0.66%	< \$15,000	7.9%	13.8%		
CAGR 2010 - 2013	0.79%	0.66%	\$15,000 - \$25,000	7.4%	11.6%		
CAGR 2000 - 2010	0.81%	0.93%	\$25,000 - \$35,000	7.3%	10.9%		
Estimated Median Age	38.4	37.5	\$35,000 - \$50,000	11.1%	14.4%		
Estimated Average Age	38.7	38.3	\$50,000 - \$75,000	16.1%	18.1%		
			> \$75,000	50.2%	31.2%		
Estimated Population by Gender		20 Mile Radius	United States	Estimated Average HH Income			
Male	595,596	154,819,735	Estimated Median HH Income	\$ 75,300	\$ 49,297		
Female	613,730	160,042,072	Estimated Families Below Poverty	7.3%	10.9%		
Male-to-Female Ratio	0.97	0.97	Estimated Families Above Poverty	92.7%	89.1%		

Source: Claritas 2013 Population Report

Center Overview

Competitive Landscape

There are numerous hospitals and outpatient surgery centers in the East Ventura County area. The most prevalent centers are highlighted below and mapped on the next page.



Los Robles Hospital and Medical Center is a 365-bed acute care hospital. It is the only Level II Trauma Center in East Ventura County. It has been owned by HCA, Inc. since 1971. The campus includes Los Robles Surgicenter, an outpatient facility.



Thousand Oaks Surgical Hospital is a 50,000 sq. ft. general acute care hospital, providing a range of multispecialty inpatient and outpatient surgical services. In 2012, TOSH was acquired by HCA and incorporated into the Los Robles system as an additional campus. Several privileged physicians with SSC Westlake also use TOSH's facilities.



UCLA Jonsson Comprehensive Cancer Center recently opened a community oncology and hematology practice in Westlake Village. Management indicated that UCLA has undertaken a marketing campaign to promote the new practice.



Conejo Valley Surgery Center is a 7,600 sq. ft. outpatient surgery center. It houses 2 ORs and 2 endoscopy procedure rooms. Provided services include many of the same services offered by physicians at SSC Westlake.



Conejo Surgical Center is a multispecialty outpatient surgical facility affiliated with the Southern California Orthopedic Institute.

Center Overview

Competitive Landscape Map

LEGEND:

-  Specialty Surgical of Westlake
-  Los Robles Hospital and Medical Center
-  Thousand Oaks Surgical Hospital
-  UCLA Oncology
-  Conejo Surgical Center
-  Conejo Valley Surgery Center

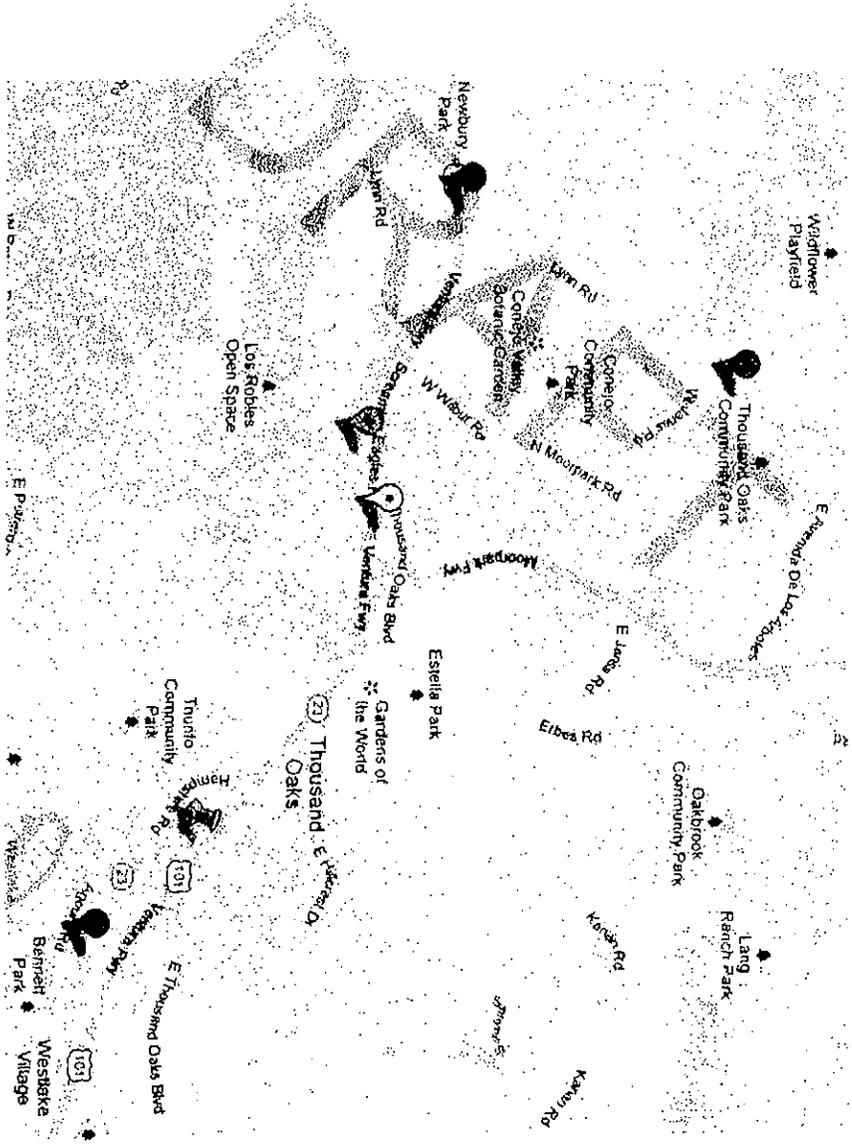


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Historical Financial Review

Reported Income Statements

Reported Income Statements	For the Fiscal Year Ended				Percent of Net Revenue			
	12/31/2010	12/31/2011	12/31/2012	12/31/2010	12/31/2011	12/31/2012	12/31/2010	12/31/2012
Net Revenue	\$ 44,852,636	\$ 46,087,238	\$ 137,088,248	413.1%	414.0%	755.8%		
Less: Contractual Adjustments	(33,994,302)	(24,855,240)	(118,951,197)	-313.1%	-314.0%	-655.8%		
Net Revenue Growth Rate	\$ 10,858,334	\$ 11,131,998	\$ 18,137,051	100.0%	100.0%	100.0%		
	N/A	2.5%	62.9%					
Operating Expenses:								
Salaries & Wages	\$ 1,921,941	\$ 1,842,271	\$ 2,169,098	17.7%	17.4%	12.0%		
Employee Benefits	281,252	282,480	322,978	2.6%	2.8%	1.8%		
Medical Supplies	1,177,077	1,240,020	1,298,860	10.8%	11.1%	7.1%		
Medical Related Fees	150,459	171,322	187,957	1.4%	1.5%	1.0%		
Internal Management Fees	318,826	323,883	534,360	2.9%	2.9%	2.9%		
External Management Fees	209,446	215,922	348,710	1.9%	1.9%	1.9%		
Bad Debt	231,158	335,852	369,746	2.1%	3.0%	2.0%		
Contract Labor	40,053	44,168	82,547	0.4%	0.4%	0.5%		
Insurance, Taxes & Licenses	139,071	144,193	141,770	1.3%	1.3%	0.8%		
Leases & Rentals	612,857	674,658	613,187	5.6%	6.1%	3.4%		
Office Supplies	108,970	100,508	87,395	1.0%	0.9%	0.5%		
Professional Fees	396,372	303,265	379,926	3.7%	2.7%	2.1%		
Repairs & Maintenance	134,913	161,674	172,613	1.2%	1.5%	1.0%		
Utilities	157,364	144,853	147,212	1.4%	1.3%	0.8%		
Other Operating Expenses	37,077	46,466	63,889	0.3%	0.4%	0.4%		
Total Operating Expenses	\$ 5,911,836	\$ 6,161,732	\$ 6,910,618	54.4%	55.4%	38.1%		
Loss On Disposal of Assets	-	10,745	2,902	0.0%	0.1%	0.0%		
EBITDA	\$ 4,946,498	\$ 4,959,471	\$ 11,223,531	45.6%	44.6%	61.9%		
Depreciation	844,916	601,797	604,679	5.9%	5.4%	3.3%		
Amortization	4,000	4,000	2,333	0.0%	0.0%	0.0%		
EBIT	\$ 4,297,583	\$ 4,353,674	\$ 10,616,519	39.6%	39.1%	58.5%		
Interest & Other Expense (Income)	253,450	203,467	172,585	2.3%	1.8%	1.0%		
Intercompany Interest (Net)	41,145	30,769	12,872	0.4%	0.3%	0.1%		
Earnings Before Taxes	\$ 4,002,988	\$ 4,119,438	\$ 10,431,062	36.9%	37.0%	57.5%		
Income Taxes	800	800	-	0.0%	0.0%	0.0%		
Net Income	\$ 4,002,188	\$ 4,118,638	\$ 10,431,062	36.9%	37.0%	57.5%		



Historical Financial Review

Reported Balance Sheets – Assets

Reported Balance Sheets	As of			Percent of Total Assets		
	12/31/2010	12/31/2011	12/31/2012	12/31/2010	12/31/2011	12/31/2012
Assets						
Current Assets:						
Cash & Equivalents	\$ 512,386	\$ 699,740	\$ 3,105,917	8.3%	11.6%	34.2%
Accounts Receivable (Net)	1,363,621	1,300,022	2,753,218	22.2%	22.8%	30.3%
Total Other Receivables	161	1,658	14,459	0.0%	0.0%	0.2%
Inventories	176,571	191,016	229,066	2.9%	3.4%	2.5%
Prepaid Expenses	122,770	128,467	132,180	2.0%	2.3%	1.5%
Total Current Assets	2,175,508	2,280,903	6,234,840	35.4%	40.1%	68.6%
Property, Plant and Equipment:						
Capitalized Leases	331,243	75,130	75,130	5.4%	1.3%	0.8%
Leasehold Improvements	2,633,146	2,633,911	2,633,911	42.9%	46.3%	29.0%
Furniture, Fixtures, & Equipment	218,192	218,192	218,192	3.8%	3.8%	2.4%
Computers & Software	85,466	89,037	90,104	1.4%	1.6%	1.0%
Medical Equipment	2,302,390	2,605,434	2,658,832	37.5%	45.8%	29.2%
Less: Accumulated Depreciation	(1,620,736)	(2,219,057)	(2,818,774)	-26.4%	-39.0%	-31.0%
Total Net Property, Plant and Equipment	3,949,701	3,402,647	2,857,395	64.3%	59.7%	31.4%
Other Assets:						
Loan Costs (Net)	15,267	11,267	-	0.2%	0.2%	0.0%
Total Other Assets	15,267	11,267	-	0.2%	0.2%	0.0%
Total Assets	\$ 6,140,476	\$ 5,694,819	\$ 9,092,237	100.0%	100.0%	100.0%



Historical Financial Review

Reported Balance Sheets – Liabilities & Stockholders' Equity

	As of				Percent of Total Assets			
	12/31/2010	12/31/2011	12/31/2012		12/31/2010	12/31/2011	12/31/2012	
Reported Balance Sheets								
Liabilities and Stockholders' Equity								
Current Liabilities:								
Accounts Payable	\$ 91,646	\$ 56,561	\$ 34,355		1.5%	1.0%	0.4%	
Due (To)/From SYMB	105,402	76,986	201,587		1.7%	1.4%	2.2%	
Accrued Payroll	88,591	36,077	105,512		1.4%	0.6%	1.2%	
Employer Liabilities	71,105	60,920	84,694		1.2%	1.1%	0.9%	
Bank Notes Payable	-	-	484,138		0.0%	0.0%	5.3%	
Current Capital Leases	654,373	699,504	-		10.7%	12.3%	0.0%	
Taxes Payable	-	901	2,776		0.0%	0.0%	0.0%	
Other Current Liabilities	85,775	65,036	224,611		1.4%	1.1%	2.5%	
Total Current Liabilities	1,096,892	995,985	1,137,673		17.9%	17.5%	12.5%	
Long Term Liabilities:								
Bank Notes Payable	2,681,817	1,982,313	1,900,401		0.0%	0.0%	20.9%	
Long Term Capital Leases	617,347	572,767	506,780		43.7%	34.8%	0.0%	
Other Long Term Liabilities	528,009	368,615	-		10.1%	10.1%	5.6%	
Intercompany Activity, Liability	3,827,173	2,923,895	2,407,181		62.3%	51.3%	26.5%	
Total Long-term Liabilities	4,924,065	3,919,680	3,544,854		80.2%	68.8%	39.0%	
Stockholders' Equity:								
Partnership Capital	(6,640,872)	(10,200,783)	(16,859,601)		-108.1%	-179.1%	-185.4%	
Retained Earnings	3,855,097	7,857,284	11,975,922		62.8%	138.0%	131.7%	
Current Year Earnings	4,002,186	4,118,638	10,431,062		65.2%	72.3%	114.7%	
Total Stockholders' Equity	1,216,411	1,775,139	5,547,383		19.8%	31.2%	61.0%	
Total Liabilities and Stockholders' Equity	\$ 6,140,476	\$ 5,694,819	\$ 9,092,237		100.0%	100.0%	100.0%	



Historical Financial Review

Adjustments to Reported Financial Statements

Income Statement Adjustments	For the Fiscal Year Ended		
	12/31/2010	12/31/2011	12/31/2012
Non-Operating Items			
(1) Loss On Disposal of Assets	\$ -	\$ (10,745)	\$ (2,902)
(2) Income Taxes	1,601,195	1,652,073	4,173,586

1. Losses on asset sales were removed as they constitute non-recurring earnings.
2. Income taxes were imputed under the premise of fair market value.



Historical Financial Review

Adjusted Income Statements

	For the Fiscal Year Ended				Percent of Net Revenue			
	12/31/2010	12/31/2011	12/31/2012		12/31/2010	12/31/2011	12/31/2012	
Adjusted Income Statements								
Net Revenue	\$ 44,852,636	\$ 46,087,238	\$ 137,088,248		413.1%	414.0%	755.8%	
Less: Contractual Adjustments	(33,894,302)	(34,955,240)	(116,951,197)		-313.1%	-314.0%	-655.8%	
Net Revenue Growth Rate	\$ 10,958,334	\$ 11,131,998	\$ 18,137,051	62.9%	100.0%	100.0%	100.0%	
Operating Expenses:								
Salaries & Wages	\$ 1,921,941	\$ 1,942,271	\$ 2,169,098		17.7%	17.4%	12.0%	
Employee Benefits	281,252	292,480	322,378		2.6%	2.6%	1.8%	
Medical Supplies	1,177,077	1,240,020	1,280,860		10.8%	11.1%	7.1%	
Medical Related Fees	150,459	171,322	187,957		1.4%	1.5%	1.0%	
Internal Management Fees	318,826	323,853	334,360		2.9%	2.9%	2.9%	
External Management Fees	209,446	215,922	215,922		1.9%	1.9%	1.9%	
Bad Debt	231,158	44,166	368,746		2.1%	3.0%	2.0%	
Contract Labor	40,053	44,166	82,547		0.4%	0.4%	0.5%	
Insurance, Taxes & Licenses	139,071	144,183	141,770		1.3%	1.3%	0.8%	
Leases & Rentals	612,857	674,856	613,187		5.6%	6.1%	3.4%	
Office Supplies	103,970	100,505	97,305		1.0%	0.9%	0.5%	
Professional Fees	396,372	303,285	379,936		3.7%	2.7%	2.1%	
Repairs & Maintenance	134,913	181,874	172,613		1.2%	1.6%	1.0%	
Utilities	157,384	144,853	147,272		1.4%	1.3%	0.8%	
Other Operating Expenses	37,077	46,466	63,869		0.3%	0.4%	0.4%	
Total Operating Expenses	5,911,836	6,161,782	6,910,618		54.4%	55.4%	38.1%	
Loss On Disposal of Assets	-	-	-		0.0%	0.0%	0.0%	
EBITDA								
Depreciation	4,946,498	4,970,216	11,226,433		46.6%	44.6%	61.9%	
Amortization	644,915	601,797	604,679		5.8%	5.4%	3.3%	
	4,000	4,000	2,333		0.0%	0.0%	0.0%	
EBIT	4,297,683	4,364,419	10,619,421		39.6%	39.2%	58.6%	
Interest & Other Expense (Income)	253,450	203,467	172,585		2.3%	1.8%	1.0%	
Intercompany Interest (Net)	41,145	30,789	12,872		0.4%	0.3%	0.1%	
Earnings Before Taxes	4,002,988	4,130,183	10,433,964		36.9%	37.4%	57.5%	
Income Taxes	1,601,995	1,662,873	4,173,586		14.8%	14.8%	23.0%	
Net Income	\$ 2,400,993	\$ 2,477,310	\$ 6,260,378		22.1%	22.3%	34.5%	



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Financial Projections

We have detailed the Center's adjusted income statements for the fiscal years ended December 31, 2010, 2011, and 2012. In addition, a five-year projection was developed and its validity was confirmed based on conversations with Center management. The projected Debt-free Net Income serves as the base of our calculation of Debt-free Net Cash Flow utilized in the Income Approach in deriving value.

- On an aggregate basis, Base Physician surgical cases are projected to increase 6.0% in Year 1, -1.0% in Year 2, -0.9% in Year 3, and 0.7% in Years 4 and 5, based on management's predictions for individual physician case volume. Volume predictions are detailed on Exhibit 3.6a and 3.6b.
- Net Revenue per surgical case for the Base Physicians is assumed to decrease 4.7% in Year 1, increase 2.5% in Year 2, decrease by 43.3% in Year 3 as the Center is projected to adopt an in-network strategy with the largest commercial payors, and increase by 2.7% and 2.5% in Years 4 and 5, respectively as detailed on Exhibit 3.5.
- Salaries & Wages expense is projected to increase over the next two years with the addition of three new staff members earning a combined salary of approximately \$180,000. Additionally, staff are expected to receive annual merit increases of 2.0%.
- Employee Benefits are projected to remain at 14.9% of Salaries & Wages in each year.
- Medical Supplies are projected to grow 3.0% per surgical case in Year 1 and 2.5% in following years.
- Internal Management Fees are projected to remain at 2.9% of Net Revenue.
- External Management Fees are projected to remain at 1.9% of Net Revenue.
- Bad Debt expense is projected at 2.5% of Net Revenue based on historical trends.
- Other fixed expenses are projected to grow at an inflationary rate of 2.5% annually.

