STATE OF RHODE ISLAND
PROVIDENCE, SC

SUPERIOR COURT

IN RE: CHARTERCARE COMMUNITY BOARD, et al.	)	C.A. No. PC-2019-11756

PROOF OF CLAIM OF PROSPECT MEDICAL HOLDINGS, INC., PROSPECT EAST HOLDINGS, INC., PROSPECT CHARTERCARE, LLC, PROSPECT CHARTERCARE RWMC, LLC, AND PROSPECT CHARTERCARE SJHSRI, LLC

Prospect Medical Holdings, Inc., Prospect East Holdings, Inc., Prospect Chartercare, LLC, Prospect Chartercare SJHSRI, LLC, and Prospect Chartercare RWMC, LLC (collectively, "Prospect"), by and through their attorneys, hereby state as follows:

Parties

1. Prospect Medical Holdings, Inc. ("Prospect Medical") is a corporation organized under the laws of the State of Delaware with its principal office and place of business in Los Angeles, California.

2. Prospect East Holdings, Inc. ("Prospect East") is a corporation organized under the laws of the State of Delaware with its principal office and place of business in Los Angeles, California.

3. Prospect Chartercare, LLC ("Prospect Chartercare") is a limited liability company organized under the laws of the State of Rhode Island, with principal offices in Providence, Rhode Island. Prospect Chartercare has two members, (1) Chartercare Community Board ("CCCB"), a non-profit corporation organized under the laws of the State of Rhode Island with its principal office in Providence, Rhode Island, and (2) Prospect East. Prospect East holds an eighty-five percent membership interest in Prospect Chartercare, and CCCB holds the remaining fifteen

percent membership interest. CCCB was previously known as Chartercare Health Partners ("CCHP").

4. Prospect Chartercare RWMC, LLC ("Prospect RWMC") is a limited liability company organized under the laws of Rhode Island, with principal offices in Los Angeles, California.

5. Prospect Chartercare SJHSRI, LLC ("Prospect SJHSRI") is a limited liability company organized under the laws of Rhode Island, with principal offices in Los Angeles, California.

6. Prospect RWMC and Prospect SJHSRI are subsidiaries of Prospect Chartercare that operate two hospitals ("Hospitals").

Factual Background

7. On or around March 2013, Prospect and CCHP signed a letter of intent under which Prospect East would acquire substantially all of the assets of CCHP, the Hospitals (the "Acquisition").

8. In connection with the Acquisition, on or around September 24, 2013, Prospect, CCHP, and other related entities entered into an Asset Purchase Agreement ("APA.") A true and accurate copy of the APA is attached hereto as **Exhibit A**.

9. The APA formed a new entity, Prospect Chartercare, which would own and operate the Hospitals through its subsidiaries. Pursuant to the terms of the APA, CCHP acquired a 15% interest in Prospect Chartercare, while Prospect held the remaining 85%.

10. On or around June 20, 2014, Prospect East and CCHP executed an Amended & Restated Limited Liability Company of Agreement of Prospect Chartercare, LLC ("LLC Agreement"), a true and accurate copy of which is attached hereto as **Exhibit B**.

11. Prior to the Acquisition, through its subsidiary St. Joseph Health Services of Rhode Island ("SJHSRI"), CCHP operated a defined benefit pension plan (the "Pension Plan") for certain employees of the Hospitals. Pursuant to the APA, Prospect Chartercare did not acquire SJHSRI or the Pension Plan as part of the Acquisition.

12. On or around August 18, 2017, SJHSRI filed a Petition for the Appointment of a Receiver in Rhode Island Superior Court (the "Receivership Court"), representing that the Pension Plan was severely underfunded, and requesting that a receiver be appointed to oversee a winding-down ("Receivership Proceeding").

13. On or around August 18, 2017, the Receivership Court appointed attorney Stephen Del Sesto ("Del Sesto") as temporary receiver for the Plan. On or around October 11, 2017, the Receivership Court appointed Del Sesto as permanent receiver.

14. On or around June 18, 2018, Del Sesto filed a class action alleging, *inter alia*, fraud claims relating to the Retirement Plan in Rhode Island Superior Court, Case No. PC-2018-4386, against Prospect, CCCB, and other defendants, seeking to hold them liable for the Plan's insolvency (the "State Class Action"). On the same day, Del Sesto also filed a class action alleging similar claims in the United States District Court for the District of Rhode Island, Case No. 1:18-cv-00328, against Prospect, CCCB, and other defendants (the "Federal Class Action," and collectively with the State Class Action, the "Class Actions").

PROOF OF CLAIM

15. Prospect Medical, Prospect East, Prospect Chartercare, Prospect RWMC, and Prospect SJHSRI submit a proof of claim for attorney's fees and any liability incurred in connection with the Receivership Proceeding and the Class Actions, pursuant to the indemnity

provisions of the APA, as more fully described below. Additionally, Prospect East submits a claim relative to set off rights pursuant to the LLC Agreement.

Indemnification Under the APA

16. Pursuant to Section 14.2 of the APA, Prospect Medical, Prospect East, and Prospect Chartercare, Prospect RWMC, and Prospect SJHSRI are entitled to indemnification from CCCB relative to the (1) attorney's fees and expenses, and (2) any liability incurred in connection with the Receivership Proceeding and the Class Actions. As of April 22, 2020, attorney's fees and expenses incurred for Prospect Medical, Prospect East, and Prospect Chartercare cumulatively total $2,988,861.37, which continue to accrue after April 22, 2020. Additionally, the liability relative to the Plan is currently unquantified and is subject to the outcome of the Class Actions.

17. Section 14.2 of the APA provides, in relevant part, the following:

> Sellers,[1] jointly and severally, shall indemnify, defend and hold harmless Prospect, the Prospect Member, the Company, the Company Subsidiaries and their respective Affiliates, officers, directors, trustees, employees, stockholders, partners, members, agents, representatives, successors and permitted assigns (collectively, the "Company/Prospect Indemnified Persons"), from and against *any loss, Liability, claim, damage or expense (including costs of investigation and defense and reasonable attorneys' fees and expenses)*, whether or not involving a Third-Party Claim (collectively, "Damages"), arising from or in connection with:
>
> [. . .]
>
> (b) any breach of or failure to perform any of the covenants or agreements made herein by Sellers;
>
> (c) the Excluded Assets and Excluded Liabilities; . . .

See APA § 14.2 (emphasis added).

[1] "Sellers" include CCHP, among other entities. *See* APA at 1.

"Excluded Assets" include the "Retirement Plan," which is defined as the "St. Joseph Health Services of Rhode Island Retirement Plan." *See* APA, A-13. Additionally, "Excluded Liabilities" include "[a]ll Liabilities related to the Retirement Plan." *See* APA, Schedule 2.4.

Indemnification Under the LLC Agreement

18. Under the LLC Agreement, Prospect East is also entitled to set off CCCB's interest in Prospect Chartercare as a result of CCCB's failure to indemnify Prospect East under the APA.

19. The LLC Agreement provides, in relevant part, that

> In the event that CCHP is required to pay the Company[2] or Prospect an amount pursuant to the indemnification provisions of the Purchase Agreement[3] (an "Unpaid Indemnification Amount"), and fails to pay all of such amount within thirty (30) days, then Prospect may, in its sole and absolute discretion, recoup or offset, as applicable, on a dollar-for-dollar basis, all or a portion of the Unpaid Indemnification Amount in the following order or priority to the extent amounts are available in each such category: (x) by receiving distributions from the Company otherwise due to CCHP in respect of its Units (pursuant to the provisions of Section 17.2(b) below), (y) by reducing the Long-Term Capital Commitment, or (z) *by treating such amount as an additional capital contribution by Prospect to the Company and adjusting the Prospect Member's and the Seller Members' respective Sharing Percentages (pursuant to the provisions of Section 17.2(c) below)*, or any combination of the foregoing, all pursuant to the terms of the Amended and Restated Agreement.
>
> [. . .]
>
> If and to the extent Prospect elects to receive distributions in respect of an Unpaid Indemnification Amount as provided for in clause (z) of Section 17.2(a) above, the Unpaid Indemnification Amount (including interest thereon) shall be treated as an Additional Capital Contribution by Prospect to the Company pursuant to Section 4.2(e) above, and CCHP's and the Prospect Member's Sharing Percentage (and Units) shall be adjusted as per such provision, as if CCHP were a Non-Contributing Member (provided, however, that this provision

[2] The "Company" is defined as Prospect Chartercare. *See* LLC Agreement at 1.
[3] The "Purchase Agreement" is defined as the APA entered into on September 24, 2013. *See* LLC Agreement at 1.

shall not cause CCHP's Sharing Percentage to fall below 5%).

LLC Agreement at § 17.2(a), (c).

20. Prospect has made demand upon CCCB for payment of indemnification amounts under the LLC Agreement; however, it has not received payment of such amounts.

21. Accordingly, Prospect is entitled to, among other things, setting off CCCB's interest in Prospect Chartercare pursuant to the LLC Agreement.

CONCLUSION

22. Prospect submits this proof of claim for (1) $2,988,861.37 in indemnification under the APA as of April 22, 2020, which amount continues to accrue; and (2) indemnification for any liability incurred in connection with the Pension Plan pursuant to the APA. Additionally, Prospect East submits a proof of claim for a set off of CCCB's interest in Prospect Chartercare in the amount of the cumulative total of indemnification due from CCCB under the APA to the extent that such amounts are not paid.

23. Nothing contained herein shall constitute a waiver, restriction, or limitation upon any of Prospect's rights or remedies, including, but not limited to, the right to amend and/or supplement this Proof of Claim.

24. In regards to the above claims, Prospect will seek a petition for instructions from the Court relative to the Receiver's indemnity under the APA. To the extent that the Receiver is unable to indemnify under the APA, Prospect reserves the right to request that the Court convert its claim to a reduction of CCCB's interest in Prospect Chartercare.

PROSPECT MEDICAL HOLDINGS, INC.,

Name: Von L. Crockett
Title: SVP

STATE OF _____
COUNTY OF _____

Then personally appeared before me, on this 15th day of May, 2020, _____, in his/her capacity as _____ of Prospect Medical Holdings, Inc. and swore under oath that the foregoing was true and correct and he/she executed this instrument has his/her free act and deed.

Please See Attached
Notary Public

KEVIN DUC NGUYEN
Notary Public - California
Orange County
Commission # 2310859
My Comm. Expires Oct 28, 2023

PROSPECT EAST HOLDINGS, INC.,

Name: Von L. Crockett
Title: SVP

STATE OF _____
COUNTY OF _____

Then personally appeared before me, on this 15th day of May, 2020, _____, in his/her capacity as _____ of Prospect East Holdings, Inc. and swore under oath that the foregoing was true and correct and he/she executed this instrument has his/her free act and deed.

Please See Attached
Notary Public

KEVIN DUC NGUYEN
Notary Public - California
Orange County
Commission # 2310859
My Comm. Expires Oct 28, 2023

CALIFORNIA JURAT CERTIFICATE

Title of Document: Prospect Medical Holdings, Inc.

Date of Document: 5/15/2020

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Los Angeles

Subscribed and sworn to (or affirmed) before me on

this 15th day of May, 2020

by Von L. Crockett,

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Signature

KEVIN DUC NGUYEN
Notary Public - California
Orange County
Commission # 2310859
My Comm. Expires Oct 28, 2023

(This area for notary stamp)

CALIFORNIA JURAT CERTIFICATE

Title of Document: Prospect East Holdings, Inc.

Date of Document: 5/15/2020

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Los Angeles

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Signature

KEVIN DUC NGUYEN
Notary Public - California
Orange County
Commission # 2310859
My Comm. Expires Oct 28, 2023

(This area for notary stamp)

PROSPECT CHARTERCARE, LLC.

Name: Von L. Crockett
Title: SVP

STATE OF _____
COUNTY OF _____

Then personally appeared before me, on this 15th day of May, 2020, _____, in his/her capacity as _____ of Prospect Chartercare, LLC and swore under oath that the foregoing was true and correct and he/she executed this instrument has his/her free act and deed.

Please See Attached
Notary Public

KEVIN ZUC NGUYEN
Notary Public - California
Orange County
Commission # 2310859
My Comm. Expires Dec 28, 2023

PROSPECT CHARTERCARE SJHSRI, LLC

Name: Von L. Crockett
Title: SVP

STATE OF _____
COUNTY OF _____

Then personally appeared before me, on this 15th day of May, 2020, _____, in his/her capacity as _____ of Prospect Chartercare SJHSRI, LLC and swore under oath that the foregoing was true and correct and he/she executed this instrument has his/her free act and deed.

Please See Attached
Notary Public

KEVIN ZUC NGUYEN
Notary Public - California
Orange County
Commission # 2310859
My Comm. Expires Dec 28, 2023

CALIFORNIA JURAT CERTIFICATE

Title of Document: Prospect Charter Care, LLC

Date of Document: 5/15/2020

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Los Angeles

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by Von L. Crockett,

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Signature

KEVIN DUC NGUYEN
Notary Public - California
Orange County
Commission # 2310859
My Comm. Expires Oct 28, 2023

(This area for notary stamp)

CALIFORNIA JURAT CERTIFICATE

Title of Document: Prospect Charter Care SJHSRI, LLC

Date of Document: 5/15/2020

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Signature

KEVIN DUC NGUYEN
Notary Public - California
Orange County
Commission # 2310859
My Comm. Expires Oct 28, 2023

(This area for notary stamp)

PROSPECT CHARTERCARE RWMC, LLC

Name: Von K. Crockett
Title: SVP

STATE OF _____
COUNTY OF _____

Then personally appeared before me, on this 15th day of May, 2020, _____, in his/her capacity as _____ of Prospect Chartercare RWMC, LLC and swore under oath that the foregoing was true and correct and he/she executed this instrument has his/her free act and deed.

Please See Attached
Notary Public

KEVIN DUC NGUYEN
Notary Public - California
Orange County
Commission # 2310859
My Comm. Expires Oct 28, 2023

CALIFORNIA JURAT CERTIFICATE

Title of Document: Prospect Charter Care RWMC, LLC

Date of Document: 5/15/2020

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Los Angeles

Subscribed and sworn to (or affirmed) before me on

this 15th day of May, 2020

by Von L. Crockett,

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Signature

KEVIN DUC NGUYEN
Notary Public - California
Orange County
Commission # 2310859
My Comm. Expires Oct 28, 2023

(This area for notary stamp)

PROOF OF CLAIM

EXHIBIT A

ASSET PURCHASE AGREEMENT

EXECUTION COPY

ASSET PURCHASE AGREEMENT

by and among

CHARTERCARE HEALTH PARTNERS,

ROGER WILLIAMS MEDICAL CENTER,

ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND,

ROGER WILLIAMS REALTY CORPORATION,

RWGH PHYSICIANS OFFICE BUILDING, INC.,

ELMHURST EXTENDED CARE FACILITIES, INC.,

ROGER WILLIAMS MEDICAL ASSOCIATES, INC.,

ROGER WILLIAMS PHO, INC.,

ELMHURST HEALTH ASSOCIATES, INC.,

OUR LADY OF FATIMA ANCILLARY SERVICES, INC.,

THE CENTER FOR HEALTH AND HUMAN SERVICES,

SJH ENERGY, LLC,

ROSEBANK CORPORATION,

PROSPECT MEDICAL HOLDINGS, INC.,

PROSPECT EAST HOLDINGS, INC.,

PROSPECT CHARTERCARE, LLC,

PROSPECT CHARTERCARE RWMC, LLC,

PROSPECT CHARTERCARE SJHSRI, LLC,

PROSPECT CHARTERCARE ELMHURST, LLC,

and

PROSPECT CHARTERCARE PHYSICIANS, LLC

Dated as of September 24, 2013

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LIST OF SCHEDULES:

LIST OF EXHIBITS:

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made and entered into as of September 24, 2013 by and among CharterCARE Health Partners, a Rhode Island non-profit corporation ("CCHP"), Roger Williams Medical Center, a Rhode Island non-profit corporation ("RWMC"), St. Joseph Health Services of Rhode Island, a Rhode Island non-profit corporation ("SJHSRI"), Roger Williams Realty Corporation, a Rhode Island non-profit corporation ("RWRC"), RWGH Physicians Office Building, Inc., a Rhode Island non-profit corporation ("RWOB"), Elmhurst Extended Care Facilities, Inc., a Rhode Island non-profit corporation ("Elmhurst ECF"), Roger Williams Medical Associates, Inc., a Rhode Island non-profit corporation ("RWMA"), Roger Williams PHO, Inc., a Rhode Island non-profit corporation ("PHO"), Elmhurst Health Associates, Inc., a Rhode Island corporation ("Elmhurst HA"), Our Lady of Fatima Ancillary Services, Inc., a Rhode Island corporation ("Our Lady"), The Center for Health and Human Services, a Rhode Island non-profit corporation ("TCHHS"), SJH Energy, LLC, a Rhode Island limited liability company ("SJHE"), and Rosebank Corporation, a Rhode Island corporation ("Rosebank" and together with CCHP, RWMC, SJHSRI, RWRC, RWOB, Elmhurst ECF, RWMA, PHO, Elmhurst HA, Our Lady, TCHHS and SJHE, each a "Seller" and, collectively, "Sellers"), Prospect Medical Holdings, Inc., a Delaware corporation ("Prospect"), Prospect East Holdings, Inc., a Delaware corporation ("Prospect Member"), Prospect CharterCare, LLC, a Rhode Island limited liability company (the "Company"), Prospect CharterCare RWMC, LLC, a Rhode Island limited liability company ("RWMC SMLLC"), Prospect CharterCare SJHSRI, LLC, a Rhode Island limited liability company ("SJHSRI SMLLC"), Prospect CharterCare Elmhurst, LLC, a Rhode Island limited liability company ("Elmhurst SMLLC"), and Prospect CharterCare Physicians, LLC, a Rhode Island limited liability company ("Physicians SMLLC" and together with RWMC SMLLC, SJHSRI SMLLC, Elmhurst SMLLC, each a "Company Subsidiary" and collectively, the "Company Subsidiaries"). Sellers, Prospect, the Prospect Member, the Company, and each Company Subsidiary are each a "Party" and collectively, the "Parties".

RECITALS

WHEREAS, Sellers own, lease and operate the Facilities and engage in the Business;

WHEREAS, Prospect is in the business of owning and operating hospitals and related businesses and has formed the Company and owns 100% of the outstanding equity of the Company;

WHEREAS, the Company has formed all of the Company Subsidiaries as single-member limited liability companies and owns 100% of the outstanding equity in each Company Subsidiary as the sole member thereof;

WHEREAS, Sellers desire to sell to the Company, and the Company desires to acquire from Sellers, either directly or through the Company Subsidiaries, substantially all of the assets used in the operation of the Facilities, all as more fully set forth herein;

WHEREAS, Prospect desires to contribute equity capital to the Company in order to fund, in part, the acquisition by the Company or the Company Subsidiaries of the Purchased Assets;

WHEREAS, Sellers have designated CCHP (the "Seller Member") to be the holder of the units representing the Company's limited liability company membership interests on behalf of all Sellers to be issued as partial consideration in respect of the sale by Sellers of the Purchased Assets; and

WHEREAS, upon the Closing of the transactions contemplated by this Agreement, the Company will be owned 85% by the Prospect Member and 15% by the Seller Member, and the Company and the Company Subsidiaries will be subject to various operational covenants relating to maintaining essential healthcare services, Catholic identity, pastoral care programs, charity care policies, medical staff structure, medical education and research at the Facilities, as well as various other terms and provisions, all as more fully set forth herein and in the Company's limited liability company agreement;

NOW, THEREFORE, for and in consideration of the agreements, covenants, representations and warranties hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

1.1 Definitions. The capitalized terms in this Agreement shall have the meanings ascribed to them in the Preamble, the Recitals and Annex A, as applicable.

1.2 Interpretation. In this Agreement, unless the context otherwise requires: (a) references to this Agreement are references to this Agreement and to the Annexes, Exhibits and Schedules hereof, and references to Annexes, Articles, Exhibits, Recitals, Sections or Schedules are references to the Annexes, Articles, Exhibits, Recitals, Sections or Schedules of this Agreement; (b) the terms "including" or "include" shall all be interpreted to read, "including, without limitation"; (c) references to any Person shall include references to such Person and their respective successors and permitted assigns; (d) the terms "hereof," "herein," "hereby" and derivative or similar words will refer to this entire Agreement; (e) references to any document (including this Agreement) are references to that document as amended, modified, supplemented, extended or renewed by the Parties from time to time, in the manner provided therein (or herein); (f) references to any law, rule or regulation include such law, rule or regulation as amended, restated, supplemented, superseded or otherwise modified from time to time, unless otherwise specified; (g) the gender of all words herein include the masculine, feminine and neuter, and the number of all words herein include the singular and plural; and (h) the terms "date hereof" and "date of this Agreement" and similar terms shall mean the date set forth in the opening paragraph of this Agreement.

ARTICLE II
TRANSFER OF ASSETS; ASSUMPTION OF LIABILITIES

2.1 Transfer of Sellers' Assets. At the Closing, Sellers shall assign, transfer, convey and deliver to the Company or the Company Subsidiaries (as determined by the Company in its discretion), free and clear of all Encumbrances, all of Sellers' right, title and interest in and to all assets of every kind, character or description, whether real, personal or mixed, tangible or intangible (other than the Excluded Assets), owned, leased or licensed by Sellers on the Closing Date that are held for use or used in the Business, including the following items (collectively, the "Purchased Assets"):

(a) any and all parcels of land and other real property owned by Sellers and used in connection with the operation of, or acquired for the benefit for, the Facilities, including the real property described on Schedule 4.14(a), together with all of Sellers' right, title and interest in and to (i) all buildings, improvements and fixtures located thereupon and all appurtenances (including all construction in progress) (the "Improvements"), (ii) all easements, rights of way, privileges, hereditaments and other rights and appurtenances thereto, including, any right, title and interest of Sellers in and to adjacent streets, alleys or rights of way, (iii) all strips and gores adjacent thereto, (iv) all plans and specifications and engineering and Architectural Plans related to the improvements located on such real property, to the extent in the possession and control of any Seller, and (v) development, air, water and signage rights with respect to such real property, if any and to the extent transferable (the "Owned Real Property");

(b) subject to receipt of any required third party consents, any and all real property that is leased, subleased or licensed to Sellers by another Person (whether an Affiliate or otherwise) related to, associated with or used in connection with the operation of, or acquired for the benefit for, the Facilities, and described on Schedule 4.14(b), together with all buildings, improvements and fixtures located thereupon and all appurtenances (including all construction in progress) and rights thereto that are leased, subleased or licensed to Sellers (the "Leased Real Property");

(c) all equipment, medical equipment, fixtures, machinery, computer hardware and other data processing equipment, vehicles, office furnishings, leasehold improvements and other tangible personal properties owned or held by Sellers or used in the operation of the Facilities (the "Personal Property");

(d) all Inventory;

(e) all documents, records, operating manuals and files with respect to the operation of the Facilities, including all financial, billing, patient, medical, accreditation, public program participation, business, operational, quality assurance, credentialing, peer review, facilities and systems maintenance, real property, educational, marketing and other records, Architectural Plans, structure or system drawings, manuals and materials (in paper, electronic or other form) and on-site regulatory compliance records;

(f) all of the rights and interests of Sellers in all: (1) Contracts for the employment of any individual other than a physician ("Employment Agreements") that are listed on Schedule 2.1(f)(1) (the "Assumed Employment Agreements"), as provided in Section 8.2(f) below; (2) any Contracts with physicians, physician practices or physician-owned entities ("Physician Agreements") that are listed on Schedule 2.1(f)(2) (the "Assumed Physician

Agreements"); (3) Leases to which any Seller is a party and entered into or maintained in connection with the Facilities, the Business or the Purchased Assets (except for leases involving physicians, physician groups or physician-owned entities) (the "Assumed Leases"); (4) Sellers' Medicare and Medicaid provider agreements and associated provider numbers (the "Provider Agreements"); and (5) Contracts (other than Employment Agreements that are not Assumed Employment Agreements, Physician Agreements that are not Assumed Physician Agreements, Leases that are not Assumed Leases, and the Provider Agreements) to which any Seller is a party and pertaining to the Facilities, the Business or the Purchased Assets (items (1) through (5) collectively, the "Assumed Contracts"), and all rights and obligations arising out of such Assumed Contracts; provided, however, that the Company may elect to remove any Assumed Physician Agreements from Schedule 2.1(f)(2) prior to Closing if:

(i) the Company reasonably believes that such agreement poses a significant risk of violating or otherwise being inconsistent with any applicable laws or regulations; or

(ii) the Company reasonably believes that such agreement, if not rejected, would cause the Company to be in breach, or violate the terms, of any contract to which the Company is or will be a party as of the Closing Date;

(each, a "Rejected Physician Agreement" and, collectively, the "Rejected Physician Agreements"). The Company shall provide Sellers with a list of such Rejected Physician Agreements and its reasons for rejecting the same not less than ten (10) days prior to the Closing Date. For ten (10) days after receipt by the Company of such list, the Parties shall consult in good faith as to what action, if any, should be taken with respect to any such Rejected Physician Agreement to address concerns raised by the Company. If the Parties do not mutually agree on the actions to be taken with respect to any such Rejected Physician Agreement within such ten (10) day period, such Rejected Physician Agreement shall thereafter not be deemed to be an "Assumed Contract" and shall be deemed to be an "Excluded Contract" for purposes of this Agreement, and Sellers shall be responsible for the termination or other disposition of such Rejected Physician Agreement, including any costs or expenses associated with such termination or other disposition;

(g) all Accounts Receivables, other than intercompany receivables;

(h) to the extent transferable, all Permits, Environmental Permits and Approvals issued or granted to Sellers by or pending before Governmental Entities and accreditations/certifications issued to Sellers by accrediting bodies, which relate to the ownership or operation of the Facilities;

(i) all Intellectual Property;

(j) all advance payments, prepayments or prepaid expenses made by Sellers relating to the operation of the Facilities;

(k) all rights in all warranties of any vendor or manufacturer in connection the Personal Property and all rights to enforce covenants not to compete with respect to the Purchased Assets or the Business;

(l) all insurance proceeds (after application of Seller deductibles or co-insurance payments) arising in connection with property damage to the Purchased Assets;

(m) general intangible rights of the Business, including goodwill;

(n) all files and records relating to the Transferred Employees, including those regarding work history, benefits and pensions, as well as such of Sellers' policies, manuals and similar materials as are reasonably necessary for the Company to address personnel, benefits or other issues, or resolve disputes, regarding Transferred Employees;

(o) all website domain names, e-mail addresses, and telephone and fax numbers;

(p) subject to receipt of any required third party consents, any rights of Sellers to receive, or any expectancy of Sellers in, any state or federal grants or subsidies, allocation payments or other reimbursement pool;

(q) subject to receipt of any required third party consents, the software, licenses and information systems used in the Business;

(r) any rebates paid or payable in respect to the period prior to Closing under or in respect of any group purchasing organization agreements in which Sellers participate that relate to purchases of goods or services prior to Closing;

(s) any claims, rights, credits, causes of action and rights of set-off of Sellers (whether known or unknown, contingent or otherwise) against third parties related to the Purchased Assets (including the Assumed Contracts), contractual or otherwise, accruing or arising prior to the Closing;

(t) the A/R Bank Accounts;

(u) [intentionally omitted];

(v) all cash security deposits held or previously paid by Sellers under the Assumed Leases (together with accrued interest thereon, if any);

(w) to the extent not included in any of the foregoing, (A) any assets included in the Interim Balance Sheet, except for assets used, consumed or disposed of in the Ordinary Course of Business since the Interim Balance Sheet Date, and (B) any assets purchased or otherwise acquired since the Interim Balance Sheet Date that are not reflected on the Interim Balance Sheet but are held or used in the Business;

(x) all rights to reimbursement for services rendered, and medicine, drugs and supplies provided, by Sellers to individuals who are patients of the Business on or before the Closing Date, but who are not discharged until after the Closing Date (collectively, "Transitional Patient Services");

(y) all of Sellers' equity, membership or other ownership interests (i) in Rhode Island PET Services, LLC and Chemosynergy, LLC and (ii) to the extent applicable, pursuant to Section 7.2(n) below, in UMG and/or such other project or entity contemplated by such Section 7.2(n); and

(z) either: (1) all of Sellers' equity, membership or other ownership interests in Roger Williams Radiation Therapy, LLC; or (2) in the event that Sellers sell all or any part of their interests in Roger Williams Radiation Therapy, LLC prior to Closing and, notwithstanding Sellers' commercially reasonable efforts to reinvest all or a portion of the proceeds of such sale as provided in Section 7.2(n) below, all or a portion of such proceeds are not so reinvested, then any portion of the sale proceeds not so reinvested (hereafter, the "JV Proceed Deficiency") shall be included as a Purchased Asset hereunder and shall be transferred to the Company.

2.2 Excluded Assets of Sellers. Notwithstanding anything herein to the contrary, the following assets are excluded from the Purchased Assets and shall be retained by Sellers (the "Excluded Assets"):

(a) cash, cash equivalents and investments (except for the amount of any JV Proceed Deficiency as per Section 2.1(z) above);

(b) all of the following: (i) any Employment Agreement that is not listed as an Assumed Employment Agreement on Schedule 2.1(f)(1); (ii) any Physician Agreement that is not listed as an Assumed Physician Agreement on Schedule 2.1(f)(2), or that is so listed but is removed prior to Closing as provided in Section 2.1(f); and (iii) any other Contract listed on Schedule 2.2(b) (collectively, the "Excluded Contracts"); and all of Sellers' rights and interests thereunder;

(c) any Permits, Environmental Permits and Approvals that are not transferable;

(d) any Seller Plans (and any and all assets associated therewith or set aside to fund liabilities related thereto), the Retirement Plan and the Retirement Plan Assets;

(e) any unamortized bond issuance costs and all funds held by the bond trustee under the bond indentures for RWMC Rhode Island Health and Educational Building Corporation Tax-Exempt Revenue Bonds - Series 1998 and SJHSRI Rhode Island Health and Educational Building Corporation Tax-Exempt Revenue Bonds - Series 1999;

(f) except to the extent included within the Transferred Restricted Funds, any charitable restricted assets of Sellers, whether held directly by Sellers or by one or more third parties for Sellers' benefit, and any accrued interest thereon;

(g) the assets of CharterCARE Health Partners Foundation (f/k/a St. Joseph Health Services Foundation);

(h) funds held by Sellers' trustee for insurance, board designated investments, restricted interests in perpetual trusts, donor restricted funds and funds restricted by spending policy, and any accrued interest thereon;

(i) the corporate books and records of Sellers;

(j) any shares of capital stock, membership interest, partnership interest or other ownership in any Seller;

(k) all rights in any insurance policies of Sellers covering the Purchased Assets or any Assumed Liabilities, except as otherwise expressly provided herein (including without limitation pursuant to Section 2.1(l) above); and

(l) the rights of Sellers under this Agreement and all related documents.

2.3 Assumed Liabilities of Sellers. On the terms and subject to the conditions set forth in this Agreement, at the Closing, Sellers shall assign, and the Company shall assume or shall cause one or more Company Subsidiaries to assume, effective as of the Effective Time, the following Liabilities of Sellers with respect to the Facilities and the Purchased Assets as and to the extent existing on the Closing Date (collectively, the "Assumed Liabilities"):

(a) the Assumed Contracts, but only to the extent of Liabilities that (x) are described in Section 2.3(b) below, or (y) accrue or arise after the Effective Time and relate to any period after the Closing Date;

(b) all accounts payable of Sellers as of the Closing Date that were accrued in the Ordinary Course of Business to the extent such accounts payable remain unpaid as of the Closing Date and are reflected in the calculation of Final Net Working Capital;

(c) all accrued expenses of Sellers incurred in the Ordinary Course of Business to the extent the same remain unpaid as of the Closing Date, other than (x) intercompany payables, (y) transaction expenses of Sellers, and (z) any expenses associated with any Taxes, the Seller Plans (but only to the extent such expenses are not reflected in the calculation of Final Net Working Capital) or the Retirement Plan;

(d) deferred gain on investments in the Related Ventures;

(e) all ETO balances associated with the Transferred Employees, including all costs, liabilities and expenses associated with or arising from the same and/or the rollover of such balances from Sellers to the Company as of the Effective Time;

(f) asset retirement obligations as reflected on the Interim Balance Sheet;

(g) if, prior to Closing, Sellers invest the proceeds of any sale of all or any part of their interests in Roger Williams Radiation Therapy, LLC in UMG or some other project or entity as may be mutually agreed by the Parties, as provided in Section 7.2(n) below, and Sellers' acquisition of such replacement interest entails the assumption of any liabilities, any such liabilities so assumed; and

(h) any other obligations or Liabilities identified in Schedule 2.3.

In no event shall the Company assume any Liability that is an Excluded Liability.

2.4 Excluded Liabilities of Sellers. Notwithstanding anything herein to the contrary, the Company and/or the Company Subsidiaries are assuming only the Assumed Liabilities and are not assuming and shall not become liable for the payment or performance of any other Liability of Sellers (collectively, the "Excluded Liabilities"). The Excluded Liabilities are and shall remain Liabilities of the Sellers. Without limiting the generality of the foregoing, the term "Excluded Liabilities" includes any Liability: (i) that is not related to the Business; (ii) relating to any Material Indebtedness; (iii) that is described on Schedule 2.4; or (iv) pertaining to any Excluded Asset.

2.5 Prospect Contribution.

(a) At the Closing, Prospect shall make a capital contribution to the Company in the amount of Forty-Five Million Dollars ($45,000,000) payable in cash (the "Prospect Contribution"). The Prospect Contribution shall be subject to adjustment pursuant to Section 2.9 below.

(b) The Prospect Member shall also be obligated to contribute additional capital to the Company during the four (4)-year period immediately following the Closing Date, in an amount of $50,000,000 (which shall be in addition to the Company's routine capital investment, in its own facilities or those of the Company Subsidiaries, of at least $10 million per year), subject to adjustment, offset or satisfaction as expressly provided herein and in the Amended and Restated Agreement, a copy of which is attached hereto as Exhibit A (the "Long-Term Capital Commitment"). Except as otherwise provided in the Amended and Restated Agreement, and subject to the process and requirements therein, the Company shall cause the Long-Term Capital Commitment to be used by the Company or the Company Subsidiaries on (i) the development and implementation of physician engagement strategies, and (ii) projects related to facilities and equipment ("Capital Projects"), in each case based on a return-on-investment calculation or a material needs assessment. Capital Projects currently identified include the following: expansion of the cancer center at Roger Williams Medical Center, expansion of the emergency department at Roger Williams Medical Center, renovation/reconfiguration of the emergency department at Our Lady of Fatima Hospital, renovation of the operating rooms at Roger Williams Medical Center, conversion of all patient rooms to private rooms at both Hospitals, renovation and expansion of the ambulatory care center at Our Lady of Fatima Hospital, new windows at both Hospitals, a new generator at Our Lady of Fatima Hospital, a facelift for the facades at both Hospitals, and access for the handicapped at the front entrances of both Hospitals (with the specific Capital Projects to be funded as determined by the Company's board of directors).

2.6 Consideration.

(a) Subject to the adjustment as provided in Section 2.9, the aggregate cash purchase price (the "Cash Purchase Price") to be paid by the Company to Sellers shall be an amount equal to: (i) (A) the actual dollar amount of the Prospect Contribution, minus (B) the Assumed Capital Lease Excess Amount (if any) (the "Closing Cash Amount"), plus or minus (ii) the Final Adjustment Amount. The Closing Cash Amount shall be paid at Closing, and the Final Adjustment Amount shall be paid following Closing in accordance with Section 2.9(e).

(b) At the Closing, as partial consideration for the Purchased Assets, the Company shall issue to the Seller Member an aggregate of 16,760 limited liability company membership units of the Company (the "Units"), which Units will represent a 15% ownership interest in the Company.

2.7 Expense Contribution. Sellers, on the one hand, and Prospect, on the other hand, shall bear their pro rata share (based on their ownership in the Company immediately following Closing) of any expenses incurred (i) by the Company in connection with the Transaction, or (ii) by Prospect on behalf of the Company (including, for the avoidance of doubt, expenses incurred by Prospect on behalf of the Company prior to the actual formation of the Company as a Rhode Island limited liability company) in connection with Company's review and analysis of the Business and the Purchased Assets, which shall be limited to those inspections, studies, tests and similar analyses specifically described on Schedule 2.7 (collectively, the "Prospect Advance"). At the Closing, Prospect shall be reimbursed by Sellers an amount equal to Sellers' pro rata share of the Prospect Advance.

2.8 Use of Proceeds. Sellers shall adopt a board resolution specifying the manner in which the Cash Purchase Price shall be used.

2.9 Assumed Capital Lease Excess Amount; Net Working Capital Adjustment.

(a) For purposes of determining the Closing Cash Amount, not more than five (5) but in no event less than two (2) Business Days prior to the Closing, Sellers shall deliver to Prospect and the Company a statement setting forth the Assumed Capital Lease Excess Amount as of the Closing Date (setting forth in reasonable detail such amount owed for each capital lease to be assumed by the Company), including supporting documentation of reasonable specificity and other information requested by the Company to verify such amount.

(b) Not more than ninety (90) days after the Closing, the Company shall prepare and deliver, or cause to be prepared and delivered, to the Sellers' Representative (the "Final Working Capital Statement"): (i) its good faith determination of the actual Net Working Capital as of the Effective Time (as finally determined pursuant to this Section 2.9, the "Final Net Working Capital"); and (ii) a calculation showing the difference between its determination of the Final Net Working Capital pursuant to clause (i) above and the Historical Working Capital Position (such difference, which may be positive or negative, the "Final Adjustment Amount"). Each of the Final Net Working Capital and Historical Working Capital Position shall be calculated in accordance with the methodology set forth on Annex B.

(c) Following receipt of the Final Working Capital Statement, the Sellers' Representative will be afforded a period of twenty (20) Business Days (the "20-Day Period") to review the Final Working Capital Statement. During the 20-Day Period, the Sellers' Representative and its Representatives shall have reasonable access during reasonable business hours upon prior written notice to the Company to the books, records and supporting data of the Company and its Representatives relating to the Final Working Capital Statement and the calculations set forth therein. At or before the end of the 20-Day Period, the Sellers' Representative will either (i) accept the amount of Final Net Working Capital and the Final Adjustment Amount (each as set forth in the Final Working Capital Statement) in their entirety

or (ii) deliver to the Company a written notice (the "Objection Notice") containing a reasonably detailed written explanation of those items in the Final Working Capital Statement that the Sellers' Representative disputes, in which case the items specifically identified by the Sellers' Representative shall be deemed to be in dispute. The failure by the Sellers' Representative to deliver the Objection Notice within the 20-Day Period shall constitute the Sellers' Representative's acceptance of the amount of Final Net Working Capital and the Final Adjustment Amount, each as set forth in the Final Working Capital Statement. If the Sellers' Representative delivers the Objection Notice in a timely manner, then, within a further period of twenty (20) Business Days from the end of the 20-Day Period (the "Second 20-Day Period"), the Parties and, if desired, their respective Representatives will attempt to resolve in good faith any disputed items and reach a written agreement (the "Settlement Agreement") with respect thereto. Failing such resolution, as promptly as practicable (and no event later than ten (10) Business Days from the end of the Second 20-Day Period), the unresolved disputed items will be referred for final binding resolution to a nationally recognized independent public accounting firm mutually selected by the Company and the Sellers' Representative (the "Arbitrating Accountants"). In resolving any disputed item, the Arbitrating Accountants may not assign a value to any item greater than the greatest value for such item claimed by either party or less than the smallest value for such item claimed by either party. The fees and expenses of the Arbitrating Accountants shall be allocated between the Sellers' Representative (on behalf of the Sellers), on the one hand, and Prospect, on the other hand, in proportion to the amounts by which their proposals of the Final Adjustment Amount differed from the Arbitrating Accountants final determination of the Final Adjustment Amount. Such determination (the "Accountants' Determination") shall be (i) in writing, (ii) furnished to the Sellers' Representative and the Company as soon as practicable (and in no event later than thirty (30) Business Days) after the items in dispute have been referred to the Arbitrating Accountants, (iii) made in accordance with GAAP, consistently applied, and (iv) non-appealable and incontestable by Sellers, the Sellers' Representative, the Company and each of their respective Affiliates and successors and assigns and not subject to collateral attack for any reason other than manifest error or fraud.

(d) The "Final Determination Date" shall mean the earliest to occur of (i) the twenty-first (21st) Business Day following the receipt by the Sellers' Representative of the Final Working Capital Statement if the Sellers' Representative shall have failed to deliver the Objection Notice to the Company within the 20-Day Period, (ii) the date on which the Sellers' Representative gives the Company written notice to the effect that such party has no objection to the Company's determination of the amount of Final Net Working Capital and the Final Adjustment Amount, each as set forth in the Final Working Capital Statement, (iii) the date on which the Sellers' Representative and the Company execute and deliver a Settlement Agreement, (iv) the date as of which the Sellers' Representative and the Company shall have received the Accountants' Determination, and (v) the Company's failure to deliver the Final Working Capital Statement within the ninety (90) day period described in Section 2.9(a).

(e) The following payment shall be made within two (2) Business Days following the Final Determination Date and shall be by wire transfer of immediately available funds to an account designated by the Party or Parties entitled to receive any such payments:

(i) If the Final Net Working Capital is less than the Historical Working Capital Position, then Sellers shall pay to the Company the amount by which the Final

Net Working Capital is less than the Historical Working Capital Position (and if not paid to the Company within 90 days following the Final Determination Date, Prospect may (in its sole discretion) treat such amount as an offset to the Long-Term Capital Commitment as provided in Section 1.26 of the Amended and Restated Agreement); or

(ii) If the Final Net Working Capital is greater than the Historical Working Capital Position, then the Company shall pay to Sellers the amount by which the Final Net Working Capital is greater than the Historical Working Capital Position.

2.10 Withholding Tax. Notwithstanding anything in this Agreement to the contrary, the Company shall be entitled to deduct and withhold from the Cash Purchase Price such amounts as the Company is required to deduct and withhold with respect to such payment under the Code or any provision of state or local law. To the extent that amounts are so withheld and paid over to the appropriate Governmental Entity by the Company, such withheld amounts shall be treated for all purposes of this Agreement as having been paid by the Company to Sellers.

2.11 Cash Purchase Price Allocation. The Cash Purchase Price (including any applicable Assumed Liabilities) will be allocated for Tax purposes (the "Allocation") among the Purchased Assets. The Company shall prepare the proposed Allocation and deliver a copy thereof to Sellers within one hundred twenty (120) calendar days after the Closing. Sellers shall thereafter have thirty (30) calendar days to approve or disapprove of such proposed allocation, such approval not to be unreasonably withheld, conditioned or delayed. Sellers and the Company shall work in good faith to resolve any disputes relating to the allocation. If Sellers and the Company are unable to resolve any such dispute within thirty (30) days of the Company's delivery of the proposed allocation to Sellers, then such dispute shall be resolved finally and conclusively by the Arbitrating Accountants, the costs of which shall be borne equally by the Company and Sellers. The Company, Sellers and their Affiliates shall report, act and file Tax Returns (including Internal Revenue Service Form 8594) in all respects and for all purposes consistent with the Allocation agreed to by the Parties or as otherwise determined pursuant to this Section. No Party shall take any position (whether on any Tax Return or in connection with any audit or other examination) that is inconsistent with the Allocation unless required to do so by applicable law.

2.12 Bulk Sales. To the extent applicable to any Seller, Sellers shall make such filings and pay such Taxes as are required to be filed and/or paid in accordance with R.I.G.L. Sections 44-19-22 and 44-11-29 as and when required pursuant thereto. Sellers, jointly and severally, agree to indemnify and hold Company/Prospect Indemnified Parties harmless from, for and against any Liability that a Company/Prospect Indemnified Party may suffer or sustain as a result of any failure by Sellers, or any of them, to make such filings or pay such Taxes.

2.13 Prorations. At Closing, Sellers and the Company shall prorate real estate and personal property lease payments, real estate and personal property Taxes (except that no such proration of property Taxes will be necessary in respect of the transfer of property by any Seller that is a non-profit corporation that does not pay any property Taxes) and other assessments, and all other items of income and expense that are normally prorated upon a sale of assets of a going concern, if any. If any payment of Taxes made by Sellers before Closing is credited against real estate Taxes for which the Company or any Company Subsidiary will be liable, the amount of

such credit will be applied as a credit against any prorations owing by Sellers, to the extent available for offset, and any amounts not so applied will be paid to Sellers by the Company upon the Company's receipt of such credit.

ARTICLE III
CLOSING

3.1 Closing. Subject to the satisfaction or waiver by the appropriate Party of all the conditions precedent to Closing specified in ARTICLE IX and ARTICLE X, the consummation of the Transactions (the "Closing") shall take place at the offices of Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, New Jersey 07102 at 10:00 a.m., local time, on the fifth (5^{th}) Business Day following the satisfaction (or due waiver) of the conditions set forth in ARTICLE IX and ARTICLE X or at such other date and/or location as the Parties may mutually designate (the "Closing Date").