Financial Projections

Projected Income Statements

	For the Fiscal Year Ended					Projected Period				
	12/31/2010	12/31/2011	12/31/2012	Year 1	Year 2	Year 3	Year 4	Year 5		
Net Revenue	\$ 44,852,636	\$ 46,087,238	\$ 137,086,248	\$ 139,486,058	\$ 140,610,616	\$ 79,084,911	\$ 81,771,975	\$ 84,427,902		
Less: Contractual Adjustments	(33,994,302)	(34,955,240)	(118,951,197)	(120,164,083)	(122,007,549)	(68,627,818)	(70,953,378)	(73,257,921)		
Net Revenue Growth Rate	\$ 10,858,334	\$ 11,131,998	\$ 18,137,051	\$ 18,321,985	\$ 18,603,067	\$ 10,463,093	\$ 10,818,597	\$ 11,169,981		
	n/a	2.5%	62.9%	1.0%	1.5%	-43.8%	3.4%	3.2%		
Operating Expenses:										
Salaries & Wages	\$ 1,921,941	\$ 1,942,271	\$ 2,169,098	\$ 2,302,480	\$ 2,438,530	\$ 2,487,300	\$ 2,537,046	\$ 2,587,787		
Employer Benefits	281,252	292,480	322,378	342,202	362,422	369,670	377,064	384,605		
Medical Supplies	1,177,077	1,240,020	1,280,880	1,398,283	1,419,274	1,441,835	1,488,019	1,535,715		
Medical Related Fees	150,459	174,322	187,957	203,193	205,237	207,482	218,841	218,841		
Internal Management Fees	318,826	323,883	323,883	539,809	548,080	548,080	308,267	318,741		
External Management Fees	209,446	215,922	348,710	352,286	357,670	201,167	208,003	214,758		
Bad Debt	231,158	335,882	368,746	458,050	465,077	261,577	270,485	279,250		
Contract Labor	40,053	44,166	82,547	84,198	85,882	87,600	89,352	91,139		
Insurance, Taxes & Licenses	139,071	144,193	141,770	144,605	147,498	150,447	153,456	156,526		
Leases & Rentals	612,857	674,556	613,187	625,451	637,960	650,719	663,733	677,008		
Office Supplies	103,970	100,509	97,305	99,251	101,236	103,261	105,326	107,433		
Professional Fees	396,372	303,285	378,926	387,525	395,276	403,181	411,244	419,468		
Repairs & Maintenance	134,913	181,874	172,613	176,065	179,587	183,178	186,842	190,579		
Utilities	157,364	144,853	147,272	150,217	153,222	156,286	159,412	162,600		
Other Operating Expenses	37,077	46,465	63,869	65,146	66,449	67,778	69,134	70,517		
Total Operating Expenses Growth Rate	5,911,836	6,161,782	6,910,618	7,328,740	7,583,407	7,079,750	7,250,921	7,425,319		
	n/a	4.2%	12.2%	6.1%	3.2%	-6.4%	2.4%	2.4%		
Loss On Disposal of Assets	-	-	-	-	-	-	-	-		
EBITDA	4,946,498	4,970,216	11,226,433	10,993,246	11,039,661	3,383,343	3,567,676	3,744,662		
Depreciation	644,915	601,797	604,679	545,768	534,009	503,866	467,865	432,403		
Amortization	4,000	4,000	2,333	2,333	2,333	2,333	2,333	2,333		
EBIT	4,297,583	4,364,419	10,619,421	10,445,145	10,503,319	2,877,154	3,097,479	3,309,926		
Income Taxes	1,501,995	1,652,873	4,173,586	4,178,058	4,201,328	1,150,862	1,238,991	1,323,970		
Debt-Free Earnings	\$ 2,695,588	\$ 2,711,546	\$ 6,445,835	\$ 6,267,087	\$ 6,301,991	\$ 1,726,292	\$ 1,858,487	\$ 1,985,955		



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Valuation Approaches

There are several valuation approaches that are conventionally applied to establish the fair market value of a Business Enterprise. The values derived through these approaches are correlated on the basis of their respective merits in order to arrive at a Concluded Business Enterprise Value. The conventional approaches to valuation include the:

- Income Approach - Discounted Cash Flow Method;
- Market Approach – Guideline Company Method;
- Market Approach – Market Transaction Method; and
- Asset Approach – Net Asset Value Method.

A summary of the primary considerations under each method of valuation is provided below:

Income Approach - Discounted Cash Flow Method

The Discounted Cash Flow Method is a valuation technique in which the value of the company is estimated based on the present value of its expected future economic benefits. Economic benefits are reflected in distributable cash flow. Distributable cash flow is a preferred measure of a company's earnings and dividend-paying capacity because it represents the earnings available for distribution to investors after considering the reinvestment required for the company's long-term sustainability and/or future growth. Distributable cash flow is considered the amount that could be paid to the shareholders of a business without impairing its operations. The forecasted distributable cash flow is then discounted to the present value using an appropriate rate of return (based on current market conditions and investor expectations). The Income Approach is "Forward Looking" in nature and is generally believed to be the most relevant valuation method given its malleability and focus on the specific characteristics of the subject company.

Market Approach - Guideline Company Method

The Guideline Company Method is a valuation technique whereby the value of the subject company is estimated based on the Comparative Business Enterprise Value of comparable publicly-traded companies. The publicly-traded markets inform our understanding of investor expectations for comparable companies as well as the level of investment returns required to induce investment. Investor expectations not only include the idiosyncratic characteristics of specific companies but also incorporate important factors that affect all companies throughout the industry as well as macro factors that affect all companies in the U.S. or globally. Utilizing a collection of comparable companies mitigates the impact that any one company's idiosyncratic characteristics will materially affect the composite result.

Valuation Approaches

Market Approach – Market Transaction Method

The Market Transaction Method is a valuation technique whereby the value of the company is estimated based on comparable precedent merger and acquisition transactions. These historical transactions inform our understanding of the terms and valuation considerations at which investors have been willing to consummate acquisitions of comparable companies. The precedent transaction metrics also encapsulate investor expectations and market conditions at the time the transaction was consummated. These investor expectations not only include the idiosyncratic characteristics of specific companies but also incorporate important factors that affect all companies throughout the industry as well as macro factors that affect all companies in the U.S. or globally. Utilizing a collection of comparable precedent transactions mitigates the impact that any one company's idiosyncratic characteristics will materially affect the composite result.

Asset Approach – Net Asset Value Method

The Net Asset Value Method provides an indication of Concluded Business Enterprise Value by assessing the Fair Market Value of each of the individual assets and liabilities of the subject company. In this approach, the tangible and intangible assets of the business are individually appraised using the Cost, Market, and Income Approaches. The Cost Approach entails the estimation of the current reproduction cost of the asset, less an estimate of accrued depreciation to reflect physical, functional and economic obsolescence. The Market and Income Approaches are the same as previously described but applied at the individual asset level instead of the Business Enterprise level. The Concluded Business Enterprise Value reflects the summation of the fair market value indications for each of the assets individually. The market value of Stockholders' Equity can be determined by subtracting the fair market value indications for each of the liabilities from the Concluded Business Enterprise Value. The residual reflects the Stockholders' Equity Value.

Generally, the Net Asset Value Method represents a "floor" of value and provides indications of value that are most often materially less than indications of value using the Market and Income Approaches. Accordingly, the Net Asset Value Method is usually not applied in the valuation of a going concern. In general, a business entity's value is determined by its ability to generate earnings, not by the value of its assets individually. As a result, the Asset Approach generally carries little or no weight in comparison to the Income and Market Approaches. The Asset Approach is most useful in the valuation of real estate holding companies, asset-intensive companies, and businesses considering or undergoing liquidation.

Valuation Approaches

Discounted Cash Flow Method

A value range of \$27.1 million to \$30.7 million was derived based on the Discounted Cash Flow Method, as presented below:

	Projected Period					Terminal
	Year 1	Year 2	Year 3	Year 4	Year 5	
Net Revenue	\$ 18,321,985	\$ 18,603,067	\$ 10,463,093	\$ 10,816,597	\$ 11,169,981	
% Growth from prior year	1.0%	1.5%	-4.8%	3.4%	3.2%	
Less: Operating Expenses	7,328,740	7,563,407	7,079,750	7,250,921	7,425,319	
Add: Other Income (Expenses)						
EBITDA	10,993,246	11,039,661	3,383,343	3,567,676	3,744,662	
Less: Depreciation	545,768	\$34,009	503,856	467,865	432,403	
EBIT	10,447,478	10,505,652	2,879,487	3,099,812	3,312,259	
Less: Taxes	4,178,058	4,201,328	1,150,862	1,238,991	1,323,970	
Debt-Free Earnings	6,269,420	6,304,324	1,728,625	1,860,820	1,988,288	
Add: Depreciation	545,768	534,009	503,866	467,865	432,403	
Less: Working Capital Additions	(255,392)	23,104	(1,154,073)	41,729	40,960	
Less: Capital Expenditures	524,830	279,046	156,946	163,279	167,550	
Debt-Free Net Cash Flows	6,545,750	6,536,183	3,228,908	2,124,677	2,212,152	2,278,548
Discount Period (Years)	0.50	1.50	2.50	3.50	4.50	
Weighted Average Cost of Capital @ 13.0%	0.9407	0.8325	0.7367	0.6520	0.5770	
Present Value of Debt-Free Cash Flows	\$ 6,157,724	\$ 5,441,348	\$ 2,379,325	\$ 1,365,218	\$ 1,276,345	

Present Value of Interim/Period Cash Flows	\$ 16,639,961
Present Value of Terminal Cash Flows	\$ 12,194,715
Business Enterprise Value (Rounded)	\$ 28,800,000

Discount Rate	Exit Multiple				
	5.0x	5.5x	6.0x	6.5x	7.0x
11.0%	\$ 28,300,000	\$ 28,400,000	\$ 30,500,000	\$ 31,600,000	\$ 32,700,000
12.0%	27,500,000	28,600,000	29,600,000	30,700,000	31,800,000
13.0%	26,800,000	27,800,000	28,900,000	29,900,000	30,900,000
14.0%	26,100,000	27,100,000	28,100,000	29,100,000	30,000,000
15.0%	25,500,000	26,400,000	27,300,000	28,300,000	29,200,000

DCF Assumptions	
Weighted Average Cost of Capital	13.0%
Growth Rate	3.0%
Tax Rate	40.0%

Exit Multiple Assumptions	
EBITDA	\$ 3,744,662
Exit Multiple	6.0
Terminal Value	22,467,972
Discount Period	5.00
WACC @ 13.0%	0.5428
Present Value of Terminal Value	\$12,194,715

Distribution of Value	
Period Cash Flows	57.7%
Terminal Cash Flows	42.3%
Total	100.0%



Valuation Approaches

Guideline Company Method

A value range of \$25.3 million to \$38.0 million was estimated based on the Guideline Company Method, as presented below:

Fundamental	Specialty Surgical Center of Westlake Village	AMSG Pricing Multiples	Concluded Range of Pricing Multiples		Concluded Range of Enterprise Value	
			Low	High	Low	High
Fiscal Year 2012:						
Net Revenue	\$ 18,137,051	N/A	0.75x	1.00x	\$ 13,602,788	\$ 18,137,051
EBITDA	11,226,433	10.38x	2.00x	3.00x	22,452,866	33,679,299
Next Twelve Months (NTM):						
Net Revenue	\$ 18,321,985	N/A	0.75x	1.00x	\$ 13,741,489	\$ 18,321,985
EBITDA	10,993,246	9.40x	2.00x	3.00x	21,986,491	32,979,737
					Indicated Range of Enterprise Value, Minority Interest Basis	
					\$ 22,220,000	\$ 33,330,000
					Less: Debt	
					(6,666,000)	(9,999,000)
					15,554,000	23,331,000
					3,110,800	4,666,200
					6,666,000	9,999,000
					Indicated Range of Equity Value, Minority-Interest Basis	
					Plus: Control Premium @ 20.0%	
					Plus: Debt	
					\$ 25,300,000	\$ 38,000,000
Indicated Range of Enterprise Value (Rounded)						

Valuation Approaches

Market Transaction Method

A value range of \$28.8 million to \$35.1 million was derived based on the Market Transaction Method, as presented below:

Fundamental	Specialty Surgical Center of Westlake	Precedent Transaction Pricing Multiples				Selected Range of Pricing Multiples		Concluded Range of Enterprise Value	
		Low	Hgh	Mean	Median	Low	High	Low	High
Fiscal Year 2012:									
Net Revenue	\$ 18,137,051	0.36x	4.90x	1.98x	1.63x	0.50x -	1.00x	\$ 9,088,526 -	\$ 18,137,051
EBITDA	11,226,433	2.73x	16.52x	7.20x	6.60x	3.00x -	3.50x	33,679,299 -	39,292,516
Indicated Range of Enterprise Value (Rounded)								\$ 28,800,000	\$ 35,100,000



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Conclusion of Value

Our opinion of the fair market value of the concluded business enterprise and stockholders' equity of Specialty Surgical Center of Westlake Village, inclusive of working capital, on a non-marketable minority-interest basis, as of November 26, 2013, is summarized below:

Valuation Methodology	Range of Fair Market Value	
	Low	High
Discounted Cash Flow Method	\$ 27,100,000	\$ 30,700,000
Guideline Company Method	25,900,000	38,000,000
Market Transaction Method	28,800,000	35,100,000
Indicated Range of Enterprise Value (Rounded)	\$ 27,100,000	\$ 31,300,000
Add: Cash and Cash Equivalents	3,105,917	3,105,917
Total Adjustments	3,105,917	3,105,917
Concluded Range of Enterprise Value, Marketable, Majority-Interest Basis (Rounded)	\$ 30,200,000	\$ 34,400,000
Less: Interest-bearing Debt	(2,384,539)	(2,384,539)
Total Adjustments	(2,384,539)	(2,384,539)
Concluded Range of Equity Value, Marketable, Majority-Interest Basis (Rounded)	\$ 27,800,000	\$ 32,000,000
Less: Discount for Lack of Control @ 16.7%	(4,633,333)	(5,333,333)
Less: Discount for Lack of Marketability @ 35.0%	(8,108,333)	(9,333,333)
Concluded Range of Equity Value, Non-Marketable, Minority-Interest Basis (Rounded)	\$ 15,100,000	\$ 17,300,000
Concluded Range of Equity Value, Non-Marketable, Minority-Interest Basis -1.0% Interest (Rounded)	\$ 151,000	\$ 173,000
LTM Implied Multiple and Ratio Analysis		
EV / Net Revenue	Low 1.49x	High 1.73x
EV / EBITDA	Low 2.4x	High 2.8x
Projected Year 1 Implied Multiple and Ratio Analysis		
EV / Net Revenue	Low 1.48x	High 1.71x
EV / EBITDA	Low 2.5x	High 2.8x

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Economic & Industry Overview

Economic Overview

Economic Overview Summary¹

Economic activity in the Twelfth District expanded at a modest pace during the reporting period of late February through early April. Price increases for most final goods and services were limited, and upward wage pressures were minimal overall. Sales of many retail items rose, and most business and consumer services gained further. District manufacturing activity appeared to increase on net. Production activity and sales grew for agricultural producers. Demand for both homes and commercial real estate properties continued to expand on balance. Contacts from financial institutions reported increased loan demand.

Reports from the twelve Federal Reserve Districts suggest overall economic activity expanded at a moderate pace during the reporting period from late February to early April. Activity in the Cleveland, Richmond, St. Louis, Minneapolis, and Kansas City Districts was characterized as growing at a moderate pace, while the Boston, Philadelphia, Atlanta, Chicago, and San Francisco Districts noted modest growth. The New York and Dallas Districts indicated that the pace of expansion accelerated slightly since the previous Beige Book.

Outlooks among respondents remained optimistic across sectors and Districts, with growth mostly expected to continue at the same or a slightly improved pace. Some uncertainty remained, primarily regarding fiscal policy and health care reform.

¹ Federal Reserve Beige Book, 12th District (San Francisco), as of April 17th, 2013



Economic & Industry Overview

Economic Overview

Manufacturing

Twelfth district manufacturing activity appeared to step up during the reporting period of late February through early April. Contrary to downbeat expectations from earlier in the year arising from product release challenges, production activity for commercial aircraft and parts continued to grow robustly. Manufacturers in defense-related subsectors noted furloughs, layoffs, and plant closures at some production facilities. Reports indicated that inventories of semiconductors fell at the end of last year but remain roughly in line with current demand. Pharmaceutical goods producers reported modest gains. Wood product manufacturers stated that demand grew further, fueled both by recent rebounds in domestic residential construction activity and demand from China. Demand for steel products used primarily in transportation infrastructure and nonresidential construction projects increased, although overall capacity utilization for steelmakers remained at a relatively low level.

Overall, manufacturing activity held steady or increased in most Districts since the previous Beige Book. The pace of growth picked up in the Cleveland, Atlanta, Minneapolis, Dallas, and San Francisco Districts, while the Richmond and Chicago Districts noted that the pace of growth in production was slower than earlier this year. Contacts in the Boston District reported mixed conditions, and manufacturing activity held steady in the New York District. Manufacturing conditions in the Kansas City District continued to soften, driven by weaker durable goods production, although factory managers project a rebound in coming months. Firms in the New York, Philadelphia, and Dallas Districts were broadly optimistic about prospects for 2013, while cautious optimism was expressed by manufacturers in the Cleveland District, and mixed outlooks were expressed in the Boston District. Contacts in the Atlanta District do not expect future production to be as high as previously projected.

Economic & Industry Overview

Economic Overview

Retail

In the twelfth district, retail sales rose on balance. New and used automobile sales remained at high levels. Among computer and electronic products, sales of personal computers remained weak relative to sales of mobile computing devices, including smart phones and tablets. Demand for some gaming products and apparel picked up, with e-commerce sales growth for these items outpacing sales growth at traditional retail stores. Retail grocers reported soft sales, experiencing intensifying competition from discount and online retailers. Demand was steady for retail pet products.

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Economic & Industry Overview

Economic Overview

Finance

Contacts from financial institutions in the twelfth district reported that loan demand improved. Ramped-up mortgage and automobile lending continued to spur growth in overall loan demand. Banking contacts again highlighted ample liquidity and generally stiff competition among lenders for well-qualified business borrowers. Contacts also pointed to a recent buildup of privately held technology companies poised for public offerings. Despite the clear potential for action, the pace of initial public offerings and new venture capital deals in the District's Internet and digital media subsectors has been relatively slow. By contrast, private equity financing has shown steady growth in recent months. Reports indicated modest improvement in credit quality for both business and consumer loans.