3.2 Effective Time. The Transactions shall be effective as of 11:59 p.m. local time (the "Effective Time") on the Closing Date, unless otherwise agreed in writing by Sellers and the Company.

3.3 Deliveries by Sellers at Closing. At or before the Closing and unless otherwise waived in writing by the Company, Sellers shall deliver to the Company the following:

(a) a duly executed Amended and Restated Agreement, in the form of Exhibit A;

(b) a duly executed and acknowledged Quitclaim Deed, in the form of Exhibit B, with respect to each Owned Real Property;

(c) such estoppel certificates as have been obtained pursuant to Section 7.2(l) below from mobile communications providers that lease space for antennas and other mobile communications facilities on the Owned Real Property, in the form of Exhibit C (the "Tenant Estoppels");

(d) [intentionally omitted];

(e) with respect to those Assumed Leases where any Seller is a tenant or subtenant, duly executed and acknowledged Leasehold Assignment and Assumption Agreements, in the form of Exhibit E, with respect to each Leased Real Property; in the case of such Assumed Leases entailing more than 5,000 square feet of space or annual rent greater than $100,000, such Leasehold Assignment and Assumption Agreements shall include an estoppel provision from each landlord as specified in the terms of the applicable Lease or, if not so specified, as indicated on the form of Exhibit E attached hereto (the "Landlord Estoppels");

(f) one or more duly executed general bills of sale, in the form of Exhibit F;

(g) one or more duly executed assignment and assumption agreements, in the form of Exhibit G;

(h) [intentionally omitted];

(i) (x) a certificate in form and substance satisfactory to the Company setting forth the aggregate dollar amounts of all Material Indebtedness outstanding at Closing, signed by the Chief Financial Officer of Sellers, and (y) executed pay-off letters, final invoices and/or releases necessary to terminate or release all Material Indebtedness (and related Encumbrances), which documents shall be in form and substance satisfactory to the Company;

(j) copies of resolutions duly adopted by the governing body of each Seller authorizing and approving the performance of the Transactions and the execution and delivery of this Agreement and the documents described herein and the change of name contemplated by Section 13.11, certified as true and of full force and effect as of Closing, by appropriate officers;

(k) certificates of existence and good standing of each Seller issued by the office of Secretary of State of Rhode Island dated no earlier than fourteen (14) days prior to the Closing Date and letters of good standing issued by the Rhode Island Division of Taxation for each Seller dated no earlier than fourteen (14) days prior to the Closing Date;

(l) such documentation as may be necessary to transfer the A/R Bank Accounts and all other of Sellers' bank accounts to the Company as of the Effective Time;

(m) FIRPTA Certificates, in the form of Exhibit I, duly executed by Sellers;

(n) the Limited Power of Attorney, in the form of Exhibit J, duly executed by Sellers;

(o) the consents of third parties to the assignment of the Assumed Contracts identified with an asterisk in Schedule 4.12(e), including any Assumed Lease as to which any Seller is a tenant or subtenant where such Lease entails more than 5,000 square feet of space or annual rent greater than $100,000 ("Material Consents"), in form and substance reasonably acceptable to the Company, except to the extent waived by the Company pursuant to Section 13.4 below;

(p) Officer's Certificates from each Seller, in the forms reasonably requested by the Company; and

(q) such other instruments, certificates, consents and documents, as the Company reasonably deems necessary to effectuate the Transactions in accordance with the terms hereof.

3.4 Deliveries by the Company and Prospect at Closing. At or before the Closing and unless otherwise waived in writing by Sellers, the Company and Prospect shall deliver to Sellers the following:

(a) The Closing Cash Amount, in immediately available funds;

(b) a duly executed Amended and Restated Agreement, in the form of Exhibit A;

(c) counterparts to one or more assignment and assumption agreements duly executed by the Company or a Company Subsidiary (as applicable), in the form of Exhibit G;

(d) a duly executed Management Services Agreement, in the form of Exhibit H;

(e) copies of resolutions duly adopted by the governing body of each of Prospect, the Prospect Member, and the Company authorizing and approving the performance by Prospect, the Prospect Member, the Company, and each Company Subsidiary of the Transactions and the execution and delivery of this Agreement and the documents described herein, certified as true and in full force as of Closing by an appropriate officer thereof;

(f) as to the Company and each Company Subsidiary, certificates of existence and good standing issued by the office of Secretary of State of Rhode Island dated no earlier than fourteen (14) days prior to the Closing Date; and as to Prospect and the Prospect Member, a certificate of existence and good standing issued by the office of the Secretary of State of Delaware dated no earlier than fourteen (14) days prior to the Closing Date, and a certificate of good standing to conduct business issued by the office of the Secretary of State of Rhode Island dated no earlier than fourteen (14) days prior to the Closing Date;

(g) Officer's Certificates from each of Company, Prospect and the Prospect Member, in the forms reasonably requested by Sellers; and

(h) such other instruments, certificates, consents and documents as Sellers reasonably deem necessary to effectuate the Transactions in accordance with the terms hereof.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF SELLERS

As of the date hereof and as of the Closing Date (except to the extent any of the following speaks as of a specific date), Sellers, jointly and severally, represent and warrant to Prospect, the Prospect Member, the Company and each Company Subsidiary the following:

4.1 Incorporation, Qualification and Capacity. Each of CCHP, RWMC, SJHSRI, RWRC, RWOB, Elmhurst ECF, RWMA, PHO and TCHHS is a non-profit corporation, duly incorporated and validly existing in good standing under the Laws of the State of Rhode Island. Each of Elmhurst HA, Our Lady and Rosebank is a corporation, duly incorporated and validly existing in good standing under the Laws of the State of Rhode Island. SJHE is a limited liability company, duly formed and validly existing in good standing under the Laws of the State of Rhode Island. All of the respective owners or members of Sellers, as applicable, are listed on Schedule 4.1. Each Seller is duly licensed and qualified to do business under all applicable Laws of any Governmental Entity having jurisdiction over the Business, and has the lawful power to own, lease and operate its assets and properties and conduct its business in the place and manner now conducted, including, as appropriate, operating the Business. No Seller is licensed or qualified to do business in any jurisdiction other than the State of Rhode Island and there is no other jurisdiction in which the ownership, use or leasing of its assets or properties, or the conduct or nature of its business, makes such licensing or qualification necessary. The execution and delivery by each Seller of this Agreement and the documents described herein, the performance

by each Seller of its obligations under this Agreement and the documents described herein, and the consummation by each Seller of the Transactions and the documents described herein have been duly and validly authorized and approved by all necessary corporate/limited liability company action, including, to the extent required, any applicable board and member approvals, on the part of such Seller, and none of such actions has been modified or rescinded and all of such actions remain in full force and effect.

4.2 Powers; Consents; Absence of Conflicts With Other Agreements. Each Seller has the requisite power and authority to conduct its business as now being conducted, to enter into this Agreement, and to perform it obligations hereunder. The execution, delivery and performance of this Agreement and the documents described herein by Sellers, and the consummation by Sellers of the Transactions and documents described herein, as applicable:

(a) are not in contravention or violation of the terms of any Seller's certificate of formation/incorporation, bylaws, operating agreement or other organizational document;

(b) do not require any Approval or Permit of, or filing or registration with, or other action by, any Governmental Entity to be made or sought by any Seller, except (i) the Healthcare Regulatory Consents set forth in Schedule 4.2(b) and (ii) as otherwise set forth on Schedule 4.2(b); and

(c) assuming the Approvals and Permits set forth on Schedule 4.2(b) are obtained, will not conflict in any material respect with or result in any violation of or default under (with or without notice or lapse of time or both) or give rise to a right of termination, cancellation or acceleration of any obligation, lien or loss of a benefit under, or permit the acceleration of any obligation or result in the creation of any Encumbrance (other than Pre-Closing Permitted Exceptions or Permitted Exceptions, as applicable) upon any of the Facilities or the Purchased Assets under (i) any Contract or (ii) any Law applicable to any of the Facilities or the Purchased Assets or to the operation of the Facilities and the Business by the Company and the Company Subsidiaries following the Closing as they are operated on the date hereof and as of the Closing Date, or (iii) any Order by which any of the Facilities or Purchased Assets are bound.

4.3 Binding Effect. This Agreement and all other Ancillary Agreements to which each Seller becomes a Party have been duly and validly executed and delivered by Sellers, and, assuming the due authorization, execution and delivery of this Agreement and each respective Ancillary Agreement by Prospect, the Prospect Member, and the Company (as applicable), are and will constitute the valid and legally binding obligations of such Seller and are and will be enforceable against it in accordance with the respective terms hereof or thereof, except as enforceability may be restricted, limited or delayed by applicable bankruptcy, moratorium or other Laws affecting creditors' rights and remedies generally and except as enforceability may be subject to general principles of equity.

4.4 No Outstanding Rights.

(a) Except as set forth on Schedule 4.4(a), (a) no Seller owns, of record or beneficially, directly or indirectly, any shares of capital stock, membership or other comparable

equity interest of any Person other than the other Sellers, the Related Ventures, and publicly-traded securities available on established stock exchanges, (b) no Seller is a party to any agreement relating to the prospective formation of any other Person, and (c) no Seller has any contractual right or obligation to acquire any direct or indirect equity or ownership interest in any other Person.

(b) Except as set forth on Schedule 4.4(b), there are no outstanding rights (including any right of first refusal), options or Contracts made on behalf of any of Sellers or their Affiliates providing for, permitting or requiring any Person any current or future right to require any Seller or any Affiliate of any Seller or, following the Closing Date, the Company or a Company Subsidiary, to sell, lease or transfer to such Person or to any third party any interest in any of the Facilities or Purchased Assets.

4.5 Title; Purchased Assets.

(a) As of the date hereof, Sellers have good and marketable title to the Purchased Assets free and clear of all Encumbrances, except for Permitted Exceptions shown on Schedule 4.5(a) ("Pre-Closing Permitted Exceptions"). As of the Closing, the Sellers shall have good and marketable title to the Purchased Assets free and clear of all Encumbrances, except for Permitted Exceptions shown on Schedule 12.2 ("Permitted Exceptions"). At the Closing, Sellers shall convey all of their right, title and interest in, including good and marketable title to, the Purchased Assets to the Company and the Company Subsidiaries (as applicable) free and clear of all Encumbrances, except for Permitted Exceptions and the Assumed Liabilities.

(b) The Purchased Assets and the Excluded Assets (but only to the extent the Excluded Assets are specifically identified in this Agreement or the schedules hereto) constitute all assets that are held or used by any Seller or any Affiliate or otherwise necessary for the conduct of the Business substantially in the manner conducted as of the date of this Agreement and consistent with past practice.

4.6 Affiliate Agreements. Except as set forth on Schedule 4.6: (a) no Seller owes any amount to, or has any customer, supplier or distributor Contract with (other than amounts reimbursable for expenses and salary arising in the Ordinary Course of Business to such individuals), any Affiliate or any of such Seller's directors, trustees, officers or consultants; and (b) there are no customer, supplier or distributor Contracts presently in effect between any Seller, on the one hand, and any director, trustee, officer or shareholder of any Seller or any Affiliate of the foregoing, on the other hand.

4.7 Financial Information.

(a) Attached hereto as Schedule 4.7(a) are true and correct copies of: (a) the audited consolidated balance sheet of Sellers as of September 30, 2012 (the "Audited Balance Sheet") and the audited consolidated balance sheet of Sellers as of each of September 30, 2011 and September 30, 2010, together with the audited consolidated statements of earnings, changes in shareholders' equity and cash flows for the respective fiscal years then ended, including the notes thereto, in each case examined by and accompanied by the report of independent public accountants; and (b) the unaudited consolidated balance sheet of Sellers as of July 31, 2013 (the

"Interim Balance Sheet") and the unaudited consolidated statements of earnings, changes in shareholders' equity and cash flows for the nine (9) months then ended (such unaudited statements collectively with the Interim Balance Sheet, the "Interim Financial Statements"). All of the foregoing financial statements (including the notes thereto, if any) are hereinafter collectively referred to as the "Financial Statements."

(b) Except as set forth in Schedule 4.7(b), the Financial Statements present fairly, in all material respects, the financial position and results of operations of Sellers, on a consolidated basis, as of the dates and for the periods indicated, in each case in conformity with GAAP applied on a consistent basis throughout the periods covered thereby, and subject, in the case of the Interim Financial Statements, to the absence of footnote disclosures and normal year-end adjustments that will not be material individually or in the aggregate.

(c) Except as set forth in Schedule 4.7(c), Sellers have no Liabilities whether or not required by GAAP to be reflected or reserved against in the Audited Balance Sheet or the Interim Balance Sheet, except for (A) Liabilities reflected or reserved against in the Audited Balance Sheet or the Interim Balance Sheet and (B) current Liabilities incurred in the Ordinary Course of Business since the date of the Audited Balance Sheet.

(d) Schedule 4.7(d) accurately lists as of the date hereof and will set forth as of Closing all of Sellers' outstanding Indebtedness, and shall specifically identify all outstanding Material Indebtedness and all outstanding Capital Lease Obligations.

4.8 Permits and Approvals.

(a) Schedule 4.8(a) lists all Permits, Environmental Permits and Approvals issued or granted by a Governmental Entity and owned or held by or issued to a Seller or an Affiliate of a Seller in connection with the Business, and such Permits, Environmental Permits and Approvals constitute all Permits, Environmental Permits and Approvals necessary for the conduct of the Business as currently conducted. Sellers are, and will be at the Closing, the duly authorized holders of such Permits, Environmental Permits and Approvals, all of which are in full force and effect and unimpaired. Except as set forth in Schedule 4.8(a), no approval by or permission from any Governmental Entity relating to any such Permit, Environmental Permit or Approval will be or is needed as a result of the Transactions contemplated in this Agreement. Each Facility's pharmacies, laboratories and all other ancillary departments located at such Facility and operated by a Seller or an Affiliate of a Seller for the benefit of such Facility, if required to be specially licensed, are duly licensed by each appropriate Governmental Entity, and a list of such licenses is set forth on Schedule 4.8(a). True and complete copies of all such Permits, Environmental Permits and Approvals set forth on Schedule 4.8(a) have been delivered or made available to the Company.

(b) (i) The Business is in compliance in all material respects with all Permits, Environmental Permits and Approvals required by Law; (ii) to Sellers' Knowledge, except as provided in Schedule 4.8(b), no waivers of any Laws have been granted or are required for the operation of the Business as currently conducted by Sellers, nor has grandfathered compliance status with respect to such Laws been granted; (iii) there are no provisions in, or Contracts relating to, any such Permits, Environmental Permits and Approvals that preclude or limit Sellers

from operating the Business as it is currently operated; and (iv) there is not now pending or, to Sellers' Knowledge, threatened any action by or before any Governmental Entity to revoke, cancel, rescind, suspend, restrict, modify or refuse to renew any of the Permits, Environmental Permits and Approvals, and all of the Permits, Environmental Permits and Approvals are and shall be effective, unrestricted and in good standing now and as of the Closing Date.

(c) (i) Sellers hold all accreditations/certifications issued by accrediting bodies that are necessary or customary for the operation of the Business; (ii) there is not now pending nor, to Sellers' Knowledge, threatened any action by any accrediting body to revoke, cancel, rescind, suspend, restrict, modify or non-renew any such accreditation/certifications; and (iii) all such accreditations/certifications are and shall be effective unrestricted and in good standing as of the date hereof and as of the Closing Date.

(d) Except as set forth in Schedule 4.8(d), each of the Facilities is in compliance with all applicable fire code regulations. Sellers have delivered or made available to the Company the most recent state licensing reports and lists of deficiencies, if any, and the most recent fire marshal surveys and lists of deficiencies, if any, for each of the Facilities, and no such deficiencies are material.

4.9 Intellectual Property. Except for Intellectual Property constituting Excluded Assets:

(a) Schedule 4.9(a) sets forth a complete and accurate list of all Intellectual Property licensed from third parties (the "Third Party Intellectual Property") other than Off-the-Shelf Software.

(b) Sellers own and will own at the Closing all Seller Intellectual Property free and clear of all Encumbrances other than Pre-Closing Permitted Exceptions or Permitted Exceptions, as applicable. To Sellers' Knowledge, the Seller Intellectual Property includes all of the Intellectual Property necessary in the conduct of the Business as currently conducted.

(c) To Sellers' Knowledge: (i) Sellers hold and will hold at the Closing valid licenses to use all Third Party Intellectual Property as used in the Business as of the date hereof and as of the Closing Date; and (ii) except as set forth on Schedule 4.9(c) and subject to Pre-Closing Permitted Exceptions or Permitted Exceptions, as applicable, Sellers have and will have at the Closing all rights necessary to assign, transfer and convey to the Company and the Company Subsidiaries (as applicable) pursuant to this Agreement all rights of Sellers in and to all Intellectual Property, other than pursuant to Excluded Contracts, free and clear of any Encumbrances other than Pre-Closing Permitted Exceptions or Permitted Exceptions, as applicable.

(d) To Sellers' Knowledge: (i) the conduct of the Business as conducted currently does not or, and at any time in the past did not, infringe, misappropriate or violate any Intellectual Property rights owned or controlled by any third party; and (ii) as of the date hereof and as of the Closing Date, there is no unauthorized use, disclosure, infringement or misappropriation by a third party of any Seller Intellectual Property.

(e) No Seller or Affiliate of Seller has brought any Legal Proceeding for infringement of Seller Intellectual Property or breach of any license or Contract involving Intellectual Property against any third party. No written claim by any third party contesting the validity, enforceability or ownership of any Seller Intellectual Property has been made, is currently outstanding, or, to Sellers' Knowledge, is threatened. To Sellers' Knowledge, no such claim has been made, is currently outstanding, or is threatened against any licensor to the Sellers of Third Party Intellectual Property.

(f) Except as set forth in the Assumed Contracts, no necessary registration, maintenance and renewal fees that are the responsibility of Sellers or their Affiliates in connection with the Intellectual Property pursuant to Assumed Contracts are due and payable as of the date hereof and none will be due and payable as of the Closing Date, except for standard expirations and renewals in the Ordinary Course of Business.

(g) No Seller has entered into any written agreement granting to any Person the right to control the prosecution or registration of any of the Seller Intellectual Property.

(h) Schedule 4.9(h) lists all Seller Intellectual Property that is registered or is the subject of a pending application for registration in any country, state or territory.

4.10 Government Program Participation/Accreditation.

(a) Except as set forth on Schedule 4.10(a), each Facility that participates in a Government Reimbursement Program is: (i) eligible to receive payment without restriction under the Government Reimbursement Programs for services provided to qualified beneficiaries; and (ii) qualified to participate in and has current provider agreements (with one or more provider numbers) with the Government Reimbursement Programs and/or their MACs (or other fiscal intermediaries). All of the provider numbers used by Sellers in connection with the Business are listed on Schedule 4.10(a).

(b) Except as expressly disclosed in writing by Sellers to the Company, each Facility that participates in a Government Reimbursement Program is in compliance in all material respects with the conditions of participation for such Government Reimbursement Program. Except as expressly disclosed in writing by Sellers to the Company, there is not pending, nor, to Sellers' Knowledge, is there threatened, any proceeding or investigation under the Government Reimbursement Programs involving Sellers or the Business, or any Person who as of the date hereof or as of the Closing Date is an officer, director, trustee, Employee or agent of Sellers in connection with such Facilities.

(c) (i) Cost Reports for each of the Facilities that participates in a Government Reimbursement Program were filed when due; (ii) except as expressly disclosed in writing by Sellers to the Company, the Cost Reports are in all material respects complete and correct; (iii) such Cost Reports do not claim, and none of such Facilities has received payment or reimbursement in excess of, the amount provided by Law, other than as may be determined pursuant to a future RAC audit as provided in Section 13.6(b) below; (iv) all amounts shown as due from any of such Facilities in the Cost Reports either were remitted with such Cost Reports or will be remitted when required by applicable Law, and all amounts shown in the

corresponding Notices of Program Reimbursement as due have been or prior to Closing will be paid when required under applicable Law; and (v) except to the extent that liabilities or contractual adjustments with respect to such Facilities under the Government Reimbursement Programs have been properly reflected and adequately reserved in the Financial Statements, Sellers have not received notice of any dispute or claim by any Governmental Entity, fiscal intermediary or other Person regarding the Government Reimbursement Programs or the participation by any of such Facilities in such programs. Complete and correct copies of all such reports for the three (3) most recently completed fiscal years of Sellers have been delivered or made available to the Company.

(d) Except as set forth on Schedule 4.10(d), there are no claims, actions or appeals pending before any Governmental Entity with respect to any Cost Reports or claims filed on behalf of Sellers with respect to any of the Facilities that participates in a Government Reimbursement Program, on or before the date of this Agreement (nor shall there be as of Closing, except as disclosed in writing to the Company), or any disallowances by any Government Entity in connection with any audit of such Cost Reports. Except as set forth on Schedule 4.10(d), no validation review or program integrity review related to the Business or the consummation of the Transactions has been conducted by any Governmental Entity in connection with any Government Reimbursement Programs, and, to Sellers' Knowledge, no such reviews are scheduled, pending or threatened against Sellers with respect to the Business or the consummation of the Transactions.

(e) All billing practices of Sellers (including any employed physician practices) with respect to Government Reimbursement Programs and Private Health Plans have been in compliance in all material respects with all applicable Laws, regulations and policies of such Government Reimbursement Programs and Private Health Plans and, to Sellers' Knowledge, Sellers (including any employed physician practices) have not billed or received any material payment or reimbursement in excess of amounts allowed by Law or such payors, other than as may be determined pursuant to a future RAC audit as provided in Section 13.6(b) below.

(f) Sellers have provided to the Company true and complete copies of the most recent accreditation survey report and deficiency list with respect to each Facility and plan of correction, if any, issued by a Governmental Entity. Except as set forth on Schedule 4.10(f), each Facility is implementing remediation of any such deficiencies.

(g) Neither any Seller nor, to Sellers' Knowledge, any of their Affiliates or any director, trustee, officer or Employee of Sellers or any of their Affiliates or any agent acting on behalf of or for the benefit of any of the foregoing, has, directly or indirectly, in connection with any of the Facilities or the Business, engaged in any activities that are prohibited or are cause for civil monetary penalties, criminal sanctions or other legal sanctions under any Laws.

(h) Neither any Seller nor, to Sellers' Knowledge, any of their Affiliates or any director, trustee, officer or Employee of Sellers or any of their Affiliates, is a party to any Contract (including any joint venture or consulting agreement) related to or affecting the Business with any physician, health care facility, hospital, nursing facility, home health agency or other Person who is in a position to make or influence referrals to or otherwise generate business for the Business, to provide services, lease space, lease equipment or engage in any

other venture or activity, in a manner or to the extent that any of the foregoing is prohibited by Law.

4.11 Regulatory Compliance; Illegal Payments.

(a) Except as expressly disclosed in writing by Sellers to the Company: (i) Sellers are in compliance in all material respects with all applicable Laws of Governmental Entities having jurisdiction over each Facility, the Purchased Assets and the Business; and (ii) since December 31, 2009, each of Sellers has timely filed all material forms, applications, reports, statements, data and other information required to be filed with Governmental Entities with respect to the Business.

(b) To Sellers' Knowledge, except as expressly disclosed in writing by Sellers to the Company: (i) each of the Related Ventures is in compliance, in all material respects, with all applicable Laws of Governmental Entities having jurisdiction over it and its business; and (ii) since December 31, 2009, each of the Related Ventures has timely filed all material forms, applications, reports, statements, data and other information required to be filed with Governmental Entities with respect to its business.

(c) Neither any Seller nor, to Sellers' Knowledge, any officer, director, trustee, manager, personnel or agent of any Seller or any other Person on behalf of any Seller, has made or authorized, directly or indirectly, any payment of funds of, or relating to, any Seller that is prohibited by any Laws, including laws relating to bribes, gratuities, kickbacks, lobbying expenditures, political contributions and contingent fee payments.

4.12 Contracts.

(a) Schedule 4.12(a) lists all of the following Contracts to which any Seller is a party or by which it is bound and that are primarily related to the Business or by which the Purchased Assets or Facilities may be bound or affected (collectively, the "Material Contracts"):

(i) Third party contracts;

(ii) Managed care matrix;

(iii) Outside consulting/labor agreements;

(iv) Equipment lease agreements;

(v) Capital leases; and

(vi) Loan guarantees and agreements.

Notwithstanding the foregoing, the Parties hereby acknowledge and agree that Schedule 4.12(a) has been prepared based on good faith efforts by Sellers in anticipation of execution of this Agreement and, accordingly, the inadvertent omission of a Material Contract from Schedule 4.12(a) shall not constitute or be construed as a breach for purposes of Sections 9.2, 11.1(iv), or 14.2(a) hereof.

(b) Each Assumed Contract is valid and existing as to the applicable Seller, and each Seller has duly performed, in all material respects, its obligations under each Assumed Contract to which it is a party to the extent that such obligations to perform have accrued or the term thereof has not expired. Except as set forth on Schedule 4.12(b), to Sellers' Knowledge, no breach or default, alleged breach or default, or event or condition that would (with the passage of time, notice or both) constitute a breach or default under any Assumed Contract by Sellers or any other party or obligor with respect thereto, has occurred or exists.

(c) Schedule 4.12(c) lists each Assumed Contract with a change of control provision that would be triggered by the Transactions and, as a result thereof, may require notice to or consent by a third party or may cause a third party to have a right of termination (excluding, for these purposes, any Assumed Contract and Material Contract described in Section 4.12(d) or (e) below).

(d) Schedule 4.12(d) lists each Assumed Contract that, by its terms, requires notice to (but not consent of) a third party in order for Sellers to assign such Assumed Contracts and Material Contracts to the Company or a Company Subsidiary in accordance with the terms of this Agreement (excluding, for these purposes, any Assumed Contract described in Section 4.12(e) below).

(e) Schedule 4.12(e) lists each Assumed Contract that, by its terms, requires a third party's consent to assignment in order for Sellers to assign such Assumed Contracts and Material Contracts to the Company or a Company Subsidiary in accordance with the terms of this Agreement, with Material Consents (for purposes of Section 3.3(o) above and Section 13.4 below) denoted with an asterisk. Company shall have a period of three (3) Business Days following the Delivery Date during which to complete the denotation of Material Consents with an asterisk.

(f) Sellers have delivered or made available to the Company true and correct copies of all of the foregoing Assumed Contracts described in the foregoing Sections 4.12(c)-(e). No Seller is a party to any oral arrangement or understanding relating to the Business that if in writing would be described in any such Section.

4.13 Tax Matters. Except as set forth on Schedule 4.13:

(a) Each Seller is an entity organized under U.S. federal or state law, and all of the Facilities and Purchased Assets are located in the United States;

(b) All of the assets and operations of Sellers are located within the State of Rhode Island;

(c) None of the Facilities or Purchased Assets are treated, for U.S. federal income tax purposes, as either stock of a corporation or interests in a partnership, except for the interests of CCHP in the Related Ventures, which are treated as interests in partnerships for U.S. federal income tax purposes. None of the Facilities or Purchased Assets are equity interests in an entity that is treated as disregarded from its owner for U.S. federal income tax purposes;

(d) Except as provided below, each Seller is: (i) exempt from taxation under Subtitle A of the Code by virtue of being described in Section 501(c)(3) of the Code; and (ii) exempt from state and local income taxation under applicable analogous provisions of state and local Tax laws. Notwithstanding the foregoing: (x) SJHE is an entity that is treated as disregarded from its owner for U.S. federal income tax purposes; and (y) PHO, Elmhurst HA, Our Lady and Rosebank are subject to U.S. federal and state income taxation;

(e) To Sellers' Knowledge, all Tax Returns required to be filed by, or on behalf of, any Seller have been filed within the time (including any valid extensions thereof) and in the manner provided by Law, and all such Tax Returns are true, correct and complete in all material respects (provided, for the avoidance of doubt, that any statements in a Tax Return relevant to the continuing eligibility of any Seller, or any Affiliate of any Seller, for exemption from any Tax shall be deemed to be material for purposes of this Section 4.13), and all amounts shown due on such Tax Returns have been paid on a timely basis;

(f) To Sellers' Knowledge, all Taxes for which any Seller may have any liability (whether disputed or not) that have become or are due with respect to the Facilities or Purchased Assets, and any assessments received by any Seller, either have been paid or have been adequately reserved for in accordance with GAAP on the financial statements of Sellers;

(g) To Sellers' Knowledge, there are no liens for any Tax on any of the Facilities or Purchased Assets, and there is no basis for the assertion of any lien for any Tax;

(h) To Sellers' Knowledge: (i) all amounts required to be withheld or collected by any Seller in compliance with the payroll tax and other withholding provisions of all applicable Laws have been so withheld or collected, and all such amounts withheld or collected have been timely, duly and validly remitted to the proper Governmental Entity; and (ii) all Internal Revenue Service Forms W-2, Forms 1099 and other required information returns, as well as any and all analogous state or local information returns, have been timely filed with the proper Governmental Entity, and all required information statements in respect of such information returns have been properly delivered to the appropriate recipients thereof; and

(i) No audit or other examination of any Tax Return is presently in progress, and, during the prior three (3)-year period, no notice of a claim or pending investigation has been received or, to Sellers' Knowledge has been threatened, alleging that: (i) any Seller may not have been fully exempt from any Tax for any period for which Sellers filed any Tax Return claiming such exemption; or (ii) any Seller otherwise has a duty to file any Tax Return or pay any Tax or is otherwise subject to the taxing authority of any jurisdiction in any manner, nor in connection therewith has any Seller received any notice or questionnaire from any Governmental Entity in any jurisdiction which suggests or asserts that such Seller may have a duty to file such Tax Returns or pay such Taxes, or otherwise is subject to the taxing authority of such jurisdiction, and no Seller has executed a waiver of any statute of limitations or other extension of the period for the assessment or collection of any Tax, which waiver or extension remains outstanding.

4.14 Real Property; Condition of Title.

(a) Real Property. Schedule 4.14(a) lists by street address all Owned Real Property owned by any Seller and used in connection with the Business. Neither any Seller nor any of their Affiliates have created any Encumbrance (other than Pre-Closing Permitted Exceptions or Permitted Exceptions, as applicable) that will interfere with the use of the Facilities and the Purchased Assets by the Company or a Company Subsidiary after Closing in a manner consistent with the current use by Sellers and their Affiliates. Any Seller that owns Owned Real Property at Closing will convey good and marketable fee simple title to such parcel of Owned Real Property and, to the extent transferrable, any Seller with a leasehold interest in Leased Real Property will assign a valid and enforceable leasehold interest in such Leased Real Property to the Company or a Company Subsidiary, in each case, free and clear of any Encumbrance, except for Permitted Exceptions.

(b) Owned Real Property. Except as otherwise disclosed in Schedule 4.14(b), with respect to each parcel of Owned Real Property: (i) there are no pending or, to Sellers' Knowledge, threatened condemnation proceedings, suits or administrative actions relating to the Owned Real Property or other matters adversely affecting the current use, occupancy or value thereof; (ii) Sellers have not received a written notice from any Governmental Entity of any violation of any applicable Law issued with respect to any of the Owned Real Property that has not been corrected prior to the date hereof and, to Sellers' Knowledge, no such violation exists that could have a material adverse effect on the operation or value of any of the Owned Real Properties; (iii) other than rights of third parties arising under any Lease or Assumed Contract, there are no Contracts granting to any party or parties the right of use or occupancy of any portion of the parcels of Owned Real Property; (iv) the Facilities have received all approvals of Governmental Entities (including licenses and permits) required in connection with the ownership or operation thereof and, to Sellers' Knowledge, are in compliance, in all material respects, with applicable Laws, ordinances, rules and regulations; (v) other than rights arising under any Lease or Assumed Contract (true and correct copies of which have been delivered or made available to the Company), there are no outstanding options or rights of first refusal to purchase the parcels of Owned Real Property, or any portion thereof or interest therein; (vi) there are no parties (other than Tenants under Leases) in possession of the parcels of Owned Real Property; (vii) neither any Seller nor any of their Affiliates has received written notice of any special assessment that may affect any parcel of Owned Real Property; and (viii) the Owned Real Property is, and until Closing shall be, insured against casualty on a full replacement cost basis by one or more insurance policies maintained by Sellers.

(c) Leases. Schedule 4.14(c) lists all Leases where any Seller is a lessee, sublessee, licensee or occupant (copies of which have previously been delivered or made available to the Company), or a lessor, sublessor or licensor in each case, setting forth (a) the parties thereto and the date and term of each of the Leases, (b) the street address and, if applicable, the suite or office number of the premises under the applicable Lease, (c) a brief description (including size and function) of the premises under the applicable Lease, (d) any requirement of consent of or notice to the lessor, sublessor or licensor to assignment of any Leased Real Property, and (e) any sublessees or sublicensees of any tenants of Sellers. Except as set forth on Schedule 4.14(c): (i) no Seller nor any Affiliate has entered into any Leases with respect to the Real Property or the Business; (ii) each Lease in respect of the Real Property

constitutes a legal, valid and binding obligation of the Seller or its Affiliate that is a party thereto, is in full force and effect, has not been amended and such Seller is not in default or breach thereunder and, to Sellers' Knowledge, the other party thereto is not in default or breach thereof; (iii) to Sellers' Knowledge, no event has occurred that, with the passage of time or the giving of notice or both, would cause a breach of or default under any of such Leases by the Seller that is a party thereto or by the other party to such Lease; and (iv) with respect to each such parcel of Leased Real Property (A) Sellers or their Affiliate have valid leasehold interests in such leased premises, free and clear of any Encumbrances, except for Permitted Encumbrances, and (B) neither any Seller nor any Affiliate have received written notice of (1) any condemnation proceeding with respect to any portion of the Leased Real Property or any access thereto, or (2) any special assessment which may affect any parcel of Leased Real Property. True and complete copies of all such Leases and all amendments, modifications and supplements existing as of the date hereof have been delivered or made available to the Company. The Rent Roll attached as Schedule 4.14(c) hereto is true and correct as of the date hereof. As of the date hereof, all rents and any additional charges due under each Lease (including, without limitation, all fixed rents, base rents, additional rents, percentage rents, common area maintenance charges, utility charges and tax charges) under which a Seller or its Affiliate is a landlord, lessor, sublessor, licensor or sublicensor are being billed to the Tenants under such Lease in accordance with the schedule set forth on Schedule 4.14(c). As of the date hereof, no such Tenant is in arrears in the payment of any such rent for more than one calendar month, except as set forth on Schedule 4.14(c). As of the date hereof, no Tenant is entitled to "free" rent or tenant improvement allowances, except as set forth on Schedule 4.14(c). As of the date hereof, all work required to be performed by the lessor or sublessor under each of the Leases has been completed and paid for, except as set forth on Schedule 4.14(c).

(d) Buildings and Systems. To Sellers' Knowledge, each of the following systems of the Hospital or other Owned Real Property: plumbing, electrical, mechanical or heating, ventilation and air conditioning, sewage, roofing, foundation and floors (collectively, the "Buildings and Systems"); is now, and shall be at Closing, in working order and, except as set forth on Schedule 4.14(d), none of such systems are currently in need of repairs anticipated to cost more than $200,000. Except as set forth on Schedule 4.14(d), there are no written notices of any outstanding requirements, recommendations or requests from any Governmental Entity or Tenant requiring any repairs or work to be done with respect to the improvements or pertaining to the maintenance of the Buildings and Systems.

(e) Utilities. To Sellers' Knowledge, all public utilities, including water, sewer, gas, electricity and telephone, are installed and operating and provide adequate service to the Facilities and the other Owned Real Property to continue operations in the manner in which they are now operating. Except as set forth on Schedule 4.14(e), no Seller has received written notice from any public utility regarding (i) any arrearages, fines or penalties relating to utility services that remain unpaid or unresolved, or (ii) any change (pending, proposed or actual) in utility service or fees therefor with respect to the Facilities and the other Owned Real Property. Parking spaces for visitors are available in parking lots at each Facility, which parking is sufficient to accommodate and service the present usage of the Facilities. To Seller's Knowledge, each Facility and other Owned Real Property is contiguous to publicly dedicated streets, roads, or highways providing legal access to such Owned Real Property or such legal access is provided through valid, appurtenant easements.

4.15 Personal Property. Sellers have delivered or made available to the Company true and complete, in all material respects, list(s) and/or schedule(s) of fixed assets, equipment, supplies and other tangible personal property owned or leased by, in the possession of, or used by Sellers in connection with the Business. Sellers own and hold, and will own and hold on the Closing Date, good title to all tangible personal property assets and, except as to Intellectual Property, valid title to all intangible assets included in the Facilities and Purchased Assets, free and clear of all Encumbrances except Pre-Closing Permitted Exceptions or Permitted Exceptions (as applicable) and rights of owners under leases or licenses of assets leased or licensed to Sellers in the Ordinary Course of Business under Assumed Contracts. To Sellers' Knowledge, the tangible personal property of Sellers is in working order and, except as set forth on Schedule 4.15, none of such property is currently in need of repairs or replacements anticipated to cost more than $200,000.

4.16 Insurance. Sellers have delivered or made available to the Company true and complete, in all material respects, list(s) and/or schedule(s) of all insurance policies or self-insurance funds maintained by Sellers as of the date of this Agreement covering the ownership and operation of the Purchased Assets or any of the Facilities, indicating the types of insurance, policy numbers, terms, identity of insurers and amounts and coverage (including applicable deductibles). To Sellers' Knowledge, Sellers are not in default under any such policies. Except as described on Schedule 4.16, all of such policies are now and will be until the Closing in full force and effect. Except as described on Schedule 4.16, Sellers have received no notice of default under any such policy or notice of any pending or threatened termination or cancellation, coverage limitation or reduction or material premium increase with respect to any such policy. Sellers have delivered or made available to the Company the claims history under each of the insurance policies of Sellers since December 31, 2010. Except as set forth on Schedule 4.16, all of Sellers' insurance policies and coverages are "occurrence-based" and do not require tail policies in order to cover all matters and liabilities occurring prior to the Effective Time.

4.17 Employee Benefit Plans.

(a) Schedule 4.17(a) lists (i) each employee benefit plan within the meaning of Section 3(3) of ERISA (whether or not ERISA applies to such employee benefit plan) other than the Retirement Plan, which shall not be considered a "Seller Plan" for purposes of this Agreement, and (ii) any other employee benefit or executive compensation plan, fund, agreement, program, policy, or arrangement, including any Employment Agreement, retention agreement and bonus program, whether written or unwritten, formal or informal, (A) which is or has been maintained or contributed to within the last 6 years by any Seller or by any other member of any Sellers' Controlled Group for the benefit of any Employee or former employee of any Sellers or their Affiliates at the Facilities or the Purchased Assets or (B) under which any Seller or any other member of any Sellers' Controlled Group has or may have any outstanding present or future obligations to contribute or other liability, whether voluntary, contingent or otherwise (collectively, the "Seller Plans"). With respect to each Seller Plan and the Retirement Plan, (i) all contributions (including all employer contributions and employee salary reduction contributions), distributions, reimbursements and premium payments for all periods ending prior to or as of the Closing Date shall have been made by Sellers or properly accrued, (ii) with respect to any insurance contract providing funding under any Seller Plan, to Sellers' Knowledge, there is no material liability for any retroactive rate adjustment arising from events occurring prior to

the Closing Date, and (iii) to Sellers' Knowledge, there has been no prohibited transaction (as defined in Section 406 of ERISA and 4975 of the Code, or Section 503 of the Code, as applicable) or breach of fiduciary duty (as determined under ERISA or state law, as applicable).

(b) With respect to each Seller Plan and the Retirement Plan, Sellers have delivered to the Company true and complete copies of such Plans and trust documents and any amendments thereto (or if the Seller Plan is not written, a true and reasonably complete description thereof), summary plan descriptions, all insurance contracts or other funding arrangements and the most recent third party administration contracts, all material communications received or sent to any Governmental Entity, the most recent actuarial reports and accountant's opinions of the plan's financial statements, if applicable, the most recent estimate available to Sellers of any potential multiemployer plan withdrawal liability of Sellers and their Controlled Group members, the most recent determination letter received from the IRS to the extent that any Seller Plan or the Retirement Plan is intended to be tax-qualified under Section 401(a) of the Code, and, in the case of any Seller Plan subject to ERISA, the three most recent Form 5500 annual reports, as filed, and all other material documents pursuant to which the Seller Plan is maintained, funded, and administered. Each Seller Plan and the Retirement Plan complies in all material respects with the Code and all applicable Laws, and such Plan has been operated in material compliance with the terms thereof in all respects. Neither any Seller nor any members of Sellers' Controlled Group have improperly excluded any eligible employee from participation in any Seller Plan or the Retirement Plan. The Retirement Plan and each Seller Plan that is intended to be tax-qualified under Section 401(a) of the Code is so qualified and, to Sellers' Knowledge, there are no currently existing circumstances that could reasonably result in revocation of any such qualification. The trusts maintained under each such tax-qualified plan are exempt from taxation under Section 501(a) of the Code. Each Seller Plan that is intended to meet the requirements of Section 403(b) of the Code complies in all material respects with Section 403(b) of the Code and the regulations issued thereunder, and each Seller Plan that is intended to meet the requirements of Section 457(b) of the Code complies in all material respects with Section 457(b) of the Code and the regulations issued thereunder.

(c) The Purchased Assets are not, and to Sellers' Knowledge there is no existing factual basis for the Purchased Assets to become, subject to a lien imposed under the Code or under Title I or Title IV of ERISA or by operation of state law, including liens arising by virtue of any Seller being considered to be aggregated with another trade or business pursuant to Section 414 of the Code or Section 4001(b)(1) of ERISA ("Controlled Group").

(d) Neither any Seller nor any member of Sellers' Controlled Group has at any time sponsored, contributed to, has or had an "obligation to contribute" (as defined in ERISA Section 4212) or has or had any liability, whether voluntary, contingent or otherwise with respect to a "multiemployer plan" (as defined in ERISA Sections 4001(a)(3) or 3(37)(A) or Section 414(f)) of the Code), either as an employer or a joint employer.

(e) Neither any Seller nor any member of Sellers' Controlled Group has at any time sponsored or contributed to or has or had any liability, whether voluntary, contingent or otherwise with respect to a "single employer plan" (as defined in ERISA Section 4001(a)(15), whether or not ERISA would apply to such plan) to which at least two or more of the

"contributing sponsors" (as defined in ERISA Section 4001(a)(13), whether or not ERISA would apply to such plan) are not part of the same Controlled Group.

(f) Except as set forth on Schedule 4.17(f), (i) no Legal Proceeding has been instituted or, to Sellers' Knowledge, threatened against or involving any Seller Plan or the Retirement Plan (other than routine claims for benefits), any trustee or fiduciaries thereof, or Sellers, (ii) there are no actions, audits or claims pending or, to Sellers' Knowledge, threatened against any Seller or any Seller Plan or the Retirement Plan with respect to such Seller's maintenance of the Seller Plans, other than routine claims for benefits, and (iii) no Seller Plan nor the Retirement Plan is under audit by the IRS or any other Government Entity, or, to Sellers' Knowledge, under investigation by the IRS or any other Governmental Entity.

(g) To the extent applicable, the members of Sellers' Controlled Group have complied with all of the continuation coverage requirements of Section 4980B(f) of the Code and Party 6 of Subtitle B of Title I of ERISA and any comparable state laws requiring Sellers or any member of Sellers' Controlled Group to provide group health continuation coverage to employees, former employees and other eligible individuals ("COBRA").

(h) Except as set forth on Schedule 4.17(h), no Seller Plan provides health, dental, life insurance or other welfare benefits (whether on an insured or self-insured basis) to Employees after their retirement or other termination of employment (other than continuation coverage required under COBRA which may be purchased at the sole expense of the Employee).

(i) None of the Seller Plans is a "church plan" within the meaning of Code Section 414(e) (a "Church Plan"). The Retirement Plan is a Church Plan. The Retirement Plan has been a Church Plan since the date on which the Retirement Plan was established, and has continuously maintained such status since that date. The Retirement Plan has at all times been administered by an organization described in Section 414(e)(3)(A) of the Code and Seller has not made, with respect to the Retirement Plan, an election pursuant to Section 410(d) of the Code.

(j) Except as set forth on Schedule 4.17(j), no Seller has within the last six (6) years sponsored or contributed to or has or had any liability, whether voluntary, contingent or otherwise with respect to a defined benefit plan. With respect to any defined benefit plan listed on Schedule 4.17(j), Seller has fully disclosed the current funding status of the plan and properly accounted for its obligations with respect to such plans on its financial statements. Except as set forth on Schedule 4.17(j), neither any Seller nor any member of Sellers' Controlled Group participates in, contributes to, or otherwise has any current or contingent liability or obligation under or with respect to any plan that is or was subject to Title IV of ERISA or Section 412 of the Code. No Seller nor any member of Sellers' Controlled Group has any current or contingent liability or obligation by reason of at any time being treated as a single employer under Section 414 of the Code with any other Person.

(k) Each agreement, contract or other arrangement to which the a Seller is a party that is a "nonqualified deferred compensation plan" subject to Section 409A of the Code has been maintained in all material respects in documentary and operational compliance with Section 409A of the Code and the regulations thereunder and no amounts under any such agreement, contract, or other arrangement is or has been subject to the interest and additional tax

set forth under Section 409A of the Code. No Seller has any actual or potential obligation to reimburse or otherwise "gross-up" any Person for the interest or additional tax set forth under Section 409A of the Code. Each Seller Plan that is intended to constitute an "eligible deferred compensation plan" within the meaning of Section 457(b) of the Code satisfies the requirements of said Code section.

(l) Except as set forth on Schedule 4.17(l), the consummation of the transactions contemplated by this Agreement will not (i) entitle any Employee to severance pay or termination benefits, (ii) accelerate the time of payment or vesting (except to the extent required by Section 411 of the Code), or increase the amount of compensation due to any such Employee, (iii) obligate the Company or any Company Subsidiary to pay or otherwise be liable to any Employee for periods before the Closing Date to the extent such obligation or liability is not contained in the calculation of Final Net Working Capital, (iv) require assets to be set aside or other forms of security to be provided for any liability under a Seller Plan or the Retirement Plan, or (v) result in any "parachute payment" (within the meaning of Section 280G of the Code or any corresponding provision of state or local law).

4.18 Employees and Employee Relations.

(a) Sellers have delivered or made available to the Company on Sellers' Due Diligence Data Site a true and correct list of all Employees (other than residents or fellows) as of August 24, 2013, including the following information, as applicable: (i) position; (ii) job site; (iii) date of hire; (iv) department or administrative unit assigned; (v) current annual salary or hourly wage; (vi) date of last salary or wage increase; (vii) accrued vacation, holidays and/or sick leave; and (viii) the labor union, if any, by which the individual is represented (the "Employee List").

(b) Sellers have delivered to the Company complete and accurate copies of each employment, consulting, enrollment, appointment, training and similar agreement pertaining to the Business to which any Seller is a party. Except as disclosed on Schedule 4.18(b) or Schedule 4.18(c), no Seller is a party to or bound by any Contract, Order or statutory obligation (other than the WARN Act) pertaining to the Business (i) for the employment or provision of services (including as an independent contractor or consultant) by any individual, that is not terminable by such Seller without penalty upon 30 days' notice or less, or (ii) relating to the payment of any severance or termination payment, bonus or death benefit to any Employee, former employee or their estates or designated beneficiaries, except for proceeds under any standard employee benefit insurance policies that may be in effect.

(c) Schedule 4.18(c) identifies the labor or collective bargaining agreements, if any, including all side agreements, memoranda of understanding, arbitration awards construing or modifying the terms of any such agreements, and any other ancillary agreements applicable to the Employees. Prior to the date hereof, Sellers have delivered to the Company a copy of each agreement and/or other document listed on Schedule 4.18(c), if any. Sellers, without violating their statutory obligation to bargain in good faith, shall not negotiate any changes to, or extensions of, said collective bargaining agreements, or present substantive proposals to the applicable labor unions with respect to any such proposed changes or extensions, without first consulting with the Company and securing its prior written consent to same. Except as described

on Schedule 4.18(c), in connection with Sellers' operation of the Business: (i) no labor union or employee association has been certified as the collective bargaining agent for any group of Employees; (ii) there is no current, or to Sellers' Knowledge threatened, union organizing activities or campaign, or labor union demand for recognition or neutrality, with respect to any Employees or that could otherwise affect Sellers; (iii) to Sellers' Knowledge, no petition has been filed or proceeding instituted by or on behalf of any Employee, group of Employees or labor organization with the National Labor Relations Board or any other Governmental Entity exercising lawful jurisdiction over Sellers seeking recognition of a bargaining representative; and (iv) no Employee is represented by a labor union as it pertains to his or her employment by Sellers.

(d) Except as set forth on Schedule 4.18(d), there are no (i) strikes, work stoppages, work slowdowns or lockouts pending or threatened against or involving Sellers, or (ii) unfair labor practice charges or complaints pending or, to Sellers' Knowledge, threatened by or on behalf of any Employee or group of Employees, and Sellers have not experienced any such pending or threatened strikes, work stoppages, work slowdowns, lockouts, unfair labor practice charges or complaints since December 31, 2008.

(e) Except as described on Schedule 4.18(e), each Seller is in compliance in all material respects with all collective bargaining agreements, if any, arbitration awards or other Contracts relating to employment of represented or non-represented Employees, and there are no grievances or arbitrations pending under any such collective bargaining agreements.

(f) Except as set forth on Schedule 4.18(f): (i) each Seller is in compliance in all material respects with all Laws relating to employment, denial of employment or employment opportunity and termination of employment; (ii) no Seller is a party to, or otherwise bound by, any settlement agreement or consent decree with, or citation by, any Governmental Entity relating to Employees or employment practices; (iii) there is no charge of discrimination in employment or employment practices against Sellers, on any basis, including age, gender, race, religion, national origin, disability, marital status, sexual orientation or other legally protected characteristic, or charge of retaliation, which is now pending or, to Sellers' Knowledge, threatened, before the United States Equal Employment Opportunity Commission, or any other Governmental Entity in any jurisdiction in which Sellers have employed or currently employs any Employee or any probable cause determination with respect to any such charge; (iv) no Seller is liable for any payment to any trust or other fund or to any Governmental Entity with respect to unemployment compensation benefits, workers' compensation benefits, social security or other benefits or obligations for Employees (other than routine payments to be made in the normal course of business and consistent with past practice); (v) there is no claim with respect to payment of wages, salary or overtime pay, or unpaid withholding taxes or other sums as required by any appropriate Governmental Entity that is now pending or, to Sellers' Knowledge, threatened, before any Governmental Entity with respect to any current or former Employees; and (vi) there are no controversies pending or, to Sellers' Knowledge, threatened, by or on behalf of any Employees against Sellers, which controversies have or could reasonably be expected to result in a Legal Proceeding before any Governmental Entity, including those related to payment of wages, hours and the payment of withholding of taxes and other sums as required by any appropriate Governmental Entity.

(g) Except as set forth on Schedule 4.18(g), there is no material controversy pending or, to Sellers' Knowledge, threatened between a Seller and any of its current or former officers, directors, trustees or senior managers, in each case, in connection with the Business.

(h) Schedule 4.18(h) identifies all Employees who are working exclusively or substantially in connection with a research program.

(i) To Sellers' Knowledge: (i) no officer or senior manager has any present intention to terminate or materially alter his or her relationship with any Seller, other than as contemplated by this Agreement and the agreements to be entered into pursuant to this Agreement; and (ii) no Employees are in violation of any material term of any employment contract, patent disclosure agreement, enforceable noncompetition agreement or any enforceable non-solicitation or other restrictive covenant, in each case, to a former employer relating to the right of any such Employee to be employed by Sellers.

4.19 Residents and Fellows. Sellers have delivered or made available to the Company on Sellers' Due Diligence Data Site a true and correct list of all medical residents and fellows as of August 24, 2013, including the following information, as applicable: (i) the position; (ii) the date of appointment and enrollment in a sponsored graduate education program associated with Sellers; (iii) current annual stipend or other compensation; (iv) average number of hours participating in graduate medical education and training per week; (v) date of last stipend increase; and (vi) the union, if any, by which the individual is represented (the "Residents and Fellows List").

4.20 Medical Staff; Physician Relations. Sellers have delivered or made available to the Company on Sellers' Due Diligence Data Site complete and correct copies of the Bylaws, Rules and Regulations of the Medical Staff applicable to the Facilities, as in effect as of August 31, 2013. Consistent with applicable state law confidentiality and disclosure requirements applicable to medical staff members, Sellers have expressly informed the Company regarding any pending or, to Sellers' Knowledge, threatened, proceedings with the medical staff members at the Facilities or applicants or allied health professionals, other than routine medical staff credentialing and privileging functions. Sellers have delivered to the Company a true and correct list of all members of the medical staff and allied health professional staff of the Facilities as of August 31, 2013 (collectively, the "Medical Staff List"), including each person's name, title or position, and department.

4.21 Legal Proceedings. Schedule 4.21 contains an accurate list and summary description of all Legal Proceedings currently pending with respect to or affecting the Facilities and the Purchased Assets to which Sellers or any of their Affiliates is a party (including Governmental Entity and third party payor audits and related proceedings), as well as settlements, Orders or conciliation agreements under which Sellers or any of their Affiliates has current or future obligations with respect to the Facilities or Purchased Assets. Except to the extent set forth on Schedule 4.21, there are no Legal Proceedings, compliance reports, notices of violation or information requests pending, or, to Sellers' Knowledge, threatened against (i) any Seller or its Affiliates with respect to the Business, or (ii) any Employee as relates to his or her employment by Sellers.

4.22 Absence of Changes. Except as set forth in Schedule 4.22, between the date of the Audited Balance Sheet and the date hereof, there has not been any transaction or occurrence in which Sellers or any of their Affiliates, in connection with the Purchased Assets, have:

(a) suffered any damage, destruction or loss with respect to or affecting any of the Facilities or Purchased Assets in an amount in excess of $100,000;

(b) written down or written up the value of any Inventory (including write-downs by reason of shrinkage or markdowns), except in the Ordinary Course of Business;

(c) determined as collectible any account receivable or any portion thereof that was previously considered uncollectible, or written off as uncollectible any account receivable or any portion thereof, except for write-downs, write-ups and write-offs in the Ordinary Course of Business;

(d) disposed of, modified or permitted to lapse, any right to the use of any Intellectual Property, except in the Ordinary Course of Business;

(e) made any capital expenditure or commitment for additions to property, plant, equipment, intangible or capital assets or for any other purpose in an amount in excess of $100,000, other than in the Ordinary Course of Business;

(f) acquired any assets, including acquired any business (whether by merger, consolidation, the purchase of a substantial portion of the assets or equity interests of such business or otherwise), in an amount in excess of $100,000, other than in the Ordinary Course of Business;

(g) sold, leased, transferred or otherwise disposed of any of the Facilities or Purchased Assets having a current book value or fair market value in excess of $100,000, other than in the Ordinary Course of Business;

(h) granted or incurred any obligation for any increase in the compensation of any Employee (including any increase pursuant to any bonus, pension, profit-sharing, retirement, or other plan or commitment) or created any Seller Plan, in each case, other than in the Ordinary Course of Business;

(i) incurred, assumed or guaranteed any indebtedness, or made any loans, advances or capital contributions to, or investments in, any other Person, other than in the Ordinary Course of Business;

(j) cancelled, settled, compromised, waived or released any right or claim (or series of related rights and claims) involving more than $100,000, other than in the Ordinary Course of Business;

(k) made any change in any method of accounting or accounting principle, practice or policy, except as required by GAAP;

(l) suspended operation of, or closed any departments (or material service), clinics or health services or educational programs, or otherwise terminated or took action to terminate such operations;

(m) filed for bankruptcy;

(n) taken any other material action except in the Ordinary Course of Business, or specifically provided for in this Agreement; or

(o) agreed, so as to legally bind the Sellers or affect the Facilities or the Purchased Assets, whether in writing or otherwise, to take any of the actions set forth in this Section 4.22 and not otherwise permitted by this Agreement.

4.23 Environmental Matters.

(a) Except as set forth on Schedule 4.23:

(i) Except in compliance with applicable Environmental Laws, or in concentrations that would not be reasonably likely to result in an obligation to report to a Governmental Entity, investigate, remediate, correct or monitor any environmental condition, to Sellers' Knowledge, there are not and have not been during the past six (6) years any Hazardous Materials located in, on, under, at or from any Facility, Owned Real Property or Leased Real Property. Except in material compliance with applicable Environmental Laws, to Sellers' Knowledge, there are no portions of any Facility or Real Property being used, or within the last six (6) years have been used, by Sellers, or that have previously been used by any other Person, for Hazardous Activity in violation of Environmental Laws.

(ii) To Sellers' Knowledge, the Facilities, the Real Property and the Business and the operations of Sellers are in compliance in all material respects with all applicable Environmental Laws and have at all times during Sellers' operations for the past six (6) years been in compliance in all material respects with all applicable Environmental Laws. To Sellers' Knowledge, all Former Real Property had been in compliance in all material respects with applicable Environmental Laws during the ownership, lease or operation thereof by Sellers. To Sellers' Knowledge, there are no conditions existing at any Facility, Real Property or Former Real Property that have resulted in, or that with the giving of notice or the passage of time or both, could reasonably be expected to result in, liability under Environmental Laws. Sellers have not received any written notice of any potential or actual liability under Environmental Laws relating to any Facility, Real Property, Former Real Property or the conduct of the Business or the operations of Sellers or their predecessors-in-interest.

(iii) Sellers have, or have timely applied for, all material Environmental Permits. To Sellers' Knowledge, the Business, Sellers' operations, the Facilities and the Real Property are, and for the past six (6) years have been, in material compliance with the terms and conditions of all such Environmental Permits. To Sellers' Knowledge, no reason exists why the Company and the Company Subsidiaries (as applicable) should not be able to continue the Business and the operations of Sellers following the consummation of the transactions contemplated by this Agreement, consistent with past practice in material compliance with Environmental Laws and such Environmental Permits.

(b) Neither this Agreement nor the consummation of the transaction that is the subject of this Agreement will result in any obligations for any Remediation, or notification to or consent of Governmental Entities or third parties, pursuant to any of the so-called "transaction-triggered" or "responsible property transfer" Environmental Laws.

(c) Sellers have provided to the Company all material environmental reports, assessments, audits, studies, investigations, data and other written environmental information in their custody or possession concerning Sellers, the Facilities, the Real Property and the Former Real Property.

(d) None of the matters disclosed on Schedule 4.23, individually or in the aggregate, is reasonably likely to result in a Material Adverse Development.

4.24 Immigration Act. To Sellers' Knowledge, Sellers are in compliance, in all material respects, with the terms and provisions of the Immigration Act with respect to the operation of the Facilities and the Purchased Assets. No Seller has received any written notice of any actual or potential violation of any provision of the Immigration Act (it being acknowledged that receipt of Social Security Administration "no match letters" does not constitute notice of any actual or potential violation of any Law) and there are no, and, since December 31, 2007, have not been any, citations, investigations, administrative proceedings or formal complaints of violations of the immigration laws imposed, pending or threatened before the U.S. Department of Homeland Security (including the U.S. Citizenship and Immigration Services, U.S. Immigration and Customs Enforcement or U.S. Customs and Border Protection), U.S. Department of Labor or before any other Governmental Entity against or involving any of Sellers.

4.25 WARN Act. Sellers have delivered or made available to the Company a true and correct list of the full name, job title, job site and unit, date of Employment Loss, and type of Employment Loss (termination, layoff or reduction in work hours) of each Employee of Sellers who furnished services at any of the Facilities or the Purchased Assets who has experienced an Employment Loss in the ninety (90) days preceding the date of this Agreement. Except as expressly disclosed in writing by Sellers to the Company, Sellers do not presently intend to take any action that would result in an Employment Loss by any Employee or Person who furnishes services at any of the Facilities or the Purchased Assets between the date of this Agreement and the Closing Date, other than in the Ordinary Course of Business. For purposes of this Section 4.25, "Employee" shall mean any Employee, including officers, managers and supervisors, but excluding Employees who are employed for an average of fewer than 20 hours per week or who have been employed for fewer than 6 of the preceding 12 months, unless Employees working fewer than 20 hours per week or employed fewer than 6 months are protected by a current or then-existing federal, state or local plant closing law.

4.26 Credit Balance Reports. Sellers have delivered or made available to the Company accurate and complete copies of their Medicare and Medicaid quarterly credit balance reports for the past four quarters.

4.27 Inventory. Substantially all of the Inventory existing on the date hereof will exist on the Closing Date, except for Inventory exhausted, replaced or added in the Ordinary Course of Business between the date of this Agreement and the Closing Date. To Sellers' Knowledge,

substantially all of the Inventory on hand on the date of this Agreement and to be on hand on the Closing Date consists and will consist of items of a quality and quantity useable or saleable in the operation of the Business in the Ordinary Course of Business, except to the extent of reserves reflected in the Financial Statements.

4.28 Accounts Receivable and Accounts Payable.

(a) Except as set forth on Schedule 4.28(a), all Accounts Receivable due or recorded in the books and records of account of Sellers, have arisen from bona fide transactions in the Ordinary Course of Business, are valid and existing and are reasonably believed by Sellers to be collectible in an aggregate amount equal to the amount shown for Accounts Receivable on Schedule 4.28(a), except to the extent of the amount of the reserve for doubtful accounts reflected thereon. Except to the extent of any allowance for bad debt or doubtful receivables as reflected on the Interim Balance Sheet, to Sellers' Knowledge, no Accounts Receivable or other debts are or will, at the Closing Date, be subject to any valid counter-claim or set-off.

(b) All Accounts Receivable are currently deposited, either electronically or manually, into the bank accounts listed on Schedule 4.28(b)-1 (the "A/R Bank Accounts"). All of Sellers' other bank accounts are also listed on Schedule 4.28(b)-2 and identified as the "Non-A/R Bank Accounts."

(c) All of the accounts payable of Sellers have arisen in bona fide arm's-length transactions in the Ordinary Course of Business and, as of the date hereof and the Closing Date, and except as set forth on Schedule 4.28(c), each Seller shall have paid its accounts payable in the Ordinary Course of Business.

4.29 Solvency. After exclusion of Liabilities associated with the Retirement Plan due to their uncertainty of amount: (i) Sellers are not now insolvent and will not be rendered insolvent by any of the Transactions; (ii) Sellers have, and immediately after giving effect to the Transactions, will have, assets (both tangible and intangible) with a fair saleable value in excess of the amount required to pay their Liabilities as they come due; and (iii) Sellers have adequate capital for the conduct of their business and discharge of their debts. No Sellers are involved in any proceeding by or against it as a debtor before any Governmental Entity under Title 11 of the United States Bankruptcy Code or any other insolvency or debtors' relief act, whether state, federal or foreign, or for the appointment of a trustee, receiver, liquidator, assignee, sequestrator or other similar official for any part of any Seller's property.

4.30 Brokers or Finders. Except for Cain Brothers & Company, LLC, no person, firm or corporation is entitled to any commission, broker's or finder's fees, or other similar payments from Sellers or their Representatives in connection with the Transactions. As of the Closing Date, Sellers shall have made full payment of all amounts due and owing to Cain Brothers & Company, LLC in connection with the Transactions.

4.31 Acknowledgement Regarding Representations and Warranties. Notwithstanding anything contained in this Agreement to the contrary, Sellers acknowledge and agree that, except as set forth herein, neither Prospect, the Prospect Member, the Company nor any Company

Subsidiary, nor any Affiliate of any of the foregoing, is making any representation or warranty whatsoever.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF COMPANY

As of the date hereof and as of the Closing Date (except to the extent any of the following speaks as of a specific date, such as the date hereof), the Company represents and warrants to Sellers the following:

5.1 Incorporation, Qualification and Capacity. Each of the Company and each Company Subsidiary is a limited liability company duly formed and validly existing in good standing under the Laws of the State of Rhode Island. As of the date hereof and until immediately prior to the Effective Time, Prospect is and shall remain the sole member of the Company. As of the date hereof and as of the Effective Time, the Company is and shall remain the sole member of each Company Subsidiary. Each of the Company and each Company Subsidiary is duly authorized, qualified to do business and in good standing under all applicable Laws of any Governmental Entity having jurisdiction over the business of the Company or such Company Subsidiary (as applicable) and has the lawful power to own, lease and operate its properties and conduct its business in the place and manner now conducted. The execution and delivery by the Company and the Company Subsidiaries of this Agreement and the documents described herein, the performance by the Company and the Company Subsidiaries of their obligations under this Agreement and the documents described herein, and the consummation by the Company and the Company Subsidiaries of the Transactions and the documents described herein have been duly and validly authorized and approved by all necessary action, including, to the extent required, any applicable board and member approvals, on the part of the Company and none of such actions have been modified or rescinded and all of such actions remain in full force and effect.

5.2 Powers; Consents; Absence of Conflicts With Other Agreements. The execution, delivery and performance of this Agreement and the documents described herein by the Company and the Company Subsidiaries, and the consummation by the Company and the Company Subsidiaries of the Transactions and documents described herein, as applicable:

(a) are not in contravention or violation of any of the material terms of the articles of organization, operating agreement or other organizational documents of the Company or any Company Subsidiary;

(b) do not require any Approval or Permit of or filing or registration with or other action by, any Governmental Entity to be made or sought by the Company or any Company Subsidiary, except (i) the Healthcare Regulatory Consents set forth in Schedule 5.2(b) and (ii) as otherwise set forth on Schedule 5.2(b); and

(c) assuming the Approvals and Permits set forth on Schedule 5.2(b) are obtained, will not conflict in any material respect with or result in any violation of or default under (i) any contract by which the Company or any Company Subsidiary is bound or (ii) any

Law applicable to or (iii) any Order by which the Company or any Company Subsidiary or their respective businesses are bound.

5.3 Binding Effect. Subject to the receipt of the Approvals set forth in Section 5.2 and on Schedule 5.2(b), this Agreement and all other Ancillary Agreements to which the Company and any Company Subsidiaries will become a party hereunder have been duly and validly executed and delivered by the Company and such Company Subsidiaries, and, assuming the due authorization, execution and delivery of this Agreement and each respective Ancillary Agreement by Sellers and Prospect, are and will constitute the valid and legally binding obligations of the Company and such Company Subsidiaries and are and will be enforceable against the Company and such Company Subsidiaries in accordance with the respective terms hereof and thereof, except as enforceability against the Company or such Company Subsidiaries may be restricted, limited or delayed by applicable bankruptcy, moratorium or other Laws affecting creditors' rights and remedies generally and except as enforceability may be subject to general principles of equity.

5.4 Litigation. There is no Legal Proceeding pending or, to the knowledge of the Company, threatened against or affecting the Company or any Company Subsidiary, that has or would reasonably be expected to have a material adverse effect on the ability of the Company or any Company Subsidiary to timely consummate the Transactions. Notwithstanding the foregoing, each of Sellers and Prospect acknowledge and agree that, for all purposes of this Agreement, the Company makes no representation or warranty regarding the ability of the Company or the Company Subsidiaries to consummate the Transactions consistent with the Antitrust Laws.

5.5 Solvency. Each of the Company and each Company Subsidiary is not now insolvent and will not be rendered insolvent by any of the Transactions.

5.6 Brokers or Finders. Neither the Company, any Company Subsidiary, nor any of their respective Representatives have incurred any obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payment in connection with the Transactions.

5.7 Acknowledgement Regarding Representations and Warranties. Notwithstanding anything contained in this Agreement to the contrary, the Company and the Company Subsidiaries acknowledge and agree that, except as set forth herein, neither any Seller nor Prospect nor Affiliates of the foregoing are making any representations or warranties whatsoever.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES OF PROSPECT

As of the date hereof and as of the Closing Date (except to the extent any of the following speaks as of a specific date, such as the date hereof), Prospect represents and warrants to Sellers and the Company the following:

6.1 Incorporation, Qualification and Capacity. Each of Prospect and the Prospect Member is duly incorporated and validly existing in good standing under the Laws of the State of

Delaware. Each of Prospect and the Prospect Member is duly authorized, qualified to do business and in good standing under all applicable Laws of any Governmental Entity having jurisdiction over its business and has the lawful power to own, lease and operate its properties and conduct its business in the place and manner now conducted. The execution and delivery by Prospect and the Prospect Member of this Agreement and the documents described herein, the performance by Prospect and the Prospect Member of their obligations under this Agreement and the documents described herein, and the consummation by Prospect and the Prospect Member of the Transactions and the documents described herein have been duly and validly authorized and approved by all necessary action, including, to the extent required, any applicable board and member approvals, on the part of Prospect and the Prospect Member and none of such actions have been modified or rescinded and all of such actions remain in full force and effect.

6.2 Powers; Consents; Absence of Conflicts With Other Agreements. The execution, delivery and performance of this Agreement and the documents described herein by Prospect and the Prospect Member, and the consummation by Prospect and the Prospect Member of the Transactions and documents described herein, as applicable:

(a) are not in contravention or violation of any of the material terms of the Certificate of Incorporation, bylaws or other organizational documents of Prospect or the Prospect Member;

(b) do not require any Approval or Permit of or filing or registration with or other action by, any Governmental Entity to be made or sought by Prospect or the Prospect Member, except (i) the Healthcare Regulatory Consents set forth in Schedule 6.2(b) and (ii) as otherwise set forth on Schedule 6.2(b); and

(c) assuming the Approvals and Permits set forth on Schedule 6.2(b) are obtained, will not conflict in any material respect with or result in any violation of or default under (i) any contract by which Prospect or the Prospect Member is bound or (ii) any Law applicable to or (iii) any Order by which Prospect or the Prospect Member or their respective businesses are bound.

6.3 Binding Effect. Subject to the receipt of the Approvals set forth in Section 6.2 and on Schedule 6.2(b), this Agreement and all other Ancillary Agreements to which Prospect and/or the Prospect Member will become a party hereunder have been duly and validly executed and delivered by Prospect or the Prospect Member (as applicable), and, assuming the due authorization, execution and delivery of this Agreement and each respective Ancillary Agreement by the Company and Sellers, are and will constitute the valid and legally binding obligations of Prospect and/or the Prospect Member (as applicable) and are and will be enforceable against Prospect and/or the Prospect Member (as applicable) in accordance with the respective terms hereof and thereof, except as enforceability against Prospect or the Prospect Member may be restricted, limited or delayed by applicable bankruptcy, moratorium or other Laws affecting creditors' rights and remedies generally and except as enforceability may be subject to general principles of equity.

6.4 Litigation. There is no Legal Proceeding pending or, to the knowledge of Prospect, threatened against or affecting Prospect or the Prospect Member, that has or would

reasonably be expected to have a material adverse effect on the ability of Prospect and/or the Prospect Member to timely consummate the Transactions. Notwithstanding the foregoing, each of Sellers and the Company acknowledge and agree that, for all purposes of this Agreement, Prospect makes no representation or warranty regarding the ability of Prospect or the Prospect Member to consummate the Transactions consistent with the Antitrust Laws.

6.5 Solvency. Each of Prospect and the Prospect Member is not now insolvent and will not be rendered insolvent by any of the Transactions. Each of Prospect and the Prospect Member has, and immediately after giving effect to the Transactions, will have, assets (both tangible and intangible) with a fair saleable value in excess of the amount required to pay its Liabilities as they come due. Each of Prospect and the Prospect Member has adequate capital for the conduct of its business and discharge of its debts. Neither Prospect, the Prospect Member, nor any Affiliate of either of the foregoing is involved in any proceeding by or against it as a debtor before any Governmental Entity under Title 11 of the United States Bankruptcy Code or any other insolvency or debtors' relief act, whether state, federal or foreign, or for the appointment of a trustee, receiver, liquidator, assignee, sequestrator or other similar official for any part of any its property.

6.6 Brokers or Finders. Neither Prospect, the Prospect Member, nor any of their respective Representatives have incurred any obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payment in connection with the Transactions.

6.7 Acknowledgement Regarding Representations and Warranties. Notwithstanding anything contained in this Agreement to the contrary, Prospect and the Prospect Member acknowledge and agree that, except as set forth herein, neither any Seller nor the Company nor any Affiliates of the foregoing are making any representations or warranties whatsoever.

ARTICLE VII
PRE-CLOSING COVENANTS

7.1 Access to Information.

(a) Between the date of this Agreement and the Closing Date, to the extent permitted by Law, Sellers shall afford to Prospect, the Company and their Representatives (i) access, during normal business hours, to and the right to inspect, the plants, properties (including the Real Property), books and records, litigation materials and other documents and information relating to the Facilities, Purchased Assets and Assumed Liabilities, and (ii) access, during normal business hours, to Sellers' employees and medical staff members, and shall furnish Prospect, the Company and their Representatives with such additional financial and operating data and other information of Sellers in Sellers' possession, custody or control relating to the Facilities, Purchased Assets and Assumed Liabilities as Prospect, the Company or their Representatives may from time to time reasonably request.

(b) Sellers shall provide Prospect, the Company and their Representatives access to the Owned Real Property and, subject to consent of the landlord if applicable, the Leased Real Property to conduct any environmental, health or safety inspections or

investigations, which may include sampling or testing of soils, surface water, groundwater, ambient air or improvements at, on or under the Real Property or sampling of the Facilities. The Company agrees that, after performing any inspections or investigations, the Company shall restore the Real Property to its original condition (or as close as reasonably possible to such condition) and repair any damage to same caused by the performance of such inspections or investigations.

(c) The Company agrees that the Company's right of access and investigation under this Section 7.1 will be exercised in such a manner as to not unreasonably interfere with the operation of Sellers' Business.

7.2 Operations. From the date hereof until the Closing Date, except as set forth in Schedule 7.2 or otherwise agreed to in writing by the Parties, each Seller shall, with respect to the Business (unless prior written consent of the Company is received):

(a) carry on the Business in substantially the same manner as it has heretofore and not make any material change in personnel, operations, finance or accounting policies (unless required under GAAP) of the Facilities or the Purchased Assets;

(b) maintain the Facilities and the Purchased Assets and all parts thereof in working order and in condition as at present, ordinary wear and tear excepted, and make all normal, planned and budgeted capital expenditures related to the Purchased Assets and/or the Facilities, provided, that Sellers shall obtain the Company's prior input regarding individual capital expenditures or additions to property, plant and equipment (or a series of related expenditures or additions) that exceed $350,000;

(c) continue to perform its obligations under Assumed Contracts and, as to new Contracts proposed to be entered into prior to the Closing Date:

(i) In connection with any new Contracts (other than Physician Agreements, as described in (ii) below) anticipated to exceed $100,000 per year or $250,000 over the entire term of the arrangement, Sellers shall implement a centralized authorization process requiring senior executive approval and signature for such Contracts, and shall enter into any such Contracts only after seeking the Company's input on the same; and

(ii) In connection with any new Physician Agreements involving future payments, performance of services or delivery of goods in an amount or value in excess of One Million Dollars ($1,000,000) in the aggregate over the entire term of the agreement, Sellers shall enter into any such Physician Agreements only after obtaining the Company's prior written consent to the same; any such new Physician Agreements consented to by the Company, along with any other Physician Agreements in amounts below the foregoing threshold that are entered into by Sellers in the Ordinary Course of Business prior to the Closing Date, shall be deemed to be Assumed Physician Agreements and shall automatically be added to Schedule 2.1(f)(2), unless and except rejected by the Company pursuant to the standards for Rejected Physician Agreements set forth in Section 2.1(f) above;

(d) keep in full force and effect present insurance policies on the Facilities and the Purchased Assets (unless a policy is canceled or terminated in the Ordinary Course of

Business and concurrently replaced with a policy or arrangement with substantially similar coverage, with no gap in coverage);

(e) (i) maintain and preserve the business organization with respect to the Facilities and Purchased Assets intact; (ii) use commercially reasonable efforts to retain present Employees at the Facilities and maintain its relationships with physicians and medical staff, suppliers, customers and others having business relations with the Facilities and Purchased Assets; and (iii) refrain from inducing any Employees (other than Employees who do not receive offers of employment from the Company prior to Closing) to leave employment at the Facilities in order to be employed elsewhere by any Seller or its Affiliates;

(f) permit and allow reasonable access by the Company (which shall include the right to send written materials, all of which shall be subject to Sellers' reasonable approval prior to delivery) to make offers of post-Closing employment to any of Sellers' personnel (including access by the Company for the purpose of conducting open enrollment sessions for the Company's employee benefit plans and programs) and to establish relationships with physicians, medical staff and others having business relations with Sellers;

(g) with respect to deficiencies, if any, cited by any Governmental Entity or accreditation body in the most recent surveys conducted by each, cure or develop and timely implement a plan of correction that is acceptable to any Governmental Entity or such accreditation body;

(h) timely file or cause to be filed all reports, notices and Tax Returns relating to the Facilities and the Purchased Assets required to be filed with any Governmental Entity, pay all required Taxes as they come due, and take any other actions required to maintain tax-exempt status for each Seller that has historically held such status;

(i) comply in all material respects with all Laws (including Environmental Laws) applicable to the conduct of the Business;

(j) maintain all Approvals, Permits and Environmental Permits relating to the Facilities, Purchased Assets and Assumed Liabilities in good standing;

(k) notify the Company within two (2) Business Days immediately following any material or adverse change to the condition of the Facilities or Purchased Assets, or to the business or operations thereof, including any Material Adverse Development or any circumstance or events that are reasonably likely to lead to a Material Adverse Development;

(l) use commercially reasonable efforts to obtain the Tenant Estoppels and Landlord Estoppels in accordance with the terms of Section 3.3(c) and Section 3.3(d);

(m) afford Prospect, the Company and their Affiliates an opportunity to provide input with respect to other significant or material matters pertaining to the Business, including monitoring and implementation of any operations improvement plans and the development and implementation of physician engagement strategies; and

(n) if, prior to Closing, Sellers sell all or any part of their interests in Roger Williams Radiation Therapy, LLC, Sellers shall use commercially reasonable efforts to reinvest all or a portion of the proceeds of such sale in UMG or some other project or entity as may be mutually agreed by the Parties; in that event, all of Sellers' equity, membership or other ownership interests in UMG or such other project or entity shall be included in the Purchased Assets hereunder; provided, however:

(i) if Sellers' acquisition of the replacement interest entails the assumption of any liabilities, any such liabilities shall be assumed by the Company pursuant to Section 2.3(g) above, and such liabilities shall not be included or reflected in the calculation of Final Net Working Capital pursuant to Annex B hereto; and

(ii) any portion of the sale proceeds not so reinvested (*i.e.*, the JV Proceed Deficiency) shall be included as a Purchased Asset hereunder and shall be transferred to the Company as provided in Section 2.1(z) above, and such proceeds shall not be included or reflected in the calculation of Final Net Working Capital pursuant to Annex B hereto.

7.3 Negative Covenants. From the date hereof to the Closing Date, except as set forth in Schedule 7.3, or as required by Law, no Seller will, with respect to the Business (without the prior written consent of the Company):

(a) enter into any Contract, or incur or agree to incur any Liability, outside the Ordinary Course of Business; provided, however, that, notwithstanding the foregoing, the Parties acknowledge and agree that, after the date hereof and prior to the Closing Date, Sellers shall negotiate amended collective bargaining agreements with each union representing any Transferred Employee, with the expectation that each such collective bargaining agreement shall be assumed by the Company as of the Closing Date pursuant to Section 8.4 hereof; any such amended collective bargaining agreement shall be subject to the prior written consent of the Company, with such consent not to be unreasonably withheld;

(b) enter into any capital lease;

(c) notify any payor to send payments to, or cause any Accounts Receivable to be deposited in, any account other than the A/R Bank Accounts, or sell or factor any Accounts Receivable;

(d) increase compensation payable or to become payable or make a bonus payment to or otherwise enter into one or more bonus or severance Contracts with any Employee or agent or under any personal services Contract, except in the Ordinary Course of Business in accordance with existing personnel policies and practices;

(e) sell, assign or otherwise transfer or dispose of any, or waive or settle any material claims regarding, the Facilities or Purchased Assets outside the Ordinary Course of Business;

(f) pay or agree to pay any increased benefits under any Seller Plan, or amend or otherwise modify any Seller Plan, or create any new Seller Plan, except for amendments required to comply with this Agreement or applicable Law;

(g) (i) amend, modify or terminate any Assumed Contract, except in conformity with this Agreement and in a commercially reasonable manner in the Ordinary Course of Business; (ii) by action or inaction, abandon, terminate, cancel, forfeit, waive or release any material rights of any Seller, in whole or in part, with respect to the Facilities or Purchased Assets; (iii) effect any corporate merger, business combination, reorganization or similar transaction or take any other action, corporate or otherwise, that could reasonably be expected to affect adversely Sellers' ability to perform in accordance with this Agreement; (iv) cancel or permit the cancellation or lapse of insurance coverage on the Purchased Assets or the Facilities; or (v) settle any dispute or threatened dispute with any Governmental Entity regarding the Facilities or Purchased Assets other than in the Ordinary Course of Business;

(h) except for the Pre-Closing Permitted Exceptions or Permitted Exceptions, create, assume or permit to exist any new Encumbrance upon any of the Purchased Assets other than in the Ordinary Course of Business;

(i) amend or terminate or otherwise modify any employment Contract or enter into any new employment Contract with any Person, except in the Ordinary Course of Business;

(j) make or change any material Tax election, change any method of accounting (unless required by GAAP), or settle any material claim or dispute with any Governmental Entity in respect of any Tax;

(k) take or omit to take any action that could result in any Seller who was historically exempt from any Tax, ceasing to be exempt from such Tax;

(l) amend or agree to amend the articles or certificate of incorporation, bylaws or other governing documents of any Seller or otherwise take any action relating to any liquidation or dissolution of any Seller, except as expressly contemplated by this Agreement;

(m) remove any material personal property or fixtures located at the Real Property, except as may be required for repair, retirement and/or replacement in the Ordinary Course of Business (provided that any replacements shall be free and clear of any and all Encumbrances (except for Encumbrances to be satisfied by Sellers at Closing), of quality at least equal to the replaced items, and shall be deemed included in this sale, without cost or expense to the Company); or

(n) request or consent to any zoning changes.

7.4 Notification of Certain Matters. At any time from the date of this Agreement to the Closing Date:

(a) Sellers shall give written notice to Prospect and the Company as promptly as reasonably feasible of: (i) the occurrence, or failure to occur, of any event that has caused any representation or warranty of Sellers contained in this Agreement to be untrue; (ii) any matter hereafter arising or discovered that, if existing or known at the date of this Agreement, would have been required to be set forth or described in a schedule to this Agreement; and (iii) any

failure of any Seller to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it under this Agreement.

(b) Sellers shall promptly notify Prospect and the Company of: (i) any written notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the Transactions (disregarding, for such purposes, communications with parties to those Assumed Contracts described on Schedule 4.12(e) so long as the subject matter of such communications pertains solely to the delivery of such consent and only if there is not any dispute with such party with respect thereto); (ii) any written notice or other communication from any Governmental Entity in connection with the Transactions or that is (or may reasonably be regarded at the time of notice as) material to or materially adverse to the business, condition or operations of Sellers, the Facilities or the Purchased Assets; and (iii) any Legal Proceedings commenced or, to Sellers' Knowledge, threatened, against or relating to or involving or otherwise affecting any Seller or the Facilities or Purchased Assets or that relate to the consummation of the Transactions, and any significant developments relating to any Legal Proceedings hereby disclosed.

(c) Sellers shall notify Prospect and the Company as soon as possible in the event of any substantial unforeseen Employment Losses. Such notices shall provide a reasonably detailed description of the relevant circumstances.

(d) The Company and Prospect shall give notice to Sellers as promptly as reasonably feasible of: (i) the occurrence, or failure to occur, of any event that has caused any representation or warranty of the Company or Prospect contained in this Agreement to be untrue; (ii) any matter hereafter arising or discovered that, if existing or known at the date of this Agreement, would have been required to be set forth or described in a schedule to this Agreement; and (iii) any failure of Prospect, the Prospect Member, the Company or any Company Subsidiary to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it under this Agreement.

(e) The Company and Prospect shall promptly notify Sellers of: (i) 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 (disregarding, for such purposes, communications with parties to those Assumed Contracts described on Schedule 4.12(e)); (ii) any notice or other communication from any Governmental Entity in connection with the Transactions or that is (or may reasonably be regarded at the time of notice as) material to or materially adverse to the business, condition or operations of Prospect, the Prospect Member, the Company or any Company Subsidiary; and (iii) any Legal Proceedings commenced or, to the Company's or Prospect's knowledge, threatened against, or relating to the consummation of the Transactions, and any significant developments relating to any Legal Proceedings hereby disclosed.

(f) All notices provided pursuant to this Section 7.4 shall include a reasonably detailed description of the relevant circumstances.

7.5 Approvals.

(a) Responsibility for Approvals Generally. The Company shall be responsible for obtaining, and shall use commercially reasonable efforts to obtain, as promptly as practicable, all Approvals, Permits and Environmental Permits of any Governmental Entities required of the Company and the Company Subsidiaries to consummate the Transactions and to operate the Facilities and Purchased Assets following Closing in substantially the same manner as currently operated by Sellers. Sellers shall be responsible for obtaining, and shall use commercially reasonable efforts to obtain, as promptly as practicable, all Approvals of Governmental Entities and all Church Approvals required of Sellers to consummate the Transactions. The Company, on the one hand, and Sellers, on the other hand, shall (i) cooperate with one another in their respective efforts to obtain all Approvals, Permits and Environmental Permits of any Governmental Entities and all Church Approvals required to consummate the Transactions and to permit the Company and/or the Company Subsidiaries (as applicable) to operate the Facilities and Purchased Assets following Closing in substantially the same manner as currently operated by Sellers, and (ii) provide such other information and communications to any Governmental Entity and Church officials as may be reasonably requested in connection with such Approvals.

(b) Rhode Island Hospital Conversions Act. The Parties shall, within fifteen (15) Business Days after the Delivery Date, submit the HCA Initial Application to the DAG and the DOH. The Parties shall cooperate in the preparation and prosecution thereof. Each of the Parties shall timely submit all information and documents requested in connection therewith by the DAG, the DOH or any other Governmental Entity; provided, however, that each Party shall provide each other Party an opportunity in advance of the submission to review such submission.

(c) Medicare/Medicaid Change of Ownership. The Parties shall cooperate and take all commercially reasonable actions to cause the Provider Agreements to be transferred to the Company or the Company Subsidiaries (as applicable) as of the Closing, including by submitting to each of CMS and the Rhode Island Medicaid program on a timely basis (but in no event prior to the Delivery Date) the applicable enrollment form with respect to the Medicare change of ownership.

(d) Rhode Island Health Care Facility Licensing Act. The Parties shall, within fifteen (15) Business Days after the Delivery Date, submit the HCFLA Change in Effective Control Application to the DOH. The Parties shall cooperate in the preparation and prosecution thereof. Each of the Parties shall timely submit all information and documents requested in connection therewith by the DOH and any other Governmental Entity.

(e) Church Approvals. Sellers shall promptly apply for and use commercially reasonable efforts to obtain those ecclesiastical approvals required from officials within the Roman Catholic Church (the "Church") in order to consummate the Transactions, including the authorization of the Bishop of the Roman Catholic Diocese of Providence, Rhode Island, and the permission of the Holy See through the Vatican Congregation of Bishops (the "Church Approvals"). The Parties shall cooperate in the preparation and prosecution of such application(s). Each of the Parties shall timely submit all information and documents requested in connection therewith by Church officials.

(f) Third Party Consents. Sellers shall promptly apply for and use commercially reasonable efforts to obtain before Closing all consents (and make all notifications) required to assign the Assumed Contracts to the Company or the Company Subsidiaries (as applicable) at Closing, as described on Schedule 4.12(e), including but not limited to the Material Consents. The Company and Prospect shall cooperate in and use commercially reasonable efforts to facilitate the process of obtaining such third party consents.

(g) Notification and Cooperation. Subject to applicable confidentiality restrictions or restrictions required by applicable Law, the Company, Prospect and Sellers shall each notify the other promptly upon receipt of: (i) any comments or questions from any official of any Governmental Entity in connection with any filings made pursuant to this Section 7.5 or otherwise in connection with the Transactions, and (ii) any requests by any officials of any Governmental Entity for amendments or supplements to any filings made pursuant to any applicable Laws, rules and regulations of any Governmental Entity or answers to any questions, or the production of any documents, relating to an investigation of the Transactions by any Governmental Entity. Without limiting the generality of the foregoing, each Party shall promptly provide to the other Party (or its respective advisers) copies of all correspondence between such Party and any Governmental Entity relating to the Transactions. In addition, to the extent reasonably practicable, the Parties shall use commercially reasonable efforts to cause all scheduled discussions, telephone calls and meetings with a Governmental Entity regarding the Transactions to include representatives of the Company, Prospect and Sellers; notwithstanding the foregoing, in the event of discussions, calls and/or meetings that do not involve representatives of the Company, Prospect and Sellers, the participating Party(ies) shall promptly inform the non-participating Party(ies) of the existence and substance of such communications (unless otherwise directed by the pertinent Governmental Entity or required by Law). Subject to applicable Law, the Parties will consult and cooperate with each other in connection with any analyses, appearances, presentations, memoranda, briefs, arguments and proposals made or submitted to any Governmental Entity regarding the Transactions by or on behalf of any Party; provided, that, unless required by applicable Law, the Parties shall not make any such submissions prior to the Delivery Date.

7.6 Additional Financial Information. From the date hereof until the Closing Date, Sellers will deliver to the Company and Prospect:

(a) within fifteen (15) days after the end of each calendar month, copies of the unaudited balance sheets and the related unaudited statements of income and cash flows of Sellers for each month then ended and for the fiscal year-to-date then ended, in each case to be prepared in accordance with GAAP, except that footnotes may be omitted;

(b) within forty-five (45) days after the end of each fiscal quarter, copies of the unaudited balance sheet and the related unaudited statements of income and cash flows of Sellers for the fiscal quarter then ended and for the fiscal year-to-date then ended, in each case to be prepared in accordance with GAAP, except that footnotes may be omitted;

(c) within sixty (60) days after the end of each fiscal year, copies of the unaudited balance sheet and the related unaudited statements of income and cash flows of Sellers for the fiscal year then ended, in each case to be prepared in accordance with GAAP;

(d) within ten (10) days after completion of the independent audit for each fiscal year, copies of the audited balance sheet and the related audited statements of income and cash flows of Sellers for the fiscal year then ended, in each case to be prepared in accordance with GAAP; and

(e) promptly after prepared, copies of routine supporting schedules for the financial statements and other operating statistics or other supporting documentation routinely provided to Sellers' senior management and/or board of directors.