Overall, loan demand was steady to slightly up at most District Banks that commented on lending. The Philadelphia District, however, said loan volumes softened somewhat since the previous report. The New York District noted widespread increases in loan demand, particularly for commercial loans and residential mortgages, and the Cleveland District said business and consumer loan demand picked up since the last report. The Dallas District saw broad-based improvement in loan demand as energy-related lending remained strong and commercial real estate and home equity lending bounced up from low levels. The San Francisco District said increased growth in automobile and mortgage loans spurred overall improvements in loan demand. Several Districts, including Philadelphia, Cleveland, Richmond, Atlanta, Chicago, Dallas, and San Francisco, said loan pricing was very competitive.

Reports on mortgage lending were mostly favorable. Stronger refinancing activity was cited by the New York and Atlanta Districts. The Cleveland and Kansas City Districts noted a shift from mortgage refinancing to new purchases, and the New York, Richmond, Dallas, and San Francisco Districts reported an uptick in residential mortgage loans. Most District banks said credit conditions remained favorable, with improved credit quality for business and consumer loans.



Economic & Industry Overview

Economic Overview

Real Estate and Construction

In the twelfth district, activity in residential and commercial real estate markets continued to gain momentum, with notable gains in selected locales. Home sales climbed further in most regions, and low inventory levels coupled with healthy demand supported stable or increasing prices. Reports indicated that the pace of residential housing permit issuance increased significantly in many regions throughout the District. Rental activity for both single-family and multifamily homes was strong, based on low vacancy rates and stable rental rates. Construction of multifamily residential projects expanded further. Commercial real estate development and leasing activity increased, particularly in major metropolitan areas across the District, fueled in large part by sustained growth in the technology sector.

Overall, residential real estate activity continued to improve in most Districts, and some Districts, including Cleveland, Richmond, Chicago, Minneapolis, Kansas City, Dallas, and San Francisco, noted increased momentum since the last report. The New York District, in particular, noted especially strong improvement in residential real estate—both in for-sale housing and apartment markets.

Home sales continued to rise in most Districts. Tight inventories and strong sales led to rising home prices in many Districts, including Atlanta, Minneapolis, Kansas City, Dallas, and San Francisco.

New home construction continued to pick up in most Districts, although the Richmond District said that a low supply of residential building materials had stalled construction. Only the Philadelphia District noted that residential construction decelerated somewhat, although home sales were still growing moderately. Multifamily construction increased in several Districts including Boston, Chicago, and San Francisco. The New York District noted apartment rents accelerated in early 2013, due to stronger demand coupled with historically low inventories. The Cleveland, Dallas, and San Francisco Districts said apartment demand remained strong.

Commercial real estate and construction activity improved in most Districts. Commercial construction saw widespread improvement with the New York, Atlanta, St. Louis, Minneapolis, and Kansas City Districts noting increases. Both commercial real estate development and leasing activity increased across the San Francisco District, mostly fueled by growth in the technology industry. Several Districts, including Boston, Richmond, Atlanta, and Kansas City said commercial property investment sales activity increased during the reporting period.



Economic & Industry Overview

Economic Overview

Services

In the twelfth district, demand for most business and consumer services gained. Contacts expect more robust growth this year for various technology services, such as cloud computing and data processing, compared with modest gains at the end of last year. Food service providers reported strong sales on net, with some discount chains faring particularly well. Activity in the District's travel and tourism sector advanced, as visitor counts, expenditures, and occupancy rates climbed in Hawaii; however, reports indicated weaker activity in Southern California in recent weeks. Contacts in the health-care industry described plans to freeze hiring and scale back capital expenditures in response to the federal spending cuts.

Overall, demand for nonfinancial services expanded at a modest pace since the previous report. The Kansas City and San Francisco Districts noted solid growth in information technology services, and contacts expect demand to remain robust through year-end. The Boston District reported strong demand for healthcare consulting services partly due to changes resulting from the Affordable Care Act, while healthcare firms in the San Francisco District indicated plans to freeze hiring and scale back capital expenditures in response to federal spending cuts. Defense-related and other firms dependent on the federal government in the Philadelphia District said they expect a decline in activity for the remainder of the year.

Activity expanded for professional and business services, such as accounting, advertising, consulting, and legal services. Consulting services remained strong in the Boston District, and firms in the Dallas District noted strength in accounting services. Advertising and marketing firms in the Boston District said an uptick in growth for their services was buoyed by stronger financial positions of clients. The St. Louis District noted plans for hiring and expansion in social and legal services, while the Dallas District report indicated weaker-than-expected growth in demand for legal services.

Transportation service activity increased since the previous report. Air travel improved in the Dallas District, in part due to spring-break related activity. Intermodal cargo volumes moved higher in the Atlanta and Dallas Districts, and activity at logistics and transport firms in the Philadelphia District grew at a moderate rate. Trucking traffic picked up in the Kansas City District, and trucking cargo volumes were above year ago levels according to Atlanta's report. Railroad contacts in the Dallas District said shipments grew, particularly for petroleum and construction-related products, and freight transportation volumes were higher than expected in the Cleveland District. According to Richmond's report, container traffic increased at larger ports in the District because of continued strength in shipments of auto parts. Air freight volumes rose in the Atlanta District, and small parcel shipments grew strongly in the Dallas District. However, railroad shipments were flat to slightly down in the Atlanta District, and a contact in the Richmond District said that European-bound vessels were leaving the port lighter than in the past, particularly due to a decline in construction and agricultural equipment exports.



Economic & Industry Overview

Economic Overview

Prices and Wages

In the twelfth district, price increases for most final goods and services were limited. Reports were mixed for construction materials, with prices for some products such as cement, logs, and lumber edging up further; meanwhile, prices for some other metal and wood products were mostly flat. Contacts from retail grocery and restaurant chain establishments reported largely constant food prices as the prices of some of the underlying commodities have stabilized. Health-care price increases were limited, and fees for legal services held steady.

Contacts reported that wage gains were contained across most occupations, industries, and regions in the District. Restrained hiring plans and ready worker availability have held down increases in wages and compensation for most sectors and regions. A shortage of trained engineers continues to prompt vigorous employer competition and significant compensation gains for this group across a number of industries. In a few areas experiencing significant rebounds in housing market activity, wages of construction workers and experienced mortgage underwriters have risen. Contacts mentioned downward pressure on the wages for some low-skilled jobs and government employees. Most firms expect wage growth between 2% and 4% this year.

Overall, labor market conditions remained unchanged or improved slightly, and reports of hiring were more widespread in the manufacturing, residential construction, information technology, and professional services sectors. Several Districts noted robust demand for workers tied to the residential construction sector. Staffing firms in the Cleveland and Chicago Districts noted an increase in orders from the manufacturing sector, and several manufacturers in the St. Louis and Kansas City Districts said they planned on expanding their payrolls. Reports from the New York and Richmond Districts indicated strong demand for temporary workers. The Minneapolis District noted a tightening labor market, and along with the Dallas District cited continued challenges in attracting and retaining workers in areas close to oil-drilling regions. Contacts in several Districts faced difficulties finding highly-trained or skilled workers, especially in the information technology and engineering fields. In contrast, hiring activity was limited in the Boston and Cleveland Districts, demand for staffing services softened in the Dallas District, and some Districts, including Richmond and Atlanta, reported restrained hiring due to uncertainty over fiscal policy or healthcare reform.

Overall upward wage pressures continued to be fairly modest. The majority of Districts said overall price pressures remained minimal during the reporting period. Several Districts, including Boston, Philadelphia, Cleveland, Minneapolis, Kansas City, and San Francisco, said prices for some construction materials rose since the last report, but there were few reports of pass-through.

Economic & Industry Overview

Healthcare Facilities Overview

Healthcare Facilities Overview²

The US healthcare facility industry includes several sectors that serve different areas of society's healthcare needs. Included in this group are acute care hospitals, rehabilitation hospitals (both stand-alone units and those attached to a larger facility), psychiatric hospitals, nursing homes, assisted-living facilities, and home healthcare services.

Acute Care Hospitals

Acute care hospitals comprise the largest sector of the industry. There were 4,985 such facilities nationwide in 2010, according to the 2012 edition of *AHA Hospital Statistics*, published by the American Hospital Association (AHA), a national hospital and healthcare organization. This total was down slightly from 5,008 in 2009 – a continuation of the recent trend of consolidation and closures among both for-profit and tax-exempt chains. The industry remains dominated by nonprofit entities, which make up approximately 58% of the total; for-profit hospitals accounted for 20.3%; and state and local government-owned facilities made up 21.4%.

Acute care hospitals generated \$731 billion in total net inpatient and outpatient revenues in 2010, up from \$691 billion in 2009, propelled by an aging domestic population, ongoing advances in healthcare technologies and a generally favorable pricing environment from managed care, offset by the aforementioned volume weakness and increases in bad debt.

Rehabilitation Hospitals

These hospitals provide programs to rehabilitate patients experiencing disabilities from a wide variety of causes, including stroke, head injuries, orthopedic problems, neuromuscular disease, and sports-related injuries. Services include physical therapy, sports medicine, neuro-rehabilitation, occupational therapy, respiratory therapy, speech/language therapy, and rehabilitation nursing. In 2010, 195 rehabilitation hospitals operated in the US, according to the AHA, down modestly from 197 in 2009.

² Standard & Poor's Industry Surveys, Healthcare: Facilities, May 17, 2012

Economic & Industry Overview

Healthcare Facilities Overview

Specialty Hospitals

Specialty hospitals include heart, orthopedic, cancer, and surgical hospitals, as well as ambulatory surgical centers (ASCs) and other narrowly focused providers. These facilities present traditional acute care providers with an additional competitive challenge, as more procedures no longer require an overnight hospital stay. According to the American Hospital Association (AHA), there were 5,260 Medicare-certified ambulatory surgical centers in 2009 (latest available), up from 5,151 in 2008.

Critics of specialty hospitals, including the AHA, argue that specialty hospitals focus on more lucrative procedures and tend to serve only patients with the best insurance coverage, leaving general acute care hospitals with less profitable services and patients. The AHA also argues that specialty hospitals undermine support for less profitable services and draw specialty physicians and support staff away from general hospitals, and that physicians' ownership interests or financial stakes in specialty hospitals influence patient treatment decisions. Supporters of specialty hospitals contend that because they specialize on a single or limited number of procedures, they can provide higher-quality care at lower cost than full-service acute care facilities.

Psychiatric Hospitals

Psychiatric hospitals, which numbered 439 nationwide in 2010, compared with 444 in 2009, according to the AHA, typically provide structured, intensive treatment programs for alcohol- and drug-dependency problems and mental health disorders in children, adolescents, and adults. A treatment program usually integrates physicians and other patient-care professionals with structured activities, providing patients with testing, adjunctive therapies (occupational, recreational, and the like), group therapy, individual therapy, and educational programs. According to the National Association of Psychiatric Health Systems, an advocacy group, average length of stay at psychiatric hospitals has remained fairly stable between 9.3 and 10.0 days since 2000.

Economic & Industry Overview

Healthcare Facilities Overview

Nursing Homes

Nursing homes, or skilled nursing facilities (SNFs), provide residents with routine long-term care, including daily dietary, social, and recreational services, and a full range of pharmaceutical services and medical supplies. Many nursing home chains have developed expertise in skilled rehabilitation therapies: occupational, physical, speech, and respiratory. Given cost pressures, many SNFs have converted segments of their facilities to provide rehabilitation, subacute care, or other higher margin business lines. Subacute care is generally for patients who have been discharged from an acute care hospital, but who are too sick to return home and need continued complex and intensive medical services. According to the Kaiser Family Foundation, the number of certified nursing homes operating in the US totaled 15,622 in 2010, marginally below the 15,658 in 2009. The number of nursing home beds was 1.66 million in 2012, continuing the downward trend from 1.72 million in 2004.

Assisted Living Facilities

These hotel-like facilities serve elderly individuals who need assistance with the tasks or activities of daily living, but do not require 24-hour skilled nursing care. Several facilities also offer separate areas for residents with developmental disabilities, mental illness, and/or Alzheimer's disease/dementia, as these individuals do not require round-the-clock skilled nursing care. The number of assisted living facilities increased to 15,622 in 2010, from 15,070 in 2009, according to Managed Care Digest Series / Public Payer Digest 2010 – 2011. The industry remains fragmented. The objective of assisted living facilities is to maintain or enhance residents' ability to live as independently as possible in a homelike environment that offers on-site medical services. S&P Capital IQ believes long-term fundamentals and demographics support growth of the assisted living sector, and note positive occupancy trends during 2011.

Economic & Industry Overview

Healthcare Facilities Overview

Home Healthcare Services

Home healthcare services focus primarily on respiratory therapy programs, which are designed to provide complete air support for patients suffering from a variety of respiratory ailments, including asthma, emphysema, chronic bronchitis, and cystic fibrosis. Another important category of home healthcare / outpatient treatment is intravenous and infusion services. Such services include the delivery of nutrients intravenously or through feeding tubes and infusion therapies for patients with fully or partially dysfunctional digestive tracts. This category also includes the intravenous administration of various drugs, including antibiotics to treat infectious diseases, analgesics (such as morphine or Demerol) to treat the pain associated with chronic or terminal conditions such as cancer or AIDS, and chemotherapy agents. Some home healthcare agencies are part of hospital chains. Despite ongoing consolidation activity, the home healthcare segment remains quite fragmented. According to *Managed Care Digest Series/Public Payer Digest 2010–2011*, the number of home healthcare agencies totaled 13,357 in 2010, up from 13,262 in 2009. Growth was led at the state level by Texas and Illinois, which added 257 and 110 agencies, respectively.

New rules have affected the home health industry. As part of healthcare reform, pilot programs are being designed to review the viability of bundling payments to acute care hospitals and post-acute care providers for all treatments to patients within 30 days of release from an acute care facility. This is intended to address a significant problem: a large portion of Medicare and Medicaid expenditures are for readmissions. As of April 2011, in order for home healthcare to be reimbursed, beneficiaries will have to see a doctor 90 days before or 30 days after starting such services to determine the need for care. This rule has been viewed as a burden, as it subjects homebound, frail, and rural patients to face-to-face meetings, and forces physicians to see more patients and face additional administrative burdens. However, with no limit on renewals for 60-day coverage periods and no co-pays or deductibles, the CMS says Medicare home health costs have doubled to \$19 billion since 2002, and cases of fraud have been rising.

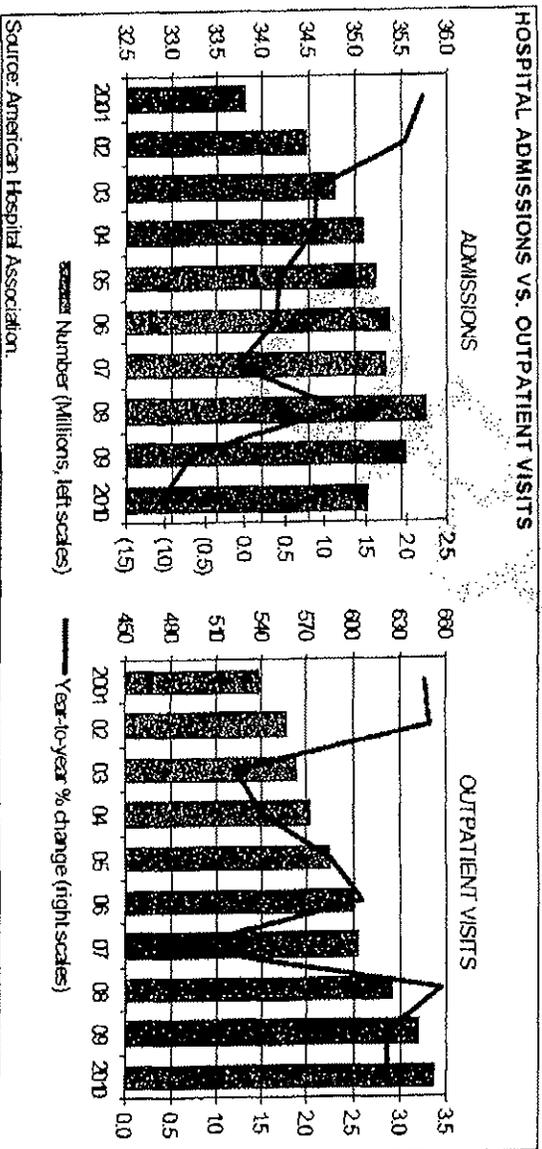
Economic & Industry Overview

Healthcare Facilities Trends

Healthcare: Facilities Trends²

Utilization Remains near Historical Lows

Inpatient admissions (admissions requiring an overnight stay) are one of the main determinants of facility utilization in the hospital industry and, ultimately, of the industry's utilization rate. According to the American Hospital Association (AHA), a national hospital and healthcare organization, the number of inpatient admissions per 1,000 persons fell to 113.7 in 2010 from 115.7 in 2009, the lowest rate in the last 20 years. In 2011, for-profit hospital operators saw continued weakness in admission growth. Even when accounting for outpatient visits, four of the six companies in our coverage universe showed a decline in adjusted admissions for the year. The decline in admissions was, in part, a reflection of a dramatic shift in the number of procedures performed on an outpatient basis that were formerly done in the hospital. In 2010, total outpatient visits per 1,000 persons rose to 2,108 from 2,091 in 2009. Between 2006 and 2010, hospital admissions have been roughly flat, while outpatient visits rose by 8.7% over the same period, according to the AHA. In addition, Medicare-certified ambulatory surgical centers (ASCs) have grown in number and procedures performed. According to the Ambulatory Surgery Association, over 22 million procedures were performed in ASCs in 2010.