7.7 Certain Litigation. Sellers shall give the Company and Prospect the option (which does not entail the obligation) to participate, at the Company's and Prospect's sole cost and expense, in the defense or settlement of any third party litigation against Sellers relating to the Transactions. Sellers shall not agree to any compromise or settlement of such litigation without the Company's and Prospect's consent, not to be unreasonably withheld, conditioned or delayed.

7.8 Tail Insurance. To the extent that Sellers are currently subject to claims-made rather than occurrence-based insurance coverage, Sellers shall, at their sole cost and expense, obtain "tail" insurance to insure against professional and other liabilities of the Facilities (including, without limitation, malpractice insurance) relating to the period prior to the Effective Time, with such tail insurance coverage to become effective as of the Effective Time. The insurance shall be for an unlimited tail period (unless the insurance carrier specifies a maximum tail period, in which case the insurance shall be for such maximum period), shall have coverage levels equal to the current policies insuring Sellers, and shall name the Company and the Company Subsidiaries (as applicable) as additional named insureds.

7.9 No-Shop. Sellers agree that they shall not, and shall direct and use commercially reasonable efforts to cause their respective Representatives (including any investment banker, attorney or accountant retained by them) not to: (a) offer for sale, lease or other disposition any of the Facilities, all or any significant portion of the Purchased Assets or any ownership interest in any entity owning any of the Facilities or any of the Purchased Assets; (b) solicit offers to buy any of the Facilities, all or any significant portion of the Purchased Assets or any ownership interest in any entity owning any of the Facilities or the Purchased Assets; (c) initiate, encourage or provide any documents or information to any third party in connection with, discuss or negotiate with any Person regarding any inquiries, proposals or offers relating to any disposition of any of the Facilities or all or any significant portion of the Purchased Assets or a merger or consolidation of any entity owning any of the Facilities or any of the Purchased Assets; or (d) enter into any agreement or discussions with any party (other than the Company and Prospect) with respect to the sale, lease, assignment or other disposition of any of the Facilities or all or any significant portion of the Purchased Assets or any ownership interest in any entity owning any of the Facilities or any of the Purchased Assets or with respect to a merger or consolidation of any entity owning any of the Facilities or any of the Purchased Assets. Sellers will promptly communicate to the Company the substance of any inquiry or proposal concerning any such transaction.

7.10 Contract Compliance. Sellers shall, upon notice from the Company that any Contract to which any Seller is a party is not in compliance with Law, take commercially

reasonable efforts to promptly modify such Contract so that it is in compliance with Law prior to the Closing.

7.11 Amendments and Updates to Disclosure Schedules.

(a) Notwithstanding any other provision of this Agreement, during the twenty-one (21) day period immediately following the date of this Agreement, a Party may amend any of the Applicable Disclosure Schedules provided by such Party pursuant to this Agreement for the purpose of ensuring the accuracy and completeness thereof as of the date of this Agreement and, if such amendments are acceptable to the other Parties, the pertinent Applicable Disclosure Schedules as amended shall be deemed final as though attached hereto as of the date of this Agreement. In the event that a proposed amended schedule is not acceptable to the Parties, the Party proposing such amended Applicable Disclosure Schedule shall be entitled to terminate this Agreement pursuant to Section 11.1(ii) below.

(b) From time to time prior to the Closing, the Parties shall update with reasonable frequency (and as promptly as reasonably feasible upon the occurrence of any event or circumstance that would have required a party to notify such other Party under Section 7.4 hereof) the information contained in the disclosure schedules with respect to any material events, circumstances, conditions or matters arising after the date of this Agreement, which, if existing or occurring at the date of this Agreement, would have been required to be set forth or described in any disclosure schedule; provided, however, that no such update shall be deemed to modify the disclosure schedules for the purpose of: (i) certifying to the accuracy of any representation or warranty made by Sellers in this Agreement in the Officer's Certificates delivered pursuant to Sections 9.3 and 10.3 hereof, (ii) determining whether any of the conditions set forth in ARTICLE IX and ARTICLE X have been satisfied, and (iii) indemnification in ARTICLE XIV.

7.12 Communications With Medical Staffs. From the date hereof through the Closing Date, the Parties shall work collaboratively to ensure that the physician members of the medical staffs at both Hospitals maintain an active presence at the Business, are kept informed, are given opportunities for input as to critical needs of the medical staff, and are encouraged to maintain their medical practices within the community.

ARTICLE VIII
EMPLOYEES, RESIDENTS/FELLOWS AND EMPLOYEE BENEFITS

8.1 Offers of Employment. Not later than thirty (30) days prior to the Closing, Sellers shall deliver to the Company an updated Employee List and an updated Residents and Fellows List.

(a) Employees. At least ten (10) days prior to the Closing, the Company shall make a written offer of employment (subject to the Closing) to substantially all of the Employees listed on the updated Employee List who continue to be Employees as of such date and are anticipated to be Employees as of the Closing Date (including any Employee who is on any form of paid or unpaid leave pursuant to Law or Sellers' policies), who are in good standing on the Closing Date, regarding employment by the Company or a Company Subsidiary as of and following the Closing Date. The Company shall likewise make as soon as practicable such an

offer to any individual not included on the updated Employee List that between the date of the delivery of the updated Employee List and the Closing Date is hired by, or transferred to, the Business as an Employee who is in good standing with the Sellers on the Closing Date. Such Employees who accept such offer of employment shall hereinafter be referred to as the "Transferred Employees" and will be hired by the Company or a Company Subsidiary as of the Effective Time. Subject to Section 8.2, in making any offers to Employees, the Company or the Company Subsidiary (as applicable) shall not be obligated to change the nature of the employment of any Employee other than changing the Employee's employer (for example, Employees at will shall continue to be Employees at will). Neither the Company nor any Company Subsidiary shall be responsible for any compensation or benefits obligations of Sellers in respect of the Transferred Employees accruing prior to the Effective Time, except that the Sellers may include the value of such compensation or benefits obligations in the calculation of Final Net Working Capital.

(b) Residents and Fellows. Prior to the Closing, the Company shall make a written offer of appointment and enrollment in a program of graduate medical education of the Company or a Company Subsidiary (subject to the Closing) on such terms and conditions as determined by the Company to substantially all of the residents and fellows listed on the Residents and Fellows List who continue to be enrolled in Sellers' program of graduate medical education as of such date, who are anticipated to be enrolled as of the Closing Date, who have satisfied the Company's customary screening procedures and for whom the Company, on or before the Closing Date, has verified has the requisite certifications, credentials and licenses (if applicable) required by the Accreditation Council for Graduate Medical Education, applicable Law and customary practice for such residents and fellows to participate in graduate medical education. Such new terms and conditions of appointment established by the Company will be consistent with those applied to the Company's residents, interns and fellows and will not be equivalent to those established by Sellers. Such individuals who accept such offers of appointment are hereinafter referred to as "Transferred Residents and Fellows" and will be appointed by the Company or a Company Subsidiary as of the Effective Time. Neither the Company nor the Company Subsidiaries shall be responsible for any compensation or benefits obligations of Sellers in respect of the Transferred Residents and Fellows accruing prior to the Effective Time, except that the Sellers may include the value of such compensation or benefits obligations in the calculation of Final Net Working Capital.

8.2 Employment Terms; Employee Benefits.

(a) The Transferred Employees shall be hired by the Company or a Company Subsidiary (as applicable) at base salaries and wages equal to their base salaries and wages as of the Closing Date. The Transferred Employees shall retain their seniority status for purposes of benefits, and their salaries or wages as of the Closing Date shall provide the base for future salary adjustments, if any, thereof. Each Transferred Employee will be treated by the Company or the Company Subsidiary (as applicable) as employed as of such individual's initial hire date at the Facilities for all purposes regarding seniority, except as otherwise required by Law or collective bargaining agreement assumed by the Company. Subject to the right to terminate any Company employee benefit plan and/or restrictions provided under any collective bargaining agreement assumed by the Company, the Company and the Company Subsidiaries as of the Closing Date will provide benefits to Transferred Employees at benefit levels substantially

comparable to those provided under the Seller Plans immediately prior to Closing, including but not limited to qualified retirement plans (except that the Company and the Company Subsidiaries shall not be required to offer a defined benefit plan), vacation, sick leave, holidays, health insurance, life insurance, 401(k) plan (in lieu of similar plans that were offered by Sellers based on their tax-exempt status but are not available to the Company) and policies of the Company and the Company Subsidiaries for which each Transferred Employee is eligible.

(b) Any Transferred Employees who are terminated without cause within the twelve (12) month period following the Closing Date will be offered a severance package on terms comparable to the severance package as in effect with respect to Sellers' Employees prior to the Closing Date or, if and as applicable, as set forth in any Assumed Employment Agreement to which the Transferred Employee is subject.

(c) The Parties acknowledge and agree that each of the Company and each Company Subsidiary constitutes a "successor employer" within the meaning of Code Section 3121(a)(1) and Code Section 3306(b)(1) and the regulations thereunder for federal and state income tax and employment tax purposes. The Company or the Company Subsidiary (as applicable) shall (i) assume Sellers' obligation to furnish IRS Forms W-2 to the Transferred Employees for the Tax year in which the Closing occurs in accordance with the "alternate filing procedure" as provided in Section 5 of Revenue Procedure 2004-53, 2004 C.B. 320 (the "Revenue Procedure") and (ii) report such amounts on IRS Forms 941 as required under Section 5 of the Revenue Procedure. The Company and each Company Subsidiary will treat all wages paid to the Transferred Employees as paid by a successor employer for all federal and state income tax and employment tax purposes. As of the Effective Time, all of the Transferred Employees will cease participation in any of the Seller Plans that such Transferred Employees participated in immediately prior to the Effective Time.

(d) On and after the Closing Date, the Company and the Company Subsidiaries (as applicable) shall be responsible for providing, subject to payment of applicable premiums by qualified beneficiaries, continuation coverage, as required under COBRA, or otherwise provided by Seller prior to the Closing Date to all Employees and former employees of Seller who are not Transferred Employees (and other "qualified beneficiaries," as defined under Section 607(3) of ERISA, under COBRA with respect to such employees) who have or have had a COBRA or other qualifying event (due to termination of employment with Seller or otherwise) prior to or as a result of the Closing. The Company and the Company Subsidiaries shall also be responsible for any COBRA or other group health plan continuing coverage obligations in respect of Transferred Employees and any qualified beneficiaries in relation to such employees arising with respect to qualifying events that occur under the Company's group health plan after the Closing Date.

(e) Except to the extent otherwise expressly set forth herein, neither the Company nor any Company Subsidiary will assume, before, on or after the Closing Date, any Seller Plan, or any rights, duties, obligations or liabilities thereunder, nor shall it become a successor employer or be responsible in any way for Sellers' or a Controlled Group member's participation in or obligations or responsibilities with respect to any Seller Plan.

(f) The senior executives of Sellers who are subject to Assumed Employment Agreements shall be employed by the Company, and the Company shall assume their Employment Agreements as provided in Section 2.1(f) above. In addition to the benefits provided under the Employment Agreements, the senior executives will be provided with the same benefits made available to the Transferred Employees.

8.3 No Right to Continued Employment or Enrollment in Graduate Medical Education; No Third Party Beneficiary. Nothing contained in this Agreement shall be construed to prevent the termination of employment of any individual Transferred Employee or the termination of the appointment or enrollment in graduate medical education of any residents and fellows, or any change in the benefits available to any such individual. No provision of this Agreement shall create any third party beneficiary or other rights in any current or former employee or residents and fellows (including any beneficiary or dependent thereof) of Sellers in respect, as applicable, of continued employment, appointment as one of the residents and fellows, or enrollment in a graduate medical education program associated with the Company or a Company Subsidiary (or resumed employment, resumed enrollment or renewal of appointment) with either the Business or the Company or any Company Subsidiary, and no provision of this Agreement will create any such rights in any such Persons in respect of any benefits that may be provided, directly or indirectly under any Seller Plan or any plan or arrangement which may be established or maintained by the Company or any Company Subsidiary. No provision of this Agreement will constitute a limitation on rights to amend, modify or terminate any Seller Plan, or on the right of the Company or any Company Subsidiary to amend, modify or terminate any of the employee benefit plans of the Company or any Company Subsidiary.

8.4 Collective Bargaining Agreements. Effective as of the Closing, Prospect shall cause the Company to, and the Company shall, recognize each union representing any Transferred Employee and assume all existing collective bargaining agreements, as amended between the date of this Agreement and the Closing Date; provided, however, that in no event shall the Company be required to assume any collective bargaining agreement that has not been consented to by the Company pursuant to Section 7.3(a) hereof.

ARTICLE IX
CONDITIONS PRECEDENT TO OBLIGATIONS OF PROSPECT AND THE COMPANY

The obligations of Prospect, the Prospect Member, the Company and the Company Subsidiaries hereunder are subject to the satisfaction, on or prior to the Closing Date, of the following conditions unless waived in writing by Prospect and the Company:

9.1 Compliance With Covenants. All of the covenants and obligations that Sellers are required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of these covenants and obligations (considered individually), shall have been duly performed and complied with in all material respects.

9.2 Representations and Warranties. All of Sellers' representations and warranties in this Agreement (considered collectively), and each of these representations and warranties (considered individually), shall have been accurate as of the date of this Agreement (giving

effect to any amended Applicable Disclosure Schedules delivered pursuant to Section 7.11(a)) and as of the time of the Closing as if then made (but without giving effect to any updated schedules delivered pursuant to Section 7.11(b)), except where the failure of such representations and warranties to be accurate does not have or cause, individually or in the aggregate, a Material Adverse Development. Each of the representations and warranties in this Agreement that contains an express Material Adverse Development qualification shall have been accurate in all respects as of the date of this Agreement (giving effect to any amended Applicable Disclosure Schedules delivered pursuant to Section 7.11(a)) and shall be accurate in all respects as of the time of the Closing as if then made (but without giving effect to any updated schedules delivered pursuant to Section 7.11(b)).

9.3 Officers' Certificates. Each of Sellers shall have delivered to the Company and Prospect a certification of an appropriate officer to the effect that each of the conditions set forth in Section 9.1 and Section 9.2 have been satisfied in all material respects.

9.4 Approvals and Permits. All of the following shall have been received:

(a) The Company or the applicable Company Subsidiary shall have received all Approvals that are required to: (i) consummate the Transactions and (ii) operate the Facilities and the Purchased Assets in the same manner as currently operated by Sellers, in each case without any conditions that are unacceptable to Prospect and the Company in their sole discretion;

(b) The Company or the applicable Company Subsidiary shall have received all required Permits and Environmental Permits from all Governmental Entities whose approval is required to consummate the Transactions and for the Company or the Company Subsidiary to operate the Facilities and Purchased Assets in the same manner as currently operated by Sellers, or with respect to any such Permits and/or Environmental Permits that are not possible to obtain prior to Closing, Prospect, the Company and Sellers shall have received assurances, reasonably satisfactory to Prospect and the Company, that such Permits and/or Environmental Permits shall be obtained promptly after Closing and retroactive to the Closing Date, in each case without any conditions that are unacceptable to Prospect and the Company in their sole discretion; and

(c) Sellers shall have received all Church Approvals.

9.5 Clearances. The Parties shall have received approval under HCA and HCFLA, in each case without any conditions that are unacceptable to Prospect and the Company in its their discretion.

9.6 Property Tax. The Company or the Company Subsidiaries shall have received binding commitments from all applicable Governmental Entities, in form and substance satisfactory to Prospect in its sole and absolute discretion, with respect to the resolution of certain property tax abatement treaties.

9.7 Action/Proceeding/Litigation. No Governmental Entity shall have issued an Order restraining or prohibiting the Transactions; no Governmental Entity shall have commenced or threatened in writing to commence any action or suit before any court of competent jurisdiction or other Governmental Entity that seeks to restrain or prohibit the

consummation of the Transactions or impose material damages or penalties in connection therewith. No Legal Proceeding relating to the Transactions shall be pending, unless the Parties agree that such Legal Proceeding does not constitute a material obstacle to the consummation of the Transactions in accordance with the terms hereof.

9.8 Consents of Certain Third-Parties to Assumed Contracts. Sellers and/or the Company shall have obtained all Material Consents, *i.e.*, written consents from all applicable third-parties to the assignment of those Assumed Contracts identified with an asterisk on Schedule 4.12(e).

9.9 Title Insurance Policies. Title Company shall be prepared (subject to payment of the premiums and title, survey, search and related costs and fees required to be paid by the Company) to issue title insurance policies in accordance with this Agreement dated the day of Closing, in the full amount of the Cash Purchase Price (or such other reasonable amount as determined by the Company) allocated among the Owned Real Property or determined by the Company, at regular rates, showing fee simple title to the Owned Real Property, and leasehold title to any ground leases that are included among the Leased Real Property (each, a "Ground Lease"), in the name of the Company or a Company Subsidiary (as applicable), subject only to the Permitted Exceptions.

9.10 Material Indebtedness. All Material Indebtedness and all Encumbrances created by or in connection with such Material Indebtedness shall have been satisfied, discharged and terminated in full.

9.11 Collective Bargaining Agreements. Effective as of the Closing, the Company shall have recognized each union representing any Transferred Employee and shall have assumed all existing collective bargaining agreements, as amended between the date of this Agreement and the Closing Date, that have been consented to by the Company pursuant to Section 7.3(a) hereof.

9.12 Termination of Seller Plans. Sellers shall have taken necessary and appropriate action to terminate every Seller Plan effective before or as of the Closing Date, other than the Retirement Plan and any other Seller Plan listed on Schedule 9.12.

9.13 Freezing of Seller Plans. Sellers shall have taken necessary and appropriate action to freeze any Seller Plan listed on Schedule 9.13(a), and shall have taken best efforts to freeze any Seller Plan listed on Schedule 9.13(b), before or as of the Closing Date so that no benefits are accrued after the Closing Date. Notwithstanding the foregoing, Sellers hereby represent and warrant that, after the Effective Time: (i) there shall be no further benefit accruals under the Retirement Plan with respect to any of the Transferred Employees based on services rendered after the Effective Time; and (ii) the Retirement Plan shall continue to be frozen as to new participants.

9.14 Material Adverse Development. There shall have been no Material Adverse Development as to Sellers.

9.15 Closing Deliveries. Sellers shall have delivered (or be ready, willing and able to deliver at Closing) to the Company all agreements and documents required to be delivered to the Company at the Closing under this Agreement.

ARTICLE X
CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLERS

The obligations of Sellers hereunder are subject to the satisfaction, on or prior to the Closing Date, of the following conditions unless waived in writing by Sellers:

10.1 Compliance With Covenants. All of the covenants and obligations that each of Prospect, the Prospect Member, the Company and the Company Subsidiaries, respectively, is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of these covenants and obligations (considered individually), shall have been performed and complied with in all material respects.

10.2 Representations and Warranties. All of the Company's and Prospect's respective representations and warranties in this Agreement (considered collectively), and each of these representations and warranties (considered individually), shall have been accurate as of the date of this Agreement (giving effect to any amended Applicable Disclosure Schedules delivered pursuant to Section 7.11(a)) and as of the time of the Closing as if then made (but without giving effect to any updated schedules delivered pursuant to Section 7.11(b)), except where the failure of such representations and warranties to be accurate does not have or cause, individually or in the aggregate, a Material Adverse Development. Each of the representations and warranties in this Agreement that contains an express Material Adverse Development qualification shall have been accurate in all respects as of the date of this Agreement (giving effect to any amended Applicable Disclosure Schedules delivered pursuant to Section 7.11(a)) and shall be accurate in all respects as of the time of the Closing as if then made (but without giving effect to any updated schedules delivered pursuant to Section 7.11(b)).

10.3 Officers' Certificates. Each of Prospect, the Prospect Member, and the Company shall have delivered to Sellers a certification of an appropriate officer to the effect that each of the conditions set forth in Sections 10.1 and 10.2 have been satisfied in all material respects.

10.4 Approvals. All of the following shall have been received:

(a) Sellers shall have received all Healthcare Regulatory Consents set forth in Schedule 4.2(b);

(b) Sellers shall have received the Church Approvals; and

(c) the Parties shall have received approval under HCA and HCFLA.

10.5 Action/Proceeding/Litigation. No Governmental Entity shall have issued an Order restraining or prohibiting the Transactions; no Governmental Entity shall have commenced or threatened in writing to commence any action or suit before any court of competent jurisdiction or other Governmental Entity that seeks to restrain or prohibit the consummation of the Transactions or impose material damages or penalties in connection

therewith. No Legal Proceeding relating to the Transactions shall be pending, unless the Parties agree that such Legal Proceeding does not constitute a material obstacle to the consummation of the Transactions in accordance with the terms hereof.

10.6 Collective Bargaining Agreements. Effective as of the Closing, the Company shall have recognized each union representing any Transferred Employee and shall have assumed all existing collective bargaining agreements, as amended between the date of this Agreement and the Closing Date, that have been consented to by the Company pursuant to Section 7.3(a) hereof.

10.7 Assumed Employment Agreements. The Company shall have assumed all of the Assumed Employment Agreements listed on Schedule 2.1(f)(1).

10.8 Material Adverse Development. There shall have been no Material Adverse Development as to Prospect.

10.9 Closing Deliveries. Prospect, the Prospect Member, the Company and the Company Subsidiaries shall have delivered (or be ready, willing and able to deliver at Closing) to Sellers all agreements and documents required to be delivered to Sellers at the Closing under this Agreement.

ARTICLE XI
TERMINATION

11.1 Termination. Notwithstanding anything in this Agreement to the contrary, this Agreement may not be terminated, except prior to the Closing as follows:

(i) by mutual consent in writing of Prospect and the Company, on the one hand, and Sellers, on the other hand;

(ii) by either Prospect or the Company, on the one hand, or Sellers, on the other hand, if during the twenty-one (21) day period immediately following the date of this Agreement, Prospect or the Company, on the one hand, or Sellers, on the other hand, propose to amend any of the disclosure schedules provided thereby pursuant to this Agreement for the purpose of ensuring the accuracy and completeness thereof as of the date of this Agreement, and such proposed amended schedule is not acceptable to Sellers, on the one hand, or to Prospect and the Company, on the other hand;

(iii) by either Prospect or the Company, on the one hand, or Sellers, on the other hand, if any permanent injunction, order, decree or ruling of any court or other Governmental Entity of competent jurisdiction permanently restraining, enjoining or otherwise preventing the consummation of the Transactions shall have been issued and become final and non-appealable;

(iv) by either Prospect or the Company, on the one hand, or Sellers, on the other hand, if the Closing shall not have occurred on or before the Outside Date; provided, however, that the right to terminate this Agreement pursuant to this Section 11.1(iv) shall not be available to any Party whose breach or failure to perform any material covenant or obligation

under this Agreement has been the primary cause or primarily resulted in the failure of the Closing to have occurred on or before the Outside Date;

(v) by Prospect or the Company, if there has been a violation or breach in any material respect of any representation, warranty, covenant or agreement of Sellers set forth in this Agreement, which violation or breach would cause any of the conditions set forth in ARTICLE IX not to be satisfied, and such violation or breach has not been waived by Prospect or the Company or cured by Sellers, as the case may be, within twenty (20) Business Days after notice thereof is given by Prospect or the Company;

(vi) by Prospect or the Company, immediately by written notice to Sellers, if any event occurs or fact or condition exists that makes it impossible for Sellers to satisfy, or causes Sellers to be unable to satisfy, one or more conditions to the obligations of Prospect, the Prospect Member, the Company and the Company Subsidiaries to consummate the Transactions as set forth in ARTICLE IX prior to the Outside Date; provided, however, that such date may be extended by Sellers for up to six (6) months if Sellers are taking diligent steps to resolve any such outstanding conditions and such outstanding conditions relate solely to the receipt of one or more Approvals or the Church Approvals; provided, further, that, notwithstanding the foregoing, the right to terminate this Agreement under this Section 11.1(vi) shall not be available to Prospect or the Company if either of their actions or failure to act under this Agreement shall have been a primary cause of, or resulted in, the failure of the Closing to occur on or before the Outside Date and such action or failure to act constitutes a breach of this Agreement; and

(vii) by Sellers, immediately by written notice to Prospect and the Company, if any event occurs or fact or condition exists that makes it impossible for the Prospect, the Prospect Member, the Company or the Company Subsidiaries to satisfy, or causes Prospect, the Prospect Member, the Company or the Company Subsidiaries to be unable to satisfy, one or more conditions to the obligation of Sellers to consummate the Transactions as set forth in ARTICLE X prior to the Outside Date; provided, however, that such date may be extended by Prospect or the Company for up to six (6) months if Prospect or the Company is taking diligent steps to resolve any such outstanding conditions and such outstanding conditions relate solely to the receipt of one or more Approvals; provided, further, that, notwithstanding the foregoing, the right to terminate this Agreement under this Section 11.1(vii) shall not be available to Sellers if Sellers' actions or failure to act under this Agreement shall have been a primary cause of, or resulted in, the failure of the Closing to occur on or before the Outside Date and such action or failure to act constitutes a breach of this Agreement.

11.2 Effect of Termination. If this Agreement is terminated pursuant to Section 11.1, then all further obligations of the Parties under this Agreement shall terminate without further liability of any Party to another; provided, however, that (i) the obligations of the Parties contained in Section 13.12 (Public Statements) and ARTICLE XV shall survive any such termination, and (ii) a termination under Section 11.1 shall not relieve any Party of any liability for a breach of, or for any misrepresentation under this Agreement, or be deemed to constitute a waiver of any available remedy (including specific performance, if available) for any such breach or misrepresentation.

ARTICLE XII
PERMITTED EXCEPTIONS, TITLE INSURANCE & TAXES

12.1 Title to Property.

(a) The Company has ordered, or within five (5) Business Days after the execution and delivery of this Agreement the Company shall order, from the Title Company a title insurance report and commitment for a title insurance policy with respect to the interests in the Owned Real Property to be conveyed by Sellers to the Company or any Company Subsidiary hereunder, which policy shall be in the form currently used by reputable title insurers in the State of Rhode Island (such report and such commitment and any updates thereto issued by the Title Company in connection with this Agreement being referred to herein as the "Commitment"), and the Company shall promptly furnish to Sellers a copy thereof, together with copies of all Exceptions listed thereon. The Company shall also promptly provide to Sellers a copy of (i) any update to the Commitment issued by the Title Company on or prior to the Closing Date (an "Update") together with copies of all Exceptions listed thereon that the Company has not previously delivered, promptly after the Company's receipt thereof, and (ii) any update of each of the Surveys or new surveys of the Owned Real Property obtained by the Company (each of which the Company shall have the right, but no obligation, to obtain) (each, a "Survey Update"), promptly after the Company's receipt thereof. If the Commitment, any Update or any Survey Update discloses any exception, lien, mortgage, security interest, claim, charge, reservation, lease, tenancy, occupancy, easement, right of way, encroachment, restrictive covenant, condition, limitation or other encumbrance affecting the Owned Real Property (collectively, "Exceptions") that is not a Permitted Exception and to which the Company reasonably objects (the "Non-Permitted Exceptions"), then the Company shall promptly give a notice (a "Title Notice") to Sellers after the Company's receipt of the Commitment, the Update or the Survey Update first containing such Non-Permitted Exceptions, as applicable, which notice shall identify such Non-Permitted Exceptions, provided, however, notwithstanding anything herein to the contrary, (x) any and all monetary liens, including all mortgages and security interests securing any obligations of Sellers (or any predecessor-in-interest to Sellers) not of the type covered by Section 12.2, all judgments against Sellers (or any predecessor-in-interest to Sellers), all mechanics' liens recorded against the Owned Real Property (or any portion thereof), all monetary liens or penalties arising out of violations on the Owned Real Property and all Real Estate Taxes (other than Real Estate Taxes that constitute Permitted Exceptions pursuant to Section 12.2), and (y) any and all tenancies (except those set forth on Schedule 4.14(c)), shall be deemed to be and shall constitute Non-Permitted Exceptions for all purposes and the Company shall not be obligated to deliver a Title Notice with respect thereto in order for same to constitute Non-Permitted Exceptions. Any Exceptions disclosed in the Commitment, any Update or any Survey Update that are (x) not included in a Title Notice timely given in accordance with the preceding sentence and (y) not deemed Non-Permitted Exceptions in accordance with the preceding sentence shall be deemed Permitted Exceptions. Sellers shall, at or prior to Closing, (A) remove the following Exceptions ("Mandatory Removal Exceptions"): (i) any and all monetary liens, including all mortgages and security interests securing any obligations of Sellers (or any predecessor-in-interest to Sellers) not of the type covered by Section 12.2, all judgments against Sellers (or any predecessor-in-interest to Sellers), all mechanics' liens recorded against the Owned Real Property or any Ground Lease Property (or any portion thereof) and all Real Estate Taxes (other than Real Estate Taxes that constitute Permitted Exceptions pursuant to

Section 12.2), (ii) any and all tenancies (except those set forth on Schedule 4.14(c)), and (iii) without limitation of the Mandatory Removal Exceptions described in preceding clauses (i) and (ii), any and all of the Non-Permitted Exceptions that Sellers willfully placed of record or consented to be placed of record after the effective date of Sellers' Commitment, and (B) remove any and all other Non-Permitted Exceptions. The acceptance by the Title Company of an indemnification agreement by Sellers and the Title Company's removal of any Exception from the title policy at Closing in reliance thereon or the Title Company's agreement to issue an endorsement to its policy of title insurance that affirmatively insures against such Non-Permitted Exception in a manner reasonably acceptable to the Company shall be deemed removal of such Exception for purposes of the preceding sentence and of Section 12.1(b) below. Sellers shall have the right to adjourn the Closing Date from time to time, up to sixty (60) days in the aggregate, for the purpose of removing/eliminating Non-Permitted Exceptions.

(b) Sellers shall, at or prior to the Closing, remove any Non-Permitted Exceptions that are not Mandatory Removal Exceptions and that, in the aggregate, may be removed by Sellers expending $500,000 or less. If there exist Non-Permitted Exceptions that are not Mandatory Removal Exceptions and that in the aggregate exceed $500,000 in amount or value, and Sellers elect not to remove Non-Permitted Exceptions that are not Mandatory Removal Exceptions such that the remaining Non-Permitted Exceptions that are not Mandatory Removal Exceptions exceed $500,000 in the aggregate, then Sellers shall notify the Company of such election within 20 Business Days of Sellers' receipt of the Title Notice disclosing such Non-Permitted Exceptions. Failure of Sellers to send notice of such election within such 20 Business Day period shall be deemed an election by Sellers to remove the Non-Permitted Exceptions that are not Mandatory Removal Exceptions. The Company may elect, within 10 Business Days after such notice from Sellers to the Company that Sellers have elected not to remove any Non-Permitted Exceptions which are not Mandatory Removal Exceptions, to either (i) not consummate the Transactions, in which event this Agreement shall be terminated and of no further force and effect, and none of the Parties shall have any rights or obligations to the other hereunder (except for those rights and obligations that are expressly stated herein to the survive the termination of this Agreement), or (ii) consummate the Transactions subject to such Non-Permitted Exceptions which are not Mandatory Removal Exceptions and proceed to Closing with an abatement of the Cash Purchase Price in the amount of the cost to cure the Non-Permitted Exceptions that are not Mandatory Removal Exceptions, but in no event more than $500,000. Failure of the Company to send notice of the election available to it pursuant to the preceding sentence within such 10 Business Day period shall be deemed an election by the Company to close under clause (ii) of the preceding sentence.

(c) Notwithstanding anything herein to the contrary, (i) if the Commitment discloses judgments, bankruptcies or other returns against other persons or entities having names the same as or similar to that of Sellers, then Sellers, on request and to the extent applicable, shall deliver to the Title Company affidavits (in a form reasonably requested by the Title Company) to the effect that such judgments, bankruptcies or other returns are not against Sellers, (ii) if requested by the Title Company to remove any exceptions for rights of parties in possession, Sellers shall deliver to the Title Company an affidavit to the effect that there are no leases in force and effect with respect to the Owned Real Property, and (iii) if reasonably required by the Title Company, Sellers agree to execute, acknowledge and deliver such other standard and customary owner's title affidavits at Closing.

(d) Any Service Contract that is not an Assumed Contract shall be deemed a Non-Permitted Exception and shall be terminated by Sellers on or prior to Closing.

12.2 Permitted Exceptions. "Permitted Exceptions" means: (a) all matters set forth on Schedule 12.2 (which Schedule shall consist of those exceptions set forth on Sellers' existing title policy(ies) and agreed to by Prospect and the Company); (b) building, zoning, subdivision and other governmental laws, codes and regulations, and landmark, historic and wetlands designations; (c) liens for inchoate mechanics' and materialmen's liens for construction in progress and workmen's, repairmen's, warehousemen's and carriers' liens arising in the ordinary course of business; easements, restrictive covenants, rights of way and other similar restrictions of record that do not impair in any material respect the value of the assets or the continued conduct of the business of any Seller or any of its Affiliates or its continued use of its assets in the manner currently used; (d) such other matters with respect to which the Company expressly has agreed to take pursuant to the provisions of this Agreement, including any matters which the Company elects to take subject to pursuant to Section 12.1(b); (e) real property taxes, water rates and charges, sewer taxes and rents, business improvement district charges and similar items with respect to the Property (collectively, "Real Estate Taxes"), not yet due and payable; (f) rights of Tenants under Leases; (g) any Exceptions disclosed in the Commitments, any Update or any Survey Update that are not Non-Permitted Exceptions and deemed Permitted Exceptions pursuant to Section 12.1(a); and (h) rights of licensors under licenses of assets licensed to Sellers set forth in any of the Assumed Contracts and under licenses of Off-the-Shelf Software.

12.3 Transfer Taxes.

(a) Transfer Taxes incurred in connection with this Agreement shall be the responsibility of the Company or a Company Subsidiary (as applicable), provided, however, that the Parties shall endeavor to effect the transfer of the Facilities and the Purchased Assets in a manner that minimizes the total amount of Transfer Taxes incurred in connection with this Agreement, taking into account the effect of any exemption from such Transfer Taxes available to Sellers by virtue of Sellers' general exemption from Tax. The Party that has the primary obligation to file any Tax Return that is required to be filed in respect of any Transfer Taxes shall prepare and file such return after providing the other Party the opportunity to review and approve the return, which approval shall not be unreasonably withheld, conditioned or delayed. The Parties agree to cooperate with each other in connection with the preparation and filing of any such Tax Returns, in obtaining all available exemptions from such Transfer Taxes, and in timely providing each other with resale certificates or other documents necessary to satisfy any such exemptions.

(b) The Company, each Company Subsidiary (as applicable) and Sellers shall deliver to the Title Company the RE Tax Returns. If the procedures required by the state, county, or municipality require that any RE Tax Returns be filed, reviewed or approved prior to the Closing Date, the Company, Company Subsidiaries and Sellers shall complete, sign and swear to the RE Tax Returns and deliver same to the Title Company for delivery to the appropriate authority sufficiently in advance of the Closing Date so as to permit the sale contemplated hereby to be consummated by the Closing Date. The Company, Company Subsidiaries and Sellers shall cooperate in preparing the RE Tax Returns in a manner that

maximizes the benefit of any exemption from or reduction of Tax available as a result of Sellers' tax-exempt status.

12.4 Cooperation on Tax Matters. The Parties shall furnish or cause to be furnished to each other, as promptly as practicable following the request therefor, such information and assistance relating to the Purchased Assets and the Assumed Liabilities as is reasonably necessary for the preparation and filing of any Tax Return, claim for refund or other filings relating to Tax matters, for the preparation for and defense of any Tax audit, for the preparation of any Tax protest, or for the prosecution or defense of any suit or other proceeding relating to Tax matters.

ARTICLE XIII
ADDITIONAL COVENANTS

13.1 Noncompetition; Non-Solicitation. For a period of five (5) years after the Closing Date, Sellers shall not, directly or indirectly (disregarding for these purposes the ownership interest to be held by the Seller Member in the Company as of and following the Closing Date), and Seller shall cause its Affiliates not to, in any capacity: (i) own, lease, manage, operate, control, participate in the management or control of, be employed by, or maintain or continue any interest whatsoever in any enterprise engaged in the business of providing healthcare goods or services, including hospitals and outpatient surgery or diagnostic facilities, within a 25 miles radius of any of the Facilities (other than through the Company and the Company Subsidiaries); (ii) employ, recruit or solicit the employment of any Transferred Employee unless (x) such employee resigns voluntarily (without any solicitation from Sellers or any of its Affiliates), (y) the Company consents in writing to such employment or solicitation, or (z) such employee is terminated by the Company, a Company Subsidiary, or an Affiliate thereof after the Closing Date; (iii) induce, cause or attempt to induce or cause any Person (including any physician employee or medical staff member) to replace or terminate any Contract for the provision or arrangement of health care services from a Facility with products or services of any other Person after the Closing Date; or (iv) request, induce or cause any physician employee or medical staff member to terminate any Contract with or change practice patterns at the Facilities.

13.2 Confidentiality. All confidential information provided or made available by the Parties in connection with or under this Agreement shall be subject to the Confidentiality Agreement, and the Confidentiality Agreement shall remain in full force and effect in accordance with its terms and shall survive the Closing.

13.3 Remedies. In the event of a breach of Section 13.1 or Section 13.2 the Parties recognize that monetary damages shall be inadequate to compensate the non-breaching Party, and the non-breaching Party shall be entitled, without the posting of a bond or similar security, to an injunction restraining such breach, with the costs (including reasonable attorneys' fees) of successfully securing such injunction to be borne by the breaching Party. Nothing contained herein shall be construed as prohibiting the non-breaching Party from pursuing any other remedy available to it for such breach or threatened breach. The Parties hereby acknowledge the necessity of protection described in Section 13.1 and Section 13.2 and that the nature and scope of such protection has been carefully considered by them. The period provided and the area covered in Section 13.1 are expressly represented and agreed to be fair, reasonable and

necessary. The consideration and benefits provided for herein are deemed to be sufficient and adequate to compensate Sellers for agreeing to the restrictions contained in Section 13.1. If any court determines that the foregoing restrictions are not reasonable, then such restrictions shall be modified, rewritten or interpreted to include as much of their nature and scope as will render them enforceable.

13.4 Assumed Contracts. To the extent that any Assumed Contract is not capable of being assigned without the consent of a third party or if such assignment or attempted assignment would constitute a breach thereof or a violation of any Law (any such Assumed Contract being referred to herein as a "Nonassignable Contract"), nothing in this Agreement shall constitute an assignment or an attempted assignment thereof prior to the time at which all consents necessary for such assignment shall have been obtained. Sellers shall use commercially reasonable efforts to obtain the consent to the assignment of any Nonassignable Contracts, and the Company and the Company Subsidiaries shall reasonably cooperate with their efforts. To the extent that any of the consents are not obtained, (a) the Company shall not be required to close the Transactions if such consents pertain to any of the Assumed Contracts denoted with an asterisk as Material Consents on Schedule 4.12(e), and (b) if the Company nevertheless elects to close the Transactions, then to the extent requested by the Company, Sellers shall, during the term of the affected Nonassignable Contract, use commercially reasonable efforts to (i) provide to the Company or a Company Subsidiary (as applicable) the benefits under any such Nonassignable Contract, (ii) cooperate in any reasonable and lawful arrangement designed to provide such benefits to the Company or a Company Subsidiary, and (iii) enforce for the account of the Company or a Company Subsidiary, any rights of Sellers under the affected Nonassignable Contract (including the right to elect to terminate such Nonassignable Contract in accordance with the terms thereof upon the direction of the Company) and for the period that the Company or a Company Subsidiary is receiving the benefit that would otherwise inure to Sellers under the Nonassignable Contract, the Company or such Company Subsidiary will be responsible for the obligations under the Nonassignable Contract relating to such period. The Company and the Company Subsidiaries shall cooperate with Sellers to enable Sellers to provide to the Company and the Company Subsidiaries the benefits contemplated by the immediately preceding sentence.

13.5 Additional Acts.

(a) Generally. From time to time after Closing, the Parties shall execute and deliver such other instruments of conveyance and transfer, and take such other actions as any other Party reasonably may request, to convey and transfer full right, title and interest to, vest in and place the Company and the Company Subsidiaries (as applicable) in legal and actual possession and benefit of, any and all of the Purchased Assets.

(b) Accounts Receivable. Sellers shall provide the Company and the Company Subsidiaries with all information in their possession or under their control that is reasonably necessary to bill and collect Accounts Receivable. After the Closing, Sellers shall: (i) permit, and hereby authorize, the Company and the Company Subsidiaries to collect, in the name of Sellers, all Accounts Receivable constituting part of the Purchased Assets and to endorse with the name of the applicable Seller for deposit in the Company's or a Company Subsidiary's account any checks or drafts received in payment thereof and not cause any Accounts Receivable

to be deposited in any account other than the A/R Bank Accounts; (ii) pay over, or cause to be paid over, to the Company or a Company Subsidiary, without right of set-off, within three (3) Business Days of receipt (and until so paid, shall hold in trust for the Company or such Company Subsidiary) all amounts received by Sellers and their Affiliates in respect of the Accounts Receivable; (iii) provide the Company or a Company Subsidiary with all information available to permit the Company and such Company Subsidiary to correctly apply such amounts; and (iv) cooperate with the Company or a Company Subsidiary to cause all future payments and reimbursements to be paid directly to the Company or such Company Subsidiary.

(c) Other Assistance. From time to time after Closing, as reasonably requested by Sellers, the Company shall administratively assist Sellers, at no additional cost, in disposing of the Excluded Assets and/or discharging the Excluded Liabilities retained by Sellers subsequent to the Closing.

13.6 Sellers' Cost Reports and RAC Audits.

(a) Sellers shall timely prepare and submit all Cost Reports relating to Sellers for cost report periods ending on or prior to the Closing Date or that are required as a result of the consummation of the Transactions, including terminating Cost Reports for the Government Reimbursement Programs ("Sellers' Cost Reports"). Such Sellers' Cost Reports shall be prepared in accordance with applicable Law. Upon reasonable advance notice, the Company and the Company Subsidiaries shall provide Sellers during normal business hours with the assistance of their respective personnel and access to such documents and information, as reasonably requested by Sellers to enable Sellers to timely prepare and file Sellers' Cost Reports. Neither the Company nor any Company Subsidiary shall be deemed to be the "preparer" of Sellers' Cost Reports as a result of such assistance. Sellers shall furnish to the Company copies of Sellers' Cost Reports, correspondence, work papers and other documents relating to Sellers' Cost Reports.

(b) From and after the Closing Date, the Company shall be responsible for the conduct of any and all RAC audits that may be conducted with respect to the Business, including with respect to the provision of services or the submission of claims by Sellers relating to periods prior to the Closing Date. The Company, either directly or through the pertinent Company Subsidiary: (i) shall timely respond to any and all requests made in connection with any such RAC audit; (ii) shall be responsible for the payment of any amounts to be paid or offset as a result of any such RAC audit; (iii) shall have the right to dispute and appeal any such offsets or amounts alleged to be owed in connection with any such RAC audit; and (iv) shall be entitled to any refunds resulting from any such RAC audit.

13.7 Post-Closing Access to Information. The Parties acknowledge that, after the Closing, the Company and Sellers may each need access to information, documents or computer data in the control or possession of the other concerning the Purchased Assets, Facilities or Assumed Liabilities for purposes of concluding the Transactions and for audits, investigations, compliance with governmental requirements, regulations and requests, and the prosecution or defense of third party claims. Accordingly, the Company and the Company Subsidiaries agree that, at the sole cost and expense of Sellers, at Sellers' request, they will make available to Sellers and their agents, independent auditors and/or Governmental Entities such documents and

information as may be available relating to the Purchased Assets, Facilities and Assumed Liabilities in respect of periods prior to Closing and will permit Sellers to make copies of such documents and information. Sellers agree that, at the sole cost and expense of the Company, Sellers will make available to the Company and the Company Subsidiaries and their agents, independent auditors and/or Governmental Entities such documents and information as may be in the possession of any Sellers or their Affiliates relating to the Purchased Assets, Facilities and Assumed Liabilities in respect of periods prior to the Closing and will permit the Company and the Company Subsidiaries to make copies of such documents and information. After the Closing Date, the Company and the Company Subsidiaries (as applicable) shall retain for a period consistent with the Company's record-retention policies and practices, those records of Sellers delivered to the Company or any Company Subsidiary.

13.8 Sellers' Remedial Actions. If Sellers have failed to fulfill prior to Closing any of their obligations set forth herein, and the Company has elected to close notwithstanding such deficiency or deficiencies, Sellers shall nevertheless use their commercially reasonable efforts to correct such deficiency or deficiencies as promptly as practicable after Closing, and their non-fulfillment shall not be deemed waived by the Company unless specifically so stated in writing by the Company.