² Standard & Poor's Industry Surveys, Healthcare: Facilities, May 17, 2012

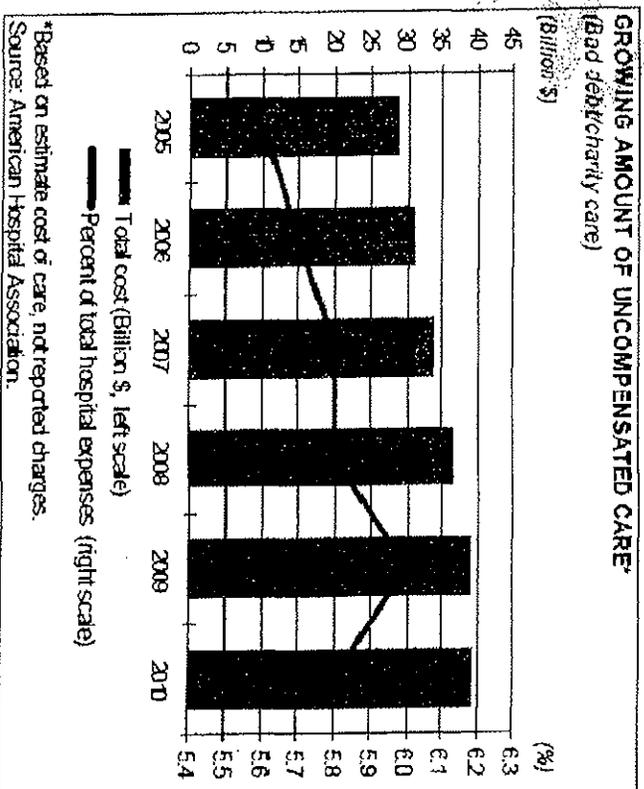
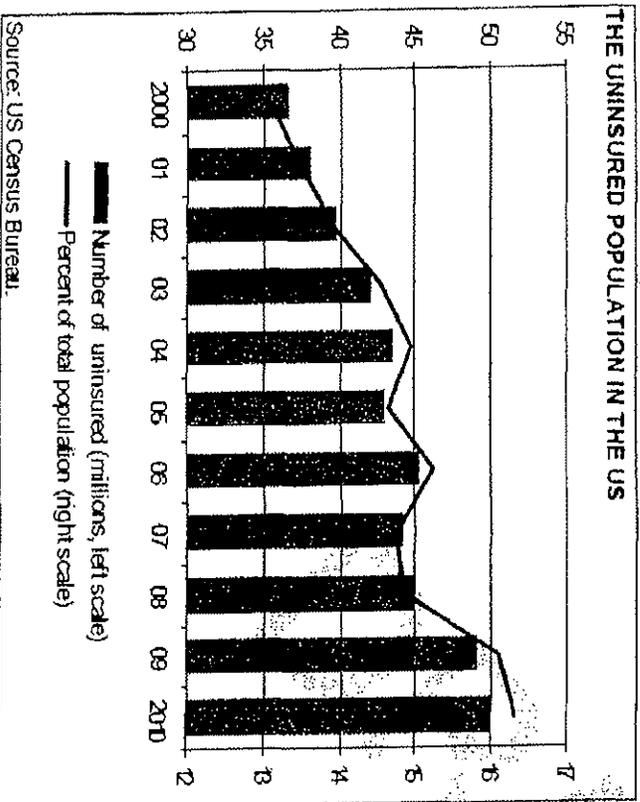


Economic & Industry Overview

Healthcare Facilities Trends

Unemployment, Growth in the Uninsured Drive Uncompensated Care Higher

Given that most consumers get their healthcare coverage through employer-sponsored plans, there is a direct correlation between the growth in the unemployment rate and the number of uninsured. We estimated that the economic recovery has added more than 3 million jobs since employment bottomed in early 2010. Since that time, the unemployment rate has declined from 10.1% to 8.1% in April 2012. As of April 2012, Standard & Poor's Economics (which operates separately from S&P Capital IQ) was forecasting that the unemployment rate would average 8.2% in 2012 and 7.9% in 2013. The rise in the number of uninsured was a key consideration in the push for healthcare reform legislation. In 2011, 17.1% of the US population had no health insurance at any given time, according to a report by the Gallup Organization and Healthways, a disease management company, published in January 2012. Although the employment situation has begun reversing its downward trend, we expect that trends contributing to the level of the uninsured, including the percentage of employers offering health benefits, to remain volatile until healthcare reform legislation is fully implemented in 2014.



Economic & Industry Overview

Healthcare Facilities Trends

Labor Cost Pressures

Labor costs, which include both salaries and benefits, are a hospital's single largest expense. For the for-profit hospital chains covered by S&P, we expect labor costs to hold steady near the 40% levels seen in recent years. Acute care hospitals have focused on expense controls throughout the recent difficult operating environment. Nevertheless, a pronounced shortage of healthcare workers has the potential to accelerate the rise in labor costs at hospitals and skilled nursing facilities. Hospital staffing shortages affect both the quality of patient care and a hospital's revenue-generating capability in a number of different ways, including overcrowding and reduced service hours.

To alleviate this problem, some hospitals, most notably those in rural areas, have been forced to increase incentive packages to doctors and nurses to attract and retain quality employees. In addition, hospitals are increasingly looking to hire physicians as employees, to improve service levels and to boost utilization rates. According to the American Hospital Association, hospitals employed 212,000 physicians in 2010, representing about 20% of those practicing, and a 32% increase over the past decade. In our view, this trend continued in 2011, as hospitals boosted their physician base through mergers and acquisitions of physician practices. In the first three quarters of 2011, a total of 70 merger-and-acquisition deals involving physician practices were made, compared to just 60 deals in all of 2010, according to Irving Levin Associates, a healthcare intelligence provider. However, employing more physicians does not ensure clinical integration and may result in higher cost for the hospital, according to an August 2011 study from the Center for Studying Health System Change. While hospitals claim that more physicians help them avoid repeat tests and procedures, thus lowering medical cost (which is important as they brace for Medicare payment reforms), the study found that hospitals' productivity-based compensation models often result in more tests and procedures being performed, increasing overall cost.

Economic & Industry Overview

Healthcare Facilities Trends

Quality Measures, Pay for Performance Catch on

In accordance with the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), the Centers for Medicare & Medicaid Services (CMS), in 2005, began linking quality of services to payment by reimbursing those that fail to report certain quality measurements at a lower rate. According to the CMS, this payment differential provides a clear incentive for hospitals to make quality-of-care information available to both patients and healthcare professionals.

Critics of pay-for-performance efforts, a CMS initiative to improve the quality of care, say that more work needs to be done before rolling out any industry-wide efforts. The Institute of Medicine, part of the National Academy of Sciences, claims that pay-for-performance programs will not work unless a single, industry-wide playbook is designed that creates a standardized set of tools and procedures for measuring and reporting on quality efforts. Despite some criticisms of such efforts, S&P believes that performance based payments will become increasingly important over the next several years, as both federal and private payers look for ways to improve outcomes and reduce costs.

In March 2011, the US Department of Health and Human Services (HHS) announced the creation of the National Strategy for Quality Improvement in Health Care (National Quality Strategy). The program, called for in the PPACA, intends to create national aims and priorities to guide local, state, and national efforts to improve the quality of health care in the US. Initially targeted opportunities included eliminating hospital-acquired infections, which HHS has estimated cost as much as \$5 billion annually and account for 99,000 deaths a year. Cardiovascular health is another area of focus, which is a leading cause of mortality, accounting for one-third of US deaths and \$503 billion in healthcare costs, according to the HHS.

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EXHIBIT 1.0

**Specialty Surgical Center of Westlake Village
(In U.S. Dollars)**

**Conclusion of Value
Summary**

Valuation Methodology

Discounted Cash Flow Method
Guideline Company Method
Market Transaction Method

Indicated Range of Enterprise Value (Rounded)

[1] Add: Cash and Cash Equivalents
Total Adjustments

Concluded Range of Enterprise Value, Marketable, Majority-Interest Basis (Rounded)

[2] Less: Interest-bearing Debt
Total Adjustments

Concluded Range of Equity Value, Marketable, Majority-Interest Basis (Rounded)

Less: Discount for Lack of Control @ 18.7%
Less: Discount for Lack of Marketability @ 35.0%

Concluded Range of Equity Value, Non-Marketable, Minority-Interest Basis (Rounded)

Concluded Range of Equity Value, Non-Marketable, Minority-Interest Basis - 1.0% from (Rounded)

	Range of Fair Market Value	
	Low	High
	\$ 27,100,000	\$ 30,700,000
	25,300,000	38,000,000
	28,900,000	35,100,000
	\$ 27,100,000	\$ 31,300,000
	3,105,917	3,105,917
	3,105,917	3,105,917
	\$ 30,200,000	\$ 34,400,000
	(2,384,539)	(2,384,539)
	(2,384,539)	(2,384,539)
	\$ 27,800,000	\$ 32,000,000
	(4,533,133)	(6,353,333)
	(8,108,333)	(9,333,333)
	\$ 16,100,000	\$ 17,300,000
	\$ 151,000	\$ 173,000
	Low	High
EV/EBITDA	1.48x	1.73x
EV/EBDA	2.4x	2.8x
	Low	High
EV/EBITDA	1.48x	1.73x
EV/EBDA	2.4x	2.8x

Footnote:
 [1] The Center's cash balance as of December 31, 2012 was \$3,105,917. An adjustment to concluded enterprise value will be required should the actual balance at the time of closing differ.
 [2] As of December 31, 2012, the Center had interest-bearing debt of \$2,384,539. An adjustment will be required should the actual balance at the time of closing differ.
 Sources: Exhibits 2.1, 3.19, 4.0, 5.0, and discussions with Management.

EXHIBIT 2.0

	For the Fiscal Year Ended			Percent of Net Revenue		
	12/31/2010	12/31/2011	12/31/2012	12/31/2010	12/31/2011	12/31/2012
Reported Income Statements						
Net Revenue	\$ 44,852,636	\$ 45,087,238	\$ 137,088,248	413.1%	444.0%	756.8%
Less: Contractual Adjustments	(33,984,302)	(34,895,240)	(119,951,187)	-313.1%	-314.0%	-655.8%
Net Revenue	\$ 10,868,334	\$ 11,191,998	\$ 18,137,061	100.0%	100.0%	100.0%
Growth Rate		2.9%	62.9%			
Operating Expenses:						
Salaries & Wages	\$ 1,921,941	\$ 1,942,271	\$ 2,159,098	17.7%	17.4%	12.0%
Employee Benefits	281,252	292,480	322,378	2.6%	2.6%	1.8%
Medical Supplies	1,177,077	1,240,020	1,280,880	10.8%	11.1%	7.1%
Medical Related Fees	150,459	171,322	187,857	1.4%	1.5%	1.0%
Internal Management Fees	318,826	323,883	334,350	2.9%	2.9%	2.9%
External Management Fees	208,445	215,922	246,710	1.9%	1.9%	1.9%
Bad Debt	231,158	335,882	368,748	2.1%	3.0%	2.0%
Contract Labor	40,053	44,195	82,847	0.4%	0.4%	0.8%
Insurance, Taxes & Licenses	138,071	144,193	141,770	1.3%	1.3%	0.8%
Leases & Rentals	612,857	674,595	613,197	5.5%	6.1%	3.4%
Office Supplies	103,870	100,509	97,305	1.0%	0.9%	0.5%
Professional Fees	386,372	383,285	378,925	3.7%	2.7%	2.1%
Repairs & Maintenance	124,813	181,974	172,813	1.2%	1.6%	1.0%
Utilities	157,354	144,553	147,272	1.4%	1.3%	0.8%
Other Operating Expenses	37,077	45,695	63,859	0.3%	0.4%	0.4%
Total Operating Expenses	\$ 6,811,836	\$ 6,161,782	\$ 6,810,615	64.4%	55.4%	38.1%
Loss On Disposal of Assets		10,745	2,802	0.0%	0.1%	0.0%
EBITDA	\$ 4,948,498	\$ 4,989,471	\$ 11,223,531	46.8%	44.6%	61.8%
Depreciation	644,815	601,797	604,679	5.9%	5.4%	3.3%
Amortization	4,000	4,000	2,333	0.0%	0.0%	0.0%
EBIT	\$ 4,297,683	\$ 4,383,674	\$ 10,616,519	39.8%	39.1%	58.5%
Interest & Other Expense (Income)	253,450	203,467	172,585	2.3%	1.8%	1.0%
Intercompany Interest (Net)	41,145	30,759	12,672	0.4%	0.3%	0.1%
Earnings Before Taxes	\$ 4,002,188	\$ 4,118,638	\$ 10,431,062	36.9%	37.0%	57.6%
Income Taxes	800	800	-	0.0%	0.0%	0.0%
Net Income	\$ 4,002,188	\$ 4,118,638	\$ 10,431,062	36.9%	37.0%	57.6%
EBIT	\$ 4,297,683	\$ 4,383,674	\$ 10,616,519	39.8%	39.1%	60.5%
EBITDA	\$ 4,948,498	\$ 4,989,471	\$ 11,223,531	45.6%	44.6%	61.9%

Footnote:
(1) Includes Employee G&A Expenses, Seminars & Education, Dues, Fees, & Subscriptions, and Travel & Entertainment.
Sources: Financial statements and discussions with Management.

EXHIBIT 2.1

Specialty Surgical Center of Heslake Village
 (In U.S. Dollars)
 Historical Financial Analysis
 Reported Balance Sheets

	As of				Percent of Total Assets			
	12/31/2010	12/31/2011	12/31/2012		12/31/2010	12/31/2011	12/31/2012	
Reported Balance Sheets								
Assets								
Current Assets:								
Cash & Equivalents	\$ 512,265	\$ 629,740	\$ 3,105,917		8.3%	11.8%	34.2%	
Accounts Receivable (Net)	1,363,821	1,390,022	2,753,218		22.2%	22.8%	30.3%	
Total Other Receivables	161	1,658	14,459		0.0%	0.0%	0.2%	
Inventories	176,571	191,016	229,956		2.8%	2.8%	2.5%	
Prepaid Expenses	122,770	128,487	132,190		2.0%	2.3%	1.5%	
Total Current Assets	2,175,508	2,380,903	6,234,640		35.4%	40.1%	68.6%	
Property, Plant and Equipment:								
Capitalized Leases	331,245	75,130	75,130		5.4%	1.3%	0.8%	
Leasehold Improvements	2,633,148	2,633,911	2,633,911		42.9%	46.3%	29.0%	
Furniture, Fixtures, & Equipment	218,182	218,182	218,182		3.6%	3.8%	2.4%	
Computer & Software	85,468	89,037	90,104		1.4%	1.6%	1.0%	
Medical Equipment	2,302,280	2,605,424	2,658,532		37.5%	45.6%	29.2%	
Less Accumulated Depreciation	(1,820,739)	(2,219,057)	(2,818,774)		-28.4%	-39.0%	-31.0%	
Total Net Property, Plant and Equipment	3,945,171	3,462,647	2,957,395		64.3%	59.7%	31.4%	
Other Assets:								
Loan Costs (Net)	15,267	11,287	-		0.2%	0.2%	0.0%	
Total Other Assets	15,267	11,287	-		0.2%	0.2%	0.0%	
Total Assets	\$ 6,140,476	\$ 5,894,819	\$ 9,092,237		100.0%	100.0%	100.0%	
Liabilities and Stockholders' Equity								
Current Liabilities:								
Accounts Payable	\$ 81,646	\$ 99,561	\$ 34,355		1.5%	1.0%	0.4%	
Due To/From SYMB	105,402	76,986	201,587		1.7%	1.4%	2.2%	
Accrued Payroll	88,591	96,077	105,512		1.4%	0.8%	1.2%	
Employer Liabilities	71,105	80,820	84,934		1.2%	1.1%	0.9%	
Bank Notes Payable	654,373	698,504	484,138		10.7%	12.3%	5.3%	
Current Capital Leases	-	901	2,776		0.0%	0.0%	0.0%	
Taxes Payable	85,775	55,026	224,811		1.4%	1.1%	2.5%	
Other Current Liabilities	-	-	-		-	-	-	
Total Current Liabilities	1,094,892	955,985	1,131,673		17.8%	17.2%	12.5%	
Long Term Liabilities:								
Bank Notes Payable	-	-	1,900,401		0.0%	0.0%	20.8%	
Long Term Capital Leases	2,681,817	1,592,313	-		43.7%	34.5%	0.0%	
Other Long Term Liabilities	617,347	572,767	506,780		10.1%	10.1%	5.8%	
Intercompany Activity Liability	528,009	389,815	-		8.6%	6.5%	0.0%	
Total Long-Term Liabilities	3,827,173	2,523,695	2,407,181		62.3%	51.3%	28.5%	
Total Liabilities	4,924,065	3,979,680	3,544,854		80.2%	68.6%	38.0%	
Stockholders' Equity:								
Retained Earnings	(6,640,872)	(10,204,783)	(16,859,601)		-108.1%	-179.1%	-185.4%	
Rebilled Earnings	3,855,097	7,857,284	11,875,822		62.8%	138.0%	131.7%	
Current Year Earnings	4,002,186	4,118,808	10,481,062		65.2%	72.3%	141.7%	
Total Stockholders' Equity	1,216,411	1,775,139	5,547,383		19.8%	31.2%	61.0%	
Total Liabilities and Stockholders' Equity	\$ 6,140,476	\$ 5,894,819	\$ 9,092,237		100.0%	100.0%	100.0%	

Sources: Financial statements and discussions with Management.

EXHIBIT 2.2

Specialty Surgical Center of Westlake Village
(in U.S. Dollars) **Historical Financial Analysis**
Adjustments to the Reported Financial Statements

	For the Fiscal Year Ended		
	12/31/2010	12/31/2011	12/31/2012
Income Statement Adjustments			
Non-Operating Items			
[1] Loss On Disposal of Assets	\$ -	\$(0,745)	\$ (2,902)
[2] Income Taxes	1,601,495	1,852,073	4,173,598

Footnotes:
 [1] Losses on asset sales were removed as they constitute non-recurring earnings.
 [2] Income taxes were inputted under the premise of fair market value.

Source: Discussions with Management.