13.9 Seller Intellectual Property. Sellers shall take any and all reasonable actions and shall cause their Employees, contractors and consultants, as applicable, to take any and all reasonable actions (including executing documents) necessary to effectuate the transfer of the Seller Intellectual Property to the Company or a Company Subsidiary and, following the Closing, Sellers shall take any and all reasonable actions to allow the Company or such Company Subsidiary to prosecute, maintain and defend the Seller Intellectual Property, other than with respect to the Intellectual Property described in Schedule 4.9(c).

13.10 Use of Controlled Substances Permits. To the extent permitted by applicable law, the Company and the Company Subsidiaries (as applicable) shall have the right, for a period not to exceed one hundred twenty (120) days following the Closing Date, to operate under the licenses and registrations of Sellers relating to controlled substances and the operations of pharmacies and laboratories, until the Company or such Company Subsidiaries are able to obtain such licenses and registrations for themselves, pursuant to an agreement in the form annexed hereto as Exhibit J (the "Limited Power of Attorney"), which Sellers agree to execute and deliver at the Closing.

13.11 Use of Names. On or before the Closing Date, each Seller other than SJHSRI shall (a) amend its certificate of incorporation, bylaws and any other organizational documents and take all other actions necessary to change its name to one sufficiently dissimilar to such Seller's present name, in the Company's judgment, to avoid confusion, and (b) take all actions requested by the Company to enable the Company and the Company Subsidiaries to change their legal names to the present names of Sellers. After the Closing, (x) the Company and the Company Subsidiaries shall continue to operate the Business using, to the extent practicable, the names of the Seller entities (except for SJHSRI), including the present name of CCHP as immediately prior to Closing, and (y) Sellers will not adopt any trademarks or service marks that are confusingly similar to the trademarks and service marks assigned hereunder. After the Closing Date, neither Sellers nor any of their Affiliates will challenge the use of, or the validity

and enforceability of, any Intellectual Property assigned to the Company or the Company Subsidiaries hereunder.

13.12 Public Statements. Any public announcement, press release or similar publicity with respect to this Agreement or the Transactions will be issued, if at all, at such time and in such manner as the Parties mutually determine. Except with the prior consent of the Company or as permitted by this Agreement, neither Sellers nor any of their Representatives shall disclose to any Person (a) the fact that any confidential information of Sellers has been disclosed to the Company or its Representatives, that the Company or its Representatives have inspected any portion of such confidential information, that any confidential information of the Company has been disclosed to Sellers or their Representatives or that Sellers or their Representatives have inspected any portion of the such confidential information, or (b) any information about the Transactions, including the status (or existence) of such discussions or negotiations, the execution of any documents (including this Agreement) or any of the terms of the Transactions or the related documents (including this Agreement). Sellers and the Company will consult with each other concerning the means by which Sellers' Employees, customers, suppliers and others having dealings with Sellers will be informed of the Transactions, and the Company will have the right to be present for any such communication.

13.13 Strategic Initiatives. Immediately following the Closing Date, the Parties shall cause the Company's governing board to collaboratively examine Sellers' existing strategic initiatives, with consideration given to: (i) growth and development of clinical centers of excellence (cancer, geriatric continuum, behavioral health, digestive disease, bariatrics, and diabetes); (ii) pursuit of opportunities in neurological sciences, dermatology and wound care, and orthopedics; (iii) clinical integration; and (iv) medical staff-system alignment and engagement. Within the first one hundred eighty (180) days immediately following the Closing Date, the Company shall prepare (through its manager) and adopt (through its governing board) a three (3)- to five (5)-year strategic plan addressing the short-term and long-term priorities for the Business, the Facilities, and strategic objectives.

13.14 Operating Commitments. From and after the Closing Date, Prospect and the Prospect Member shall ensure that the Company and the Company Subsidiaries operate the Business and the Facilities consistent with the same commitments to charity care and serving the local community, and the same dedication to quality, safety and patient satisfaction, as historically demonstrated by Sellers. In furtherance of the foregoing, Prospect and the Prospect Member shall cause the Company and the Company Subsidiaries to do or ensure all of the following:

(a) The Company and the Company Subsidiaries shall cause their respective Facilities, including without limitation the Hospitals, to accept and to continue to participate in the Medicare and Medicaid programs, including by maintaining appropriate accreditations necessary to receive reimbursement under such programs;

(b) The Company and the Company Subsidiaries shall endeavor to maintain and enhance the quality and safety of patient care services provided at the Hospitals;

(c) The Company and the Company Subsidiaries shall adopt as their policy concerning charity care/financial assistance policy the same such policy maintained by Sellers as in effect immediately prior to the Closing Date, attached as Exhibit K hereto; the Company and the Company Subsidiaries may from time to time amend, restate or supplement such policy provided that the charity care/financial assistance program of the Company and each Company Subsidiary remains at least as favorable to the indigent and uninsured as the policy attached hereto;

(d) The Company and the Company Subsidiaries shall continue to provide care through sponsorship and support of community-based health programs, including cooperation with local organizations that sponsor healthcare initiatives to address identified community needs and work to improve the health status of the elderly, poor and at-risk populations in the community;

(e) The Company and the Company Subsidiaries shall continue to support nursing and staff education;

(f) The Company and the Company Subsidiaries shall, at a minimum, continue the current medical education and research programs in place at the Business immediately prior to the Closing Date, unless there occur reductions in grants or other governmental funding that offset the cost of such medical education and research, in which case the Company or the Company Subsidiaries (as applicable) may reduce such programs in proportion to the reduction in support;

(g) The Company and the Company Subsidiaries shall at all times conduct their respective activities and operations in material compliance with all applicable Law;

(h) The Company and the Company Subsidiaries shall at all times maintain a compliance officer whose responsibilities shall include regulatory compliance and organizational compliance, and who shall be responsible for establishing and overseeing an ethics committee to include community board members; and

(i) The Company and the Company Subsidiaries shall at all times cause the Transferred Restricted Funds to be used in a manner consistent with their stated purposes; provided, that such stated purposes and restrictions do not cause the Company or the Company Subsidiaries to breach or violate, or be reasonably likely to breach or violate, any provision contained in the Company's Credit Agreement or any other agreements the Company or the Company Subsidiaries may be subject to from time to time; provided, further, that any different or additional conditions or limitations that may be imposed by third parties in connection with their consent to the transfer of such amounts hereunder shall be subject to the consent of the Company, which consent shall not be unreasonably withheld.

13.15 Essential Services.

(a) Except as otherwise provided in Section 13.15(b) below, Prospect and the Prospect Member shall cause the Company and the Company Subsidiaries to maintain both Hospitals and to continue to provide, collectively, the full complement of essential clinical services set forth on Exhibit L ("Essential Services") for a period of at least five (5) years

immediately following the Closing Date. The Parties hereby acknowledge and agree that the foregoing commitment regarding the provision of Essential Services is intended to ensure continued choice and access to hospital and non-acute health care services providers. For a period of at least five (5) years immediately following the Closing Date, in the event that the Company or a Company Subsidiary sells the Business and/or either Hospital, Prospect and the Prospect Member shall cause the Company or the Company Subsidiary (as applicable) to require the purchaser thereof to assume the foregoing obligations in their entirety.

(b) Notwithstanding Section 13.15(a) above, if any of the following contingencies occurs with regard to any particular Essential Service, the Company or the Company Subsidiary (as applicable) may suspend, terminate, discontinue or materially and substantially modify, limit, or reduce (as applicable) the Essential Service:

(i) The Essential Service is Not Financially Viable;

(ii) The medical staff of the facilities then owned or operated by the Company or the Company Subsidiary do not include qualified physicians necessary to support the provision of the Essential Service;

(iii) An Essential Service experiences a significant decrease in patient volumes for any reason not within the reasonable control of the Company or a Company Subsidiary, including technological obsolescence, changes in method, techniques or sites for delivery of the Essential Service, pharmaceutical advancements, failure of the Essential Service to qualify for reimbursement under Medicare (or any successor program) or a material portion of other payors, demographic and other market changes, or other competitive/marketplace factors; or

(iv) The actual or projected volume or clinical staffing for an Essential Service is or will be insufficient to achieve or maintain the level of quality for such Essential Service that is at least equal to, or better than, the level of quality at which the Essential Service is provided at any other general acute care community hospital in the region.

13.16 Catholic Identity and Covenants. At all times following the Closing Date, Prospect and the Prospect Member shall cause the Company and the Company Subsidiaries to maintain the Catholic identity of all legacy SJHSRI locations and to ensure that all services at SJHSRI locations are rendered in full compliance with the Ethical and Religious Directives for Catholic Health Care Services, as promulgated by the United States Conference of Catholic Bishops and adopted by the Bishop of the Roman Catholic Diocese of Providence, Rhode Island, as the same may be amended from time to time (the "ERDs"). In furtherance of and consistent with the foregoing, Prospect and the Prospect Member shall cause the Company and the Company Subsidiaries to do or ensure all of the following:

(a) Each and every legacy SJHSRI location, as identified on Exhibit M, shall at all times be operated by the Company or a Company Subsidiary consistent with the Catholicity standards set forth on Exhibit M;

(b) Each and every facility owned or operated by the Company or a Company Subsidiary (other than the legacy SJHSRI locations identified on Exhibit M), and all programs

and services provided thereat or thereby, shall be operated by the Company or such Company Subsidiary so as to comply with the service restrictions set forth on Exhibit N;

(c) Pastoral care programs shall be maintained at all hospital facilities owned by the Company or a Company Subsidiary;

(d) The Company and the Company Subsidiaries shall provide pastoral care education curriculum sufficient to meet the needs of the hospital facilities owned by the Company or such Company Subsidiaries; and

(e) The Company and the Company Subsidiaries shall maintain chapels in all hospital facilities owned by the Company or such Company Subsidiaries.

13.17 Medical Staff Matters. In recognition of the key role to be played by members of the medical staffs at the Hospitals in ensuring the growth and long-term success of the Business, following the Closing Date, Prospect and the Prospect Member shall cause the Company and the Company Subsidiaries to do or ensure all of the following:

(a) The Company and the Company Subsidiaries shall invest in the medical staff of each Hospital in an effort to retain existing staff and recruit new staff. In addition, the Company and the Company Subsidiaries shall commit to properly position the Business to compete in Rhode Island (and regionally as necessary), consistent with emerging health care regulatory and reimbursement environments.

(b) The Company and the Company Subsidiaries shall involve physicians in the strategic and capital planning process for each of the Hospitals, insuring that the critical needs of the medical staff are met and that strategic initiatives and investment into the Hospital facility can be prioritized to better meet the needs of physicians practicing at the Hospital.

(c) The Company and the Company Subsidiaries shall recognize the medical staffs of both Hospitals in place as of the Closing Date and shall ensure that, for a period of at least two (2) years immediately following the Closing, there shall be no change or modification to the current medical staff privileges for physicians on staff at either Hospital, nor any change or modification to either Hospital's medical staff by-laws, rules and regulations, except for those routine medical staff functions and procedures set forth in the existing by-laws, rules and regulations of each Hospital's medical staff or except as required by Law.

(d) For a period of at least two (2) years immediately following the Closing Date, the Company and the Company Subsidiaries shall recognize and sustain the Hospital medical staff leadership structures in place as of the Closing Date, as set forth in the existing by-laws, rules and regulations of each Hospital's medical staff, including the positions of all medical staff officers, directors and chiefs of service (both sitting and elected) as described therein.

13.18 Restrictions and Rights Upon Sale of Interests in the Company. The Parties hereby agree to all of the following, which commitments shall be further reflected in the Amended and Restated Agreement:

(a) At any time, the Company and/or the Prospect Member may cause the assets of the Company or equity interests in the Company Subsidiaries to be pledged to lenders of Prospect and/or its Affiliates. However, if at any time a lender of Prospect or a Prospect Affiliate attempts to foreclose on any assets of the Company or any equity interest in a Company Subsidiary previously pledged to such lender, the Seller Member shall have a right to put its entire interest in the Company to the Prospect Member, on terms and condition more fully set forth in the Amended and Restated Agreement.

(b) For a period of at least five (5) years immediately following the Closing Date, the Prospect Member shall not sell its interest in the Company to an unaffiliated third party, nor shall Prospect sell its interest in the Prospect Member to an unaffiliated third party; provided, however, that such restriction: (i) shall not limit the Prospect Member's or Prospect's ability to transfer such interest to an Affiliate thereof; (ii) shall not be implicated by a change of control of Prospect or any direct or indirect parent thereof; and (iii) shall not limit the exercise of remedies pursuant to the Indenture or the Credit Agreement (each as defined in the Amended and Restated Agreement) or other indebtedness of Prospect and/or its Affiliates. In the event that, after the expiration of the five (5)-year period described above, the Prospect Member agrees to sell its interest in the Company to an unaffiliated third party, the Seller Member shall have the option to sell its interest in the Company to such buyer under the same terms and conditions, as more fully set forth in the Amended and Restated Agreement. In any event, the buyer of the Prospect Member's interest in the Company shall be required to expressly assume or reaffirm the obligations of Prospect and the Company under this Agreement.

(c) Commencing on the fifth (5th) anniversary of the Closing Date, the Seller Member shall have a right to put its entire interest in the Company to the Prospect Member, on terms and conditions set forth in the Amended and Restated Agreement. Notwithstanding the foregoing, at any time (whether during or after such five (5)-year period), the Seller Member shall have a right to put its entire interest in the Company to the Prospect Member (i) if necessary to protect the tax-exempt status of the Seller Member or any Affiliate thereof, or (ii) in the event of an attempted foreclosure on assets of the Company or a Company Subsidiary as described in Section 13.18(a) above. The terms and conditions for the exercise of the Seller Member's put right in such circumstances shall be as more fully set forth in the Amended and Restated Agreement.

(d) Other rights of the Parties (including rights of first offer, rights of first refusal, and tag-along rights) shall be as set forth in the Amended and Restated Agreement.

ARTICLE XIV
INDEMNIFICATION

14.1 Survival of Representations and Warranties.

(a) Except as otherwise provided in this ARTICLE XIV, all representations and warranties of each of the Sellers, the Company and Prospect contained in this Agreement shall survive until the two (2)-year anniversary of the Closing Date (the "Survival Date"). Notwithstanding the foregoing, any covenants of any Party that by their terms are to be performed or observed on or following the Closing shall survive the Closing until fully

performed or observed in accordance with their terms. Except as expressly provided in the immediately preceding sentence, (i) any claim for indemnification made hereunder before the Survival Date of such claim will not terminate before final determination and satisfaction of such claim, and (ii) no claim for indemnification hereunder may be made after the expiration of the applicable Survival Date.

(b) Notwithstanding anything to the contrary contained herein:

(i) the representations and warranties set forth in Section 4.1 (Incorporation, etc.), Section 4.2 (Powers, etc.), Section 4.3 (Binding Effect), Section 4.5 (Title; Purchased Assets), Section 4.30 (Brokers, etc.), Section 5.1 (Incorporation, etc.), Section 5.2 (Powers, etc.), Section 5.3 (Binding Effect), Section 5.5 (Brokers, etc.), Section 6.1 (Incorporation, etc.), Section 6.2 (Powers, etc.), Section 6.3 (Binding Effect), and Section 6.5 (Brokers, etc.) shall survive indefinitely; and

(ii) the representations and warranties set forth in Section 4.11 (Regulatory Compliance), Section 4.13 (Tax Matters), Section 4.17 (Employee Benefit Plans), Section 4.23 (Environmental Matters) and Section 9.13 (Freezing of Seller Plans) shall survive until ninety (90) days following the expiration of the applicable statute of limitations, but in no event longer than six (6) years immediately following the Closing.

14.2 Indemnification by Sellers. Sellers, jointly and severally, shall indemnify, defend and hold harmless Prospect, the Prospect Member, the Company, the Company Subsidiaries and their respective Affiliates, officers, directors, trustees, employees, stockholders, partners, members, agents, representatives, successors and permitted assigns (collectively, the "Company/Prospect Indemnified Persons"), from and against any loss, Liability, claim, damage or expense (including costs of investigation and defense and reasonable attorneys' fees and expenses), whether or not involving a Third-Party Claim (collectively, "Damages"), arising from or in connection with:

(a) any breach of or any inaccuracy in any of the representations and warranties made herein of by Sellers (giving effect to any amended Applicable Disclosure Schedules provided pursuant to Section 7.11(a) hereto but not giving effect to any updated schedules provided pursuant to Section 7.11(b) hereto) or in any certificate delivered by or on behalf of the Sellers hereunder at or prior to the Closing;

(b) any breach of or failure to perform any of the covenants or agreements made herein by Sellers;

(c) the Excluded Assets and Excluded Liabilities; and

(d) Sellers' operation of the Business prior to the Closing Date to the extent not contained in the calculation of Final Net Working Capital, including (i) Environmental, Health and Safety Liabilities for acts or failures to act occurring prior to the Closing Date, (ii) Liabilities for funding of, or tax or ERISA penalties or any other liabilities with respect to, the Retirement Plan, (iii) Healthcare Program Liabilities and Private Health Plan Liabilities pertaining to any period prior to the Closing Date, (iv) Tax Liabilities, and (v) medical

malpractice, negligence, employment discrimination and employment-related liabilities or general liability claims for acts or failures to act occurring prior to the Closing Date.

14.3 Indemnification by Prospect. Prospect shall indemnify, defend and hold harmless Sellers and their respective Affiliates, officers, directors, trustees, employees, stockholders, partners, members, agents, representatives, successors and permitted assigns (collectively, the "Seller Indemnified Persons"), from and against any Damages arising from or in connection with:

(a) any breach of or any inaccuracy in any of the representations and warranties made herein by Prospect or the Company (giving effect to any amended Applicable Disclosure Schedules provided pursuant to Section 7.11(a) hereto but not giving effect to any updated schedules provided pursuant to Section 7.11(b) hereto) or in any certificate delivered by or on behalf of Prospect, the Prospect Member, the Company or the Company Subsidiaries hereunder at or prior to the Closing; and

(b) any breach of or failure to perform any of the covenants or agreements made herein by Prospect, the Prospect Member, the Company or the Company Subsidiaries.

14.4 Limitation of Liability.

(a) No Company/Prospect Indemnified Persons shall make a claim against Sellers under Section 14.2(a) unless the amount of such claim (or group of related claims) exceeds Twenty-Five Thousand Dollars ($25,000) (the "De Minimis Threshold") and, except as otherwise expressly provided below, until the total amount of all claims for which the Company/Prospect Indemnified Persons seeking indemnification hereunder exceeds Six Hundred Thousand Dollars ($600,000) (the "Basket") (not counting any claims or group of related claims that do not exceed the De Minimis Threshold), in which event Sellers shall be liable for the full amount of all Damages (including the first dollar of such Damages). Further, except as expressly provided below, Sellers shall not have any liability for indemnification under Section 14.2(a) to the extent such liability exceeds an amount equal to the Cash Purchase Price (the "Cap"). Notwithstanding the foregoing:

(i) The Basket and the Cap shall not apply with respect to indemnification claims for any fraudulent acts by Sellers;

(ii) The Basket and the Cap shall not apply with respect to indemnification claims pursuant to Section 14.2(a) based on the breach or inaccuracy of the representations and warranties made by Sellers pursuant to Section 9.13 above; and

(iii) A special basket shall apply with respect to indemnification claims pursuant to Section 14.2(a) based on updated disclosures made by Sellers pursuant to Section 7.11(b) above, such that the Company/Prospect Indemnified Persons may make a claim against Sellers pursuant thereto once the total amount of all such claims exceeds Two Hundred Thousand Dollars ($200,000) (the "Special Basket") (not counting any claims or group of related claims that do not exceed the De Minimis Threshold); any indemnification claims pursuant to this Section 14.4(a)(iii) shall be disregarded up to the amount of the Special Basket for purposes

of the $600,000 Basket applicable to claims for indemnification by the Company/Prospect Indemnified Persons pursuant to Section 14.4(a) above.

(b) No Seller Indemnified Persons shall make a claim against Prospect under Section 14.3(a) unless the amount of such claim or group of related claims exceeds the De Minimis Threshold and until the total amount of all claims for which Seller Indemnified Persons is seeking indemnification hereunder, exceeds the Basket (not counting any claims or group of related claims that do not exceed the De Minimis Threshold), in which event Prospect shall be liable for the full amount of all Damages (including the first dollar of such Damages). Further, Prospect shall not have any liability for indemnification under Section 14.3(a) to the extent such liability exceeds an amount equal to the Cap. Notwithstanding the foregoing:

(i) The Basket and the Cap shall not apply with respect to indemnification claims for any fraudulent acts by Prospect, the Prospect Member, the Company or the Company Subsidiaries; and

(ii) The Special Basket shall apply with respect to indemnification claims pursuant to Section 14.3(a) based on updated disclosures made by the Company or Prospect pursuant to Section 7.11(b) above; any indemnification claims pursuant to this Section 14.4(b)(ii) shall be disregarded for purposes of the $600,000 Basket applicable to other claims for indemnification by the Seller Indemnified Persons pursuant to Section 14.4(b) above.

(c) In determining the amount of any Damages under this ARTICLE XIV, materiality and other similar qualifiers contained in such representation, warranty or covenant will be disregarded.

14.5 Third-Party Claims.

(a) Promptly after receipt by a Person entitled to indemnity under Section 14.2 or Section 14.3 (an "Indemnified Person") of notice of the assertion of a Third-Party Claim against it, such Indemnified Person shall give notice to the Person or Persons obligated to indemnify under such Section (each, an "Indemnifying Person") of the assertion of such Third-Party Claim, provided that the failure to notify an Indemnifying Person will not relieve the Indemnifying Person of any Liability that it may have to any Indemnified Person, except to the extent that the Indemnifying Person demonstrates actual loss and that the defense of such Third-Party Claim is materially prejudiced by the Indemnified Person's failure to give such notice.

(b) If an Indemnified Person gives notice to the Indemnifying Person pursuant to Section 14.5(a) of the assertion of a Third-Party Claim, the Indemnifying Person shall be entitled to participate in the defense of such Third-Party Claim and, to the extent that it wishes (unless (i) the Indemnifying Person is also a Person against whom the Third-Party Claim is made and the Indemnified Person determines in good faith that joint representation would be inappropriate or (ii) the Indemnifying Person fails to provide reasonable assurance to the Indemnified Person of its financial capacity to defend such Third-Party Claim and provide indemnification with respect to such Third-Party Claim), to assume the defense of such Third-Party Claim with counsel reasonably satisfactory to the Indemnified Person. After notice from the Indemnifying Person to the Indemnified Person of its election to assume the defense of such

Third-Party Claim, the Indemnifying Person shall not, so long as it diligently conducts such defense, be liable to the Indemnified Person under this ARTICLE XIV for any fees of other counsel or any other expenses with respect to the defense of such Third-Party Claim, in each case subsequently incurred by the Indemnified Person in connection with the defense of such Third-Party Claim, other than reasonable costs of investigation. If the Indemnifying Person assumes the defense of a Third-Party Claim, (i) such assumption will conclusively establish for purposes of this Agreement that the claims made in that Third-Party Claim are within the scope of and subject to indemnification, and (ii) no compromise or settlement of such Third-Party Claims may be effected by the Indemnifying Person without the Indemnified Person's consent unless (A) there is no finding or admission of any violation of Law or any violation of the rights of any Person; (B) the sole relief provided is monetary damages that are paid in full by the Indemnifying Person; and (C) the Indemnified Person shall have no Liability with respect to any compromise or settlement of such Third-Party Claims effected without its consent. If notice is given to an Indemnifying Person of the assertion of any Third-Party Claim and the Indemnifying Person does not, within ten (10) days after the Indemnified Person's notice is given, give notice to the Indemnified Person of its election to assume the defense of such Third-Party Claim, the Indemnifying Person will be bound by any determination made in such Third-Party Claim or any compromise or settlement effected by the Indemnified Person.

(c) Notwithstanding the foregoing, if an Indemnified Person determines in good faith that there is a reasonable probability that a Third-Party Claim may adversely affect it or its Affiliates other than as a result of monetary damages for which it would be entitled to indemnification under this Agreement, the Indemnified Person may, by notice to the Indemnifying Person, assume the exclusive right to defend, compromise or settle such Third-Party Claim, but the Indemnifying Person will not be bound by any determination of any Third-Party Claim so defended for the purposes of this Agreement or any compromise or settlement effected without its consent (which may not be unreasonably withheld).

(d) Notwithstanding the provisions of Section 15.1: (i) Sellers hereby consent to the nonexclusive jurisdiction of any court in which a Legal Proceeding in respect of a Third-Party Claim is brought against any Company/Prospect Indemnified Person for purposes of any claim that a Company/Prospect Indemnified Person may have under this Agreement with respect to such Legal Proceeding or the matters alleged therein; and (ii) Prospect hereby consents to the nonexclusive jurisdiction of any court in which a Legal Proceeding in respect of a Third-Party Claim is brought against any Seller Indemnified Person for purposes of any claim that a Seller Indemnified Person may have under this Agreement with respect to such Legal Proceeding or the matters alleged therein.

(e) With respect to any Third-Party Claim subject to indemnification under this ARTICLE XIV: (i) both the Indemnified Person and the Indemnifying Person, as the case may be, shall keep the other Person fully informed of the status of such Third-Party Claim and any related Legal Proceedings at all stages thereof where such Person is not represented by its own counsel; and (ii) the Parties agree (each at its own expense) to render to each other such assistance as they may reasonably require of each other and to cooperate in good faith with each other in order to ensure the proper and adequate defense of any Third-Party Claim.

(f) With respect to any Third-Party Claim subject to indemnification under this ARTICLE XIV, the Parties agree to cooperate in such a manner as to preserve in full (to the extent possible) the confidentiality of all confidential information and the attorney-client and work-product privileges. In connection therewith, each Party agrees that: (i) it will use its commercially reasonable best efforts, in respect of any Third-Party Claim in which it has assumed or participated in the defense, to avoid production of confidential information (consistent with applicable law and rules of procedure); and (ii) all communications between any party hereto and counsel responsible for or participating in the defense of any Third-Party Claim shall, to the extent possible, be made so as to preserve any applicable attorney-client or work-product privilege.

(g) Notwithstanding anything to the contrary in this Section 14.5, the Company, upon reasonable advance written notice to Sellers, may in its sole discretion assume control of any Remediation, Legal Proceeding or Third-Party Claim relating to an Environmental, Health and Safety Liability without releasing or waiving any Indemnifying Person's obligations hereunder to indemnify and hold the Company or a Company Subsidiary harmless and the Company's or such Company Subsidiary's rights to indemnification and being held harmless.

14.6 Other Claims. A claim for indemnification for any matter not involving a Third-Party Claim may be asserted by notice to the Party from whom indemnification is sought and, unless the matter is the subject of a good faith dispute between the Parties (in which case the Dispute resolution provisions of Section 15.1 shall apply), shall be paid promptly after such notice.

14.7 Benefit of Sellers' Indemnity. The Parties agree that any payments required to be made by Sellers pursuant to the provisions of Section 14.2 will be for the benefit of Prospect, the Prospect Member, the Company and the Company Subsidiaries, as applicable.

14.8 Right of Recoupment or Setoff. In the event that Sellers fail to indemnify or reimburse any Company/Prospect Indemnified Persons in accordance with this ARTICLE XIV for any Damages incurred by such Company/Prospect Indemnified Person (the "Unpaid Indemnification Amount"), Prospect may, in its sole and absolute discretion, recoup or offset, as applicable, on a dollar-for-dollar basis, all or a portion of the Unpaid Indemnification Amount in the following order of priority to the extent amounts are available in each such category: (x) by causing the Prospect Member to receive distributions from the Company otherwise due to the Seller Member in respect of the Seller Member's Units; (y) by reducing the Long-Term Capital Commitment; or (z) by treating such amount as an additional capital contribution by the Prospect Member to the Company and adjusting the Prospect Member's and the Seller Members' respective "Sharing Percentages" (as such term is defined in the Amended and Restated Agreement), or any combination of the foregoing, all pursuant to the terms of the Amended and Restated Agreement.

14.9 Tax Treatment of Indemnity Payments. The Parties agree to treat any payment for indemnity made pursuant to this ARTICLE XIV as an adjustment to the Cash Purchase Price for all tax purposes relating to any Tax, unless otherwise required by applicable Law, and any

such adjustments shall be allocated among the Facilities and the Purchased Assets in accordance with the principles of Section 2.11.

ARTICLE XV
GENERAL

15.1 Choice of Law; Dispute Resolution; Venue.

(a) Choice of Law. The Parties agree that this Agreement shall be governed by and construed in accordance with the Laws of the State of Rhode Island, without giving effect to any choice or conflict of law provision or rule thereof that would require the application of any other law.

(b) Dispute Resolution. In the event that any dispute, controversy or claim arises among the Parties, including any dispute, controversy or claim arising out of this Agreement or any other relevant document, or the breach, termination or invalidity thereof (a "Dispute"), the Parties shall attempt in good faith to resolve such Dispute promptly by negotiation (including at least one in-person meeting) over a period of not less than thirty (30) days, commencing upon one Party's delivery of a written notice of Dispute to the other Party.

(c) Venue. In the event that any Dispute is not resolved through good faith negotiations as provided in Section 15.1(b) above, either Party may submit the matter to a court of law or equity through the filing of a claim. The Parties agree that, except as otherwise expressly provided in Section 15.2 below, venue for any and all claims associated with a Dispute between the Parties shall rest with the state courts of the State of Delaware; provided, however, that such court shall construe and apply the Laws of the State of Rhode Island as provided in Section 15.1(a) above.

(d) Waiver of Jury Trial. EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATED AGREEMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

15.2 Specific Performance. Notwithstanding anything to the contrary contained herein, each Party acknowledges and agrees that the non-breaching Parties would be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms and that any breach of this Agreement by a Party could not be adequately compensated in all cases by monetary damages alone. Accordingly, in addition to any other right or remedy to which the non-breaching Parties may be entitled, at law or in equity, they shall be entitled to enforce any provision of this Agreement by seeking, from a court of competent jurisdiction in the State of Rhode Island, a decree of specific performance and temporary, preliminary and permanent injunctive relief to prevent breaches or threatened breaches of any of the provisions of this Agreement, without posting any bond or other undertaking.

15.3 Assignment.

(a) No Party may assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of the other Parties, except as follows: (i) each of Prospect, the Prospect Member, the Company and the Company Subsidiaries may assign any of its respective rights and delegate any of its respective obligations under this Agreement to any Affiliate thereof, as applicable; (ii) each of Prospect, the Prospect Member, the Company and the Company Subsidiaries may collaterally assign their rights hereunder to any financial institutions and noteholders (and any agent or trustee acting on their behalf) providing financing to the Company and/or Prospect and its Affiliates; and (iii) any Seller may assign any of its respective rights and delegate any of its respective obligations under this Agreement to any other Seller or to CharterCARE Health Partners Foundation (f/k/a St. Joseph Health Services Foundation). Subject to the preceding sentence, this Agreement will apply to, be binding in all respects upon, and inure to the benefit of the successors and permitted assigns of the Parties.

(b) Nothing expressed or referred to in this Agreement shall be construed to give any Person other than the Parties any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement, except such rights as shall inure to a successor or permitted assignee pursuant to this Section 15.3, or as expressly provided pursuant to Section 15.5 below.

15.4 Cost of Transaction. Whether or not the Transactions shall be consummated and except as otherwise provided herein, the Parties agree as follows:

(a) Except as provided otherwise elsewhere herein, Sellers will pay the fees, expenses and disbursements of Sellers and their Representatives incurred in connection with the subject matter hereof and any amendments hereto.

(b) Except as provided otherwise elsewhere herein, Prospect shall pay the fees, expenses and disbursements of Prospect and its Representatives incurred in connection with the subject matter hereof and any amendments hereto. Prospect also shall pay the fees, expenses and disbursements associated with the organization of the Company and the Company Subsidiaries as Rhode Island limited liability companies.

(c) The Company and/or the Company Subsidiaries shall be responsible for and shall pay any sales, use, stamp, realty transfer and documentary stamp taxes, and any and all other costs or expenses incident to the Closing or the recordation of the Deeds and the Leasehold Assignments. The Company and/or the Company Subsidiaries shall be responsible for and pay (i) the costs of examination of title and any title insurance policy to be issued insuring the Company's or Company Subsidiaries' title to the Real Property, and (ii) title charges and survey fees.

(d) The Company and/or the Company Subsidiaries shall be responsible for and pay any fees, expenses or costs pertaining to any inspections, studies, test, review and analyses of the Purchased Assets.

(e) Notwithstanding the foregoing, and notwithstanding any other provision of this Agreement, Sellers and Prospect shall share equally (on a 50/50 basis) the costs associated with obtaining all Approvals other than Church Approvals. Such costs shall include legal fees

only to the extent associated with (i) the compilation of documents required in connection with the HCA Initial Application and the HCFLA Change in Effective Control Application, and (ii) the assistance provided by legal counsel in connection with the preparation and prosecution of such applications.

15.5 Third-Party Beneficiaries.

(a) Except as provided in Section 15.5(b) below, the terms and provisions of this Agreement are intended solely for the benefit of the Prospect, the Prospect Member, the Company, the Company Subsidiaries, Sellers, Company/Prospect Indemnified Persons, Seller Indemnified Persons and their respective permitted successors or assigns, and it is not the intention of the Parties to confer, and this Agreement shall not confer, third-party beneficiary rights upon any other Person.

(b) Notwithstanding Section 15.5(a) above, the Parties hereby acknowledge and agree that the provisions of Section 13.16 hereof, including the accompanying Exhibits M and N, are for the specific benefit of the Bishop of the Roman Catholic Diocese of Providence, Rhode Island. The Parties further acknowledge and agree that any breach or violation of such provisions shall cause irreparable harm as to which no adequate remedy at law exists and that the Bishop may seek specific performance and injunctive relief in addition to all other remedies in equity or at law. If, in such circumstances, the Bishop is unsuccessful in obtaining specific performance and/or injunctive relief, the Company and the Company Subsidiaries shall, if requested by the Bishop in his sole discretion, cease operating under the names "St. Joseph" or "Our Lady of Fatima" or any other name that implies Catholicity.

15.6 Waiver. Except where a specific period for action or inaction is provided herein, neither the failure nor any delay on the part of any Party hereto in exercising any right, power or privilege under this Agreement or the documents referred to in this Agreement shall operate as a waiver thereof, nor shall any waiver on the part of any Party hereto of any such right, power or privilege, nor any single or partial exercise of any such right, power or privilege, preclude any other or further exercise thereof or the exercise of any other such right, power or privilege. The failure of a Party hereto to exercise any right conferred herein within the time required shall cause such right to terminate with respect to the transaction or circumstances giving rise to such right, but not to any such right arising as a result of any other transactions or circumstances.

15.7 Notices. All notices, consents, waivers and other communications required or permitted by this Agreement shall be in writing and shall be deemed given to a Party (i) when delivered or sent if delivered in person or sent by facsimile transmission (provided confirmation of facsimile transmission is obtained), (ii) on the fifth (5) Business Day after dispatch by registered or certified mail, (iii) on the next Business Day if transmitted by national overnight courier, in each case to the following addresses and marked to the attention of the person (by name or title) designated below (or to such other address as a Party may designate by notice to the other Parties):

If to Sellers: CharterCARE Health Partners
825 Chalkstone Avenue
Providence, RI 02908

with a copy to:	Drinker Biddle & Reath LLP 191 North Wacker Drive, Suite. 3700 Chicago, IL 60606-1699 Attention: Keith R. Anderson, Esq.
If to Company or the Company Subsidiaries:	Prospect CharterCare, LLC 825 Chalkstone Avenue Providence, RI 02908 Attention: Kenneth Belcher, Chief Executive Officer
with a copy to:	Sills Cummis & Gross P.C. One Riverfront Plaza Newark, NJ 07102 Attention: Gary W. Herschman, Esq.
and to:	Prospect Medical Holdings, Inc. 10780 Santa Monica Boulevard, Suite 400 Los Angeles, CA 90025 Attention: Samuel S. Lee, Chief Executive Officer
If to Prospect or the Prospect Member:	Prospect Medical Holdings, Inc. 10780 Santa Monica Boulevard, Suite 400 Los Angeles, CA 90025 Attention: Samuel S. Lee, Chief Executive Officer
with a copy to:	Sills Cummis & Gross P.C. One Riverfront Plaza Newark, NJ 07102 Attention: Gary W. Herschman, Esq.

15.8 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

15.9 Representative of Sellers.

(a) Each Seller hereby irrevocably constitutes and appoints CCHP ("Sellers' Representative") as its agent and such Seller's sole representative and true and lawful attorney in fact, and the Sellers' Representative hereby accepts such appointment, with full powers of

substitution and re-substitution, in such Seller's name, place and stead, in any and all capacities, in connection with the transactions contemplated by this Agreement and/or the other Transaction Documents, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection with the transfer of such Seller's Purchased Assets and Assumed Liabilities as full to all intents and purposes as such Seller might or could do in person. Each Seller hereby appoints the Sellers' Representative as its agent for the purpose of receiving service of process or other legal summons in connection with any proceeding brought by Prospect or the Company in any court in connection with or relating to this Agreement and/or the other Transaction Documents. The power-of attorney granted in this Section 15.9 is coupled with an interest and is irrevocable. Prospect, the Prospect Member, the Company and the Company Subsidiaries shall be entitled to deal exclusively with the Sellers' Representative on behalf of any and all Sellers in connection with all matters relating to this Agreement and/or the other Transaction Documents and shall be entitled to rely conclusively (without further evidence of any kind whatsoever) on any document executed or purported to be executed on behalf of any Seller by the Sellers' Representative, as fully binding upon such Seller. The Sellers' Representative shall notify the Sellers within a reasonable time of all material actions taken by it pursuant to this Section 15.9.

(b) Without limiting the generality of the foregoing Section 15.9(a), the Sellers' Representative, acting alone without the consent of any other Seller, is hereby authorized by each of the Sellers to (i) take any and all actions under this Agreement and/or the other Transaction Documents without any further consent or approval from any other Person, (ii) effect payments to Sellers hereunder or thereunder, (iii) receive or give notices hereunder or thereunder, (iv) receive or make payment hereunder or thereunder, (v) execute waivers or amendments hereof, and/or (vi) execute and deliver documents, releases and/or receipts hereunder or thereunder.

15.10 Divisions and Headings of this Agreement. 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.

15.11 No Inferences. Each Party has participated in the drafting of this Agreement, which each Party acknowledges is the result of extensive negotiations between the Parties. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision.

15.12 Tax and Regulatory 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 under applicable Laws (including applicable tax Laws and any Medical Reimbursement Program Laws), and each Party has relied solely upon the advice of its own employees or of representatives engaged by such Party and not on any such advice provided by any other Party.

15.13 Entire Agreement; Amendment. This Agreement and the Confidentiality Agreement supersede all previous Contracts and constitute the entire agreement of whatsoever kind or nature existing between or among the Parties representing 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 statement or prior written material not specifically incorporated herein shall be of any force and effect. This Agreement may not be amended, supplemented or otherwise modified except by a written agreement executed by the Party to be charged with the amendment.

15.14 Execution of this Agreement. This Agreement may be executed in multiple counterparts, each and all of which shall be deemed an original and all of which together shall constitute but one and the same instrument. A signature delivered by facsimile or PDF will be sufficient for all purposes among the Parties.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their authorized representatives, all as of the date and year first above written.

SELLERS;

CHARTERCARE HEALTH PARTNERS

By: _____
Name:
Title:

ROGER WILLIAMS MEDICAL CENTER

By: _____
Name:
Title:

ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND

By: _____
Name:
Title:

ROGER WILLIAMS REALTY CORPORATION

By: _____
Name:
Title:

RWGH PHYSICIANS OFFICE BUILDING, INC.

By: _____
Name:
Title:

ELMHURST EXTENDED CARE FACILITIES, INC.

By: _____
Name:
Title:

ROGER WILLIAMS MEDICAL ASSOCIATES, INC.

By: _____
Name:
Title:

ROGER WILLIAMS PHO, INC.

By: _____
Name:
Title:

ELMHURST HEALTH ASSOCIATES, INC.

By: _____
Name:
Title:

OUR LADY OF FATIMA ANCILLARY SERVICES, INC.

By: _____
Name:
Title:

THE CENTER FOR HEALTH AND HUMAN SERVICES

By: _____
Name:
Title:

SJII ENERGY, LLC

By: _____
Name:
Title:

ROSEBANK CORPORATION

By: _____
Name:
Title:

PROSPECT:

PROSPECT MEDICAL HOLDINGS, INC.

By: _____
Name:
Title:

PROSPECT MEMBER:

PROSPECT EAST HOLDINGS, INC.

By: _____
Name:
Title:

THE COMPANY:

PROSPECT CHARTERCARE, LLC

By: PROSPECT EAST HOSPITAL ADVISORY SERVICES, LLC, its Manager

By: PROSPECT MEDICAL HOLDINGS, INC., its Sole Member

By: _____
Name:
Title:

COMPANY SUBSIDIARIES:

PROSPECT CHARTERCARE RWMC, LLC

By: PROSPECT CHARTERCARE, LLC, its Sole Member

By: PROSPECT EAST HOSPITAL ADVISORY SERVICES, LLC, its Manager

By: PROSPECT MEDICAL HOLDINGS, INC., its Sole Member

By: _____
Name:
Title:

PROSPECT CHARTERCARE SJHSRI, LLC

By: PROSPECT CHARTERCARE, LLC, its Sole Member

By: PROSPECT EAST HOSPITAL ADVISORY SERVICES, LLC, its Manager

By: PROSPECT MEDICAL HOLDINGS, INC., its Sole Member

By: _____
Name:
Title:

PROSPECT CHARTERCARE ELMHURST, LLC

By: PROSPECT CHARTERCARE, LLC,
its Sole Member

By: PROSPECT EAST HOSPITAL
ADVISORY SERVICES, LLC,
its Manager

By: PROSPECT MEDICAL HOLDINGS,
INC., its Sole Member

By: _____
Name:
Title:

PROSPECT CHARTERCARE PHYSICIANS, LLC

By: PROSPECT CHARTERCARE, LLC,
its Sole Member

By: PROSPECT EAST HOSPITAL
ADVISORY SERVICES, LLC,
its Manager

By: PROSPECT MEDICAL HOLDINGS,
INC., its Sole Member

By: _____
Name:
Title:

ACCEPTANCE AND AGREEMENT OF
SELLERS' REPRESENTATIVE

The undersigned, being the Sellers' Representative designated in Section 15.9 of the foregoing Asset Purchase Agreement, agrees to serve as the Sellers' Representative and to be bound by the terms of such Asset Purchase Agreement pertaining thereto.

CharterCARE Health Partners ("CCHP")

Signed:_____

Print Name:_____

Print Title:_____

Dated:_____ 2013

Annex A

Definitions

"20-Day Period" has the meaning set forth in Section 2.9(c).

"Accountants' Determination" has the meaning set forth in Section 2.9(c).

"Accounts Receivable" means all accounts and notes receivable, pledges and grants receivable, unbilled invoices, rights to settlement and positive retroactive adjustments, if any, for open cost reporting periods, other rights to receive payment for goods and services provided by Sellers in connection with the Business, whether recorded or unrecorded, including any amounts due from patients, Private Health Plans, Governmental Entities and Government Reimbursement Programs or any other source.

"Affiliate" means, as to the Person in question, any Person that directly or indirectly controls, is controlled by, or is under common control with, the Person in question and any successors or assigns of such Person; and the term "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person whether through ownership of voting securities, by appointment of trustees, directors, and/or officers, by Contract or otherwise.

"Agreement" has the meaning set forth in the Preamble and shall include all Annexes, Exhibits and Schedules attached or delivered with respect hereto or expressly incorporated herein by reference.

"Allocation" has the meaning set forth in Section 2.11.

"Amended and Restated Agreement" means the Company's Amended and Restated Limited Liability Company Agreement, in the form of Exhibit A, to be entered into between the Prospect Member and the Seller Member at Closing.

"Ancillary Agreements" means, as to any Party hereto, all of the documents and instruments required to be executed pursuant to this Agreement by such Party in connection with this Agreement or the transactions contemplated hereby.

"Antitrust Laws" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, the Sherman Act, the Clayton Act, the Federal Trade Commission Act and any other United States federal or Rhode Island Law, administrative or judicial doctrines or other Laws that are designed to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade.

"Applicable Disclosure Schedules" means (i) with respect to Sellers, Schedule 1.1(a), Schedule 2.1(f)(2), Schedule 2.2(b) and those disclosure schedules contemplated by ARTICLE IV; (ii) with respect to the Company, those disclosure schedules contemplated by ARTICLE V; and (iii) with respect to Prospect, those disclosure schedules contemplated by ARTICLE IV.

"Approval" means any Healthcare Regulatory Consent or any other approval, authorization, certificate of need, exemption, consent, notice, qualification or registration, or any extension, modification, amendment or waiver of any of the foregoing, of or from, or any notice, statement, filing or other communication to be filed with or delivered to, any Governmental Entity, but excludes Environmental Permits.

"A/R Bank Accounts" has the meaning set forth in Section 4.28(a).

"Arbitrating Accountants" has the meaning set forth in Section 2.9(c).

"Architectural Plans means site plans, architectural renderings, blueprints, plans and specifications, engineering plans, as-built drawings, floor plans and other similar plans or diagrams, if any, held or used by Sellers in connection with the Business.