EXHIBIT 2.3

	For the Fiscal Year Ended			Percent of Net Revenue		
	12/31/2010	12/31/2011	12/31/2012	12/31/2010	12/31/2011	12/31/2012
Adjusted Income Statements						
Net Revenue	\$ 44,852,656	\$ 46,087,258	\$ 137,088,248	419.1%	414.0%	755.8%
Patient Revenue	(53,894,302)	(34,855,240)	(118,851,187)	-313.1%	-314.0%	-652.8%
Less: Contractual Adjustments	\$ 10,858,334	\$ 11,131,999	\$ 18,137,051	100.0%	100.0%	100.0%
Net Revenue	\$ 7,816,688	\$ 11,103,017	\$ 18,374,112	100.0%	100.0%	100.0%
Growth Rate	n/a	2.3%	62.9%			
Operating Expenses:						
Salaries & Wages	\$ 1,921,941	\$ 1,942,271	\$ 2,169,058	17.7%	17.4%	12.0%
Employee Benefits	281,252	292,480	322,378	2.6%	2.6%	1.8%
Medical Supplies	1,177,077	1,240,020	1,280,890	10.8%	11.1%	7.1%
Medical Related Fees	150,459	171,322	187,857	1.4%	1.5%	1.0%
Internal Management Fees	318,626	323,863	324,360	2.9%	2.9%	2.3%
External Management Fees	205,446	215,822	246,710	1.8%	1.8%	1.9%
Bad Debt	231,158	335,882	368,746	2.1%	3.0%	2.0%
Contract Labor	40,053	44,166	62,547	0.4%	0.4%	0.5%
Insurance, Taxes & Licenses	139,071	144,133	141,720	1.3%	1.3%	0.8%
Leases & Rentals	612,857	674,838	613,187	5.8%	6.1%	3.4%
Office Supplies	163,870	100,369	87,305	1.0%	0.9%	0.5%
Professional Fees	396,372	303,285	379,828	3.7%	2.7%	2.1%
Repairs & Maintenance	134,813	181,874	172,813	1.2%	1.6%	1.0%
Utilities	157,364	142,653	147,272	1.4%	1.3%	0.8%
Other Operating Expenses	37,017	46,466	63,888	0.3%	0.4%	0.4%
Total Operating Expenses	\$ 5,911,836	\$ 6,167,782	\$ 6,819,619	54.4%	55.4%	36.1%
Loss On Disposal of Assets				0.0%	0.0%	0.0%
EBITDA	\$ 4,948,488	\$ 4,970,216	\$ 11,226,433	45.8%	44.6%	61.9%
Depreciation	644,915	601,787	604,879	5.9%	5.4%	3.3%
Amortization	4,000	4,000	2,333	0.0%	0.0%	0.0%
EBIT	\$ 4,297,583	\$ 4,364,419	\$ 10,619,421	39.5%	39.2%	58.6%
Interest & Other Expenses (Income)	253,450	203,467	172,585	2.3%	1.8%	1.0%
Intercompany Interest (Net)	41,145	30,789	12,872	0.4%	0.3%	0.1%
Earnings Before Taxes	\$ 4,092,988	\$ 4,130,183	\$ 10,433,964	35.9%	37.1%	57.5%
Income Taxes	1,801,685	1,852,873	4,173,588	14.8%	14.8%	23.0%
Net Income	\$ 2,290,993	\$ 2,477,310	\$ 6,260,376	22.1%	22.3%	34.5%
EBIT	\$ 4,297,583	\$ 4,364,419	\$ 10,619,421	39.5%	39.2%	58.6%
EBITDA	\$ 4,948,488	\$ 4,970,216	\$ 11,226,433	45.8%	44.6%	61.9%

Source: Financial statements, adjustments, and discussions with Management.

EXHIBIT 3.1

	For the Fiscal Year Ended					Projected Period				
	12/31/2010	12/31/2011	12/31/2012	Year 1	Year 2	Year 3	Year 4	Year 5		
Projected Common Size Income Statements										
Net Revenue	413.1%	414.0%	755.8%	755.8%	755.8%	755.8%	755.8%	755.8%		
Patient Revenue	-313.1%	-314.0%	-655.8%	-655.8%	-655.8%	-655.8%	-655.8%	-655.8%		
Less: Contractual Adjustments	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		
Net Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		
Operating Expenses:										
Salaries & Wages	17.7%	17.4%	12.0%	12.9%	13.1%	23.8%	23.5%	23.2%		
Employee Benefits	2.6%	2.8%	1.6%	1.8%	1.6%	3.5%	3.5%	3.4%		
Medical Supplies	10.8%	11.1%	7.1%	7.8%	7.8%	13.8%	13.8%	13.7%		
Medical Related Fees	1.4%	1.5%	1.0%	1.1%	1.1%	2.0%	2.0%	2.0%		
Internal Management Fees	2.8%	2.8%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%		
External Management Fees	1.9%	1.8%	1.9%	1.9%	1.8%	1.9%	1.9%	1.9%		
Bad Debt	2.1%	3.0%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%		
Contract Labor	0.4%	0.4%	0.5%	0.5%	0.8%	0.8%	0.8%	0.8%		
Insurance - Taxes & Licenses	5.8%	4.3%	3.4%	3.4%	3.4%	6.2%	6.1%	6.1%		
Leases & Rentals	1.3%	1.3%	0.8%	1.0%	1.0%	1.0%	1.0%	1.0%		
Office Supplies	1.0%	0.8%	0.5%	0.5%	0.5%	1.0%	1.0%	1.0%		
Professional Fees	3.7%	2.7%	2.1%	2.1%	2.1%	3.8%	3.8%	3.8%		
Repairs & Maintenance	1.2%	1.6%	1.0%	1.0%	1.0%	1.7%	1.7%	1.7%		
Utilities	1.4%	1.3%	0.8%	0.8%	0.8%	1.5%	1.5%	1.5%		
Other Operating Expenses	0.3%	0.4%	0.4%	0.4%	0.4%	0.8%	0.8%	0.6%		
Total Operating Expenses	54.9%	55.4%	38.1%	40.0%	40.7%	87.7%	87.0%	86.5%		
Less On Disposal of Assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
EBITDA	45.6%	44.6%	61.9%	61.0%	63.3%	31.3%	31.0%	31.6%		
Depreciation	5.9%	5.4%	3.3%	3.0%	2.8%	4.8%	4.3%	3.9%		
Amortization	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
EBIT	39.8%	39.2%	58.6%	57.0%	60.5%	27.5%	26.6%	28.6%		
Income Taxes	14.8%	14.8%	23.0%	22.8%	22.6%	11.0%	11.5%	11.5%		
Debt-Free Earnings	24.8%	24.4%	35.6%	34.2%	33.9%	16.5%	17.2%	17.1%		
EBIT	39.8%	39.2%	58.6%	57.0%	60.5%	27.5%	26.6%	28.6%		
EBITDA	45.6%	44.6%	61.9%	61.0%	63.3%	31.3%	31.0%	31.6%		

Source: Exhibit 3.0.

EXHIBIT 3.2

Specialty Surgical Center of Westlake Village
(in U.S. Dollars)

Projected Financial Analysis
Revenue Projections

	For the Fiscal Year Ended			Projected Period				
	12/31/2010	12/31/2011	12/31/2012	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue Projections								
Net Revenue								
Patient Revenue	\$ 44,632,638	\$ 48,087,238	\$ 137,089,248	\$ 138,488,088	\$ 140,810,618	\$ 79,084,911	\$ 81,771,975	\$ 84,427,802
Less: Contractual Adjustments	(33,994,302)	(34,855,240)	(118,951,157)	(120,164,083)	(122,007,549)	(68,621,816)	(70,983,378)	(72,257,821)
[1] Net Revenue Growth	\$ 10,638,334	\$ 11,131,998	\$ 18,137,091	\$ 18,321,965	\$ 18,803,067	\$ 10,463,093	\$ 10,818,597	\$ 11,169,981
	n/a	n/a	62.0%	1.0%	1.3%	-43.6%	3.4%	3.2%
[2] Net Revenue per Case Growth	\$ 2,009	\$ 2,132	\$ 3,907	\$ 3,724	\$ 3,818	\$ 2,167	\$ 2,225	\$ 2,282
	n/a	4.5%	83.2%	-4.7%	2.5%	-43.3%	2.7%	2.6%
[3] Total Cases Growth	5,328	5,221	4,642	4,920	4,872	4,429	4,882	4,685
	n/a	-2.0%	-11.1%	6.0%	-1.0%	-0.9%	0.7%	0.7%

Footnotes:

[1] See Exhibits 3.3 and 3.5 for further detail on net revenue by specialty and net revenue by physician.

[2] See Exhibit 3.7 for further detail on net revenue by physician.

[3] See Exhibits 3.4 and 3.5 for further detail on case volume by specialty and case volume by physician.

Source: Adjusted financial statements and discussions with Management.

Net Revenue by Specialty Projections	For the Fiscal Year Ended					Projected Period				
	12/31/2010	12/31/2011	12/31/2012	Year 1	Year 2	Year 3	Year 4	Year 5		
[1] Net Revenue by Specialty										
Otolaryngology	\$ 2,299	\$ 441	\$ 1,000,006	\$ 1,059,087	\$ 1,080,317	\$ 990,792	\$ 882,882	\$ 706,858		
General Surgery	\$ 598,002	\$ 868,022	\$ 2,150,237	\$ 2,440,980	\$ 2,399,730	\$ 1,887,078	\$ 1,559,499	\$ 1,987,240		
Gastroenterology	\$ 2,578,312	\$ 2,312,274	\$ 15,802	\$ 15,758	\$ 16,075	\$ 20,777	\$ 21,261	\$ 23,205		
OB / GYN	\$ 6,598	\$ 20,467	\$ 3,112,384	\$ 3,183,534	\$ 3,248,433	\$ 1,240,936	\$ 1,285,173	\$ 1,340,957		
Neurology	\$ 1,240,754	\$ 885,336	\$ 6,038,752	\$ 5,630,593	\$ 5,694,229	\$ 3,531,096	\$ 3,445,230	\$ 3,982,053		
Orthopedic / Other	\$ 2,859,365	\$ 4,316,335	\$ 3,073,777	\$ 2,970,087	\$ 3,028,798	\$ 1,475,278	\$ 1,528,262	\$ 1,577,331		
Orthopedic / Hand	\$ 827,103	\$ 1,112,740	\$ 103,578	\$ 188,296	\$ 203,159	\$ 181,859	\$ 187,981	\$ 184,173		
Plastic Surgery	\$ 174,957	\$ 103,578	\$ 153,321	\$ 188,296	\$ 203,159	\$ 149,419	\$ 150,423	\$ 150,423		
Pain Management	\$ 2,312,544	\$ 1,453,999	\$ 2,408,250	\$ 2,402,333	\$ 2,481,223	\$ 1,498,419	\$ 1,550,423	\$ 1,802,712		
Podiatry	\$ 189,750	\$ 151,980	\$ 189,171	\$ 189,171	\$ 189,171	\$ 168,759	\$ 170,985	\$ 175,522		
Total	\$ 10,859,334	\$ 11,131,989	\$ 18,137,051	\$ 19,321,985	\$ 19,813,067	\$ 10,483,033	\$ 10,318,597	\$ 11,169,981		
Growth by Specialty										
Otolaryngology	N/A	-80.8%	-100.0%	N/A	N/A	N/A	N/A	N/A		
General Surgery	N/A	12.1%	49.2%	37.9%	2.1%	-38.8%	3.3%	3.6%		
Gastroenterology	N/A	-10.3%	-7.0%	13.5%	-1.7%	-21.4%	2.6%	2.6%		
OB / GYN	N/A	210.5%	-23.8%	2.3%	2.0%	29.3%	2.3%	9.1%		
Neurology	N/A	-20.6%	215.9%	2.3%	2.0%	-51.6%	4.4%	3.5%		
Orthopedic / Other	N/A	45.8%	38.0%	-3.9%	2.0%	-44.1%	3.4%	3.4%		
Orthopedic / Hand	N/A	34.5%	110.2%	3.0%	2.0%	-10.4%	3.9%	3.3%		
Plastic Surgery	N/A	40.7%	48.0%	4.2%	2.0%	-10.4%	3.9%	3.3%		
Pain Management	N/A	-35.5%	65.0%	1.0%	2.0%	-39.6%	3.5%	3.4%		
Podiatry	N/A	-4.9%	65.0%	1.0%	2.0%	-12.4%	2.5%	2.5%		
Total Growth	N/A	2.8%	62.5%	1.0%	1.5%	-43.8%	3.4%	3.2%		
Net Revenue by Specialty (Common Size)										
Otolaryngology	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
General Surgery	5.5%	8.0%	11.3%	10.3%	10.0%	6.3%	6.3%	6.3%		
Gastroenterology	23.7%	20.8%	11.9%	13.5%	12.6%	18.0%	17.0%	17.6%		
OB / GYN	0.1%	0.2%	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%		
Neurology	11.4%	8.8%	17.2%	17.4%	17.5%	11.8%	12.0%	12.0%		
Orthopedic / Other	22.0%	38.8%	33.3%	31.8%	32.0%	31.8%	31.8%	31.9%		
Orthopedic / Hand	7.6%	10.0%	18.5%	16.2%	16.3%	14.1%	14.1%	14.1%		
Plastic Surgery	1.6%	0.9%	0.8%	1.1%	1.1%	1.7%	1.7%	1.7%		
Pain Management	21.9%	13.1%	13.3%	13.3%	13.3%	14.3%	14.3%	14.3%		
Podiatry	1.8%	1.3%	1.0%	1.0%	1.0%	1.5%	1.5%	1.5%		
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		

Footnote:
[1] Year 3-5 net revenues assume the Center moves to an in-network strategy with Delta Blue Cross Blue Shield, Cigna and United Healthcare. Net Revenue for Years 3-5 consists of the revenue attributable to these insurance companies at in-network reimbursement rates plus revenue attributable to all other sources. See Exhibit 3.5 for more information.

Source: Financial Statements and discussions with Management.

EXHIBIT 3.4

Specialty Volume Projections	For the Fiscal Year Ended					Projected Period				
	12/31/2010	12/31/2011	12/31/2012	Year 1	Year 2	Year 3	Year 4	Year 5		
Cases by Specialty										
Otolaryngology	1	1								
General Surgery	264	300	241	277	280	284	287	289		
Gastroenterology	2,708	2,690	2,110	2,311	2,236	2,166	2,172	2,178		
OB / GYN	6	12	12	12	12	12	12	13		
Neurology	48	45	94	105	108	108	108	110		
Orthopedic / Other	566	685	881	712	718	726	734	741		
Orthopedic / Hand	321	365	369	348	349	353	359	360		
Plastic Surgery	82	54	80	78	79	80	81	81		
Pain Management	1,235	1,025	1,018	1,029	1,038	1,049	1,059	1,070		
Podiatry	65	63	59	57	51	52	52	53		
Total	5,326	5,221	4,642	4,920	4,872	4,829	4,862	4,895		
Growth by Specialty										
Otolaryngology	N/A	0.0%	-100.0%	N/A	N/A	N/A	N/A	N/A		
General Surgery	N/A	13.6%	-18.7%	15.4%	1.2%	1.2%	1.0%	1.0%		
Gastroenterology	N/A	-1.8%	-20.7%	8.5%	-3.2%	-3.2%	0.3%	0.3%		
OB / GYN	N/A	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		
Neurology	N/A	-6.3%	108.6%	11.0%	1.2%	1.3%	1.0%	1.0%		
Orthopedic / Other	N/A	18.6%	48.5%	-5.5%	1.0%	1.0%	1.0%	1.0%		
Orthopedic / Hand	N/A	14.0%	4.8%	1.0%	1.0%	1.0%	1.0%	1.0%		
Plastic Surgery	N/A	-41.3%	-47.7%	-29.3%	1.4%	1.4%	1.0%	1.0%		
Pain Management	N/A	-17.0%	-17.0%	1.0%	1.0%	1.0%	1.0%	1.0%		
Podiatry	N/A	-3.1%	-20.8%	1.0%	1.0%	1.0%	1.0%	1.0%		
Total Growth	N/A	-2.0%	-11.1%	5.0%	-1.0%	-0.9%	0.7%	0.7%		
Cases by Specialty (Common Size)										
Otolaryngology	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
General Surgery	5.0%	5.7%	5.2%	5.6%	5.8%	5.9%	5.9%	5.9%		
Gastroenterology	50.6%	50.9%	45.5%	47.0%	45.9%	44.8%	44.7%	44.5%		
OB / GYN	0.1%	0.2%	0.3%	0.2%	0.3%	0.3%	0.3%	0.3%		
Neurology	0.9%	0.9%	2.0%	2.1%	2.2%	2.2%	2.2%	2.2%		
Orthopedic / Other	11.4%	13.3%	14.0%	14.5%	14.6%	14.7%	14.7%	15.1%		
Orthopedic / Hand	6.2%	7.0%	7.9%	7.0%	7.2%	7.3%	7.3%	7.4%		
Plastic Surgery	1.5%	1.0%	1.3%	1.6%	1.6%	1.7%	1.7%	1.7%		
Pain Management	23.2%	19.6%	21.9%	20.9%	21.3%	21.7%	21.8%	21.9%		
Podiatry	1.2%	1.2%	1.3%	1.0%	1.0%	1.1%	1.1%	1.1%		
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		

Footnote:
[1] Case volume was calculated based on management projections for each doctor. As the Center pursues an in-network strategy in Years 3-5, the percentage of cases paid for by Aetna, BCBS, Cigna, and United are assumed to remain constant as a percentage of annual volume.
Source: Financial statements and discussions with Management.

EXHIBIT 3.5

Net Revenue per Case by Specialty Projections	For the Fiscal Year Ended					Projected Period				
	12/31/2010	12/31/2011	12/31/2012	Year 1	Year 2	Year 3	Year 4	Year 5		
(1) Net Revenue per Case by Specialty										
Colonygynecology	\$ 2,299	\$ 441	\$ 4,149	\$ 3,816	\$ 3,851	\$ 2,329	\$ 2,382	\$ 2,448		
General Surgery	2,241	2,230	1,019	1,056	1,073	871	892	912		
Gastroenterology	952	869	1,800	1,300	1,313	1,690	1,703	1,940		
OB / GYN	1,100	1,707	1,300	30,344	30,582	11,638	11,823	12,223		
Neurology	25,850	21,895	33,110	8,739	8,280	4,586	4,665	4,807		
Orthopedic / Other	5,059	6,211	8,739	8,186	8,574	4,162	4,289	4,383		
Orthopedic / Hand	2,577	3,040	2,555	2,555	2,651	2,279	2,311	2,384		
Plastic Surgery	1,888	1,918	2,555	2,555	2,651	1,429	1,464	1,498		
Pain Management	1,573	1,404	2,555	2,555	2,589	1,429	1,464	1,498		
Podiatry	2,455	2,412	3,684	3,594	3,731	3,237	3,285	3,336		
Total	\$ 2,039	\$ 2,132	\$ 3,907	\$ 3,724	\$ 3,818	\$ 2,167	\$ 2,225	\$ 2,282		
Growth by Specialty										
Colonygynecology	n/a	-80.8%	-100.0%	n/a	n/a	n/a	n/a	n/a		
General Surgery	17%	-1.4%	88.1%	3.0%	0.9%	-39.5%	2.3%	2.5%		
Gastroenterology	n/a	-8.7%	17.2%	3.6%	1.6%	-18.6%	2.3%	2.3%		
OB / GYN	n/a	55.2%	-21.8%	0.0%	1.0%	29.0%	1.3%	8.1%		
Neurology	n/a	-16.3%	51.2%	-8.4%	0.8%	-62.3%	3.3%	2.5%		
Orthopedic / Other	n/a	23.0%	70.7%	-5.2%	1.0%	-44.8%	2.4%	2.4%		
Orthopedic / Hand	n/a	18.0%	176.2%	2.3%	1.0%	-51.8%	2.6%	2.2%		
Plastic Surgery	n/a	1.0%	32.2%	0.0%	1.0%	-11.7%	2.5%	2.3%		
Pain Management	n/a	-23.9%	66.1%	0.0%	1.0%	-40.2%	2.5%	2.3%		
Podiatry	n/a	-1.8%	48.1%	0.0%	1.0%	-43.2%	1.5%	1.5%		
Total Growth	n/a	4.9%	80.3%	-4.7%	2.5%	-43.3%	2.7%	2.5%		

Footnotes:
 [1] Net revenue per case in Years 3-5 was calculated in two components: in-network reimbursement rates for Aetna, Cigna, SCSS, and United along with status quo reimbursement rates from all other sources. A blanket in-network reimbursement rate by specialty was calculated as the weighted average of provided reimbursement rates from the four previously mentioned insurance companies.
 [2] In-network reimbursement rates were provided for 2012. They were assumed to grow at 3% cost-of-living compound annual growth rate over the projected period.
 Source: Financial statements and discussions with Management

	For the Fiscal Year Ended			Projected Period				
	12/31/2010	12/31/2011	12/31/2012	Year 1	Year 2	Year 3	Year 4	Year 5
[1] Physician Volume Projections								
Otolaryngology								
Kennel, Marc	1	1	-	-	-	-	-	-
Total	1	1	-	-	-	-	-	-
Growth	n/a	0.0%	-100.0%	n/a	n/a	n/a	n/a	n/a
General Surgery								
Cardale, Frank (On)	18	112	85	88	66	67	69	69
Cardale, Frank	88	111	151	153	154	156	157	158
Choi, David	138	171	171	171	171	171	171	171
Choi, David (On)	22	5	5	5	5	5	5	5
Steen, Steven	12	12	14	14	14	14	15	15
Supple, Brian	-	-	8	8	8	8	8	8
Walder, Dennis	-	-	5	5	5	5	5	5
Total	254	300	241	217	280	284	287	288
Growth	n/a	18.5%	-19.7%	-15.1%	1.2%	1.2%	1.0%	1.0%
Chambers/urology								
Bach, Cyrus	158	270	77	78	79	79	80	81
Bach, Kenneth	2	5	-	-	-	-	-	-
Fan, Robert S.	2	282	184	184	242	245	247	250
Gali, Nikolai	324	1,782	1,641	1,600	1,586	1,518	1,518	1,518
Jablon, Gregory	1,988	1,782	1,022	1,022	1,094	1,052	1,006	1,006
Mathew, Jonathan	123	189	102	103	104	105	106	107
Ojel, Adetunbo	22	-	88	88	88	70	71	71
Robinson, Gerald	50	138	34	34	134	138	139	141
Shapovalkov, Rinna	38	7	4	12	12	12	12	12
Simul, Chider	-	-	-	-	-	-	-	-
Replacement Physician	-	-	-	-	-	-	-	-
Total	2,708	2,860	2,310	2,311	2,335	2,196	2,172	2,178
Growth	n/a	5.6%	-20.7%	9.5%	1.0%	-6.2%	-1.2%	0.3%
OB / GYN								
Williams, Tony	5	12	12	12	12	12	12	13
Total	5	12	12	12	12	12	12	13
Growth	n/a	100.0%	0.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Neurology								
Amstrong, Ian	1	1	1	1	1	1	1	1
Dejal, Kevin	1	1	1	1	1	1	1	1
Rudin, Brian	18	25	51	52	52	52	52	54
Sprengle, Erik	25	19	35	39	40	40	41	41
Total	45	46	54	105	106	108	108	110
Growth	n/a	4.3%	109.9%	11.5%	1.2%	1.3%	1.0%	1.0%
Orthopaedic / Other								
Armoighi, Cesar	57	64	136	170	172	173	175	177
Bachner, Evan	73	82	82	80	84	84	85	86
Davis, Daniel	91	66	92	100	101	102	103	104
Fisher, Robert	10	9	-	-	-	-	-	-
Linnqvist, Orr	3	-	-	-	-	-	-	-
Nieder, Kevin	9	-	-	-	-	-	-	-
Rah, Andrew	1	-	-	-	-	-	-	-
Robinson, Kevin	8	40	32	32	33	33	33	34
Saville, Erik	2	-	-	-	-	-	-	-
Traflet, Gregory	200	218	178	140	145	143	144	148
Thomas, Webster	122	152	153	185	187	189	190	192
Glendon, Ned	2	2	2	2	2	2	2	2
Total	586	633	631	712	718	726	734	741
Growth	n/a	18.6%	-0.6%	3.0%	1.0%	1.0%	1.0%	1.0%

	For the Fiscal Year Ended							
	12/31/2010	12/31/2011	12/31/2012	Year 1	Year 2	Year 3	Year 4	Year 5
(13) Physician Volume Projections								
Orthopedic / Hand								
Azar, Kourou	140	142	142	142	142	142	142	142
Cohen, Stuart	61	48	20	20	20	20	20	20
Fealy, Michael	3							
Gerstle, Yusef	71	126	63	63	63	63	63	63
Total	321	366						
Change		14.0%	0.0%	-5.9%	1.0%	1.0%	1.0%	1.0%
Plastic Surgery								
Azar, Kourou	15	24	28	28	28	28	28	28
Eck, Jashibe	15	19	22	22	22	22	22	22
Fealy, Michael	23							
Gerstle, Yusef	5							
Huang, Georgeann	4	5	9	9	9	9	9	9
Marin, Leslie	13	4	1	1	1	1	1	1
Kryger, Zvi	14	1						
Schwartz, Michael	16	1						
Tansavari, Kristina	1							
Total	123	64	60	78	79	80	81	81
Change		-47.0%	-11.7%	23.4%	1.4%	1.4%	1.0%	1.0%
Pain Management								
Abel, Kimmas	50	325	398	400	404	408	412	418
Dahl, Kevin	455	488	596	582	67	88	89	66
Fernan, Mark	696	205						
Lin, James	23	6						
Serrano, Guy	1							
Spiegel, Bradley	1							
Total	1,226	1,024	1,014	1,028	1,028	1,048	1,059	1,078
Change		-17.0%	-0.7%	1.0%	1.0%	1.0%	1.0%	1.0%
Podiatry								
Gifford, Brooke	2	1	2	2	2	2	2	2
Hickox, Jeff	32	18	15	15	15	15	18	18
Langford, Andrew	2	1	5	5	5	5	5	5
Perry, Hie	2	2	2	2	2	2	2	2
Total	46	43	40	41	41	42	42	43
Change		-7.1%	-20.8%	1.0%	1.0%	1.0%	1.0%	1.0%
Grand Total	1,331	1,433	1,434	1,438	1,438	1,458	1,482	1,495
Change		8.0%	-1.1%	0.3%	0.3%	0.7%	0.7%	

Footnotes:

(1) Existing physicians who performed cases at the Center during 2012 are projected to grow case volume at 1.0% per year, unless otherwise noted in the footnotes. New physicians who have begun performing cases at the Center in 2012 are projected to grow case volume at 3.0% in Years 2,3 and 1.0% in Years 4,5.

(2) Management projects an increase in case volume for Dr. Sipple to 24 cases per year.

(3) Dr. Wolpert joined in late 2012 and has an established solo practice. Management projects 21 cases on an annualized basis.

(4) Management expects an increase in case volume for Dr. Gier to approximately 20 per month.

(5) Management expects Dr. Johnson to retire in approximately three years. His case volume declined consistently over the 2010-2012 period and is projected to decline 5% per year until retirement.

(6) Dr. Shapochkov was recruited from UCLA and has an established reputation in the community. She began performing cases at the Center in late 2012 and management projects her to perform 130 cases in Year 1.

(7) Management projects Dr. Simon to perform 12 cases in the upcoming year.

(8) As management expects Dr. Johnson's retirement in approximately three years, the Center expects to hire a replacement physician who will absorb all of Dr. Johnson's joint case volume.

(9) Dr. Amisgen recently received an HMO contract. Management projects his volume to increase to approximately 100 cases per year.

(10) Management projects Dr. Davis' volume to increase to approximately 140 cases per year.

(11) Management projects Dr. Tebelyan's volume to decrease to approximately 140 cases per year.

(12) Dr. Ghodadra joined the Center in 2013 and is expected to bring in approximately two cases per year.

(13) Dr. Ziv maintains an HMO contract but sees these patients at a different facility. Management projects Dr. Ziv's volume to decrease to approximately 60 cases per year.

(14) Dr. Tansavari was recently recruited to the Center. She is expected to do 10 cases in her first year.

(15) Management noted that a new physician, Dr. Powers, has already begun bringing cases to the Center and expects seven cases during Year 1.

Sources: Financial statements and discussions with Management.

EXHIBIT 3.7a

Specialty Surgical Center of Westlake Village

Projected Financial Analysis
Projected Net Revenue by Physician

	For the Fiscal Year Ended		Projected Period				
	12/31/2010	12/31/2011	Year 1	Year 2	Year 3	Year 4	Year 5
Obstetrics/Gynecology							
Kramer, Marc	2,289	441					
Total	2,289	441					
Growth	n/a	-80.8%	n/a	n/a	n/a	n/a	n/a
General Surgery							
Carroll, Frank (On)	20,091		335,520	342,264	155,411	159,535	181,721
Carroll, Frank	132,216	228,439					
Ch, David	370,442	410,413	821,681	634,107	389,554	398,364	424,331
Ch, David (On)	53,451	5,539					
Suen, Steven		26,830	37,161	37,608	33,308	33,878	34,862
Sipple, Brian			25,048	25,505	27,035	27,578	28,133
Walker, Donald			37,735	39,255	40,837	41,858	42,485
Total	336,302	689,222	1,099,037	1,080,312	645,147	658,116	671,342
Growth	n/a	12.1%	5.6%	2.1%	-40.3%	2.0%	2.0%
Gastroenterology							
Sudh, Cyrus	141,044	221,771	91,006	93,509	67,606	68,171	70,261
Sueh, Kenneth		7,385					
Fan, Robert S.	1,048		2,000	2,000	2,000	2,000	2,000
Gau, Michael	408,584	334,696	2,000	2,000	2,000	2,000	2,000
Johnson, Gregory	1,788,781	1,484,307	1,607,382	1,503,803	1,315,680	1,315,680	1,315,680
Mehner, Benjamin	121,905	141,282	127,212	128,768	92,448	94,817	98,722
Oler, Adam	8,871						
Patterson, Richard	38,882	107,876	113,804	115,815	67,805	68,100	69,168
Sridharan, Rama			226,234	245,755	124,756	127,283	128,821
Spreng, Cesar	59,520	4,520	12,171	12,418	8,787	8,994	9,164
Replacement Physician							
Total	2,278,112	2,312,274	2,440,640	2,398,790	1,569,544	1,591,788	1,598,115
Growth	n/a	1.0%	7.8%	-1.7%	-17.9%	0.7%	0.7%
OB/GYN							
Viviane, Troy	6,388	20,487	15,758	16,075	16,308	16,727	17,083
Total	6,388	20,487	15,758	16,075	16,308	16,727	17,083
Growth	n/a	210.5%	1.0%	2.0%	2.0%	2.0%	2.0%
Neurology							
Amstutz, Ian	2,401	27,453	3,556	3,828	3,738	3,814	3,891
Debel, Kevin	705,212	584,265	52,000	54,104	59,284	57,413	58,988
Rudin, Brian	538,122	584,265	2,246,548	2,291,705	1,277,512	1,305,583	1,328,785
Shayda, EM			891,270	892,295	892,295	893,782	895,652
Total	1,245,735	1,456,113	3,163,386	3,248,430	2,160,166	2,203,888	2,247,817
Growth	n/a	20.0%	2.2%	2.0%	-33.5%	2.0%	2.0%
Orthopedic / Other							
Amigan, Deep	217,101	211,611	648,587	682,644	588,871	608,884	620,808
Bachner, Egan	505,988	634,105	644,459	603,439	684,242	697,085	712,025
Davis, Daniel	352,267	447,313	474,684	488,428	532,154	583,253	574,574
Fiala, Robert	14,941	38,078					
Lindauer, Chr	3,854						
Nishi, Kevin	32,244						
Rui, Andrew	75,754						
Robinson, Keith	80,098	280,822	228,834	234,556	260,648	268,879	288,703
Sparo, Ed	904						
Tadegan, Gregory	1,174,905	1,640,238	1,789,155	1,885,318	1,334,697	1,157,488	1,180,784
Thomas, Walter	1,054,578	1,054,578	1,722,112	1,730,788	1,088,178	1,110,050	1,132,302
Gonzalez, Ned	574,600		18,388	17,028	12,401	12,721	12,977
Total	2,459,245	4,316,316	6,836,863	5,864,729	4,358,061	4,354,469	4,442,332
Growth	n/a	45.0%	3.3%	2.0%	-28.3%	2.0%	2.0%

For the Fiscal Year Ended	Projected Period							
	12/31/2010	1/25/2011	12/31/2012	Year 1	Year 2	Year 3	Year 4	Year 5
[I] Physician Net Revenue Projections								
Orthopedic / Hand								
Azar, Kourou	\$ 986,315	\$ 778,464	\$ 688	\$ 705	\$ 718	\$ 734	\$ 748	\$ 764
Chen, Clean	103,325	107,612	42,442	42,687	43,729	44,873	46,018	47,163
Ferdy, Michael	1,771	228,075	468,213	336,467	345,270	114,581	116,884	119,233
Grady, Yiny	123,982	1,112,740	3,073,777	2,970,037	3,029,738	1,302,378	1,328,465	1,355,157
ZY, ES	327,103	34,556	176,236	2,436	2,036	-57,036	2,036	2,036
Total	1,543,503	2,367,626	4,377,356	4,377,356	4,377,356	4,377,356	4,377,356	4,377,356
Plastic Surgery								
Azar, Kourou	28,210	44,827	44,178	44,620	45,517	58,071	57,198	58,347
Ed, Madouc	35,847	33,645	80,746	81,553	82,466	41,768	42,807	43,846
Ferdy, Michael	43,475	14,417	15,578	15,735	16,891	28,788	28,375	28,009
Gondok, Viny	8,403	14,922	2,818	2,946	2,903	1,155	1,178	1,202
Huang, Georgeann	25,779	2,741	3,133	23,534	26,528	21,631	22,372	22,821
Jevan, Leticia	18,517	3,133	16,321	15,352	16,808	15,352	15,640	15,975
Kryger, Zoi				182,235	201,158	188,072	181,349	171,774
Schwartz, Michael				28,536	2,556	-18,736	2,036	2,036
Tanasevski, Kestana				182,235	201,158	188,072	181,349	171,774
Dr. Powers				28,536	2,556	-18,736	2,036	2,036
Total	174,667	100,676	163,321	480,787	480,787	480,787	480,787	480,787
Pain Management								
Arial, Khmour	80,885	433,890	375,709	884,587	902,338	946,423	877,808	888,422
Diedel, Kevin	910,416	733,533	85,417	88,315	98,308	100,284	102,300	104,385
Fernon, Mark	1,305,122	289,714	1,437,035	1,451,405	1,480,578	683,858	814,826	930,258
Jim, James	15,597	4,171						
Schmitt, Guy	572							
Spiegel, Bradley								
Total	2,313,592	1,461,307	2,698,161	2,424,312	2,481,233	1,530,685	1,692,934	1,824,034
Podiatry								
Offord, Brooke	17,282	2,023	9,075	8,165	9,350	4,358	4,447	4,526
Holmes, Jeff	63,885	57,888	18,611	38,987	39,731	34,789	35,668	36,178
Langford, Andrew	3,886	57,888	8,354	2,438	8,807	12,032	13,182	13,457
Perry, Ted	158,780	44,230	129,892	128,808	132,281	63,856	64,952	66,241
Total	183,833	151,500	184,721	188,569	190,518	116,713	118,093	120,411
Grand Total	\$ 10,859,334	\$ 11,131,899	\$ 18,137,051	\$ 18,231,925	\$ 18,503,667	\$ 12,244,085	\$ 12,422,811	\$ 13,646,187
Change	0%	2.5%	62.5%	1.0%	1.5%	-34.4%	1.5%	7.8%

Footnote:
 [1] Center documents breaking out Net Revenue by Physician indicated a Total Net Revenue figure slightly different from the official Total Net Revenue in the Reported Income Statements. A pro-rata adjustment was made across each specialty and physician to the Total Net Revenue of Physicians to Total Net Revenue in the Reported Income Statements.
 Sources: Financial Statements and discussions with Management.