"Assumed Capital Lease Excess Amount" means the excess, if any, of (i) the aggregate amount, in dollars, of the net book value of all outstanding Capital Lease Obligations of Sellers at Closing pursuant to Assumed Contracts (but not including the current obligations under the Capital Leases included in Net Working Capital and not including the Cath Lab Capital Lease), over (ii) the sum of $635,854 plus the aggregate amount of the net book value of any capital leases entered into by Sellers after the date hereof which are consented to in writing by the Company pursuant to Section 7.3(b) hereof.

"Assumed Contracts" has the meaning set forth in Section 2.1(f).

"Assumed Employment Agreements" has the meaning set forth in Section 2.1(f).

"Assumed Leases" has the meaning set forth in Section 2.1(f).

"Assumed Liabilities" has the meaning set forth in Section 2.3.

"Assumed Physician Agreements" has the meaning set forth in Section 2.1(f).

"Audited Balance Sheet" has the meaning set forth in Section 4.7(a).

"Basket" has the meaning set forth in Section 14.4(a).

"Buildings and Systems" has the meaning set forth in Section 4.14(c).

"Business" means the business, operation or ownership of the Facilities and the Purchased Assets.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in Rhode Island are authorized or required by Law to close.

"Cap" has the meaning set forth in Section 14.4(a).

"Capital Lease Obligations" means those capital lease obligations of Sellers, including those described in Schedule 4.7(d) hereto.

"Capital Projects" has the meaning set forth in Section 2.5(b)

"Cash Purchase Price" has the meaning set forth in Section 2.6(a).

"Cath Lab Capital Lease" means that certain Capital Lease Obligation entered into by and between RWMC and Philips Medical dated December 27, 2012, with respect to Sellers' cardiac catheterization laboratory, the long-term portion of which, as of the date of this Agreement (*i.e.*, $558,288), shall be treated as partial satisfaction of the Long-Term Capital Commitment pursuant to Sections 4.2(b)and 4.2(c) of the Amended and Restated Agreement and Section 2.5(b) hereof.

"CCHP" has the meaning set forth in the introductory paragraph.

"Church" has the meaning set forth in Section 7.5(e).

"Church Approvals" has the meaning set forth in Section 7.5(e).

"Church Plan" has the meaning set forth in Section 4.17(i).

"Closing" has the meaning set forth in Section 3.1.

"Closing Cash Amount" has the meaning set forth in Section 2.6(a).

"Closing Date" has the meaning set forth in Section 3.1.

"CMS" means the Centers for Medicare & Medicaid Services.

"COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended, as further defined in Section 4.17(g).

"Code" means the Internal Revenue Code of 1986 and the rules and regulations promulgated thereunder.

"Commitment" has the meaning set forth in Section 12.1(a).

"Company" has the meaning set forth in the introductory paragraph.

"Company Locations" has the meaning set forth in Exhibit N.

"Company Subsidiaries" has the meaning set forth in the introductory paragraph.

"Company/Prospect Indemnified Persons" has the meaning set forth in Section 14.2.

"Confidentiality Agreement" means that certain Confidentiality Agreement, dated as of August 2, 2012, between CCHP and Prospect.

"Contract" means any written or oral contract, commitment, instrument, license, lease or agreement, currently in effect, including renewals, extensions, assignments and amendments made in accordance therewith.

"Controlled Group" has the meaning set forth in Section 4.17(c).

"Cost Reports" means all cost and other reports related to a health care facility filed pursuant to the requirements of the Government Reimbursement Programs for cost-based payments or reimbursement due to or claimed by Sellers from the Government Reimbursement Programs or their MACs (or other fiscal intermediaries), including all appeals and appeal rights.

"DAG" means the Rhode Island Department of the Attorney General.

"Damages" has the meaning set forth in Section 14.2.

"De Minimis Threshold" has the meaning set forth in Section 14.4(a).

"Deed" means a deed in the form of Exhibit B.

"Delivery Date" means the date upon which all Applicable Disclosure Schedules have been delivered by both Parties and accepted by such other Party (as applicable), but in no event shall the Delivery Date be later than the twenty-first (21st) day after the date of this Agreement.

"Dispute" has the meaning set forth in Section 15.1(a).

"DOH" means the Rhode Island Department of Health.

"DOJ" means the United States Department of Justice.

"Effective Time" has the meaning set forth in Section 3.2.

"Elmhurst ECF" has the meaning set forth in the introductory paragraph.

"Elmhurst HA" has the meaning set forth in the introductory paragraph.

"Elmhurst SMLLC" has the meaning set forth in the introductory paragraph.

"Employee List" has the meaning set forth in Section 4.18(a).

"Employees" means all individuals who are employed by Sellers in the conduct of the Business, including residents and fellows, together with individuals who are hired in respect of the conduct of the Business after the date hereof and prior to the Closing.

"Employment Agreements" has the meaning set forth in Section 2.1(f).

"Employment Loss" means (i) an employment termination, other than a discharge for cause, voluntary departure or retirement, (ii) a layoff exceeding six (6) months or (iii) a reduction in hours of work of more than 50%.

"Encumbrance" means any claim, charge, easement, encumbrance, liability, encroachment, security interest, mortgage, lien, pledge or restriction, whether imposed by Contract, Law, equity or otherwise.

"Environmental, Health and Safety Liabilities" means any claim (including for personal injury), demand, assessment, Encumbrance, investigation, action or cause of action, complaint, citation, directive, information request or notice of potential violation or potential responsibility issued by a Governmental Entity, Legal Proceedings, damages (including punitive and consequential damages, property damage and natural resources damages), obligations (including Remediation obligations, or financial responsibility therefor, pursuant to any Environmental Laws), losses, penalties, fines, liabilities, encumbrances, liens, violations, costs and expenses (including attorneys and consultants fees and Remediation costs): (a) which are incurred as a result of (i) the existence or alleged existence of Hazardous Material in, on, over, under, at or emanating from any Facility, Real Property or Former Real Property, (ii) Hazardous Activity or (iii) the violation or alleged violation of any Environmental Laws or Occupational Safety and Health Laws; or (b) which arise under the Environmental Laws or Occupational Safety and Health Laws.

"Environmental Law" means any applicable Law (including any judgment or administrative interpretations, guidances, directives, policy statements or opinions) of any Governmental Entity relating to injury to, or the pollution or protection of, human health and safety (to the extent relating to exposure to Hazardous Materials) or the environment.

"Environmental Permit" means any permit, registration, license, approval, identification number, exemption or other authorization required under or issued pursuant to any applicable Environmental Law.

"ERDs" has the meaning set forth in Section 13.16.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"Essential Services" has the meaning set forth in Section 13.15(a) and Exhibit L.

"Estimated Final Settlements" means estimates of the dollar amounts of final settlements owed by Sellers to third party payors.

"ETO" shall mean earned time off, as accrued by Employees pursuant to the applicable Seller Plans for periods prior to the Effective Time.

"Exceptions" has the meaning set forth in Section 12.1(a).

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

"Excluded Contracts" has the meaning set forth in Section 2.2(b).

"Excluded Liabilities" has the meaning set forth in Section 2.4.

"Facilities" means the Hospitals and all nursing homes, diagnostic, surgical and/or treatment facilities, medical office buildings, pharmacies, physician practice sites and/or other health care service and educational sites or facilities, and related health care business in Providence, Rhode Island and surrounding communities, each of which listed on Schedule 1.1(a), as well as the businesses conducted therein or thereby.

"Final Adjustment Amount" has the meaning set forth in Section 2.9(a).

"Final Determination Date" has the meaning set forth in Section 2.9(d).

"Final Net Working Capital" has the meaning set forth in Section 2.9(a).

"Final Working Capital Statement" has the meaning set forth in Section 2.9(a).

"Financial Statements" has the meaning set forth in Section 4.7(a).

"FIRPTA Certificate" means a certificate required by United States Treasury Department Regulation Section 1.1445-2, to the effect that Seller is not a foreign person (as defined in the Code), which would subject the Company or a Company Subsidiary to the withholding provisions of Section 1445 of the Code.

"Former Real Property" means any Real Property formerly owned, leased or operated by any of Sellers or any of their predecessors-in-interest.

"FTC" means the Federal Trade Commission.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Governmental Entity" means any government or any administrative agency or authority, bureau, board, directorate, commission, court, department, office, political subdivision, tribunal, recovery audit contractor or other instrumentality of any government, whether federal, state or local, domestic or foreign.

"Government Reimbursement Programs" means the Medicare program, the Rhode Island Medicaid program, the federal TRICARE program, and any other similar or successor federal or state healthcare payment programs with or sponsored by a Governmental Entity.

"Ground Lease" has the meaning set forth in Section 9.9.

"Ground Lease Property" means any real property that is the subject of a Ground Lease.

"Hazardous Activity" means the distribution, generation, handling, importing, management, manufacturing, processing, production, refinement, storage, transfer, transportation, disposal, treatment, use or Remediation of Hazardous Material or Release in, on, under, about or from any of the Facilities or any off-site disposal facilities.

"Hazardous Materials" means: (i) any chemical, substance, material, or waste listed, defined, or classified as a "pollutant," "contaminant," "hazardous substance," "toxic substance," "solid waste," "hazardous waste," "hazardous material," or "special waste" under any applicable Environmental Law; (ii) any substance regulated under any applicable Environmental Law; (iii) petroleum or any derivative or by-product thereof; (iv) urea formaldehyde foam insulation, polychlorinated biphenyls, methyl tertiary butyl ethyl, radioactive material, or radon; (v) mold; (vi) any "asbestos-containing materials;" and (vii) greenhouse gases.

"HCA" means the Rhode Island Hospital Conversions Act, R.I. Gen. Laws §§ 23-17.14-1, et seq.

"HCFLA" means the Health Care Facility Licensing Act of Rhode Island, R.I. Gen. Laws §§ 23-17-1, et seq.

"Healthcare Program Liabilities" means all Liabilities under any Laws relating to Government Reimbursement Programs, including any obligations for settlement and retroactive adjustments under the Medicare and Medicaid programs for open cost report periods.

"Healthcare Regulatory Consents" means in respect of Sellers or the Company or a Company Subsidiary, as the case may be, such consents, approvals, authorizations, waivers, Orders, licenses or Permits of any Governmental Entity as shall be required to be obtained and such notifications to any Governmental Entity as shall be required to be given by such Party in order for it to consummate the Transactions in compliance with all applicable Laws relating to health care or healthcare services of any kind and shall include obtaining any such consents, approvals, authorizations, waivers, Orders, licenses or Permits from, or notices to, the DAG, DOH and the public in accordance with the HCA and the HCFLA, and CMS.

"Historical Working Capital Position" means the average Net Working Capital (excluding cash and the current portion of long-term debt and Estimated Final Settlements) of Sellers for each of the 12 monthly periods prior to Closing, as of the month end most recently occurring before the Closing Date for which financial statements are available (but in no event as of a month end more than forty-five (45) days prior to the Closing); provided, however, that if the foregoing calculation results in a negative number, the Historical Working Capital Position shall be deemed to be zero ($0) for purposes of Section 2.9.

"Hospitals" means the hospitals known as (i) Roger Williams Medical Center, located at 825 Chalkstone Avenue, Providence, Rhode Island, and (ii) Our Lady of Fatima Hospital, located at 200 High Service Avenue, North Providence, Rhode Island.

"Immigration Act" means the Immigration and Nationality Act of 1952 and the Immigration Reform and Control Act of 1986.

"Improvements" has the meaning set forth in Section 2.1(a).

"Indebtedness" means all Liabilities of any Seller to any Person for borrowed money, including any loan or credit agreement, notes payable, Capital Lease Obligations, guaranties, letters of credit and similar arrangements, and including all interest, fees, penalties, charges or other amounts thereon.

"Indemnified Person" has the meaning set forth in Section 14.5(a).

"Indemnifying Person" has the meaning set forth in Section 14.5(a).

"Intellectual Property" means any trademarks, trade names, service marks, logos and other source identifiers and all applications, registrations and renewals in connection therewith; computer programs (in object code form and, as to software programs that are Seller Intellectual

Property, the source code therefor); writings, copyrights, and works of authorship (whether or not copyrightable) and all applications, registrations and renewals in connection therewith; data, technology, trade secrets, designs, patents, innovations, discoveries, inventions and improvements (whether or not patentable) and all patent applications and patent disclosures, together with all reissuances, continuations, revisions, extensions and re-examinations thereof; and any other intellectual property.

"Interim Balance Sheet" has the meaning set forth in Section 4.7(a).

"Interim Balance Sheet Date" means July 31, 2013.

"Interim Financial Statements" has the meaning set forth in Section 4.7(a).

"Inventory" means all useable inventories of supplies, pharmaceuticals, food, janitorial and office supplies and other disposables and consumables located at the Facilities or held for use in the Business.

"JV Proceed Deficiency" has the meaning set forth in Section 2.1(z).

"Landlord Estoppels" has the meaning set forth in Section 3.3(e).

"Law" means any federal, state, local, municipal, foreign or other law, common law, statute, ordinance, rule, regulation, requirement, interpretation, judgment, ruling, order or writ of any Governmental Entity, including Medical Reimbursement Program Laws, the Immigration Act and the Antitrust Laws.

"Leased Real Property" has the meaning set forth in Section 2.1(b).

"Leasehold Assignment" means an assignment and assumption of the Leased Real Property, in the form of Exhibit E.

"Leases" means any and all real property leases, subleases, tenancies, concessions, licenses, occupancy agreements or similar agreements (including any and all modifications, amendments, supplements extensions or renewals thereof) to which any Seller is a party with respect to the Facilities, and (subject to the terms of this Agreement) together with refundable deposits and prepaid rent, if any, relating to any of the foregoing.

"Legal Proceeding" means any action, suit, litigation, arbitration, proceeding or claim (whether at law or in equity) before a Governmental Entity or before any arbitrator or mediator or similar party, or any investigation, audit or review by any Governmental Entity.

"Liability" means any debt, liability or obligation (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due), and including all fines, penalties, costs and expenses relating thereto.

"Limited Power of Attorney" has the meaning set forth in Section 13.10.

"Long-Term Capital Commitment" has the meaning set forth in Section 2.5(b).

"MACs" means Medicare Administrative Contractors.

"Management Group" means the following Employees of Sellers: Kenneth H. Belcher, Otis Brown, Susan Cerrone-Abely, Michael Conklin, Jr., Joanne Dooley, Richard Gamache, Patricia Nadle, Kimberly A. O'Connell and Darleen Souza.

"Mandatory Removal Exceptions" has the meaning set forth in Section 12.1(a).

"Material Adverse Development" means any event, occurrence, condition, change or circumstance that, individually or together with any other event, occurrence, condition, change or circumstance, would be reasonably expected: (a) to have a material adverse impact on the business, operations, property, results of operations or financial condition of the Facilities or the Purchased Assets, taken as a whole, on the one hand, or Prospect, on the other hand (as applicable), including as a result of weather, flood or other natural disasters, whether or not covered by insurance; (b) materially impair the ability of Sellers, on the one hand, or Prospect, the Prospect Member, the Company and the Company Subsidiaries, on the other hand (as applicable), to consummate the Transactions contemplated by, or to perform their obligations under, this Agreement; or (c) materially impair the ability of the Company and the Company Subsidiaries to operate the Business after the Closing in substantially the same manner as Sellers operate the Business as of the date hereof. Notwithstanding the foregoing, a Material Adverse Development shall not include: (i) changes in the financial or operating performance of the Business due to or caused by the announcement of the Transactions contemplated by this Agreement or seasonal changes; (ii) changes or proposed changes to any Law, reimbursement rates or policies of governmental agencies or bodies that are generally applicable to hospitals or health care facilities; (iii) requirements, reimbursement rates, policies or procedures of third party payors or accreditation commissions or organizations that are generally applicable to hospitals or health care facilities; (iv) general business, industry or economic conditions, including such conditions related to the Parties, that do not disproportionately affect the applicable Parties, taken as a whole; (v) local, regional, national or international political or social conditions, including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack, that do not disproportionately affect the applicable Parties, taken as a whole; (vi) changes in financial, banking or securities markets (including any disruption thereof and any decline in the price of any security or any market index) that do not disproportionately affect the applicable Parties, taken as a whole; or (vii) changes in GAAP.

"Material Consents" has the meaning set forth in Section 3.3(o).

"Material Contracts" has the meaning set forth in Section 4.12(a).

"Material Indebtedness" means all Indebtedness other than Capital Lease Obligations.

"Medicaid" means the state health insurance program established under Title XIX of the Social Security Act.

"Medical Reimbursement Program Laws" means the Laws governing the Government Reimbursement Programs, including: 42 U.S.C. §§ 1320a-7, 1320a-7a, 1320a- 7b and 1395nn; the False Claims Act (31 U.S.C. § 3729 et seq.); the False Statements Act (18 U.S.C. § 1001);

the Program Fraud Civil Penalties Act (31 U.S.C. § 3801 et seq.); the anti-fraud and abuse provisions of the Health Insurance Portability and Accountability Act of 1996 (18 U.S.C. § 1347, 18 U.S.C. § 669, 18 U.S.C. § 1035, 18 U.S.C. § 1518; and the corresponding fraud and abuse, false claims and anti self-referral Laws of any other Governmental Body.

"Medical Staff List" has the meaning set forth in Section 4.20.

"Medicare" means the federal health insurance program for the aged and disabled established under Title XVIII of the Social Security Act.

"Net Working Capital" means the value of Sellers' Inventory, Accounts Receivable, Transferred Restricted Funds, useable prepaid expenses and deposits which have continuing value to the operations of the Business, less the value of trade accounts payable, accrued expenses (excluding any deferred revenues related to restricted research) and employee benefit accruals (including sick time and vacation); provided, however, that Net Working Capital: (w) shall include the current portion of capital leases; (x) shall not include any Accounts Receivable with respect to Transitional Patient Services; (y) shall not include Estimated Final Settlements; and (z) shall include such items and other adjustments pursuant to the methodology reflected on Annex B hereto, including without limitation an adjustment for all amounts paid by Sellers in connection with terminating Sellers' outstanding interest rate swaps; provided, further, that, Net Working Capital and its components shall be determined in accordance with GAAP.

"Nonassignable Contract" has the meaning set forth in Section 13.4.

"Non-A/R Bank Accounts" has the meaning set forth in Section 4.28(a).

"Non-Permitted Exceptions" has the meaning set forth in Section 12.1(a).

"Not Financially Viable" means that both of the following are true: (i) over any period of 12 consecutive months, an Essential Service has suffered a cumulative net loss, meaning that the actual aggregate revenue associated with such Essential Service over such 12-month period was less than the actual aggregate expense of providing the Essential Service over such 12-month period (considering direct and indirect facility costs, the costs of obtaining or maintaining the physician support necessary to provide the Essential Service, and capital investments that were required in order for the Essential Service to be provided in accordance with the prevailing standard of care); and (ii) for the subsequent 12-month period immediately thereafter, the Essential Service is projected to suffer a cumulative net loss, meaning that the projected aggregate revenue associated with such Essential Service over such 12-month period (considering anticipated future reimbursement levels and volume, in light of demographics and competitive factors) is anticipated to be less than the projected aggregate expense of providing the Essential Service over such 12-month period (considering direct and indirect facility costs, the costs of obtaining or maintaining the physician support necessary to provide the Essential Service, and the capital investment necessary to continue to provide the Essential Service in accordance with the prevailing standard of care).

"Objection Notice" has the meaning set forth in Section 2.9(c).

"Occupational Safety and Health Law" means any Law designed to provide safe and healthful working conditions and to reduce occupational safety and health hazards, including OSHA, and any program, whether governmental or private (such as those promulgated or sponsored by industry associations and insurance companies), designed to provide safe and healthful working conditions.

"Off-the-Shelf Software" means off-the-shelf operating system, browser and common desktop or server-based office productivity computer software (word processing, spreadsheet, presentation and the like).

"Order" means any order, injunction, judgment, decree, directive, ruling, consent, approval, writ, assessment or arbitration award of a Governmental Entity.

"Ordinary Course of Business" means the ordinary and usual course of normal day-to-day operations of the Business through the date hereof consistent with past practice.

"OSHA" means the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq.

"Our Lady" has the meaning set forth in the introductory paragraph.

"Outside Date" means the one (1)-year anniversary of the date of this Agreement; provided, however, that the Company or Prospect on the one hand, or the Sellers, on the other hand, shall have the right, exercisable upon prior written notice to such other Party, to extend the Outside Date by up to an additional ninety (90) days if the approvals under the HCA and HCFLA are pending as of the time of such exercise.

"Owned Real Property" has the meaning set forth in Section 2.1(a)

"Parties" has the meaning set forth in the introductory paragraph.

"Permit" means any application, approval, license, identification number, permit, franchise, accreditation, registration, waiver or certificate of need of any kind, of any Governmental Entity, but excludes Environmental Permits.

"Permitted Exceptions" has the meaning set forth in Section 12.2.

"Person" means an association, a corporation, a limited liability company, an individual, a partnership, a limited liability partnership, a trust or any other entity or organization, including a Governmental Entity.

"Personal Property" has the meaning set forth in Section 2.1(c).

"PHO" has the meaning set forth in the introductory paragraph.

"Physician Agreements" has the meaning set forth in Section 2.1(f).

"Physicians SMLLC" has the meaning set forth in the introductory paragraph.

"Pre-Closing Permitted Exceptions" has the meaning set forth in Section 4.5(a).

"Private Health Plan Liabilities" means all Liabilities relating to Private Health Plans in connection with reimbursement for the provision of health care services to enrolled or covered beneficiaries.

"Private Health Plans" means insurers, third party payors, health maintenance organizations, preferred provider organizations, third party administrators for self-insured employers and similar arrangements, other than Government Reimbursement Programs, but including those situations where, pursuant to a contract with a Government Reimbursement Program, the Private Health Plan provides coverage under a managed care product to persons obtaining their Medicare, Medicaid, or similar benefits from the Private Health Plan rather than directly from Medicare or Medicaid.

"Prospect" has the meaning set forth in the introductory paragraph.

"Prospect Advance" has the meaning set forth in Section 2.7.

"Prospect Benefit Plans" has the meaning set forth in Section 6.6.

"Prospect Contribution" has the meaning set forth in Section 2.5(a).

"Prospect Member" has the meaning set forth in the introductory paragraph.

"Provider Agreements" has the meaning set forth in Section 2.1(f).

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

"RE Tax Returns" means all Tax Returns, questionnaires, certificates, affidavits and other documents required in connection with the payment of any Transfer Taxes in respect of the Owned Real Property.

"Real Estate Taxes" has the meaning set forth in Section 12.2.

"Real Property" means the Owned Real Property and the Leased Real Property.

"Rejected Physician Agreements" has the meaning set forth in Section 2.1(f).

"Related Venture" and "Related Ventures" mean, individually and collectively (i) Rhode Island PET Services, LLC, a Rhode Island limited liability company, (ii) Roger Williams Radiation Therapy, LLC, a Rhode Island limited liability company, and (iii) Chemosynergy, LLC, a Rhode Island limited liability company.

"Release" means any spilling, leaking, pumping, emitting, emptying, discharging, injecting, escaping, leaching, dumping, migrating, or disposing of Hazardous Materials into the environment, including the ambient air, surface and subsurface soils, surface water and groundwater.

"Remediation" means any investigation, clean-up, removal action, remedial action, restoration, repair, response action, containment, corrective action, monitoring, sampling and

analysis, reclamation, closure, or post-closure activity in connection with the suspected, threatened or actual Release of Hazardous Materials.

"Representatives" means with respect to any Person, any of its Affiliates, directors, trustees, officers, members, shareholders, employees, counsel, accountants, consultants, agents, advisors and other representatives.

"Residents and Fellows List" has the meaning set forth in Section 4.19.

"Retirement Plan" means the St. Joseph Health Services of Rhode Island Retirement Plan.

"Retirement Plan Assets" shall mean the assets, cash and investments of the Retirement Plan.

"Revenue Procedure" has the meaning set forth in Section 8.2(c).

"Rosebank" has the meaning set forth in the introductory paragraph.

"RWMA" has the meaning set forth in the introductory paragraph.

"RWMC" has the meaning set forth in the introductory paragraph.

"RWMC SMLLC" has the meaning set forth in the introductory paragraph.

"RWOB" has the meaning set forth in the introductory paragraph.

"RWRC" has the meaning set forth in the introductory paragraph.

"Second 20-Day Period" has the meaning set forth in Section 2.9(c).

"Seller Indemnified Persons" has the meaning set forth in Section 14.3.

"Seller Intellectual Property" means Intellectual Property that is not Third Party Intellectual Property.

"Seller Member" has the meaning set forth in the Recitals.

"Seller Plans" has the meaning set forth in Section 4.17(a).

"Sellers" has the meaning set forth in the introductory paragraph.

"Sellers' Cost Reports" has the meaning set forth in Section 13.6.

"Sellers' Knowledge" (and similar expressions) means the actual knowledge of any member of the Management Group, after making diligent inquiry of those employees of any of Sellers with principal day-to-day operational responsibility with respect to a particular matter.

"Sellers' Representative" has the meaning set forth in Section 15.9(a).

"Service Contracts" means contractual rights with respect to the operation, maintenance, repair and improvement of the Real Property, including service and maintenance agreements, construction, material and labor contracts, utility agreements and other contractual arrangements, and warranties of any contractor, manufacturer or materialman.

"Settlement Agreement" has the meaning set forth in Section 2.9(c).

"SJHE" has the meaning set forth in the introductory paragraph.

"SJHSRI" has the meaning set forth in the introductory paragraph.

"SJHSRI Locations" has the meaning set forth in Exhibit M.

"SJHSRI SMLLC" has the meaning set forth in the introductory paragraph.

"Special Basket" has the meaning set forth in Section 14.4(a)(iii).

"Survey Update" has the meaning set forth in Section 12.1(a).

"Surveys" means those certain surveys of the Owned Real Property prepared by InSite Engineering Services, LLC, a surveyor registered in the State of Rhode Island, and certified to the Company and to Sellers by such surveyor as having been prepared in accordance with the Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys adopted in 2011, which have been provided by the Company to Sellers.

"Survival Date" has the meaning set forth in Section 14.1(a).

"Tax" means (a) any tax, assessment, duty, fee, levy or similar charge assessed by any Governmental Entity, including any income tax, ad valorem tax, excise tax, escheat or unclaimed property liability, sales tax, use tax, capital tax, franchise tax, real or personal property tax, transfer tax, realty transfer tax, gross receipts tax, withholding tax, social security tax, payroll tax or employment tax, together with and including any and all interest, fines, penalties, assessments and additions to Tax resulting from, relating to or incurred in connection with any of those or any contest or dispute thereof, and (b) any liability of any Person for the payment of the amounts described in clause (a) as a transferee, successor or pursuant to any contractual obligation or pursuant to Treasury Regulations Section 1.1502-6 (or any similar provision of state or local Law).

"Tax Return" means any report, statement, form, return or other document or information supplied or required to be supplied to a Governmental Entity or any other Person in connection with Taxes, including any schedule or attachment thereto and any amendment thereof, and including any return required by an organization exempt from any Tax.

"TCHHS" has the meaning set forth in the introductory paragraph.

"Tenant Estoppels" has the meaning set forth in Section 3.3(c).

"Tenants" means tenants in occupancy of portions of the Real Property as of the Closing under Leases, as listed on the Rent Roll attached as Schedule 4.14(c).

"Third-Party Claim" means a claim by a third-party that is subject to indemnification hereunder.

"Third Party Intellectual Property" has the meaning set forth in Section 4.9(a).

"Title Company" means First American Title Insurance Company.

"Title Notice" has the meaning set forth in Section 12.1(a).

"Transaction" or "Transactions" means the purchase and sale of the Facilities and Purchased Assets, and consummation of the other transactions set forth herein or contemplated hereby.

"Transaction Documents" means this Agreement and the Ancillary Agreements.

"Transfer Taxes" means all transfer, conveyance, documentary, sales, use, stamp, registration, value added and other such Taxes and fees (including any penalties and interest).

"Transferred Employees" has the meaning set forth in Section 8.1(a).

"Transferred Residents and Fellows" has the meaning set forth in Section 8.1(b).

"Transferred Restricted Funds" means, to the extent transferable, and subject to receipt by Sellers of any required third party consents (including, as applicable, approval of the pertinent federal agency, the original donor or the heirs thereof, or a court exercising jurisdiction in a *cy pres* action) as of the Closing Date, all research grant funds and any deferred liabilities associated with such funds and all endowed or donor-restricted funds (whether current or non-current) that have been specifically designated for use by, at or in connection with the operation of the Business.

"Transitional Patient Services" has the meaning set forth in Section 2.1(x).

"TRICARE" means the Department of Defense's managed healthcare program for active duty military, active duty service families, retirees and their families and other beneficiaries.

"Units" has the meaning set forth in Section 2.6(b).

"UMG" means University Medical Group, Inc., a Rhode Island 501(c)(3) corporation.

"Unpaid Indemnification Amount" has the meaning set forth in Section 14.8.

"Update" has the meaning set forth in Section 12.1(a).

"WARN Act" means the Worker Adjustment and Retraining Notification Act of 1988 and the rules and regulations promulgated thereunder, and any local or state statute, rules or regulations providing for notice in the advance of or benefits of any kind as a result of

employment termination or other employment loss, as defined in the WARN Act or by such local or state statutes.

Annex B

Net Working Capital

Calculation Methodology

See Attached

Working Capital Analysis
Alexander Graham Bell Charter Care
Trailing 12 months ended August, 2012 and July, 2013

		Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	12 Mo Trailing Avg
Cash & Cash Equivalents		15,146,983	18,128,169	20,230,139	19,739,070	21,360,130	18,536,333	18,413,843	15,016,050	15,190,440	17,115,998	15,642,637	16,103,753	17,551,962
ST Investments		1,498,993	1,499,790	1,499,790	1,499,911	1,499,250	1,499,250	1,499,370	1,499,370	1,499,525	1,499,525	1,499,625	1,499,625	1,499,502
Patient Receivables, Net		33,320,897	33,324,108	34,102,007	32,483,810	31,750,770	35,683,154	34,594,273	31,865,932	33,071,761	32,765,544	34,351,706	33,870,005	33,431,997
AR Other		2,377,210	6,129,728	1,960,755	2,614,814	3,131,818	2,940,780	3,578,679	3,928,613	4,621,039	5,121,624	5,657,187	5,580,511	3,970,230
Pledge Receivable		117,135	82,205	(1,693)	82,205	82,205	82,205	82,205	82,205	82,205	82,205	82,205	82,205	78,124
Inventories		4,677,827	4,774,119	4,794,591	4,824,498	4,777,771	4,711,270	4,620,198	4,987,848	4,905,722	4,805,533	4,624,206	4,486,451	4,749,170
Prepaids		2,701,017	1,942,606	2,622,068	3,235,395	3,817,642	2,826,279	3,128,904	3,293,316	2,754,726	2,536,589	2,341,846	2,294,795	2,791,265
Due To/Fr Related Parties		-	-	-	-	-	-	-	-	-	-	-	-	-
Malprac Rec Current		-	6,561,259	6,561,259	6,593,274	6,590,321	6,550,041	6,561,852	6,541,639	6,562,940	6,561,217	6,572,586	6,648,481	6,025,406
Current Portion Funds Held by Trustee		1,356,907	1,396,265	451,542	598,269	745,003	1,338,523	1,165,983	1,312,730	1,459,457	1,132,231	1,197,090	1,790,622	1,162,052
Total Current Assets		61,196,969	73,838,249	72,220,458	71,671,246	73,754,910	74,167,835	73,645,307	68,527,703	70,147,815	71,620,466	71,969,088	72,356,448	71,259,708
Accounts Payable & Accrued Expenses		(23,578,016)	(25,739,303)	(22,943,179)	(22,394,467)	(22,198,336)	(24,611,497)	(25,715,543)	(23,020,819)	(22,771,613)	(23,135,362)	(24,136,832)	(26,511,874)	(23,896,403)
Accrued Wages & Benefits		(15,899,035)	(17,839,166)	(19,424,835)	(20,722,112)	(21,797,809)	(19,227,161)	(19,828,329)	(19,244,148)	(20,337,605)	(21,709,139)	(22,789,147)	(21,424,615)	(20,020,258)
Malpractice Ins Reserve - Current		-	(8,551,128)	(8,551,128)	(8,551,128)	(8,551,128)	(8,551,128)	(8,551,128)	(8,551,128)	(8,551,128)	(8,551,128)	(8,551,128)	(8,551,128)	(7,838,534)
Deferred Revenues		(1,668,738)	(2,180,843)	(2,124,359)	(2,067,874)	(1,910,762)	(1,834,219)	(1,689,009)	(1,508,358)	(1,762,243)	(1,624,692)	(1,524,867)	(1,757,146)	(1,804,426)
Current Obligations - Capital Leases		(1,613,915)	(762,719)	(762,119)	(761,513)	(760,901)	(760,284)	(683,696)	(609,651)	(609,017)	(609,017)	(597,947)	(597,947)	(760,727)
Current Obligations - Long Term Debt		(1,435,493)	(1,452,334)	(1,451,686)	(1,451,034)	(1,452,499)	(1,451,838)	(1,503,593)	(1,450,502)	(1,449,828)	(1,449,148)	(1,448,465)	(1,447,776)	(1,453,683)
Line of Credit		-	-	-	-	-	-	-	-	-	-	-	-	-
Anticipated Third Party Settlements		(16,069,662)	(14,498,963)	(14,845,375)	(14,810,164)	(15,595,630)	(15,695,699)	(14,905,844)	(13,409,915)	(13,738,246)	(13,983,226)	(12,734,487)	(11,542,695)	(14,319,159)
Total Current Liabilities		(60,264,859)	(71,024,456)	(70,102,681)	(70,758,292)	(72,267,065)	(72,131,826)	(72,877,142)	(67,794,521)	(69,219,680)	(71,061,712)	(71,782,873)	(71,833,181)	(70,093,191)
Reported Net Working Capital		932,110	2,813,793	2,117,777	912,954	1,487,845	2,036,009	768,165	733,182	928,135	558,754	186,215	523,267	1,166,517
Adjustments per Agreement														
Cash & Cash Equivalents	All cash accounts	(15,146,983)	(18,128,169)	(20,230,139)	(19,739,070)	(21,360,130)	(18,536,333)	(18,413,843)	(15,016,050)	(15,190,440)	(17,115,998)	(15,642,637)	(16,103,753)	(17,551,962)
ST Investments		(1,498,993)	(1,499,790)	(1,499,790)	(1,499,911)	(1,499,250)	(1,499,250)	(1,499,370)	(1,499,370)	(1,499,525)	(1,499,525)	(1,499,625)	(1,499,625)	(1,499,502)
Pledge Receivables		(117,135)	(82,205)	1,693	(82,205)	(82,205)	(82,205)	(82,205)	(82,205)	(82,205)	(82,205)	(82,205)	(82,205)	(78,124)
Deferred Revenue Research		1,349,257	1,503,029	1,503,029	1,503,029	1,652,401	1,575,858	1,487,133	1,362,966	1,673,336	1,592,269	1,509,652	1,741,931	1,537,824
Restricted Research (Cash) *	33.1100.1014	3,197,492	3,322,401	3,322,401	3,217,222	3,703,953	3,758,791	3,353,169	3,383,300	3,535,011	3,781,797	3,707,002	3,792,266	3,506,234
Deferred Revenue Research **	33.2340.2365	(1,349,257)	(1,503,029)	(1,503,029)	(1,503,029)	(1,652,401)	(1,575,858)	(1,487,133)	(1,362,966)	(1,673,336)	(1,592,269)	(1,509,652)	(1,741,931)	(1,537,824)
Special Purpose Cash/Investments (Restricted) * (NOTE)	ST Investments , 33.1100.1015, 33.1100.1007	971,159	1,424,283	1,734,506	1,734,506	1,734,506	971,159	971,159	971,159	971,159	971,159	971,159	971,159	1,199,756
Prepaids- Insurance	GL Accts xx.1500.1502	(1,214,365)	(642,093)	(1,174,742)	(1,438,536)	(1,778,045)	(738,928)	(631,370)	(684,861)	(579,355)	(481,722)	(363,166)	(534,391)	(855,131)
AR Endowment/Trust Fund	GL Accts xx.1280.1286	(408,891)	(168,985)	(194,342)	(238,491)	(314,556)	(476,005)	(518,617)	(376,445)	(254,124)	(296,245)	(372,000)	(250,157)	(322,405)
Malprac Rec Current	GL Accts xx.1500.1502	-	(6,561,259)	(6,561,259)	(6,593,274)	(6,590,321)	(6,550,041)	(6,561,852)	(6,541,639)	(6,562,940)	(6,561,217)	(6,572,586)	(6,648,481)	(6,025,406)
Current Portion Funds Held by Trustee	All GL Accts in this category	(1,356,907)	(1,396,265)	(451,542)	(598,269)	(745,003)	(1,338,523)	(1,165,983)	(1,312,730)	(1,459,457)	(1,132,231)	(1,197,090)	(1,790,622)	(1,162,052)
Amts in AP/Accrued Related to Sale	Per CCHP	10,065	10,065	(3,898)	33,602	94,929	147,531	182,547	228,423	90,923	128,423	199,257	300,746	118,551
Bond Related Liabilities	GL Accts xx.2340.2347 & 2607	573,530	699,076	343,219	478,829	261,513	844,541	660,893	796,528	932,164	597,949	414,159	996,581	633,249
Malpractice Ins Reserve - Current	GL Accts xx.2340.2473	-	8,551,128	8,551,128	8,551,128	8,551,128	8,551,128	8,551,128	8,551,128	8,551,128	8,551,128	8,551,128	8,551,128	7,838,534
Current Obligations - Long Term Debt	GL Accts xx.2470.2476 & 2495	1,435,493	1,452,334	1,451,686	1,451,034	1,452,499	1,451,838	1,503,593	1,450,502	1,449,828	1,449,148	1,448,465	1,447,776	1,453,683
Line of Credit	GL Accts 21.2200.2203	-	-	-	-	-	-	-	-	-	-	-	-	-
Anticipated Third Party Settlements	All Anticipated 3rd Party Accounts	16,069,662	14,498,963	14,845,375	14,810,164	15,595,630	15,695,699	14,905,844	13,409,915	13,738,246	13,983,226	12,734,487	11,542,695	14,319,159
Estimated Termination Payment (SWAP)	21.2340.2360	317,228	308,801	300,589	301,577	290,401	272,154	274,166	268,194	272,229	242,978	219,964	217,284	273,797
Total Adjustments per Agreement		2,831,355	1,788,285	434,885	388,306	(684,951)	2,471,556	1,529,259	3,545,849	3,912,642	2,536,665	2,516,312	910,401	1,848,380
Adjusted Net Working Capital		**3,763,465**	**4,602,078**	**2,552,662**	**1,301,260**	**802,894**	**4,507,565**	**2,297,424**	**4,279,031**	**4,840,777**	**3,095,419**	**2,702,527**	**1,433,668**	**3,014,898**

* -100% of the relevant funds are assumed to be transferable to Newco. If a lesser amount is actually transferred at Closing, then such lesser amount shall be use for the purposes of Annex B for each of the trailing 12 months prior to the Closing
For example if only $100 of Restricted Cash were appropriately and actually transferred on Closing, then $100 shall be substituted for Restricted Cash for each month starting August 2012 through July 2013.
As another example, if only $1,000 of Special Purpose Cash/Investments (Restricted) is transferred upon Closing then $1,000 shall be substituted for Special Purpose Cash/Investments (Restricted) for each month starting August 2012 through July 2013.
Less than 100% of the amounts in Restricted Research (Cash) and Special Purpose Cash/Investments (Restricted) maybe transferred upon Closing.

** - To the extent Restricted Research cash (account # 33.1100.1014) is transferred to Newco through the definition of Transferred Restricted Funds, the deferred revenue liability associated with those specific funds shall also be transferred.
At closing less than 100% of the deferred revenues may be transferred and reflected in the Net Working Capital calculation.
The amounts actually transferred at Closing shall be reflected for each of the 12 months prior to the Closing.

NOTE: The amount reflected as restricted is an estimate based upon data available at the current time. The estimate is subject to change.

For Illustratuve Purposes

Historical Net Working Capital Position (Average of 12 months trailing period of Adjusted Net Working Capital)	3,014,898
Final Net Working Capital	1,433,668
Amount Due to Prospect from Sellers	1,581,230

Schedule 2.3

Certain Assumed Liabilities

- All amounts due under capital leases
- All amounts due under Other Liabilities as reflected on the Interim Balance Sheet

Schedule 2.4

Certain Excluded Liabilities

- All amounts due to related parties of the Sellers
- All amounts due to any third party related to the evaluation, negotiation, or consummation of the transaction described in the Agreement and all ancillary documents
- All third party settlements including all Medicare and Medicaid cost reports, DSH or other settlements for all periods prior to the Closing Date, except as provided in Section 13.6(b)
- All Liabilities related to the Retirement Plan
- All amounts related to Sellers' Taxes
- All Liabilities (including all related reserves recorded on Sellers' financial statements) related to Sellers' medical malpractice, negligence, workers compensation, employment discrimination and employment related liabilities, business or other contractual disputes or general liability claims for acts or failures to act prior to the Closing Date
- All other reserves reflected on Sellers' financial statements and the related underlying Liabilities that are not Assumed Liabilities

Schedule 2.7

Expenses Subject to Prospect Advance

DESCRIPTION	AMOUNT
Phase I Environmental Reports – Cardno ATC	$17,700
Asbestos Screening Reports – Cardno ATC	$14,720
Real Estate Survey – InSite Engineering	$130,700

Exhibit A

Amended and Restated Agreement

See Attached

AMENDED & RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF

PROSPECT CHARTERCARE, LLC

(a Rhode Island Limited Liability Company)

_____, 2014

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

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EXHIBITS:

AMENDED & RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
PROSPECT CHARTERCARE, LLC

This Amended & Restated Limited Liability Company Agreement (this "Agreement") is entered into and effective as of [_____], 2014, by and between CHARTERCARE HEALTH PARTNERS, a Rhode Island not-for-profit corporation ("CCHP"), and PROSPECT EAST HOLDINGS, INC., a Delaware corporation (the "Prospect Member"), and PROSPECT CHARTERCARE, LLC, a Rhode Island limited liability company (the "Company").

WITNESSETH

WHEREAS, the Company was formed on August 21, 2013 through the filing of Articles of Organization with the Office of the Secretary of State of Rhode Island;

WHEREAS, pursuant to the terms, and subject to the conditions, of that certain Asset Purchase Agreement, dated as of September 24, 2013, among CCHP, the CCHP Affiliates, Prospect Medical Holdings, Inc. ("Prospect"), the Prospect Member, the Company, Prospect CharterCare RWMC, LLC ("RWMC SMLLC"), Prospect CharterCare SJHSRI, LLC ("SJHSRI SMLLC"), Prospect CharterCare Elmhurst, LLC ("Elmhurst SMLLC"), and Prospect CharterCare Physicians, LLC ("Physicians SMLLC" and together with RWMC SMLLC, SJHSRI SMLLC, Elmhurst SMLLC, each a "Company Subsidiary" and collectively, "Company Subsidiaries") (the "Purchase Agreement"), CCHP and the CCHP Affiliates agreed to sell certain assets relating to Roger Williams Medical Center, Our Lady of Fatima Hospital, and certain other assets to the Company and/or the Company Subsidiaries, in exchange for both cash consideration of $45 million (subject to adjustments and other terms and conditions as set forth in the Purchase Agreement) and a 15% membership interest in the Company;

WHEREAS, prior to the effective date hereof, the Prospect Member was the sole member (100%) of the Company, and in connection with the consummation of the transactions contemplated by the Purchase Agreement, the Members desire to enter into this Agreement to amend and restate any prior operating agreements with respect to the Company;

WHEREAS, the Members desire to enhance and improve the delivery of cost-effective, quality health care services in the greater Providence, Rhode Island metropolitan service area, to provide health care services to the indigent, and to offer services to an increased population more efficiently and cost-effectively; and

WHEREAS, subject to the terms and conditions hereof (and the Purchase Agreement), the Prospect Member will contribute $50 million of additional capital to the Company over four (4) years.

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 hereby agree as follows:

AGREEMENT

I. DEFINITIONS. As used herein, including Exhibit A attached hereto, the following terms have the following meanings:

1.1 "Act" means the Rhode Island Limited Liability Company Act, Rhode Island General Laws Chapter 7-16, as amended from time to time.

1.2 "Additional Member" means a Person who is admitted into the Company as a Member pursuant to the terms of Section 13.4 hereof.

1.3 "Adjusted Capital Contribution" means, with respect to a Member, the actual Capital Contributions made by such Member (or its predecessors in interest); provided that with respect to the Prospect Member (and its successors in interest), the Prospect Member's Adjusted Capital Contribution shall be increased by the portion of its Long-Term Capital Commitment that has been funded. The Members' Adjusted Capital Contributions are set forth on Exhibit B hereto.

1.4 "Affiliate" means, as to the Person in question, any Person that directly or indirectly controls, is controlled by, or is under common control with, the Person in question and any successors or assigns of such Person; and the term "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person whether through ownership of voting securities, by appointment of trustees, directors, and/or officers, by contract or otherwise.

1.5 "Agreement" means this Amended & Restated Limited Liability Company Agreement of Prospect CharterCare, LLC, as from time to time amended pursuant to Section 17.11 hereof.

1.6 "Approval of the Board" or "Approved by the Board" means:

(a) In the event CCHP owns greater than 5% of the Units issued and outstanding, (i) the affirmative vote, consent or approval of at least a majority of those Category A Directors present at a meeting at which a Quorum of the Category A Directors exists, and (ii) the affirmative vote, consent or approval of at least a majority of those Category B Directors present at a meeting at which a Quorum of the Category B Directors exists. For purposes of this Section 1.6(a), a "Quorum" means a majority of the Category A Directors then serving and a majority of the Category B Directors then serving; and

(b) In the event CCHP owns 5% (or less) of the Units issued and outstanding, the affirmative vote, consent or approval of at least a majority of those Directors present at a meeting at which a Quorum exists. For purposes of this Section 1.6(b), a "Quorum" means a majority of all Directors then serving.

For purposes of this Agreement, the phrases "determined by the Board", "deemed by the Board", "consented to by the Board", or the like shall mean the same as "Approved by the Board."

1.7 "Articles" means the Articles of Organization of the Company, as amended from time to time.

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

1.9 "Borrowing Limit" means a loan or series of related loans in excess of Ten Million Dollars ($10,000,000). For the avoidance of doubt, indebtedness of Affiliates of the Company (including, without limitation, the Prospect Member and Prospect) that is guaranteed by the Company or the Company Subsidiaries, or secured by a lien on the assets of the Company or the Company Subsidiaries, shall not count against the Borrowing Limit, so long as the Company and the Company Subsidiaries are not the primary obligor thereof.

1.10 "Capital Contribution" means, as to any Member, the amount of cash or the Agreed Value (as defined in Exhibit A attached hereto) of tangible or intangible property contributed or deemed contributed to the Company by the Member, which initial amount is set forth opposite such Member's name on the attached Exhibit B under the heading "Initial Capital Account".

1.11 "Category A Directors" means the members of the Board of Directors elected or appointed from time to time by CCHP.

1.12 "Category B Directors" means the members of the Board of Directors elected or appointed from time to time by the Prospect Member.

1.13 "CCHP Affiliate" means any Affiliate of CCHP (other than a natural person).

1.14 "Code" means the Internal Revenue Code of 1986, as amended, or any successor thereto.

1.15 "Consumer Price Index" means the Consumer Price Index for All Urban Consumers, Medical Care Services (1982-84=100), published by the United States Bureau of Labor Statistics. In the event that such Index is discontinued or is so changed as not to reflect substantially the same information as it does in 2013, then the index to be used for these computations shall be the index then published by the United States Bureau of Labor Statistics that most clearly reflects the increase or decrease in consumer prices for the periods in question.

1.16 "Credit Agreement" means that certain Credit Agreement, dated as of May 3, 2012, by and among Prospect, the lenders party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent, including any notes, mortgages, guarantees, collateral documents and other documents executed in connection therewith, in each case, as amended, restated,

modified, supplemented, renewed, replaced, extended, increased or refinanced in whole or in part from time to time.

1.17 "Days Cash on Hand" means (i) the sum of the Company's cash and investments, divided by (ii) the quotient of (x) the Company's rolling twelve (12) months operating expense minus (1) depreciation and amortization expense and (2) one-time non-cash operating expenses, divided by (y) the number of days in the rolling twelve month period. Days Cash on Hand is measured monthly as of month end. Expressed as a formula: (cash and investments) / ((rolling 12-month operating expense minus depreciation and amortization expense minus one-time non-cash operating expenses) / days in rolling 12-month period)).

1.18 "Distributable Cash" shall be defined as the sum of (a) all cash of the Company on its balance sheet, minus (b) Reserves.

1.19 "Fatima Hospital" means Our Lady of Fatima Hospital located in North Providence, Rhode Island.

1.20 "Hospitals" means the general acute care hospitals Roger Williams Medical Center, located in Providence, Rhode Island, and Our Lady of Fatima Hospital, located in North Providence, Rhode Island.

1.21 "Indenture" means that certain Indenture, dated as of May 3, 2012, by and among Prospect, the Subsidiary Guarantors identified therein and U.S. Bank National Association, as Trustee, including any notes, mortgages, guarantees, collateral documents and other documents executed in connection therewith, in each case, as amended, restated, modified, supplemented, renewed, replaced, extended, increased or refinanced in whole or in part from time to time.

1.22 "Interim Management Advisory Agreement" means that certain Interim Management Advisory Agreement by and between Prospect and CCHP, dated as of September 24, 2013, as it may be amended from time to time.

1.23 "Joint Commission" means the national organization (formerly JCAHO) which issues standards for health care organizations for purposes of Medicare program accreditation.

1.24 "Law" means any federal, state, local, municipal, foreign or other law, common law, statute, ordinance, rule, regulation, requirement, interpretation, judgment, ruling, order or writ of any governmental entity.

1.25 "Liquidator" means the Person who liquidates the Company under Article XVI hereof.

1.26 "Long-Term Capital Commitment" means the Prospect Member's obligation to contribute additional capital to the Company in the aggregate amount of (i) $50,000,000 over a four (4)-year period (which shall be in addition to the routine capital investment by the Company and the Company Subsidiaries of at least $10,000,000 per year), less (ii) any amount or amounts with respect to which the Prospect Member exercises its right, from time to time, to an offset pursuant to the provisions of Section 17.2 below and Sections 2.9(e) and 14.8 of the Purchase Agreement.

1.27 "Management Agreement" means the Management Services Agreement, of even date herewith, between Prospect or an Affiliate thereof and the Company.

1.28 "Manager" means the manager of the Company, which shall be Prospect or an Affiliate thereof, and in all events shall be a Restricted Subsidiary as defined in the Indenture.

1.29 "Member" means the Prospect Member or any Prospect Affiliate that becomes a Member, CCHP, and any Substituted Member or Additional Member, but excluding 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 as defined in this Section 1.29.

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

1.31 "Prospect Affiliate" means any Affiliate of Prospect or the Prospect Member (other than a natural person).

1.32 "Prospect Member" means Prospect East Holdings, Inc., a Delaware corporation, and any other Prospect Affiliate or Affiliates that are Members from time to time.

1.33 "Reserves" shall mean the amount of cash established by the Board of Directors from time to time equal to the sum of (i) fifteen (15) Days Cash on Hand, plus (ii) the amount of capital expenditures set forth in the budget for the next quarter, plus (iii) any allocated unspent funded amount provided to the Company as part of the Long-Term Capital Commitment (but excluding any Initial Working Capital Amount and any amounts provided under Section 4.2(d) below); plus (iv) any agreed upon reserves for specific matters.

1.34 "Roger Williams" means Roger Williams Medical Center located in Providence, Rhode Island.

1.35 "Sharing Percentage" means, as to a Member, the percentage obtained by dividing the number of Units owned by such Member by the total number of Units owned by all Members (and Exhibit B sets forth the initial Sharing Percentages of the respective 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 nonrecourse liabilities" (within the meaning of Section 1.752-3(a)(3) of the Regulations).

1.36 "Substituted Member" means any Person admitted to the Company as a Member pursuant to Section 13.3 hereof.

1.37 "Treasury Regulations" or "Regulations" means the regulations promulgated by the United States Department of the Treasury pursuant to and in respect of provisions of the Code. All references herein to sections of the Treasury Regulations or the Regulations shall include any corresponding provision or provisions of succeeding, similar or substitute proposed, temporary or final regulations.

1.38 "Units" shall mean a unit of undivided membership interest in the Company. Such interest includes any and all rights to which such Member may be entitled as provided in this

Agreement, together with all obligations of such Member to comply with the terms and provisions of this Agreement. All of a Member's Units shall constitute such Member's entire interest in the Company. The Units shall constitute ordinary voting common member interests in the Company. The Members' initial Units in the Company are set forth on Exhibit B hereto.

1.39 **Index of Other Defined Terms**.

Term	Section
Additional Capital Contribution	4.2(d)
Alternate Appraisal Process	14.6(c)
Appraised Fair Market Equity Value of the Company	14.6(a)
Appraised Value of the Units	14.6(a)
Appraiser; Appraisers	14.6(c)
Board of Directors	12.1
Capital Account	4.3
Capital Projects	4.2(b)
Call Election Notice	14.4(b)
CCHP	First paragraph
Company	First paragraph
Company Purposes	3.3
Company Subsidiaries	Recitals
Contributing Member	4.2(e)
Deadlock	12.5(b)
Elmhurst SMLLC	Recitals
Health Care Opportunity	10.3
Initial Appraisers	14.6(c)
Initial Working Capital Amount	4.2(c)
Initiation Date	14.6(c)
Interest	14.2
Liability	17.1(b)
Local Board	12.4
Noncontributing Member	4.2(e)
Non-Proposing Party	10.3
Offer	14.2
Offered Units	14.1
Offeror	14.2
Opportunity Decision Notice	10.3
Physicians SMLLC	Recitals
Proposing Party	10.3
Prospect	Recitals
Prospect Member	First paragraph
Purchase Agreement	Recitals
Put Election Notice	14.5(b)
Qualified Appraiser	14.6(c)

Representatives	17.1(a)
Required Investment Amount	10.3
Right of First Offer	14.1
Right of First Refusal	14.2
RWMC SMLLC	Recitals
Selling Member	14.2
SJHSRI SMLLC	Recitals
Tag-Along Right	14.3
Third Appraiser	14.6(c)
Transfer	13.1
Unpaid Indemnification Amount	17.2(a)
Valuation; Valuations	14.6(c)

II. ORGANIZATION.

2.1 Formation. The Company was formed on August 21, 2013 via the filing of Articles of Organization with the Office of the Secretary of State of Rhode Island. The Member's respective Capital Accounts, Units, Sharing Percentages and Adjusted Capital Contributions as of the date hereof are set forth on Exhibit B hereto.

2.2 Name. The name of the Company is "Prospect CharterCare, LLC" and the business of the Company shall be conducted under that name or such other name or names as may be Approved by the Board from time to time; except that with respect to the Hospitals and other facilities and business operated by CCHP prior to the date hereof and that continue to be operated by the Company after the date hereof, the Company shall continue to operate them using their same (or similar) names and shall obtain authority (via filings with the Secretary of State of the State of Rhode Island) to use d/b/a names and/or alternate names with respect thereto.

2.3 Principal Office. The principal office of the Company shall be located at 825 Chalkstone Avenue, Providence, Rhode Island 02908, or at such other place or places in the State of Rhode Island as the Board of Directors may from time to time determine.

2.4 Term. The Company began on the date the Articles were filed with the Secretary of State of the State of Rhode Island as provided in Section 2.1 hereof, and shall continue until the date on which the Company is dissolved pursuant to Article XV hereof and thereafter, to the extent provided for by applicable Law, until wound up and terminated pursuant to Article XVI hereof.

2.5 Registered Agent and Office. The registered agent of the Company shall be Corporation Service Company and the registered office of the Company shall be located at 222 Jefferson Boulevard, Suite 200, Warwick, Rhode Island 02888. The registered office or the registered agent, or both, may be changed by the Manager from time to time upon filing the statement required by the Act. The Company shall maintain at its registered office such records, if any, as may be specified by the Act.

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

2.7 Appointment of Manager. The day-to-day operation of the business of the Company shall be managed by the Manager in accordance with the terms of this Agreement and the Management Agreement, subject to the ultimate authority and control of the Board of Directors as provided herein. The Manager shall be Prospect or an Affiliate of Prospect.

2.8 Operation Through Company Subsidiaries. The parties agree and acknowledge that the business of the Company may be conducted both directly by the Company and through the Company Subsidiaries. Any such Company Subsidiary shall be operated in accordance with the terms of this Agreement and no actions may be taken through a Company Subsidiary that could not otherwise be taken by the Company. Unless otherwise determined by the Board, each Company Subsidiary: (i) shall be a limited liability company having the Company as its sole member; and (ii) shall be member-managed such that all governance and management authority resides in the Company as the sole member thereof. All rights and authority reserved hereunder to the Company's Board with respect to the Company's own assets and operations shall extend fully to each Company Subsidiary, as though owned or undertaken directly by the Company. Similarly, the rights and obligations of the Manager set forth herein with respect to the Company's own assets and operations shall apply fully to each Company Subsidiary, as though owned or undertaken directly by the Company.

III. PURPOSES AND POWERS, NATURE OF THE COMPANY'S BUSINESS, OPERATING COMMITMENTS

3.1 Purposes.

The purposes of the Company are: (i) to provide and promote the growth of health care services in the greater Providence, Rhode Island metropolitan service area (including charitable care and community health services); (ii) to provide efficient and cost-effective rendering of health care services for the benefit of health care consumers in the greater Providence, Rhode Island metropolitan service area; (iii) to provide quality medical care at competitive charges; (iv) to provide consumers of health care choice in providers of care; (v) to own, manage, operate, lease or take any other action in connection with operating the Hospitals and other health care related services and businesses; (vi) to acquire (through asset acquisition, stock acquisition, lease or otherwise) and develop other property, both real and personal, in connection with providing health care related services, including, without limitation, general acute care hospitals, specialty care hospitals, diagnostic imaging centers, ambulatory surgery centers, nursing homes, clinics, home health care agencies, psychiatric facilities and other health care providers; (vii) to deploy ambulatory locations of care; (viii) to recruit and integrate physicians; (ix) to institute safety and quality improvement initiatives; and (x) generally to engage in such other business and activities and to do any and all other acts and things that the Board of Directors deems necessary, appropriate or advisable from time to time in furtherance of the purposes of the Company as set forth in this Section 3.1.

Notwithstanding the foregoing, and notwithstanding any other provision of this Agreement, insofar as the purposes set forth above implicate both (i) CCHP's charitable purposes of serving the healthcare needs of the local area, and (ii) the Prospect Member's profit-making objectives, in the event that any aspect of the Company's activities and operations results in a direct conflict between such charitable purposes and such profit-making objectives, charitable purposes shall prevail in determining the Company's handling of such matter. In the event that CCHP invokes the foregoing provision as the basis for its objection to any aspect of the Company's activities and operations, the parties shall attempt in good faith to resolve the matter through meetings between the senior management of CCHP and Prospect over a period of not less than sixty (60) days. If, as of the conclusion of such discussion period, the matter remains unresolved to CCHP's satisfaction, CCHP may in its sole discretion submit the matter to non-binding mediation pursuant to Section 17.4(a)(ii) below. If, as of the conclusion of such mediation, the matter remains unresolved to CCHP's satisfaction, CCHP may in its sole discretion submit the matter to binding arbitration pursuant to Section 17.4(a)(iii) below; provided, however, that in such event, the Prospect Member shall have the option to purchase CCHP's Units in the Company pursuant to the process set forth in Section 14.4 below.

3.2 Nature of the Business.

(a) In furtherance of the purposes of the Company described in Section 3.1, the Board of Directors and the Manager shall conduct the business and operations of the Company and the Company Subsidiaries by, among other things: (i) accepting all Medicare and Medicaid patients; (ii) accepting all patients in an emergency condition in the emergency room without regard to source of payment or the ability of such emergency patients to pay; (iii) maintaining an open medical staff; (iv) providing public health programs of educational benefit to the community; (v) generally promoting the health, wellness and welfare of the community by providing quality health care at a reasonable cost; and (vi) providing indigent care in the manner described in Section 13.14 of the Purchase Agreement (collectively, the "Standards").

(b) The Company shall operate its business and that of the Company Subsidiaries in such a manner so that: (i) the financial results of the Company and the Company Subsidiaries can be consolidated with those of Prospect; (ii) the assets of and equity interests held by the Prospect Member in the Company and the equity interests in the Company Subsidiaries can be pledged as collateral security to (or otherwise serve as collateral for) Prospect's lenders and noteholders; (iii) CCHP can continue its tax-exempt status; and (iv) allocations of the Company's income and loss to CCHP are exempt from federal income taxation (*i.e.*, are treated as other than unrelated business taxable income under Code Sections 511-514).

(c) Notwithstanding Subsection 3.2(b)(iii) above, in the event that CCHP's tax-exempt status is jeopardized due to its ownership interest and/or involvement in the Company (as set forth in a written legal opinion of CCHP's experienced healthcare counsel, a copy of which shall be provided to the Prospect Member), or any of Prospect's lenders attempts to foreclose on the assets of the Company or any Company Subsidiaries, then if the Members cannot mutually agree on an acceptable resolution, CCHP shall have the option to sell its Units in the Company to the Prospect Member pursuant to the process set forth in Section 14.5 below.

3.3 Powers. Subject to the limitations contained in this Agreement and in the Act, the Company purposes and nature of the business as defined in Sections 3.1 and 3.2 (collectively, the "Company Purposes") may be accomplished by the Manager or the Board of Directors taking any action permitted under this Agreement that is customary or reasonably related to accomplishing such Company Purposes.

3.4 Conflicts of Interest Policy. The Board of Directors and the Manager shall cause the Company to adopt and maintain the policy concerning conflicts of interest attached as Exhibit C hereto (or any new and/or amended conflicts policies or practices hereafter adopted by the Board of Directors).

3.5 Conduct of Operations. The Company shall conduct its activities and those of the Company Subsidiaries consistent with the operating commitments set forth in Sections 13.13 through 13.17 of the Purchase Agreement, and in a manner that materially complies with all applicable Law.

IV. CAPITAL CONTRIBUTIONS, LOANS, CAPITAL ACCOUNTS.

4.1 Capital Contributions. The interests of the Members shall be divided into Units. Each of the Members and other Persons who may, from time to time, become Members has contributed to the capital of the Company the amount listed on Exhibit B attached hereto, as the same may be amended from time to time pursuant to Section 17.11 to reflect the admission of new Members, transfers and other appropriate revisions to the information set forth therein. Each of the Members has been issued the number of Units listed on Exhibit B.

4.2 Additional Capital Contributions.

(a) The Company and the Company Subsidiaries shall fund additional capital expenditures related to the Hospitals and their facilities in an annual amount of at least $10,000,000 per year, or such greater amount as Approved by the Board.

(b) The Prospect Member hereby commits to make additional Capital Contributions to the Company in an aggregate amount of the Long-Term Capital Commitment, to be made within four (4) years of the date of this Agreement at such times and in such increments as the Board of Directors causes the Manager to request. With respect to each request for a Capital Contribution from the Prospect Member pursuant to the Long-Term Capital Commitment: (i) such request shall be supported by a return-on-investment calculation or a material needs assessment (in each case, acceptable to both Members); and (ii) the Capital Contributions shall neither reduce CCHP's interest or Units in the Company nor increase the Prospect Member's interest or Units in the Company. Subject to the foregoing, and except as otherwise provided in Sections 4.2(c) and (d) below, the Company shall cause the Long-Term Capital Commitment to be used by the Company or the Company Subsidiaries on (x) the development and implementation of physician engagement strategies, and (y) projects related to facilities and equipment ("Capital Projects"). Capital Projects currently identified include the following: expansion of the cancer center at Roger Williams; expanding the emergency department at Roger Williams; renovating and/or reconfiguring the emergency department at Fatima Hospital; renovating the operating rooms at Roger Williams; converting all patient rooms

to private rooms at the Hospitals; renovating and expanding the ambulatory care center at Fatima Hospital; installing new windows at the Hospitals; installing a new generator at Fatima Hospital; providing a face lift for the facades at the Hospitals; and constructing handicap access at the front entrances of the Hospitals (with the specific Capital Projects to be funded as determined by the Board).

(c) Notwithstanding Section 4.2(b) above:

(i) In the event that, during the period between execution of the Purchase Agreement and the date hereof, Prospect or a Prospect Affiliate has advanced to CCHP any amounts pursuant to that certain Interim Management Advisory Agreement between Prospect and CCHP entered into concurrently with the Purchase Agreement, as of the date hereof, such amounts shall be treated as partial satisfaction of the Long-Term Capital Commitment;

(ii) In the event that, during the period commencing as of the date hereof and continuing for a period of up to three (3) months following the effective date hereof, the Company (including the Company Subsidiaries, for purposes of this Section 4.2(c)) requires cash to fund operations and the Prospect Member determines to provide such cash, then: (x) such amount shall not exceed Ten Million Dollars ($10,000,000); (y) the aggregate amount of cash provided by the Prospect Member (the "Initial Working Capital Amount") shall be treated as partial satisfaction of the Long-Term Capital Commitment; and (z) for a period of up to four (4) years after the effective date hereof, if and as the Company and the Company Subsidiaries accrue excess cash beyond their collective budgeted operating and capital needs, including Reserves, such excess cash, in an amount (to the extent of such excess cash) equal to the amount of the Initial Working Capital Amount, shall be made available to be used for Capital Projects described in Section 4.2(b) above (and subject to the process and requirements therein). The foregoing shall be in addition to the annual commitment of the Company and the Company Subsidiaries to fund Capital Projects set forth in Section 4.2(a) above. The Company shall periodically report to the Board amounts provided by the Prospect Member which are included in the Initial Working Capital Amount, and the subsequent use of excess cash by the Company and the Company Subsidiaries for other Capital Projects as described in subpart (z) above; and

(iii) With respect to that certain capital lease obligation entered into by and between Roger Williams and Philips Medical dated December 27, 2012, with respect to Sellers' cardiac catheterization laboratory, which capital lease obligation is being assumed by the Company as of the effective date hereof pursuant to the Purchase Agreement, the long-term portion of such lease as of the date of the Purchase Agreement (*i.e.*, $558,288), shall be treated as partial satisfaction of the Long-Term Capital Commitment.

(d) Outside of the circumstances contemplated by Section 4.2(c) above, if funds are required for any expenditure of the Company (including the Company Subsidiaries, for purposes of this Section 4.2(d)) necessary for the operation of the Company and/or any expansion of the Company as Approved by the Board, the Company shall seek such funds from sources in the following order of priority: (A) cash generated by the operations of the Company and the Company Subsidiaries; (B) from the Prospect Member pursuant to the Prospect Member's Long-Term Capital Commitment; (C) commercial loans from third parties on

mutually agreeable terms (and in compliance with the Indenture, the Credit Agreement and any other debt agreements of Prospect or an applicable Prospect Affiliate); (D) loans from Prospect or any Prospect Affiliate to the extent available at market rates and on mutually agreeable terms (and in compliance with the Indenture, the Credit Agreement and any other debt agreements of Prospect or such Prospect Affiliate); and (E) if the Company has made commercially reasonable efforts to obtain the needed funds as set forth above and has been unable to obtain such funds and the Prospect Member's Long-Term Capital Commitment has been fully satisfied, the Manager, with Approval of the Board, shall have the right to request that the Members make additional Capital Contributions pro rata in accordance with each Member's Sharing Percentage ("Additional Capital Contributions").

(e) Subject to (d) above, if the Manager, as Approved by the Board, makes a request to the Members for an Additional Capital Contribution, no Member shall be required to make such Additional Capital Contribution, provided that if any Member elects not to make a portion or all of the Additional Capital Contribution (a "Noncontributing Member"), the other Members (the "Contributing Members") shall have the right, but not the obligation, to contribute to the Company the amount of cash that the Noncontributing Member or Members failed to contribute. The Members shall have thirty (30) days after the Manager's request in which to elect to make or not make such Additional Capital Contributions. Effective as the end of such thirty (30)-day period, if some but not all of the Members make such Additional Capital Contributions, then the Members' Sharing Percentages shall be adjusted as follows (and a pro rata adjustment shall also be made to each Member's Units): Each Member's Sharing Percentage thereafter shall be equal to a fraction (converted to a percentage), the numerator of which is the amount of such Member's (including its predecessors in interest) Adjusted Capital Contributions (including the Additional Capital Contributions just made by such Member, if any) and the denominator of which is the aggregate amount of all Members' (including their predecessors in interest) Adjusted Capital Contributions (including the Additional Capital Contributions just made); provided that no change in Sharing Percentages shall occur by reason of the Prospect Member's Long-Term Capital Commitment; and provided further that in no event may the Sharing Percentage of CCHP be diluted to less than five percent (5%), and if CCHP's Sharing Percentage equals 5%, then any additional amounts contributed by the Prospect Member shall be treated as loans from the Prospect Member to the Company. The number of Units held by each Member shall be adjusted automatically to reflect any change in the Members' Sharing Percentages under this Section 4.2(e). No person other than a Member or Manager of the Company may enforce any provision of this Agreement relating to the payment of additional capital.

4.3 Capital Accounts. A capital account ("Capital Account") shall be established and maintained for each Member for the full term of this Agreement in accordance with the capital account maintenance rules of Section 1.704-1(b)(2)(iv) of the Regulations. The initial Capital Accounts of the Members are set forth on Exhibit B attached hereto. Each Member shall have only one Capital Account, regardless of the number or classes of Units or other interests in the Company owned by such Member and regardless of the time or manner in which such Units or other interests were acquired by such Member. Pursuant to the basic capital account maintenance rules of Section 1.704-1(b)(2)(iv) of the Regulations, the balance of each Member's Capital Account shall be:

(a) Increased by the amount of money contributed by such Member (or such Member's predecessor in interest) to the capital of the Company pursuant to this Article IV and decreased by the amount of money distributed to such Member (or such Member's predecessor in interest) pursuant to Articles VI and XVI hereof;

(b) Increased by the fair market value of each property (determined without regard to Section 7701(g) of the Code) contributed by such Member (or such Member's predecessor in interest) to the capital of the Company pursuant to this Article IV (net of all liabilities secured by such property that the Company is considered to assume or take subject to under Section 752 of the Code) and decreased by the fair market value of each property (determined without regard to Section 7701(g) of the Code) distributed to such Member (or such Member's predecessor in interest) by the Company pursuant to Article VI or XVI hereof (net of all liabilities secured by such property that such Member is considered to assume or take subject to under Section 752 of the Code);

(c) Increased by the amount of each item of Company profit allocated to such Member (or such Member's predecessor in interest) pursuant to Section 3.1 of Exhibit A hereto;

(d) Decreased by the amount of each item of Company loss allocated to such Member (or such Member's predecessor in interest) pursuant to Section 3.1 of Exhibit A hereto;

(e) Otherwise adjusted as follows:

(i) Effective immediately prior to any "Revaluation Event" (as defined in Exhibit A hereto), the balances of all Members' Capital Accounts shall be adjusted to reflect the manner in which items of profit or loss, as computed for book purposes, equal to the "Unrealized Book Gain Or Loss" (as defined in Exhibit A hereto) then existing with respect to each Company property (to the extent not previously reflected in the Members' Capital Accounts) would be allocated among the Members pursuant to Section 3.1 of Exhibit A hereto if there were a taxable disposition of such property immediately prior to such Revaluation Event, for its fair market value (as determined by the Manager taking into account Section 7701(g) of the Code);

(ii) With respect to items of Company profit and loss, the balances of all the Members' Capital Accounts shall be adjusted solely for allocations of such items, as computed for book purposes, under Section 3.1 of Exhibit A hereto and shall not be adjusted for allocations of correlative Tax Items under Section 3.2 of Exhibit A hereto;

(iii) Immediately before giving effect under Section 4.3(b) hereof to any adjustment attributable to the distribution of property to a Member, the balances of all the Members' Capital Accounts first shall be adjusted to reflect the manner in which items of profit or loss, as computed for book purposes, equal to the Unrealized Book Gain Or Loss existing with respect to the distributed property (to the extent not previously reflected in the Members' Capital Accounts) would be allocated among the Members pursuant to Section 3.1 of Exhibit A hereto if there were a taxable disposition of such property on the date of such distribution by the Company for its fair market value at the time of such distribution (as agreed to in writing by the Members) taking Section

7701(g) of the Code into account (i.e., such value shall not be agreed to be less than the amount of Nonrecourse Liabilities to which such property is subject); and

(f) Upon the transfer of all or part of any Unit or other interest in the Company, the Capital Account of the transferor Member, to the extent attributable to the transferred interest, shall carry over to the transferee Member; provided, however, if the transfer causes the termination of the Company for federal income tax purposes under Section 708(b)(l)(B) of the Code, the Capital Account that carries over to the transferee Member shall be subject to adjustment in accordance with Section 4.3(e)(i) hereof in connection with the resulting constructive liquidation of the Company for federal income tax purpose.

4.4 Additional Provisions Regarding Capital Amounts.

(a) If, with the prior Approval of the Board, a Member pays any Company indebtedness or forgives any Company indebtedness owing to such Member, such payment or forgiveness shall be treated as a cash contribution by that Member to the capital of the Company, and the Capital Account of such Member shall be increased by the amount so paid or forgiven by such Member. No Member may, without the prior Approval of the Board, increase its Capital Account by paying any Company indebtedness or by forgiving any Company indebtedness owing to such Member.

(b) Except as otherwise provided herein, no Member may contribute capital to, or withdraw capital from, the Company. To the extent any monies that any Member is entitled to receive pursuant to the Agreement would constitute a return of capital, each of the Members consents to the withdrawal of such capital.

(c) A loan by a Member to the Company shall not be considered a contribution of money to the capital of the Company, and the balance of such Member's Capital Account shall not be increased by the amount so loaned. No repayment of principal or interest on any such loan, reimbursement made to a Member with respect to advances or other payments made by such Member on behalf of the Company, or payments of fees to a Member that are made by the Company shall be considered a return of capital or in any manner affect the balance of such Member's Capital Account.

(d) No Member with a deficit balance in its Capital Account shall have any obligation to the Company or any other Member to restore such deficit balance. In addition, no venturer or partner in any Member shall have any liability to the Company or any other Member for any deficit balance in such venturer's or partner's capital account in the Member in which it is a partner or venturer. Furthermore, a deficit Capital Account balance of a Member (or a capital account of a partner or venturer in a Member) shall not be deemed to be a liability of such Member (or of such venturer or partner in such Member) or a Company asset or property. The provisions of this Section 4.4(d) shall not affect any Member's obligation to make Capital Contributions to the Company that are required to be made by such Member pursuant to this Agreement.

(e) Except as otherwise provided herein, no interest shall be paid on any capital contributed to the Company or the balance in any Member's Capital Account.

(f) All of the provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with the Regulations. If the Board of Directors determines that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities that are secured by contributed or distributed property or that are assumed by the Company or any of the Members) are computed in order to comply with the Regulations, the Board of Directors may make such modifications, provided that such modifications are not likely to have a material effect on the amounts distributable to any Member from the Company. The Board of Directors shall also make appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Section 1.704-1(b) of the Regulations.

4.5 Loans. The Company may borrow money from, among others, any Member on such terms and conditions as shall be Approved by the Board of Directors and such Member; provided, however, such terms and conditions shall be no less favorable to the Company than the terms and conditions that could be obtained by the Company in an arm's length transaction from an independent third-party. If any Member makes any loan or loans to the Company, the amount of any such loan shall not be treated as a contribution to the capital of the Company, but shall be a debt due from the Company. Any Member's loan to the Company shall, as determined by the Board of Directors, be repayable out of the Company's excess cash, prior to any distribution of Distributable Cash. None of the Members nor any of their Affiliates shall be obligated to loan money to the Company.

V. ALLOCATIONS OF INCOME AND LOSSES.

All items of income or loss of the Company shall be allocated to the Members in accordance with the provisions of Exhibit A attached hereto, which is hereby incorporated by reference for all purposes of this Agreement or as otherwise provided in this Agreement.

VI. DISTRIBUTIONS.

6.1 Distribution of Distributable Cash. Except as may be otherwise provided in Section 6.5 hereof, or as may otherwise be prohibited or required by applicable Law, the Board of Directors in its discretion shall cause the Company to distribute Distributable Cash to the extent available to the Members from time to time, pro rata in accordance with their respective Sharing Percentages. The policy of the Company shall be to distribute Distributable Cash to the extent the Board of Directors deems such distributions advisable.

6.2 Compensation or Reimbursement to the Manager. Authorized amounts payable as compensation or reimbursement to the Manager or to any Person other than in its capacity as a Member, such as for services rendered, goods purchased or money borrowed, shall not be treated as a distribution for purposes of Section 6.1 hereof.

6.3 Amounts Withheld. All amounts withheld pursuant to the Code or any provision of any state or local tax Law with respect to any payment of taxes of Members or distribution to the Members shall be treated as amounts distributed to the Members pursuant to this Article VI for all purposes under this Agreement.

6.4 Distributions in Kind. No Member shall have the right to demand or receive distributions of property other than cash. Except as provided in Article XVI hereof, distributions in kind of Company property shall be made only with the Approval of the Board of Directors and only at a value Approved by the Board of Directors. Prior to any such distribution in kind, the difference between such agreed value and the book value of such property shall be credited or charged, as the case may be, to the Members' (or assignees') Capital Accounts in proportion to their Sharing Percentages. Upon the distribution of such Property, such agreed value shall be charged to the Capital Accounts of the Members (or assignees) receiving such distribution.

6.5 No Restrictions on Distributions. The foregoing provisions of this Article VI to the contrary notwithstanding, no distribution of Distributable Cash shall be declared by the Board of Directors or paid by the Company if and for so long as such distribution would violate any contract or agreement to which the Company, the Prospect Member or any Prospect Affiliate is then a party or any Law or directive of any governmental authority then applicable to the Company. Further, notwithstanding anything to the contrary in this Agreement, nothing in this Agreement shall encumber or restrict the Company's ability to make distributions, pay indebtedness or other obligations, make loans or advances, grant liens or transfer property or assets in compliance with, or as required by, the Indenture, Credit Agreement or other documents governing indebtedness of Prospect or a Prospect Affiliate.

VII. BOOKS OF ACCOUNT, TAX COMPLIANCE, FISCAL YEAR.

7.1 Books and Records. The Company, whether through the Manager or otherwise, shall keep books of account and records relative to the business of the Company and the Company Subsidiaries. The books shall be prepared in accordance with "generally accepted accounting principles" using the accrual method of accounting. The accrual method of accounting shall also be used by the Company for income tax purposes. The Company shall also maintain books and records as required by Section 4.3 hereof and Exhibit A hereof. The Company's books and records shall at all times be maintained at the principal business office of the Company (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 regular business hours. The books and records shall be preserved for four (4) years after the term of the Company ends.

7.2 Determination of Profit and 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 Company fiscal year. Within one hundred eighty (180) days after the end of each Company fiscal year, the Manager shall cause to be prepared, at the Company's expense, audited financial statements of the Company and the Company Subsidiaries for the preceding fiscal year, including without limitation, a balance sheet, profit and loss statement, statement of cash flows and statement of the balances in the Members' Capital Accounts, prepared accordance with the terms of this Agreement and generally accepted accounting principles consistently applied with prior periods. The Manager shall also cause to be prepared, at Company expense, within ninety (90) days after the end of each Company fiscal year, unaudited financial statements meeting the preceding specifications. These financial statements shall be available for inspection and copying during ordinary business hours at the reasonable request of any Member, and will be furnished to any

other Member upon written request therefor. Any Member may obtain, at such Member's expense, such other reports on the operations and condition of the Company and the Company Subsidiaries as such Member may reasonably request.

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 Members intend for each Company Subsidiary to be treated as a disregarded entity for tax purposes, but not for any other purposes. The Company shall prepare or cause to be prepared all federal, state and local income and other tax returns that the Company is required to file and shall furnish such returns to the Members, together with a copy of each Member's Form K-1 and any other information that any Member may reasonably request relating to such returns, within the time required by Law (including any applicable extension periods available under the Code).

7.4 Tax Audits. The Prospect Member shall be the "tax matters partner" of the Company under Section 6231(a)(7) of the Code. The Prospect Member shall inform the Members of all matters that come to its attention in its capacity as tax matters partner by giving the Members notice thereof within ten (10) days after becoming so informed. The Prospect Member shall not take any action contemplated by Sections 6222 through 6232 of the Code unless the Prospect Member has first given the Members notice. This provision is not intended to authorize the Prospect Member to take any action that is left to the determination of the individual Members under Sections 6222 through 6232 of the Code.

7.5 Fiscal Year. The fiscal year of the Company and each Company Subsidiary shall be the calendar year.

VIII. DUTIES OF AND LIMITATIONS ON THE MANAGER.

8.1 Duties of the Manager. Except as otherwise set forth in the Act, the Articles or this Agreement, the Board of Directors shall have overall oversight and ultimate authority over the affairs of the Company and the Company Subsidiaries. Subject to this general principle, and subject to the limitations imposed upon the Manager in this Agreement (including, without limitation, Section 8.3 hereof) and in the Management Agreement, and to the fiduciary obligations and limitations imposed upon it at law (to the extent not modified herein or in the Articles) and by general principles of equity, and subject to Article III above, the Manager shall manage the day-to-day operations of the Company and the Company Subsidiaries and act on behalf of the Company and the Company Subsidiaries pursuant to and in accordance with the terms of this Agreement and the Management Agreement, and in material compliance with applicable Law.

8.2 Rights to Rely on the Manager. No Person or governmental body dealing with the Company or any Company Subsidiary shall be required to, inquire into, or to obtain any other documentation as to, the authority of the Manager to take any action permitted under Section 8.1 hereof. Furthermore, any Person or governmental body dealing with the Company or any Company Subsidiary may rely upon a certificate signed by the Manager as to the following:

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

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

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

(d) Any act or failure to act by the Company or a Company Subsidiary on any other matter whatsoever involving the Company, any Member thereof, or a Company Subsidiary.

8.3 Specific Limitations on the Manager. Notwithstanding anything to the contrary in the Management Agreement, this Agreement, the Act or the Articles, each of the following actions shall require Approval of the Board:

(a) Adopting any new and/or modified purposes, mission and values statement for the Company or any Company Subsidiary;

(b) Development and approval of a strategic plan for the Company (including the Company Subsidiaries), including any and all strategic initiatives and objectives;

(c) Approving the annual operating and capital budgets of the Company (including the Company Subsidiaries), which shall be consistent with the Company's strategic plan;

(d) Changing the charity care policy of the Company and the Company Subsidiaries, and overseeing the record of its implementation;

(e) Approving the appointment of the Chief Executive Officer of the Company recommended by the Manager;

(f) Approving the Manager's recommendation to terminate the employment of the Chief Executive Officer of the Company at any time prior to the second (2^{nd}) anniversary of the date of this Agreement;

(g) Appointing individuals to serve on the Local Boards of the Hospitals (as per Section 12.4 below);

(h) Approving Medical Staff credentialing, other Medical Staff related decisions, and quality assurance and accreditation matters, all as per recommendations of the Local Boards of the Hospitals (subject to Section 12.4 below);

(i) Approving the process for managing conflicts among leadership groups at the Hospitals;

(j) Approving any reduction in Essential Services at either Hospital, if and as provided in Section 13.15 of the Purchase Agreement;

(k) Approving any change in the medical staff bylaws and structure of the Hospitals, if and as provided in Section 13.17 of the Purchase Agreement;

(l) Approving any change of a Hospital's name;

(m) Requests for the Prospect Member to make an additional Capital Contribution to the Company in connection with its Long-Term Capital Commitment, as provided in Section 4.2(b) above;

(n) Requests for the Members to make Additional Capital Contributions to the Company, as provided in Section 4.2(e) above;

(o) Decisions to make Certificate of Need Filings or reverse Certificate of Need Filings;

(p) Entering into a contract to incur an obligation to repay borrowed money; provided that Approval of the Board is not required for the Manager to cause the Company to borrow funds up to the Borrowing Limit;

(q) Electing to distribute or not distribute the Distributable Cash;

(r) Entering into or modifying any agreement, arrangement or business dealings between the Company (and/or any Company Subsidiary) and the Prospect Member or any Prospect Affiliate; provided, however, that such action shall require the approval of only the Category A Directors;

(s) Admitting any additional Members or issuing additional Units, except in accordance with the provisions of Article XIII hereof;

(t) Recognizing the transfer of a Member's interest in the Company, unless such transfer is in compliance with the provisions of Article XIII hereof;

(u) Acquiring or disposing of any health care related facility and its related assets in a single transaction or series of related transactions;

(v) Engaging in any merger, consolidation, share exchange or reorganization of the Company or any Company Subsidiary, or sale of all or substantially all of the assets of the Company or any Company Subsidiary;

(w) Amendments to the Articles, this Agreement and other governing documents of the Company (except as otherwise expressly provided in Section 17.11 below or where required by Law); and

(x) Approving a decision to dissolve or liquidate the Company or any Company Subsidiary.

8.4 Management Obligations of the Manager. Subject to the terms and conditions of the Management Agreement, the Manager shall devote such time to the Company and the

Company Subsidiaries as may be necessary to fulfill the Company Purposes, and manage and supervise the business and affairs of the Company and the Company Subsidiaries. Nothing in this Agreement shall preclude the Manager, at the expense of the Company, from contracting with or employing any Affiliate of a Member or a third party to provide management or other services to the Company or a Company Subsidiary, subject to Section 8.3(r) above.

8.5 Compensation of the Manager. As its sole compensation and consideration for the performance of its duties and responsibilities as Manager, the Manager (or an Affiliate thereof) shall be entitled to receive a management fee as set forth in the Management Agreement.

8.6 Independent Activities. The Manager and any of its Affiliates may engage in or possess interests in other business ventures of every nature and description, independently, and with others, whether such activities are competitive with the Company (including any Company Subsidiary, for purposes of this Section 8.6) or otherwise, subject to Section 10.3 below. The Members and any of their Affiliates may engage in or possess interests in other business ventures of every nature and description, independently and with others, whether such activities are competitive with the Company or otherwise, without having or incurring any obligation to offer any interest in such activities to the Company or any Member. The foregoing, however, does not relieve CCHP and its Affiliates from any restrictions set forth in the Purchase Agreement.

8.7 Prospect Debt Documents. Each of the Members acknowledges and agrees that, in connection with the formation of the Company and the consummation of the transactions contemplated by the Purchase Agreement, the Company and each Company Subsidiary shall (a) become a "Restricted Subsidiary" and a "Subsidiary Guarantor" in accordance with the terms of the Indenture and a "Guarantor" in accordance with the terms of the Credit Agreement and (b) grant a security interest in its assets to the Collateral Trustee (as defined in the Indenture and the Credit Agreement) to the extent required under the Indenture, the Credit Agreement or other indebtedness of Prospect or a Prospect Affiliate. From time to time from and after the date of this Agreement, without the further consent of any Member, the Manager shall be authorized to execute and deliver such documents, and take such other actions, in the name and on behalf of the Company and the Company Subsidiaries as may be reasonably necessary to cause the Company and each Company Subsidiary to continue as or become a Restricted Subsidiary, a Subsidiary Guarantor and a Guarantor (or similar terms), including, without limitation, in the event of any amendment, restatement, supplement, renewal, replacement, increase, extension or refinancing of the Indenture or the Credit Agreement or the incurrence of any other indebtedness of Prospect or a Prospect Affiliate. CCHP shall reasonably cooperate with the Manager, and shall execute and deliver such documents and take such other actions as may be reasonably requested by the Manager, to give effect to the foregoing.

IX. RIGHTS AND STATUS OF MEMBERS.

9.1 General. Except to the extent expressly otherwise required by the Act or provided in this Agreement, the Members shall not take part in the management or control of the business of the Company or the Company Subsidiaries, such powers being vested exclusively in the Board of Directors and the Manager as provided herein.

9.2 Limitation of Liability. No Member shall have any personal liability whatever, solely by reason of its status as a Member of the Company, whether to the Company, the Company Subsidiaries, the Manager, another Member or any creditor of the Company, for the debts of the Company or the Company Subsidiaries or any of their collective losses beyond the amount of the Member's obligation to contribute its Capital Contribution to the Company; provided, however, the foregoing shall not limit or affect obligations undertaken and/or liabilities incurred by a Member pursuant to the Purchase Agreement.

X. SPECIAL COVENANTS OF THE MEMBERS.

10.1 Compliance with Debt Covenants. The Company and the Company Subsidiaries shall comply with, and take no action (or inaction) inconsistent with, the covenants, restrictions and requirements of the Indenture, Credit Agreement or other indebtedness of Prospect or a Prospect Affiliate.

10.2 AOB Ratio. At all times the Company will maintain, and will cause the Company Subsidiaries (as applicable) to maintain, a full-time equivalent to adjusted occupied bed ratio consistent with prevailing industry best practice.

10.3 Pursuit of Health Care Opportunities in Rhode Island. If either Member or any Affiliate of a Member desires to purchase, invest in, own (in whole or in part), lend funds to, manage, consult for, or in any other manner participate with, a health care service, facility or related business in Rhode Island (a "Health Care Opportunity"), then such Member or its Affiliate (the "Proposing Party") shall first provide written notice of such Health Care Opportunity to the other Member (the "Non-Proposing Party"), containing all material terms, including the total amount of funds needed to pursue the Health Care Opportunity, purchase price, capital commitment, amount to be loaned and working capital requirements (collectively, the "Required Investment Amount"). The Non-Proposing Party shall have thirty (30) days thereafter to provide written notice (the "Opportunity Decision Notice") to the Proposing Party that either:

(a) The Health Care Opportunity should be pursued by the Company (either directly or through a Company Subsidiary), in which case: (i) the Non-Proposing Party must also agree in writing (in the same notice) to fund, through Additional Capital Contributions to the Company, its pro rata share of the Required Investment Amount; (ii) the Company (as opposed to the Proposing Party) shall proceed to pursue the Health Care Opportunity; and (iii) within twenty (20) days thereafter, the Members shall fund, through Additional Capital Contributions to the Company, their respective pro rata shares of the Required Investment Amount; or

(b) The Health Care Opportunity should not be pursued by the Company (either directly or through a Company Subsidiary), in which case the Proposing Member shall be free to pursue the Health Care Opportunity on its own or through another entity.