EXHIBIT 3.8a

[1.2] Physician Net Revenue per Case Projections	For the Fiscal Year Ended					Projected Period				
	12/31/2010	12/31/2011	12/31/2012	Year 1	Year 2	Year 3	Year 4	Year 5		
Otolaryngology										
Kerner, Marc	2,289	441	n/a	n/a	n/a	n/a	n/a	n/a		
Total Growth	n/a	-82.0%	n/a	n/a	n/a	n/a	n/a	n/a		
General Surgery										
Cardola, Frank (On)	1,166	n/a	5,111	5,111	5,162	2,321	2,344	2,387		
Cardola, Frank	1,788	2,022	4,078	4,078	4,117	2,485	2,523	2,548		
Chl, David	2,884	2,400	n/a	n/a	n/a	2,108	2,332	2,355		
Chl, David (On)	2,430	1,100	2,628	2,628	2,654	1,184	1,194	1,194		
Suen, Shuan	n/a	2,218	1,043	1,043	1,043	1,851	1,878	1,878		
Suop, Sha	n/a	n/a	1,787	1,787	1,815	2,276	2,287	2,288		
Walkey, Donald	n/a	n/a	4,118	4,118	4,190	4,470	4,513	4,513		
Total Growth	2,281	2,220	-1.4%	-6.0%	-0.9%	-47.0%	1.0%	1.0%		
Gastroenterology										
Bahl, Cyrus	893	821	1,178	1,178	1,190	845	853	872		
Burr, Kenneth	n/a	1,478	n/a	n/a	n/a	n/a	n/a	n/a		
Fan, Robert S.	523	n/a	n/a	n/a	1,234	1,236	1,248	1,281		
Guy, Michael	1,281	1,188	1,222	1,222	942	868	883	882		
Johnson, Gregory	805	833	1,285	1,285	1,247	884	893	892		
Madhoo, Sarwan	875	850	n/a	n/a	n/a	n/a	n/a	n/a		
Ogry, Anthonio	448	n/a	1,583	1,583	1,682	814	822	831		
Redman, Gerard	771	782	1,817	1,817	1,835	905	914	923		
Shostakov, Rinna	n/a	n/a	1,014	1,014	1,024	719	725	732		
Shrestha, Gokar	1,501	868	1,014	1,014	1,024	868	888	888		
Total Growth	452	869	1,019	1,068	1,073	808	813	816		
OB / GYN										
Wahana, Toy	1,100	1,207	1,300	1,300	1,313	1,286	1,340	1,353		
Total Growth	1,100	1,707	1,300	1,380	1,313	1,326	1,380	1,393		
Neurology										
Armstrong, Ian	2,481	27,430	3,523	3,523	3,558	3,828	3,866	3,702		
Desh, Kevin	4,816	4,816	4,831	4,831	4,831	4,801	4,771	4,765		
Rubin, Brian	37,116	23,371	43,814	43,814	44,050	24,320	24,583	24,808		
Singde, Erik	19,040	23,995	22,373	22,373	22,597	20,464	20,868	20,815		
Total Growth	24,880	31,438	30,344	30,344	30,832	28,085	28,236	28,419		
Orthopedic / Other										
Amgen, Chad	3,240	3,308	3,821	3,821	3,858	3,441	3,475	3,510		
Bachner, Eyal	6,931	7,763	11,404	11,404	11,518	6,099	6,180	6,282		
Davis, Daniel	3,871	5,202	4,748	4,748	4,796	5,413	5,467	5,522		
Fuchs, Robert	1,484	3,058	768	768	n/a	n/a	n/a	n/a		
Imprandi, Dr	1,318	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
Khalil, Kevin	3,553	665	n/a	n/a	n/a	n/a	n/a	n/a		
Raj, Anand	75,784	8,512	7,114	7,114	7,185	8,085	6,147	6,200		
Roberson, Keith	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
Snyder, Erik	452	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
Thakur, George	5,879	7,885	12,851	12,851	12,880	7,845	8,025	8,165		
Thomas, Walter	4,214	5,348	8,316	8,316	8,411	5,820	5,771	5,887		
Choudhry, Neil	n/a	n/a	n/a	n/a	8,280	5,877	5,929	5,985		
Total Growth	5,850	6,211	8,138	8,138	8,216	6,877	6,938	6,995		
Growth	n/a	23.0%	40.7%	-6.2%	1.0%	-22.0%	1.0%	1.0%		

1.21 Physician Net Revenue per Case Projections

	For the Fiscal Year Ended					Projected Period				
	12/31/2010	12/31/2011	12/31/2012	Year 1	Year 2	Year 3	Year 4	Year 5		
Orthopaedic / Hand										
Azar, Kouros	n/a	n/a	698	698	705	712	719	726		
Cohen, Glenn	3,324	4,694	9,790	9,780	9,870	4,219	4,261	4,304		
Feely, Michael	1,684	2,242	2,122	2,143	2,333	2,333	2,358	2,380		
Geordos, Vicky	590	n/a	5,641	5,641	5,668	1,872	1,881	1,910		
Ziv, Eli	1,896	1,789	5,641	5,668	4,874	3,881	3,725	3,764		
Total	2,677	3,040	6,348	6,348	7,074	-57.9%	1,09%	1.0%		
Group	n/a	18.0%	176.2%	2.3%	1.0%	-57.9%	1.0%	1.0%		
Plastic Surgery										
Azari, Kouros	1,457	1,668	1,576	1,578	1,594	1,944	1,963	1,983		
Erin, Malinda	2,380	n/a	n/a	4,125	4,186	1,843	1,881	1,889		
Feely, Michael	1,889	1,771	1,412	4,125	4,186	1,843	1,881	1,889		
Geordos, Vicky	2,863	n/a	n/a	1,711	1,714	3,105	3,137	3,168		
Huang, Georgeanne	2,351	2,884	1,711	2,818	2,818	1,721	1,132	1,143		
Jaram, Leela	1,883	1,077	2,818	2,818	2,818	2,818	2,818	2,818		
Kogler, Zoi	n/a	2,741	n/a	2,555	2,581	2,087	2,088	2,108		
Schwartz, Mitchell	1,394	3,733	n/a	2,555	2,581	2,087	2,088	2,108		
Tanasavadi, Krishna	n/a	n/a	n/a	2,555	2,581	2,087	2,088	2,108		
Dr. Powers	n/a	n/a	n/a	2,555	2,581	2,087	2,088	2,108		
Total	1,393	1,813	3,255	2,665	2,581	3,087	2,065	2,106		
Group	n/a	1.0%	24.2%	0.0%	1.0%	-19.0%	1.0%	1.0%		
Pain Management										
Arial, Kimbers	809	1,334	2,312	2,212	2,214	1,388	1,402	1,416		
Daniel, Kevin	n/a	n/a	1,440	1,440	1,460	1,475	1,490	1,504		
Fernan, Mark	2,001	1,500	2,585	2,585	2,610	1,581	1,578	1,582		
Dr. James	1,860	1,465	n/a	n/a	n/a	n/a	n/a	n/a		
Sarna, Ovi	976	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
Splaing, Bradley	572	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
Total	1,973	1,414	2,348	2,386	2,389	1,448	1,603	1,616		
Group	n/a	-23.9%	66.1%	0.0%	1.0%	-37.7%	1.0%	1.0%		
Podiatry										
Orford, Brooke	9,641	2,013	4,537	4,537	4,589	2,115	2,137	2,158		
Halstead, Jeff	2,664	2,182	2,574	2,574	2,600	2,250	2,272	2,285		
Larwood, Andrew	1,643	2,045	1,871	1,871	1,888	2,207	2,251	2,291		
Petro, Neil	1,980	2,045	4,589	4,589	4,642	2,287	2,299	2,311		
Total	2,455	2,112	3,694	3,694	3,731	2,246	2,283	2,311		
Group	n/a	-1.9%	53.1%	0.0%	1.0%	-39.9%	1.0%	1.0%		
Grand Total	2,039	2,132	3,807	3,724	3,818	-3.8%	1.3%	1.3%		
Group	n/a	4.6%	83.2%	-4.7%	2.6%	-3.8%	1.3%	1.3%		

Footnotes:

[1] Net Revenue per Case is projected to grow 1.0% per year throughout the projection period, with the exception of Year 1 when the 2.0% Medicare sequestration cut from the Budget Control Act of 2011 takes effect.

[2] Since the Out-of-Network (CON) strategy is not viable in the long term, we have assumed that in Year 3, physician net revenue per case will return to 2011 levels, before the CON strategy took effect. We have built in a 1.0% CAGR for the interim years. When 2014 data was not available for specific physicians, the specialty average was used instead.

[3] The Center expects to hire a replacement physician to cover Dr. Johnson's volume upon his retirement in three years. We have assumed the Replacement Physician performs cases at the same Net Revenue per Case as Dr. Johnson, increasing 1.0% per year.

[4] 2011 net revenue per case data for Dr. Amstutz was deemed to be a poor representation of expected future performance. As a result, 2012 data was substituted.

[5] 2011 net revenue per case data for new physicians is calculated as the average Net Revenue per Case for the new physicians' specialty, based upon discussions with Management.

Source: Financial statements and discussions with Management.

EXHIBIT 3.9

	For the Fiscal Year Ended					Projected Period				
	12/31/2010	12/31/2011	12/31/2012	Year 1	Year 2	Year 3	Year 4	Year 5		
Operating Expense Projections										
Variable Expenses										
[1] Salaries & Wages Growth	\$ 1,921,941	\$ 1,942,271	\$ 2,169,098	\$ 2,302,460	\$ 2,409,530	\$ 2,487,303	\$ 2,537,049	\$ 2,597,787		
Employee Benefits Growth	n/a	7.1%	17.7%	6.1%	5.9%	2.0%	2.0%	2.0%		
Medical Supplies Growth	281,252	292,430	322,379	342,232	362,422	383,870	377,064	394,605		
Medical Referred Fees Growth	n/a	4.0%	10.2%	8.1%	3.9%	2.0%	2.0%	2.0%		
Per Case Growth	14.8%	15.1%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%		
Percent of Net Revenue	1,177,077	1,240,020	1,280,280	1,339,283	1,419,274	1,441,835	1,489,019	1,535,715		
Per Case Growth	n/a	5.3%	3.3%	9.2%	1.5%	1.6%	1.6%	1.6%		
Medical Referred Fees Growth	221	238	276	284	281	289	314	305		
Per Case Growth	n/a	7.8%	16.2%	3.0%	2.5%	2.5%	2.5%	2.5%		
Internal Management Fees Growth	150,459	171,322	187,957	203,193	209,237	207,482	213,094	218,941		
Percent of Net Revenue	n/a	13.9%	8.7%	8.1%	1.0%	1.7%	2.7%	2.7%		
External Management Fees Growth	28,225	32,81	40,49	41,30	42,19	42,97	43,83	44,70		
Percent of Net Revenue	n/a	16.2%	23.4%	2.0%	2.0%	2.0%	2.0%	2.0%		
Bad Debt Growth	319,826	323,883	594,360	539,809	548,030	309,287	318,741	329,094		
Percent of Net Revenue	n/a	1.6%	65.0%	1.0%	1.5%	42.8%	3.4%	3.2%		
Contract Labor Growth	209,446	215,922	349,710	352,266	357,970	201,967	208,003	214,758		
Percent of Net Revenue	n/a	3.1%	81.5%	1.0%	1.5%	43.8%	3.4%	3.2%		
Leases & Rentals Growth	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%		
Professional Fees Growth	231,158	336,982	369,749	489,050	485,077	261,577	270,465	279,250		
Percent of Net Revenue	n/a	45.3%	8.8%	24.2%	1.5%	43.8%	3.4%	3.2%		
Insurance, Taxes & Licenses Growth	40,053	44,180	82,547	94,199	95,882	87,900	89,352	81,139		
Office Supplies Growth	n/a	10.5%	86.9%	2.0%	2.0%	2.0%	2.0%	2.0%		
Repairs & Maintenance Growth	139,071	144,939	141,770	144,936	147,439	150,447	150,459	150,528		
Utilities Growth	n/a	3.7%	-1.7%	2.0%	2.0%	2.0%	2.0%	2.0%		
Other Operating Expenses Growth	612,957	674,658	613,187	625,451	637,990	650,719	663,733	677,098		
Total Operating Expenses Growth	n/a	70.1%	-9.1%	2.0%	2.0%	2.0%	2.0%	2.0%		
Professional Fees Growth	393,372	363,285	379,939	367,525	365,275	403,181	411,244	419,469		
Repairs & Maintenance Growth	n/a	23.5%	25.5%	2.0%	2.0%	2.0%	2.0%	2.0%		
Utilities Growth	134,913	181,874	172,613	176,065	179,587	183,178	188,942	180,579		
Other Operating Expenses Growth	n/a	34.8%	-5.1%	2.0%	2.0%	2.0%	2.0%	2.0%		
Total Operating Expenses Growth	n/a	4.2%	12.2%	8.1%	3.2%	-8.4%	2.4%	2.4%		

[1] Management expects to add three staff members over the next two years with a combined estimated salary of approximately \$180,000. Thus, an additional \$90,000 of salary expense was added in Year 1 and Year 2.
 [2] Bad debt expense was set at a normalized level of 2.5% of Net Revenue, given its historical trends.
 Source: Adjusted financial statements, 2013 operating budget, and discussions with Management.

EXHIBIT 3.10

Fixed Asset Summary	As of		Projected Period				
	12/31/2011	12/31/2012	Year 1	Year 2	Year 3	Year 4	Year 5
Beginning Net Fixed Assets	\$ 3,945,701	\$ 3,402,647	\$ 2,857,355	\$ 2,936,457	\$ 2,591,494	\$ 2,234,564	\$ 1,928,699
Total Capital Expenditures	\$ 54,743	\$ 59,427	\$ 524,630	\$ 279,048	\$ 156,946	\$ 162,279	\$ 167,550
Less: Total Depreciation Expense	\$ 601,797	\$ 604,679	\$ 545,758	\$ 534,009	\$ 505,656	\$ 467,985	\$ 432,403
Ending Net Fixed Assets	\$ 3,402,647	\$ 2,857,395	\$ 2,806,457	\$ 2,581,494	\$ 2,234,564	\$ 1,928,699	\$ 1,664,145
Remaining Useful Life	5.7	4.7	5.2	4.8	4.4	4.1	3.8
Total Capital Expenditures as a % of Net Revenue	0.5%	0.5%	2.9%	1.5%	1.5%	1.5%	1.5%

Footnote:

(1) Maintenance Capital Expenditures are considered to be recurring expenditures from year to year and are necessary to replace associated levels of production. Project Capital Expenditures of approximately \$250,000 are estimated in Year 1 for new endoscopic surgical towers and scopes, gastroenterology equipment, and other items.

Capital Expenditures:							
Maintenance Capital Expenditures	\$ 54,743	\$ 59,427	\$ 274,560	\$ 279,048	\$ 159,946	\$ 162,279	\$ 167,550
Project Capital Expenditures	\$ 54,743	\$ 59,427	\$ 284,000	\$ -	\$ -	\$ -	\$ -
Total Capital Expenditures	\$ 54,743	\$ 59,427	\$ 274,560	\$ 279,048	\$ 159,946	\$ 162,279	\$ 167,550

(2) Total Depreciation Expense:

Depreciation from Existing Fixed Assets	Existing - Based on 10 Year Straight-Line Depreciation	Year 1	Year 2	Year 3	Year 4	Year 5
Year 1	\$ 516,928	\$ 467,674	\$ 415,821	\$ 363,668	\$ 311,716	\$ 274,831
Year 2						
Year 3						
Year 4						
Year 5						
Total Depreciation Expense	\$ 516,928	\$ 467,674	\$ 415,821	\$ 363,668	\$ 311,716	\$ 274,831

Depreciation from Maintenance Capital Expenditures	Maintenance - Based on 10 Year Straight-Line Depreciation	Year 1	Year 2	Year 3	Year 4	Year 5
Year 1	\$ 13,741	\$ 27,483	\$ 27,483	\$ 27,483	\$ 27,483	\$ 27,483
Year 2						
Year 3						
Year 4						
Year 5						
Total Maintenance Capital Expenditures Depreciation	\$ 13,741	\$ 27,483	\$ 27,483	\$ 27,483	\$ 27,483	\$ 27,483

Depreciation from Project (Growth) Capital Expenditures	Project - Based on 10 Year Straight-Line Depreciation	Year 1	Year 2	Year 3	Year 4	Year 5
Year 1	\$ 12,500	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Year 2						
Year 3						
Year 4						
Year 5						
Total Project (Growth) Capital Expenditures Depreciation	\$ 12,500	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000

Total Depreciation Expense						
Existing - Based on 10 Year Straight-Line Depreciation	\$ 516,928	\$ 467,674	\$ 415,821	\$ 363,668	\$ 311,716	\$ 274,831
Maintenance - Based on 10 Year Straight-Line Depreciation	\$ 13,741	\$ 27,483	\$ 27,483	\$ 27,483	\$ 27,483	\$ 27,483
Project - Based on 10 Year Straight-Line Depreciation	\$ 12,500	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Total Depreciation Expense	\$ 543,169	\$ 520,157	\$ 468,304	\$ 416,151	\$ 364,209	\$ 327,314

Source: Adjusted financial statements and discussions with Management.

EXHIBIT 3.11

	As of					Projected Period				
	12/31/2010	12/31/2011	12/31/2012	Year 1	Year 2	Year 3	Year 4	Year 5		
Operating Working Capital Calculation										
Current Assets (Less Cash):										
Accounts Receivable (Net)	\$ 1,393,821	\$ 1,300,022	\$ 2,753,218	\$ 2,487,302	\$ 2,444,233	\$ 1,974,732	\$ 1,421,441	\$ 1,467,608		
Total Other Receivables	161	1,638	14,459	12,642	12,836	7,220	7,465	7,707		
Inventory	776,571	191,076	229,065	281,244	285,959	430,609	168,086	171,480		
Prepaid Expenses	122,770	128,467	132,180	133,528	135,576	76,233	76,844	81,405		
Total Current Assets (Less Cash)	\$ 1,882,123	\$ 1,821,163	\$ 3,128,923	\$ 2,834,716	\$ 2,878,204	\$ 1,878,815	\$ 1,573,817	\$ 1,728,182		
Current Liabilities (Less Debt):										
Accounts Payable	\$ 91,649	\$ 90,961	\$ 24,955	\$ 73,210	\$ 74,435	\$ 86,000	\$ 67,782	\$ 69,987		
Due (To)/From SVM	105,402	76,986	201,587	203,842	208,767	116,284	120,245	124,150		
Accrued Payroll	88,531	38,077	105,512	112,000	118,818	120,950	123,410	125,878		
Employer Liabilities	71,105	80,820	84,894	82,435	87,305	89,052	90,833	92,649		
Taxes Payable	-	801	2,770	2,804	2,847	1,801	1,856	1,710		
Other Current Liabilities	85,775	65,036	224,811	140,629	148,132	150,851	139,136	142,482		
Total Current Liabilities (Less Debt)	\$ 442,519	\$ 296,481	\$ 653,535	\$ 614,720	\$ 635,104	\$ 528,768	\$ 543,092	\$ 558,467		
Operating Working Capital	\$ 1,220,604	\$ 1,324,682	\$ 2,475,388	\$ 2,219,996	\$ 2,243,100	\$ 1,089,076	\$ 1,130,755	\$ 1,171,715		
As Percent of Net Revenue	11.2%	11.3%	13.6%	12.1%	12.1%	10.4%	10.5%	10.5%		
Change in Operating Working Capital	N/A	\$ 104,078	\$ 1,160,706	\$ (255,392)	\$ 23,104	\$ (1,154,073)	\$ 41,728	\$ 40,960		

Operating Working Capital Assumptions										
Current Assets:										
Net Patient Accounts Receivable Days	46	45	55	48	48	48	46	46	48	
Total Other Receivables (% of Accounts Receivable)	0.0%	0.1%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	
Inventory (% of Net Revenue)	1.8%	1.3%	1.3%	1.3%	1.3%	1.5%	1.5%	1.5%	1.5%	
Prepaid Expenses (% of Net Revenue)	1.1%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	
Current Liabilities:										
Accounts Payable Days	5.3	5.3	2.8	4.8	4.8	5.7	5.7	5.7	5.7	
Due (To)/From SVM (% of Net Revenue)	1.1%	0.7%	1.4%	1.7%	1.7%	1.1%	1.1%	1.1%	1.1%	
Accrued Payroll (% of Salaries & Wages)	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	
Employer Liabilities (% of Salaries & Wages)	3.7%	3.7%	3.9%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	
Taxes Payable (% of Net Revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Other Current Liabilities (% of Total Operating Expenses)	1.5%	1.1%	3.3%	1.9%	1.9%	1.9%	1.8%	1.8%	1.9%	

Sources: Adjusted financial statements and discussions with Management

REQUIRED RETURN ON EQUITY	
Modified Capital Asset Price Model	
[1] Risk-free Rate of Return	2.7%
[2] Market Equity Risk Premium	6.1%
[3] Selected Beta	1.00
[2] Small Stock Risk Premium	6.1%
[4] Surgery Center Specific Risk Premium	3.0%
Required Rate of Return - CAPM	18.0%

COST OF DEBT	
Long-term Cost of Debt	
[1] Risk-free Rate of Return	2.7%
[5] Bond Corporate Spread	2.1%
Long-term Cost of Debt	4.8%
Less: Income Tax Factor	-1.9%
After-tax Cost of Debt	2.9%

WEIGHTED AVERAGE COST OF CAPITAL	
[2] Equity Allocation of Capital Structure	70.0%
[3] Debt Allocation of Capital Structure	30.0%
Weighted Average Cost of Capital (Rounded)	13.0%

$$WACC = 2.7\% + (1.00 \times 6.1\%) + 6.1\% + 3.0\% = 18.0\%$$

$$WACC = [30.0\% \times 4.8\% \times (1 - 40.0\%)] + [70.0\% \times 18.0\%] = 13.0\%$$

Footnotes:

[1] 20-year US Treasury Bond as of April 1, 2013.

[2] Morningstar, Inc., Stocks, Bonds, Bills, and Inflation Valuation Edition 2012 Yearbook.

[3] Morningstar, Inc., Cost of Capital 2011 Yearbook.

[4] Surgery Center Specific Risk Premium includes:

The potential for physician growth to deviate from Management's forecasted expectations;

The potential that new physicians are not as productive or do not ramp up as quickly as expected;

The uncertainty surrounding reimbursement changes and their potential for deviations from Management expectations;

The potential for food expenses to deviate from historical levels;

The highly competitive market dynamics; and

The dependence on key physicians.

[5] U.S. Treasury Department and Boardman.

EXHIBIT 3.13

Specialty Surgical Center of Westlake Village
(In U.S. Dollars)

Projected Financial Analysis
DCF Concluded Range of Enterprise Value

	Projected Period					Terminal
	Year 1	Year 2	Year 3	Year 4	Year 5	
Net Revenue	\$ 18,321,985	\$ 18,603,087	\$ 10,865,093	\$ 10,818,997	\$ 11,169,983	
% Growth from prior year	1.0%	1.5%	-43.8%	3.4%	3.2%	
Less: Operating Expenses	7,328,740	7,563,407	7,019,750	7,250,921	7,425,319	
Add: Other Income (Expenses)						
EBITDA	10,993,245	11,039,680	3,845,343	3,568,076	3,744,662	
Less: Depreciation	545,769	534,009	503,895	487,895	432,403	
EBIT	10,447,476	10,505,672	2,879,487	3,080,181	3,312,259	
Less: Taxes	4,176,056	4,201,328	1,150,882	1,238,891	1,323,910	
Debt-Free Earnings	6,269,420	6,304,324	1,728,605	1,841,290	1,988,349	
Add: Depreciation	545,769	534,009	503,895	487,895	432,403	
Less: Working Capital Additions	(265,982)	23,104	(1,154,073)	41,728	40,960	
Less: Capital Expenditures	524,650	279,646	156,946	162,278	167,550	
Debt-Free Net Cash Flows	5,945,750	6,538,183	3,223,698	2,124,697	2,271,182	2,271,548
Discount Period (Years)	0.50	1.50	2.50	3.50	4.50	
Weighted Average Cost of Capital @ 13.0%	0.9407	0.8325	0.7387	0.6620	0.5770	
Present Value of Debt-Free Cash Flows	\$ 6,157,724	\$ 5,441,349	\$ 2,378,325	\$ 1,385,219	\$ 1,275,345	\$ 18,838,961
						\$ 12,194,715
						\$ 28,830,000

Sensitivity Analysis: Enterprise Value

Discount Rate	Exit Multiple				
	5.0x	6.0x	6.5x	7.0x	7.5x
11.0%	\$ 28,300,000	\$ 28,400,000	\$ 28,500,000	\$ 28,600,000	\$ 28,700,000
12.0%	27,800,000	28,600,000	29,000,000	29,400,000	29,800,000
13.0%	26,800,000	27,800,000	28,200,000	28,600,000	29,000,000
14.0%	26,100,000	27,100,000	27,500,000	27,900,000	28,300,000
15.0%	25,500,000	26,500,000	27,000,000	27,500,000	28,000,000

Source: Projected financial statements and discussions with Management.

Fundamental	Specialty Surgical Center of Westlake Village	AMSC Pricing Multiples	Concluded Range of Pricing Multiples [1]		Concluded Range of Enterprise Value	
			Low	High	Low	High
Fiscal Year 2012:						
Net Revenue	\$ 18,137,051	MAF 10.38x	0.75x	1.00x	\$ 13,602,786	\$ 18,137,051
EBITDA	\$ 11,226,433		2.00x	3.00x	\$ 22,452,866	\$ 33,678,299
					\$ 22,452,866	\$ 33,678,298

Next Twelve Months (NTM):	Specialty Surgical Center of Westlake Village	AMSC Pricing Multiples	Concluded Range of Pricing Multiples [1]		Concluded Range of Enterprise Value	
			Low	High	Low	High
Net Revenue	\$ 18,321,685	MAF 9.40x	0.75x	1.00x	\$ 13,741,489	\$ 18,321,685
EBITDA	\$ 10,693,246		2.00x	3.00x	\$ 21,386,491	\$ 32,878,737
					\$ 21,386,491	\$ 32,878,737

Indicated Range of Enterprise Value, Minority Interest Basis \$ 22,220,000 - \$ 33,530,000

Indicated Range of Equity Value, Minority-Interest Basis (Less: Debt [2]) (9,698,000)

Plus: Control Premium @ 20.0% [3] 15,554,000

Plus: Debt [2] 3,110,800

23,331,000

4,698,200

6,698,000

9,698,000

23,300,000 - \$ 33,600,000

Footnotes:

- [1] Based on a comparison of financial ratios between Specialty Surgical Center of Westlake Village ("SSC") and Amisano ("AMISG"). SSC is inferior in terms of growth, size and profitability. From a qualitative perspective, AMISG operates a diversified portfolio of centers and has a recognized brand name, while SSC is a stand-alone center that is primarily known in the local community. In addition, SSC operates in a competitive environment. Given the above, EBITDA multiples below those of AMISG were selected.
- [2] For the purposes of calculating a controlling interest, we have assumed a financial leverage ratio consistent with that of the industry. This does not necessarily reflect the actual debt level of the Center.
- [3] As the market multiples of AMISG are based on its public stock price, which inherently lack control, the resulting indications are on a minority interest basis. A premium for control is therefore necessary to bring the indications to a majority basis. An equity control premium of 20.0% was selected for SSC based on a review of industry transactions and an analysis of the benefits of control for the Center.

Source: Adjusted financial statements, projected financial statements, and Capital IQ.

EXHIBIT 4.1

Specialty Surgical Center of Westlake Village **Guideline Company Method**
 (\$ in Thousands, except Stock Price) **GCM Indicated Enterprise Value**

	<u>AmSurg Corp.</u>
Ticker Symbol	AMSG
Closing Common Stock Price (08/01/2012)	\$ 29.41
Shares Outstanding	32,154
Market Value of Equity	\$ 945,648
Plus: Total Debt	820,755
Plus: Preferred Stock	-
Plus: Minority Interest	-
Market Value of Invested Capital	<u>1,589,404</u>
Less: Cash and Cash Equivalents	<u>48,502</u>
Enterprise Value ("EV")	<u>\$ 1,520,902</u>
Closing Adjusted Common Stock Price (08/01/2012)	\$ 22.34
Change in Per Share Value	32.2%

Source: Capital IQ.



EXHIBIT 4.2

Specialty Surgical Center of Westlake Village

(in Thousands)

Goldmine Company Method
Implied Pricing Multiples

Company	Enterprise Value	Last Twelve Months		Next Twelve Months [2]		EV/Revenue		EV/EBITDA	
		Revenue	EBITDA	Revenue	EBITDA	LTM	NTM	LTM	NTM
[1] AmSurg Corp.	\$ 1,520,501	n/a	\$ 146,587	n/a	\$ 151,732	NMF	NMF	10.58x	9.40x

Footnotes:

[1] Historical and projected EBITDA figures for AmSurg Corp. are exclusive of non-controlling interests. As the priority owner revenue contribution was unable to be isolated from historical and projected financial statements, revenue multiple indications were not considered.

[2] The next twelve month calculations are based on consensus analyst estimates of revenue and EBITDA and the current number of shares outstanding.

Source: Capital IQ and other public financial filings.

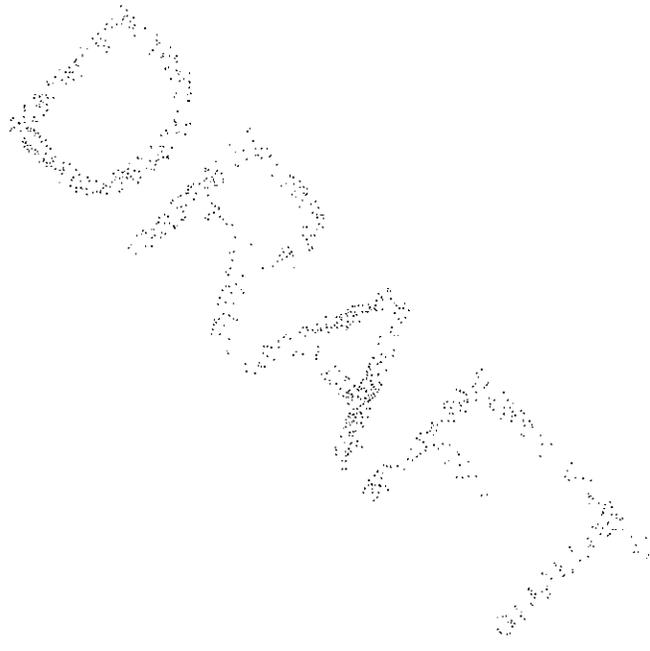


EXHIBIT 5.0

Specialty Surgical Center of Westlake Village **Market Transaction Method**
(in U.S. Dollars) **Concluded Range of Enterprise Value**

Fundamental	Specialty Surgical Center of Westlake Village	Precedent Transaction Pitching Multiples			Selected Range of Pitching Multiples [1]		Concluded Range of Enterprise Value	
		Low	High	Median	Low	High	Low	High
Fiscal Year 2012:								
Net Revenue	\$ 16,137,051	0.36x	4.30x	1.88x	1.63x	0.50x - 1.00x	\$ 3,065,528 - \$ 33,679,298	16,137,051
EBITDA	11,226,433	2.73x	16.52x	7.20x	6.60x	3.00x - 3.50x	33,679,298 - 39,292,516	29,292,516
		Indicated Range of Enterprise Value (Rounded)						
		\$ 28,800,000 - \$ 35,100,000						

Footnote:
 [1] SSC is smaller and less profitable than the median acquired ASC. Furthermore, SSC is expected to grow case volume based on area demographics and is not expected to materially expand its EBITDA margins. Considering this, in addition to the factors discussed in the guideline company method, multiples below those of the median acquired center were selected. In selecting a revenue multiple, we gave additional consideration to the Center's EBITDA margin.
 Sources: Adjusted financial statements, Capital IQ, and latest public financial filings.



EXHIBIT 5.1

Date	Target	Acquirer	Enterprise Value	Revenue	EBITDA	EBITDA Margin	Case	Net Revenue	Net Revenue	EBITDA	Case
5/1/2012	Confidential	Henry County Medical Center	13,453,290	4,820,768	1,856,655	40.5%	3,068	1,575	2,788	6,889	4,378
1/1/2011	Kentucky Lake Surgery Center, LLC	Amsurg Corporation	7,800,000	n/a	800,000	n/a	2,850	n/a	4,939	14,000	3,004
4/2/2011	National Surgical Care	Surgery Partners Holdings, LLC	142,000,000	124,600,000	21,500,000	17.3%	1,800,000	1,245	1,640	6,600	1,400
12/1/2011	Novabed Inc.	Hatched Hospital	215,100,000	151,800,000	42,050,000	27.7%	158,633	551	1,430	5,120	1,347
10/6/2011	Constellation Eye Surgery Center, LLC	Northern Healthcare, Inc.	21,500,000	14,232,000	5,322,000	37.4%	10,900	1,349	1,483	5,120	2,584
1/1/2011	Pathman for Surgery - Dallas, Ltd.	United Surgical Partners International Inc.	2,800,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
11/8/2010	HeadStart Partners, LLC	Novabed Inc.	31,000,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
8/28/2010	Ohio Surgical Center	Novabed Inc.	1,286,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
7/1/2010	St. Francis Outpatient Center	Erman Company	18,600,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
6/30/2010	Confidential	Confidential	3,100,000	7,728,141	613,881	7.9%	6,442	1,200	0.46x	5,050	491
12/1/2009	Confidential	Confidential	23,777,000	9,150,000	4,882,018	61.0%	3,082	2,858	2,600	5,100	7,887
9/23/2009	Foundation Surgery Center of San Antonio, LLC	CHRISTUS Santa Rosa Health Care	10,800,000	6,459,972	1,724,214	26.5%	2,359	2,752	1,660	6,280	4,578
8/1/2009	Confidential	Confidential	52,720,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
5/2/2009	Confidential	Confidential	48,000,000	30,721,003	4,862,007	16.1%	27,124	1,191	1,600	9,820	1,905
4/2/2009	Physicians Surgical Center, Ltd.	Medison Surgical Partners, LLC	4,040,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1/8/2008	Surgery Center of Newport Coast, Inc.	Medical Facilities Corp.	58,650,000	11,600,000	n/a	n/a	11,700	n/a	4,900	n/a	n/a
8/24/2007	Barranca Surgery Center, Inc.	Crestview Partners, LP	18,820,000	4,200,000	n/a	n/a	n/a	n/a	4,440	n/a	n/a
6/1/2007	Surgery Center of Kalamazoo	Novabed Inc.	638,000,000	311,290,000	78,480,000	25.2%	n/a	n/a	2,040	8,110	n/a
4/18/2007	United Surgical Partners International Inc.	Weston Carson, Anderson & Stowe	41,000,000	8,600,000	1,480,000	47.4%	n/a	n/a	4,830	6,030	n/a
11/2/2007	Surgery Center of Wisconsin	Novabed Inc.	1,935,240,000	578,820,000	194,350,000	33.5%	n/a	n/a	3,170	8,440	n/a
5/1/2006	Confidential	Confidential	8,000,000	n/a	n/a	n/a	4,200	n/a	n/a	n/a	1,905
4/1/2006	Surgis, Inc.	United Surgical Partners International Inc.	3,200,000	2,739,841	287,468	10.5%	3,406	804	1,170	10,760	940
2/21/2006	Freeman Plaza Surgery Center	Novabed Inc.	18,150,000	38,000,000	14,750,000	17.1%	n/a	n/a	2,830	16,820	n/a
1/15/2006	Confidential	Confidential	15,100,000	17,232,331	981,000	18.5%	7,500	n/a	1,737	0.83x	2,553
1/15/2006	Confidential	Confidential	40,000,000	13,574,180	7,534,570	58.2%	4,827	2,812	2,950	5,240	1,044
1/15/2006	The Center for Pain Management, LLC	Partners Holding Inc.	15,100,000	n/a	n/a	n/a	12,900	n/a	1,178	n/a	1,278
12/1/2005	Confidential	Confidential	3,900,000	5,097,973	1,025,978	20.1%	4,810	1,106	0.77x	3,800	840
9/1/2005	Confidential	Confidential	1,300,000	3,356,702	450,832	12.7%	3,790	941	0.38x	3,020	343
8/2/2005	Gabriel Surgical Center	Partners Holding Inc.	4,300,000	4,578,939	1,026,655	22.8%	2,000	1,080	0.55x	4,160	1,009
7/1/2005	Confidential	Confidential	1,400,000	3,500,000	1,500,000	42.9%	2,000	1,260	3,180	7,430	5,590
6/15/2005	Confidential	Confidential	1,900,000	2,456,813	147,397	8.0%	1,526	1,610	0.53x	8,230	881
5/5/2005	Confidential	Confidential	400,000	356,000	148,440	41.3%	385	1,000	1.13x	2,730	1,127
6/31/2005	Confidential	Confidential	8,100,000	7,600,000	760,000	10.0%	8,201	n/a	0.80x	8,030	744
6/15/2005	Lake Worth Surgery Center	Partners Holding Inc.	15,800,000	18,400,000	3,007,000	16.0%	n/a	n/a	0.80x	5,150	n/a
6/15/2005	Confidential	Partners Holding Inc.	12,850,000	5,900,000	1,600,000	32.0%	n/a	n/a	2,420	7,350	n/a

Entity	Value	Revenue	EBITDA	Case	Net Revenue	Net Revenue	EBITDA	Case
Enterprise	\$ 490,000	\$ 355,000	\$ 148,440	6,076	\$ 365	\$ 804	0.36x	2,710
Partners	1,835,446,000	578,429,000	194,360,000	66,726	163,633	2,938	4.80x	48,524
Novabed	88,500,174	54,679,372	15,730,820	26,529	76,402	1,481	1.89x	7,200
HeadStart	14,311,625	7,954,001	1,724,215	24,076	8,200	1,185	1.53x	8,000
CHAMP	n/a	\$ 18,137,681	\$ 11,228,433	61,296	4,642	3,907		

Source: Capital IQ, Irving Levin Associates Inc., latest public financial filings, and internal database