In the event the Non-Proposing Party fails to provide the Opportunity Decision Notice on a timely basis, the Proposing Member shall be free to pursue the Health Care Opportunity on its own or through another entity.

XI. MEETINGS OF MEMBERS AND MEANS OF VOTING**.**

11.1 Actions by the Members. The Members agree that all decisions regarding the Company and the Company Subsidiaries shall be made by the Manager or the Board of Directors, as described in Article VIII. If, notwithstanding the foregoing, the Members are required by the Act to vote on any Company matter (after due consideration of whether the Act's provisions have been effectively superseded by the express provisions set forth in this Agreement), then such vote shall be conducted in accordance with this Article XI.

11.2 Meetings of the Members. Meetings of the Members may be called by the Manager and shall be promptly called upon the written request of any one or more Members that own in the aggregate five percent (5%) or more of the aggregate Units in the Company. 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 ten (10), and not more than thirty (30), days prior to the date of the meeting. Members may vote in person at such meeting; notwithstanding the provisions of the Act, voting by proxy shall not be permitted.

Except as required by the express provisions of the Act, the requisite vote of the Members shall be the approval of Members holding at least a majority of the Units issued and outstanding at the time of the vote. Each Member's voting rights shall be the same as that Member's number of Units at the time of the vote. The presence of any Member at a meeting shall constitute a waiver of notice of the meeting with respect to such Member unless, such Member attends the meeting for the sole purpose of objecting to the holding of such meeting. 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.

11.3 [Intentionally omitted]

11.4 Conduct of Meeting. Each meeting of Members shall be conducted by the Chairman of the Board of Directors or by a Person appointed by the Board of Directors. The meeting shall be conducted pursuant to such rules (if any) as may be adopted by the Board of Directors or the Person appointed by the Board of Directors for the conduct of the meeting.

11.5 Action Without a Meeting. Notwithstanding anything to the contrary in this Agreement, any action that may be taken at a meeting of the Members may be taken without a meeting if there is a consent in writing signed by Members holding at least a majority of the Units, setting forth the action so taken. In the event any action is taken pursuant to this Section 11.5, it shall not be necessary to comply with any notice or timing requirements set forth in Section 11.2 hereof. Prompt written notice of the taking of action without a meeting shall be given to the Members who have not consented in writing to such action.

11.6 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 Manager 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 the first written consent is received by the Manager, shall be the record date for such determination.

XII. BOARD OF DIRECTORS.

12.1 Board of Directors. Effective for all purposes on the date of this Agreement, the Members shall form a board of directors of the Company (the "Board of Directors"), comprised of natural Persons (the "Directors" and each a "Director"), to have overall oversight and ultimate authority over the affairs of the Company and the Company Subsidiaries, to consider those matters pertaining to the business of the Company and the Company Subsidiaries for which Approval of the Board is required (see Section 8.3 above) or appropriate, and to oversee the activities of the Manager and the Local Boards (see Section 12.4) including: (i) evaluations of the CEO; (ii) strategic plans and operating and capital budgets; (iii) compliance with Joint Commission criteria; and (iv) fostering community relationships and opportunities.

The Board of Directors shall consist of eight (8) members, with four (4) Category A Directors (including at least one (1) physician) and four (4) Category B Directors; provided, however, that if CCHP's Sharing Percentage is reduced to 5%, then the Board of Directors shall consist of seven (7) members, with three (3) Category A Directors and four (4) Category B Directors, and CCHP shall submit to the Company the name of such Class A Director who shall resign and shall cause such Director to tender his or her resignation effective immediately (and if CCHP fails to do so within 5 days, then the Company by action of the Class B Directors in their sole and absolute discretion shall remove one Class A Director effective immediately upon written notice to CCHP). Each individual selected to serve on the Board of Directors shall serve for a term of one (1) to three (3) years, at the discretion of the Member that elected or appointed such individual, and thereafter until his successor is elected or appointed, unless he sooner resigns or is removed. A member of the Board of Directors may be removed at any time, with or without cause, by the Member that elected or appointed such director. The unexpired term of a removed director shall be filled by an individual appointed by the Member that appointed or elected the removed director. The Board of Directors shall elect annually the Chairman of the Board of Directors. The Chairman of the Board of Directors shall preside over all the meetings of the Board of Directors.

12.2 Manner of Exercise of Board of Directors' Authority. All actions or exercise of authority or responsibility of the Board hereunder shall be Approved by the Board. All responsibilities of the Board of Directors under this Agreement shall be exercised by the Board of Directors as a body and, accordingly: (i) no member of the Board of Directors, acting alone, shall have the authority to act on behalf of the Board of Directors; and (ii) except as otherwise expressly provided herein, neither Category of directors, by itself, shall have the authority to act on behalf of the Board of Directors. In no event shall the Board of Directors be deemed a manager under the Act or have the authority to act on behalf of, or to bind in any way, the Company or any Company Subsidiary. The actions of the Board of Directors shall be carried out by the Manager as provided for in this Agreement and the Management Agreement.

12.3 Meetings of the Board of Directors. The Board of Directors shall hold regular meetings on at least a quarterly basis, with at least one (1) meeting per year held in person (face-to-face). In addition, each member of the Board of Directors shall be available at all reasonable times to consult with other members of the Board of Directors on matters relating to the duties of the Board of Directors. Meetings of the Board of Directors shall be held at the call of the Manager, the Chairman of the Board of Directors, or any three (3) members of the Board of Directors requesting such meeting through such Chairman, upon not less than ten (10) business days' written or telephonic notice to the members of the Board of Directors, such notice specifying all matters to come before the Board of Directors for action at such meeting. The presence of any member of the Board of Directors at a meeting shall constitute a waiver of notice of the meeting with respect to such member unless such member attends the meeting for the sole purpose of objecting to the holding of such meeting. The members of the Board of Directors 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. No action taken shall be valid unless a Quorum, as defined in Section 1.6 above, exists. Members of the Board may vote in person at such meeting; voting by proxy shall not be permitted.

12.4 Local Boards. Effective for all purposes on the date of this Agreement, the Board of Directors shall form a Local Board for each Hospital (each such Board being referred to as a "Local Board"). The Board of Directors shall have the authority to appoint additional or replacement individuals to each of the Local Boards. The Local Boards shall be comprised of at least six (6) individuals, and 50% of each Local Board shall consist of physicians on the Hospital's medical staff, and the other 50% shall consist of the Hospital's local CEO and community representatives. Each individual selected to serve on the Local Board shall serve for a term of three (3) years and thereafter until his successor is elected or appointed, unless he sooner resigns or is removed. No individual may serve on a Local Board for more than three (3) consecutive full three (3)-year terms; such individual may again serve on a Local Board after an absence of at least two (2) years. Each Local Board shall meet on a regular basis and have the following responsibilities: (a) recommendations regarding medical staff credentialing, quality assurance and accreditation; (b) reviewing, and making recommendations with respect to, strategic and capital plans; (c) providing guidance and support on local market and community concerns, considerations, strategies, issues and politics; and (d) performing such other duties, and providing review and recommendations with respect to other matters, as requested by the Company's Board of Directors.

12.5 Board of Directors Deadlock.

(a) It is the intention of the Board of Directors to make a good faith effort to resolve Deadlocks (as defined below) between the Category A Directors and the Category B Directors; provided, however, that this provision shall apply only with respect to Deadlocks regarding decisions set forth in:

(i) Sections 8.3(f) through (m), and Sections (o) through (r);

(ii) Section 8.3(n), but only at such time after which the Long-Term Capital Commitment has been satisfied and only to the extent that the additional capital will be spent on projects that are supported by a return on investment calculation or a material needs assessment (including operational needs) with respect to the Company Subsidiaries in the State of Rhode Island; and

(iii) Section 8.3(u), in the case of transactions having an aggregate value of less than Seven Hundred Fifty Thousand Dollars ($750,000).

(b) For purposes of this Agreement, the term "Deadlock" shall mean the failure or inability to obtain on a timely basis the Approval of the Board with respect to any resolution or proposal that is reasonably necessary for the Company or a Company Subsidiary to continue to carry on its business activities or to comply with applicable Law, where such resolution or proposal has been approved by one Category of directors but not the other (accordingly, Deadlock may not occur if CCHP's interest is reduced to 5% and class voting no longer applies). In the event of any such Deadlock, the parties shall act in accordance with the following procedures:

(i) First, each category of Directors shall negotiate in good faith with the other category of Directors to try to settle any dispute for a period of thirty (30) days (which time period shall be reduced as may be necessary to address urgent and/or imminent circumstances, timeframes or deadlines). The Board of Directors shall meet at least once during such period (in person to the extent practicable) to attempt to resolve the dispute (beyond the meeting at which the deadlock became apparent).

(ii) In the event that by the end of the 30-day (or such lesser) period referred to in (i) above, the dispute is not settled pursuant to the procedures set forth in (i) above, then one designee from each of CCHP and Prospect shall meet (in person to the extent practicable, or via telephone) to attempt to resolve the dispute. If the dispute is still not resolved after such meeting and conferences, then the decision of the Category B Directors shall constitute the decision of the Board of Directors of the Company, notwithstanding any provision of this Agreement that specifically requires a majority vote of the Category A Directors or a majority vote of all Directors (and notwithstanding any other rights of the Category A Directors and CCHP hereunder).

(c) Notwithstanding the foregoing, in the event the Board of Directors should be Deadlocked with respect to the approval of an annual capital budget or an annual operating budget as described in Section 8.3(c) above, the Manager shall have the right, power and authority to make expenditures on behalf of the Company for budgeted items in amounts up to the following:

(i) With respect to each item of operating expense other than taxes and insurance, an amount equal to the amount set forth in the most recent annual operating budget that has received the Approval of the Board, increased by the percentage increase, if any, in the Consumer Price Index for the period beginning on the first day of the fiscal year to which the most recent annual budget approved by the Board

relates and ending on the first day of the fiscal year in which such expenditure is to be made;

(ii) With respect to each item relating to taxes and insurance, an amount equal to the amount of the actual expense incurred by the Company or a Company Subsidiary in respect of such item; and

(iii) With respect to each item of capital improvement or capital expenditure, an amount equal to the amount deemed reasonably necessary by the Manager to preserve the safety of the Hospitals, their patients and other occupants, to avoid the suspension of any services provided by the Hospitals or to preserve the accreditation of the Hospitals and their services.

Notwithstanding the foregoing, if any emergency involving manifest danger to life or property exists with respect to which expenditures are necessary for the preservation or safety of the Hospitals, for the safety of the patients and other occupants of the Hospitals, or to avoid the suspension of any necessary service to the Hospitals, such expenditures may be made by the Manager without the prior Approval of the Board. Any expenditure made by the manager in accordance with the authority granted by this section shall be deemed to have received Board approval for all purposes under this Agreement.

XIII. TRANSFER OF RIGHTS AND ADDITIONAL MEMBERS.

13.1 Transfers by Members. Except as otherwise set forth in this Article XIII, a Member may not sell, assign (by operation of Law or otherwise), transfer, pledge or hypothecate ("Transfer") all or any part of its interest in the Company (either directly or indirectly through the transfer of the power to control, or to direct or cause the direction of the management and policies of, such Member). If a transfer is otherwise permitted by this Article XIII, then a Member may sell its interest in the Company if each of the following conditions is satisfied:

(a) The sale, transfer or assignment is with respect to one or more Units;

(b) The Member and its transferee execute, acknowledge and deliver to the Manager such instruments of Transfer and assignment with respect to such transaction as are in form and substance satisfactory to the Manager;

(c) Unless waived in writing by the Manager, the Member delivers to the Manager an opinion of counsel satisfactory to the Manager covering such federal and state securities, healthcare (e.g., Medicare and DOH) and tax Laws and other aspects of the proposed Transfer as the Manager may reasonably request;

(d) The Member has furnished to the transferee a written statement showing the name and taxpayer identification number of the Company in such form and together with such other information as maybe required under Section 6050K of the Code and the Regulations thereunder; and

(e) The Member pays the Company a transfer fee that is sufficient to pay all reasonable expenses of the Company (which shall include any and all expenses of the Manager) in connection with such transaction.

13.2 Permitted Transfers.

(a) Notwithstanding the restriction in Section 13.1, the following Transfers are permitted and shall not be deemed to violate the restrictions contained in Section 13.1:

(i) Transfers pursuant to Article XIV; provided that the Prospect Member may not sell its Units pursuant to Article XIV for a period of five (5) years from the initial date of this Agreement;

(ii) Transfers by a Member to one or more of its Affiliates, or a Transfer by CCHP to CharterCARE Health Partners Foundation (f/k/a St. Joseph Health Services Foundation), with any such transferee automatically becoming a Substituted Member; and

(iii) pledges or hypothecations by the Prospect Member of its interest in the Company to a financial institution, lender or other party as collateral for loans or other indebtedness of Prospect or any Affiliate thereof, including, without limitation, pursuant to the Indenture, Credit Agreement or other indebtedness, and any Transfer occurring upon the enforcement of such pledges or hypothecations and other indebtedness.

(b) Notwithstanding anything to the contrary in this Agreement, any change in control or change in the ownership of (i) Prospect or the Prospect Member, or any other direct or indirect parent of the Company (including, without limitation, upon the exercise of remedies pursuant to the Indenture, Credit Agreement and other indebtedness) or (ii) the Company upon the exercise of remedies pursuant to the Indenture, Credit Agreement or other indebtedness shall not constitute a Transfer of an interest in the Company for purposes of this Agreement, such changes will not be subject to the provisions of Sections 14.2 and 14.3 and such changes are permitted without the consent of the Manager or any Member or any approval of the Board. Any change in control or change in the ownership of a Company Subsidiary upon the exercise of remedies pursuant to the Indenture, Credit Agreement or other indebtedness are permitted without the consent of the Manager or any Member or any approval of the Board.

Any Member who Transfers all or any portion of its interest in the Company shall promptly notify the Manager of such Transfer and shall furnish to the Manager 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.

13.3 Substituted Member. No Person taking or acquiring, by whatever means, the interest of any Member in the Company, except as provided in Section 13.2 hereof, shall be admitted as a Substituted Member without the Approval of the Board (which consent may be withheld in the Board's sole discretion), 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 Manager 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;

(c) Pays a transfer fee to the Company in an amount sufficient to cover all reasonable expenses (including legal fees) connected with the admission of such Person as a Substituted Member; and

(d) the requirements of Section 13.1 have been satisfied.

13.4 Additional Member. The Company may not issue Units to any Person who will be a new Member without the Approval of the Board.

13.5 Basis Adjustment. Upon the Transfer of all or part of an interest in the Company, the Manager may, in its reasonable 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 properties as provided by Sections 734 and 743 of the Code.

13.6 Invalid Transfer. No Transfer of an interest in the Company that is in violation of this Article XIII 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 Company interest or part thereof. The Company may enforce the provisions of this Article XIII, 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 XIII.

13.7 Distributions and Allocations in Respect of a Transferred Unit. If any Member Transfers any part of its interest in the Company during any accounting period in compliance with the provisions of this Article XIII, Company income, gain, deductions and losses attributable to such interest for the respective period shall be divided and allocated between the transferor and the transferee by taking into account their varying interests during the applicable accounting period in accordance with Section 706(d) of the Code. All Company distributions on or before the effective date of such Transfer shall be made to the transferor, and all Company distributions thereafter shall be made to the transferee. Solely for purposes of making Company tax allocations and distributions, the Company shall recognize a Transfer on the day following the day of Transfer. Neither the Company nor the Manager shall incur any liability for making Company allocations and distributions in accordance with the provisions of this Section 13.7, whether or not the Manager or the Company has knowledge of any Transfer of any interest in the Company or part thereof where the transferee is not admitted as a Substituted Member.

13.8 Additional Requirements of Admission to Company. The Manager shall not admit any Person as a Member if such admission would have the effect of causing the Company to be re-classified for federal income tax purposes as an association (taxable as a corporation under the

Code), or would violate any Medicare or other health care Law (assuming applicable notices, filings, etc.), or would violate applicable exemptions from securities registration and securities disclosure provisions under federal and state securities Laws.

13.9 Amendment to Exhibit B. The Manager shall amend Exhibit B attached to this Agreement from time to time to reflect the admission of any Substituted Members or Additional Members, or the termination of any Member's interest in the Company.

XIV. RIGHT TO LIQUIDATE OR PURCHASE COMPANY INTERESTS.

14.1 Right of First Offer. In the event that CCHP at any time wishes to Transfer any Units to any third party, CCHP shall give written notice to the Company and the Prospect Member of CCHP's intention to seek a purchaser for such Units (the "Offered Units"). The Prospect Member shall have until the thirtieth (30^{th}) day following delivery of such notice to determine whether or not to submit an offer to purchase the Offered Units and to determine the terms and conditions of any such offer (the "Right of First Offer"). During such thirty (30)-day period, CCHP shall not Transfer the Offered Units. If an offer to purchase is made by the Prospect Member, CCHP may accept or reject such offer in its sole discretion, and in the latter case, the Transfer of Units by CCHP shall be further subject to compliance with the Right of First Refusal of the Prospect Member as set forth in Section 14.2 below.

14.2 Right of First Refusal. Subject to the restriction in Section 13.2(a)(i), if any Member (the "Selling Member") receives or obtains an offer from a third party (the "Offeror") to acquire in any manner all or any part of its Units in the Company (the "Interest"), which offer the Member intends to accept, the Member shall promptly notify the other Members in writing of the offer received, including the name of the Offeror, the number of whole or partial Units offered to be purchased, the proposed purchase price and the other terms and conditions of the offer. Such notice shall include a copy of the offer, which shall (i) be in writing; (ii) set forth with specificity all of the material terms and conditions of the offer; (iii) be made by a Person that is financially capable of completing such offer (and attaches documents supporting same); and (iv) provide for closing no later than one hundred eighty (180) days after the date on which such offer is received (the "Offer"). The other Member(s) shall have the right (the "Right of First Refusal") for a period of sixty (60) days from the day it receives notice of such Offer to purchase the Interest subject to the Offer on the same terms and conditions contained in the Offer, provided that for the purposes of this Agreement, any provisions in the Offer requiring payment of non-cash or non-promissory note consideration, any security therefore and any ancillary agreements shall be null, void and of no effect. The other Member(s) may exercise such Right of First Refusal by notifying the Selling Member prior to the end of the sixty (60)-day period of its intent to exercise such right. If the other Member(s) fails to exercise the Right of First Refusal or indicates in writing that it will not exercise the Right of First Refusal within the period provided, or if the other Member(s) exercises the Right of First Refusal but fails to effect the purchase within one hundred eighty (180) days thereafter, then the Selling Member may convey or dispose of the Interest, but only at the price, terms and conditions contained in the Offer, and only to the Offeror. If the Selling Member agrees to terms and conditions that are different in any material respects from those offered to the other Member(s), the other Member(s) shall again have the right to purchase the Selling Member's interest in the Company which is subject to the more favorable or different purchase terms in accordance with this Section 14.2 (under the timeframes

described above, as if a new Offer was provided). The other Member(s) may assign its rights under this Section 14.2 to the Company, in which event the Member's interest may be liquidated (rather than purchased) by the Company. The Member(s) and the Company shall not be liable or accountable to any Selling Member that attempts to transfer its interest in the Company for any loss, damage, expense, cost or liability resulting from the Member's exercise or failure to exercise the Right of First Refusal under this Section 14.2, delay in notifying the Selling Member of its intention not to exercise the Right of First Refusal, or its enforcement of the requirements of this Section 14.2 in the event that it elects not to exercise the Right of First Refusal. A Member's failure to exercise the Right of First Refusal or to indicate in writing that it is electing not to exercise the Right of First Refusal shall not be deemed a consent of the Member to allow any third party transferee to become a Substituted Member, such consent being controlled by the provisions of Sections 13.1 and 13.3 hereof.

14.3 Tag-Along Rights. If at any time after the fifth (5^{th}) anniversary of the date of this Agreement, a Selling Member that holds a Sharing Percentage greater than fifty percent (50%) gives the notice required by Section 14.2 hereof in connection with an Offer to acquire in any manner all or any part of such Selling Member's Units in the Company, and the other Member(s) does not exercise its Right of First Refusal (or assign such right to the Company) with respect to such Offer, the other Member shall have (in addition to its Right of First Refusal under Section 14.2 hereof) the right (the "Tag-Along Right") to require, as a condition to any sale or disposition to the Offeror, that the Offeror purchase from the other Member, at the same price and on the same terms and conditions as specified in the notice given pursuant to Section 14.2 hereof, the number of Units owned by the other Member multiplied by a fraction, the numerator of which is the number of Units proposed to be sold by the Selling Member and the denominator of which is the total number of Units owned by the Selling Member. Such other Member shall have the Tag-Along Right for a period of sixty (60) days from the day it receives the notice required by Section 14.2 hereof (which is the same 60-day period for purposes of exercising its Right of First Refusal), and in the event that a Member shall elect to exercise such Tag-Along Right, such Member shall communicate such election in writing to the Selling Member within such time period.

14.4 Prospect Member Call Option.

(a) Within 90 days following a determination by CCHP to submit a matter to binding arbitration pursuant to Section 3.1(b) above, the Prospect Member shall have the option to purchase from CCHP, and CCHP shall have the obligation to sell to the Prospect Member, all of the Units held by CCHP in exchange for a payment in cash of a purchase price equal to the Appraised Value of the Units (as per Section 14.6 below).

(b) Within the 90-day period referenced in Section 14.4(a) above, the Prospect Member shall give written notice to CCHP of its election to exercise the option to purchase all of CCHP's Units (the "Call Election Notice"). If Prospect fails to give a Call Election Notice within the applicable ninety (90)-day time limit, the option to purchase shall lapse. The closing of the purchase and sale of CCHP's Units to the Prospect Member shall be held at a mutually acceptable place on a mutually acceptable date not more than ninety (90) days after the date on which the Call Election Notice is received by CCHP; provided that such time period shall be extended if needed such that the closing occurs within forty-five (45) days following the

determination of the Appraised Fair Market Equity Value of the Company pursuant to Section 14.6 below. The Prospect Member shall make payment to CCHP for the Units being purchased by delivering immediately available funds to an account designated by CCHP in the full amount of the purchase price applicable to the Units. CCHP shall transfer to the Prospect Member all of the Units being sold, free and clear of all claims, liabilities, options, pledges or other encumbrances of any kind (other than those arising under this Agreement and applicable Law).

14.5 CCHP Put Option.

(a) Within 90 days following either -- (i) the fifth (5^{th}) anniversary of the date of this Agreement, or (ii) the occurrence either of the conditions set forth in Section 3.2(c) of this Agreement -- CCHP shall have the option to sell to the Prospect Member, and the Prospect Member shall have the obligation to purchase, all of the Units held by CCHP in exchange for a payment in cash of a purchase price equal to the Appraised Value of the Units (as per Section 14.6 below). The Prospect Member shall give the Company and CCHP written notice of the foreclosure referenced in Section 3.2(c) as soon as practicable, but in no event later than thirty (30) days after such event has occurred. The Prospect Member's failure to give such notice shall not affect CCHP's rights granted herein.

(b) Within the 90-day period referenced in Section 14.5(a) above, CCHP shall give written notice to the Prospect Member and the Company of its election to exercise the option to sell all of its Units to the Prospect Member (the "Put Election Notice"). If CCHP fails to give a Put Election Notice within the applicable ninety (90)-day time limit, the option to sell shall lapse. The closing of the purchase and sale of CCHP's Units to the Prospect Member shall be held at a mutually acceptable place on a mutually acceptable date not more than ninety (90) days after the date on which the Put Election Notice is received by the Prospect Member; provided that such time period shall be extended if needed such that the closing occurs within forty-five (45) days following the determination of the Appraised Fair Market Equity Value of the Company pursuant to Section 14.6 below. The Prospect Member shall make payment to CCHP for the Units being purchased by delivering immediately available funds to an account designated by CCHP in the full amount of the purchase price applicable to the Units. CCHP shall transfer to the Prospect Member all of the Units being sold, free and clear of all claims, liabilities, options, pledges or other encumbrances of any kind (other than those arising under this Agreement and applicable Law).

14.6 Appraised Value.

(a) For purposes of Section 14.4 and 14.5 above, the "Appraised Value of the Units" shall be the product determined by multiplying (i) the Appraised Fair Market Equity Value of the Company (hereinafter defined), times (ii) CCHP's Sharing Percentage. For purposes of this Agreement, the term "Appraised Fair Market Equity Value of the Company" shall mean the fair market value of the equity of the Company, as determined below.

(b) The Prospect Member and CCHP shall negotiate in good faith with one another following the Call/Put Election Notice (pursuant to Section 14.4(b) or 14.5(b) above, as applicable) to determine the Appraised Fair Market Value of the Company. The Prospect Member and CCHP agree to use their best efforts to negotiate and agree upon the Appraised Fair

Market Value of the Company. If the Prospect Member and CCHP reach an agreement as to the Appraised Fair Market Value of the Company, then the Appraised Fair Market Value of the Company shall be the amount determined by the Prospect Member and CCHP.

(c) Either party may notify the other party that it is initiating the Appraisal Process described below, or such other appraisal process upon which the parties may mutually agree in writing within ten (10) days of the date on which either party has initiated the appraisal process (the "Alternate Appraisal Process"). If either the Prospect Member or CCHP shall have initiated the Appraisal Process (and the parties shall not have agreed in writing to an Alternate Appraisal Process within ten (10) days), then the Prospect Member and CCHP shall each engage a "Qualified Appraiser" as defined below (collectively, the "Initial Appraisers", and individually, an "Initial Appraiser") within twenty (20) days after the date upon which the party received notice of the other party's intent to initiate the Appraisal Process (the "Initiation Date"). The Prospect Member and CCHP also shall engage jointly one additional Qualified Appraiser that is mutually acceptable to the parties (the "Third Appraiser", the Initial Appraisers and the Third Appraiser are referred to collectively as the "Appraisers"). If the parties cannot mutually agree upon the identity of the Third Appraiser within fifteen (15) days after the Initiation Date, the parties shall direct the Initial Appraisers to select and engage the Third Appraiser on behalf of the parties. Each of the Prospect Member and CCHP shall pay the fees and expenses of its respective Appraiser, and the fees and expenses of the Third Appraiser shall be shared equally by the Prospect Member and CCHP. For purposes of the Agreement, the term "Qualified Appraiser" shall mean an independent, third party, nationally recognized investment bank or MAI-certified appraiser who (i) has substantial experience in the valuation of health care entities comparable to the Company and (ii) has, within the twenty-four (24) month period preceding the date of the Election Notice, delivered appraisals and/or fairness opinions, on a going concern basis, in connection with at least three (3) other transactions involving the sales of hospitals. The Appraisers so selected shall each then conduct an appraisal to determine the Appraised Fair Market Equity Value of the Company (i) on a going concern basis, (ii) using valuation techniques then customary and accepted in the industry but without consideration of minority interest discounts, (iii) using performance information respecting the Facilities that is acceptable to the Prospect Member and CCHP and that has been supplied to each of the Appraisers, (iv) viewing the enterprise of the Company as a whole, (v) taking into account the future prospects of the Facilities, and (vi) assuming that the Company were to be sold on a stand-alone basis (and not as a part of a portfolio sale). Each Appraiser's determination of the Appraised Fair Market Equity Value of the Company (individually, a "Valuation" and collectively, the "Valuations") shall be expressed as a single value rather than a range of values. Each party shall cause the Initial Appraiser engaged by it to submit such Initial Appraiser's sealed Valuation to the other party within sixty (60) days of the Initiation Date, and both parties shall use their reasonable best efforts to cause the Third Appraiser to submit its sealed Valuation to both parties within such period. Once the Prospect Member and CCHP have received from all three Appraisers their respective Valuations, the Appraised Fair Market Equity Value of the Company shall be determined based upon the Valuations as follows:

(i) if the three Valuations are within ten percent (10%) of one another (i.e., if each of the highest Valuation and the middle Valuation is no greater than 1.10 times the lowest Valuation); the Appraised Fair Market Equity Value of the Company shall be the average of all three Valuations;

(ii) if subsection (i) above is inapplicable and two Valuations are within ten percent (10%) of one another, (i.e., if the higher of such two Valuations is no greater than 1.10 times the lower of such two Valuations), the Appraised Fair Market Equity Value of the Company shall be the average of such two Valuations;

(iii) if subsections (i) and (ii) above are inapplicable and the three Valuations are within twenty percent (20%) of one another (i.e., if each of the highest Valuation and the middle Valuation is no greater than 1.20 times the lowest Valuation), the Appraised Fair Market Equity Value of the Company shall be the average of all three Valuations;

(iv) if subsections (i) through (iii) above are inapplicable and two Valuations are within twenty percent (20%) of one another (i.e., if the higher of such two Valuations is no greater than 1.20 times the lower of such two Valuations), the Appraised Fair Market Equity Value of the Company shall be the average of such two Valuations; and

(v) if subsections (i) through (iv) above are inapplicable, the Appraised Fair Market Equity Value of the Company shall be the average of all three Valuations.

XV. DISSOLUTION.

15.1 Causes. Each Member expressly waives any right that it might otherwise have to dissolve the Company except as set forth in this Article XV. The Company shall be dissolved upon the first to occur of the following:

(a) The Approval of the Board of an instrument dissolving the Company;

(b) The dissolution of the Company by judicial decree; or

(c) The Approval of the Board of the dissolution of the Company after having determined that a rule, ordinance, regulation, statute or government pronouncement has or may be enacted that would make any material aspect of this Agreement or the activities conducted by the Company unlawful or eliminate or substantially reduce, either directly or indirectly, the benefits that would accrue to the Members with respect to continuing the Company's business operations; provided, however, that the Members agree to first use their best efforts to restructure the Company in such a manner that will avoid the unlawful or adverse effect and, to the extent practicable, will preserve the existing financial and business relationships among them; and provided further that the foregoing shall not apply in the event CCHP's tax-exempt status is impacted (but rather in such event CCHP's sole remedy is exercising its rights under Section 14.5).

15.2 Limitation. Nothing contained in Section 15.1 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 shall be in contravention

of this Agreement for purposes of the Act. Dissolution of the Company under Section 15.1(c) shall not constitute a dissolution at will.

XVI. WINDING UP AND TERMINATION.

16.1 General. If the Company is dissolved and is not reconstituted, the Members who own at least eighty percent (80%) of the aggregate Members' Sharing Percentages shall select an independent third party (meaning, for these purposes, a person or persons other than Prospect, the Prospect Member, the Manager or any other Prospect Affiliate) to serve as liquidator or liquidating committee (herein referred to as the "Liquidator"). The Liquidator shall commence to wind up the affairs of the Company and to liquidate and sell the Company's assets, with an obligation to treat Members equally in proportion to their membership interest. The Liquidator shall have sufficient business expertise and competence to conduct the winding up and termination of the Company and, in the course thereof, to cause the Company to perform any contracts that the Company has or thereafter enters into. The Liquidator shall have full right and unlimited discretion to determine the time, manner and terms of any sale or sales of Company property under such liquidation, having due regard for the activity and condition of the relevant market and general financial and economic conditions. The Liquidator shall be entitled to receive such reasonable compensation for its services as shall be agreed upon by the Liquidator and those Members who own at least eighty percent (80%) of the aggregate Members' Sharing Percentages. The Liquidator may resign at any time by giving fifteen (15) days prior written notice and may be removed at any time, with or without cause, by written notice of Members who own at least eighty percent (80%) of the aggregate Members' Sharing Percentages. Upon the death, dissolution, removal or resignation of the Liquidator, a successor and substitute Liquidator (who shall have and succeed to all the rights, powers and duties of the original Liquidator) will, within thirty (30) days thereafter, be appointed by those Members who own at least eighty percent (80%) of the aggregate Members' Sharing Percentages, evidenced by written appointment and acceptance. The right to appoint a successor or substitute Liquidator in the manner provided herein shall be recurring, and continuing for so long as the functions and services of the Liquidator are authorized to continue under the provisions hereof, and every reference herein to the Liquidator will be deemed to refer also to any such successor or substitute Liquidator appointed in the manner herein provided. The Liquidator shall have and may exercise, without further authorization or consent of any of the parties hereto or their legal representatives or successors in interest, all of the powers conferred upon the Manager under the terms of this Agreement to the extent necessary or desirable in the good faith judgment of the Liquidator to perform its duties and, functions. The Liquidator shall not be liable to the Members except to the extent provided in the Act and shall, while acting in such capacity on behalf of the Company, be entitled to the indemnification rights set forth in Section 17.1 hereof.

16.2 Court Appointment of Liquidator. If, within ninety (90) days following the date of dissolution or other time provided in Section 16.1 hereof, a Liquidator or successor Liquidator has not been appointed in the manner provided therein, any interested party shall have the right to make application to any United States Federal District Judge (in his individual and not judicial capacity) for the District of Rhode Island for appointment of a Liquidator or successor Liquidator, and the Judge, acting as an individual and not in his judicial capacity, shall be fully authorized and empowered to appoint and designate a Liquidator or successor Liquidator who shall have all the powers, duties, rights and authority of the Liquidator herein provided.

16.3 Liquidation. The Liquidator shall give all notices to creditors of the Company and shall make all publications required by the Act. In the course of winding up and terminating the business and affairs of the Company, the assets of the Company (other than cash) shall be sold or distributed in kind to the Members, in the reasonable discretion of the Liquidator, its liabilities and obligations to creditors, including any Members who made loans to the Company as provided in Section 4.5 hereof, and all expenses incurred in its liquidation shall be paid, and all resulting items of Company income, gain, loss or deduction shall be credited or charged to the Capital Accounts of the Members in accordance with Article V hereof. The fair market value of any assets of the Company distributed in kind to the Members shall be determined by an independent appraiser chosen by the Board of Directors. Any distribution in kind need not be made on a pro rata basis so long as the value of the assets and cash (if any) distributed to each Member is in compliance with this Article. All Company assets (except to the extent reserves have been established pursuant to Section 16.4 hereof) shall be distributed among all Members having positive Capital Account balances (as determined after giving effect to all adjustments attributable to allocations of items of profit and loss realized by the Company during the fiscal year in question (including items of profit and loss realized on the liquidation) and all adjustments attributable to contributions and distributions of money and property effected prior to such distribution), pro rata in accordance with such positive Capital Account balances. This distribution shall be made no later than the end of the Fiscal Year during which the Company is liquidated (or, if later, ninety (90) days after the date on which the Company is liquidated). Upon the completion of the liquidation of the Company and the distribution of all the Company assets, the Company shall terminate and the Liquidator shall have the authority to execute and record all documents required to effectuate the dissolution and termination of the Company. In the discretion of the Liquidator, a pro rata portion of the distributions that would otherwise be made to the Members may instead be distributed to a trust established for the benefit of the Members for the purposes of liquidating Company property, collecting amounts owed to the Company, and paying any contingent or unforeseen liabilities or obligations of the Company or of the Members 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 Liquidator, in the same proportions as the amount distributed to such trust by the Company would otherwise have been distributed to the Members pursuant to this Agreement.

16.4 Creation of Reserves. After making payment or provision for payment of all debts and liabilities of the Company and all expenses of liquidation, the Liquidator may set up such cash reserves as the Liquidator may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company.

16.5 Final Statement. Within a reasonable time following the completion of the liquidation, the Liquidator shall supply to each of the Members a statement that sets forth the assets and the liabilities of the Company as of the date of complete liquidation; each Member's pro rata portion of distributions under Section 16.3 hereof, and the amount retained as reserves by the Liquidator under Section 16.4 hereof.

XVII. MISCELLANEOUS.

17.1 Standard of Care; Indemnification.

(a) The members of the Board of Directors, the Members and the Manager (the "Representatives") shall not be liable, responsible or accountable in damages to any Member or the Company for any act or omission on behalf of the Company performed or omitted by them in good faith and in a manner they reasonably believed to be in the best interests of the Company and, in the case of a criminal proceeding, if they had no reasonable cause to believe that the conduct was unlawful.

(b) To the fullest extent permitted by the Act, the Company shall indemnify each Representative against reasonable expenses (including reasonable attorneys' fees), judgments, taxes, penalties, fines (including any excise tax assessed with respect to an employee benefit plan) and amounts paid in settlement (collectively "Liability"), incurred by the Representative in connection with defending any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative, and whether formal or informal) to which the Representative is, or is threatened to be made, a party because they are or were a Representative, provided that (i) the Representative acted in good faith and in a manner reasonably believed by the Representative to be in the best interest of the Company; (ii) in the case of a criminal proceeding, the Representative had no reasonable cause to believe the conduct was unlawful; (iii) in connection with a proceeding brought by or in the right of the Company, the Representative was not adjudged liable to the Company; and (iv) the Representative was not adjudged liable in a proceeding charging improper personal benefit.

(c) To the fullest extent authorized or permitted by the Act, the Company shall pay or reimburse reasonable expenses (including reasonable attorneys' fees) incurred by a Representative who is a party to a proceeding in advance of final disposition of such proceeding if (i) the Representative furnishes the Company a written affirmation of its, his or her good faith belief that it, he or she has met the standard of conduct described in Section 17.1(b) hereof; (ii) the Representative furnishes the Company a written undertaking, executed personally or on the Representatives behalf, to repay the advance if it is ultimately determined that the Representative did not meet the standard of conduct and the Board reasonably believes such Representative would have the ability to repay such advance; and (iii) a determination is made that the facts then known to those making the determination would not preclude indemnification under the provisions of Section 17.1(b) hereof.

(d) The indemnification against Liability and advancement of expenses provided by, or granted pursuant to, this Section 17.1 shall not be deemed exclusive of any other rights to which these seeking indemnification or advancement may be entitled under any agreement, action of Members or otherwise, both as to action in their official capacity and as to action in another capacity while holding such office of the Company, shall continue as to an entity or person who has ceased to be a Representative, and shall inure to the benefit of the successors, assigns, heirs, executors and administrators of such an entity or person.

(e) Any repeal or modification of this Section 17.1 by the Members shall not adversely affect any right or protection of the Representatives under this Section 17.1 with respect to any act or omission occurring prior to the time of such repeal or modification.

17.2 Purchase Agreement Indemnification Obligations.

(a) In the event that CCHP is required to pay the Company or Prospect an amount pursuant to the indemnification provisions of the Purchase Agreement (an "Unpaid Indemnification Amount"), and fails to pay all of such amount within thirty (30) days, then Prospect may, in its sole and absolute discretion, recoup or offset, as applicable, on a dollar-for-dollar basis, all or a portion of the Unpaid Indemnification Amount in the following order of priority to the extent amounts are available in each such category: (x) by receiving distributions from the Company otherwise due to CCHP in respect of its Units (pursuant to the provisions of Section 17.2(b) below), (y) by reducing the Long-Term Capital Commitment, or (z) by treating such amount as an additional capital contribution by Prospect to the Company and adjusting the Prospect Member's and the Seller Members' respective Sharing Percentages (pursuant to the provisions of Section 17.2(c) below), or any combination of the foregoing, all pursuant to the terms of the Amended and Restated Agreement.

(b) If and to the extent Prospect elects to receive distributions in respect of an Unpaid Indemnification Amount as provided for in clause (x) of Section 17.2(a) above, if the Unpaid Indemnification Amount is due to Prospect, the Company shall pay to Prospect all distributions due hereunder to CCHP until the Unpaid Indemnification Amount due to Prospect from CCHP has been fully satisfied; and (ii) if the Unpaid Indemnification Amount is due to the Company, the Company shall offset all distributions due hereunder to CCHP until the Unpaid Indemnification Amount due to the Company has been fully satisfied, and shall make a special distribution to Prospect equal to the Unpaid Indemnification Amount. In such an event, the distributions which would have otherwise been made to CCHP shall be treated as if they were actually made to CCHP and then paid by CCHP to Prospect or to the Company, as applicable.

(c) If and to the extent Prospect elects to receive distributions in respect of an Unpaid Indemnification Amount as provided for in clause (z) of Section 17.2(a) above, the Unpaid Indemnification Amount (including interest thereon) shall be treated as an Additional Capital Contribution by Prospect to the Company pursuant to Section 4.2(e) above, and CCHP's and the Prospect Member's Sharing Percentage (and Units) shall be adjusted as per such provision, as if CCHP were a Non-Contributing Member (provided, however, that this provision shall not cause CCHP's Sharing Percentage to fall below 5%).

17.3 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, when sent by nationally recognized overnight courier service, 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 B; notices to the Company shall be sent to 825 Chalkstone Avenue, Providence, RI 02908, to the attention of the Chief Executive Officer, with a copy to the Prospect Member. Notwithstanding the foregoing, each Member shall have the right to change its address for notice hereunder to any other location by the giving of thirty (30) days' notice to the Manager in the manner set forth above.

17.4 Choice of Law and Dispute Resolution.

(a) Choice of Law. The parties agree that this Agreement shall be governed by and construed in accordance with the Laws of the State of Rhode Island, without giving effect

to any choice or conflict of law provision or rule thereof that would require the application of any other law.

(b) Dispute Resolution. In the event that any dispute, controversy or claim arises among the parties, including any dispute, controversy or claim arising out of this Agreement or any other relevant document, or the breach, termination or invalidity thereof (a "Dispute"), the parties shall attempt in good faith to resolve such Dispute promptly by negotiation (including at least one in-person meeting) over a period of not less than thirty (30) days, commencing upon one party's delivery of a written notice of Dispute to the other parties.

(i) If the Dispute has not been resolved by negotiation as provided above and such Dispute involves claims of One Million Dollars ($1,000,000) or more, a party may submit the matter to a court of law or equity through the filing of a claim. The parties agree that, except as otherwise expressly provided in Section 17.4(b)(ii)(2) and Section 17.5 below, venue for any and all claims associated with a Dispute between the parties shall rest with the state courts of the State of Delaware; provided, however, that such court shall construe and apply the Laws of the State of Rhode Island as provided in Section 17.4(a) above.

(ii) If the Dispute has not been resolved by negotiation as provided above and such Dispute involves claims of less than One Million Dollars ($1,000,000), such Dispute shall be settled solely and finally pursuant to the following procedures:

(1) Either party may submit the Dispute to non-binding mediation. Such mediation shall be conducted by JAMS by a neutral mediator, which shall be selected from a list of 10 potential candidates provided by JAMS' office in New York City (none of whom work or reside in Rhode Island or California, or any State contiguous to either of the foregoing). If complete agreement cannot be reached within 45 calendar days of submission to mediation, any remaining issues will be resolved by binding arbitration as provided below.

(2) If the Dispute has not been resolved by mediation as provided above, then either party may submit the Dispute to binding arbitration. Such arbitration shall be conducted by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures, by one neutral arbitrator, which shall be selected from a list of 10 potential candidates provided by JAMS' office in New York City (none of whom work or reside in Rhode Island or California, or any State contiguous to either of the foregoing). Unless otherwise agreed by the parties, the arbitration shall be held in Providence, Rhode Island. In conducting such arbitration, the arbitrator shall be bound to adhere to the Laws of the State of Rhode Island, as well as the precedents established by decisions of the state courts of Rhode Island. The award made by the arbitrator shall be final and binding upon the parties thereto and the subject matter, and judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The arbitrator shall not have the authority to award punitive or exemplary damages. The costs and fees of the arbitration shall be borne responsible for its own attorneys' fees; provided, however, that the prevailing party in any such arbitration shall be entitled to recover its reasonable attorneys' fees, expert witness fees, costs and expenses (including, without limitation arbitration fees) incurred in connection with the arbitration to the extent such recovery is permitted by the Law(s) governing the claim(s) asserted. Notwithstanding anything in this Section 17.4(b)(ii) to the contrary, either party shall be entitled to seek enforcement of the

arbitrator's final rulings, and to pursue injunctive relief, in a court of competent jurisdiction in the State of Rhode Island.

(c) Waiver of Trial by Jury or Judge. 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 OR A JUDGE. THIS WAIVER EXTENDS TO ANY AND ALL RIGHTS TO DEMAND A TRIAL BY JURY OR JUDGE 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 OR JUDGE.

17.5 Specific Performance. Notwithstanding anything to the contrary contained herein, each party acknowledges and agrees that the non-breaching parties would be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms and that any breach of this Agreement by a party could not be adequately compensated in all cases by monetary damages alone. Accordingly, in addition to any other right or remedy to which the non-breaching parties may be entitled, at law or in equity, they shall be entitled to enforce any provision of this Agreement by seeking, from a court of competent jurisdiction in the State of Rhode Island, a decree of specific performance and temporary, preliminary and permanent injunctive relief to prevent breaches or threatened breaches of any of the provisions of this Agreement, without posting any bond or other undertaking.

17.6 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Members, and their respective heirs, legal representatives, successors and permitted assigns; provided, however, that nothing contained herein shall negate or diminish the restrictions set forth in Articles XIII or XIV hereof.

17.7 Construction. Every covenant, term, and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any Member. The failure by any party to specifically enforce any term or provision hereof or any rights of such party hereunder shall not be construed as the waiver by that party of its rights hereunder. The waiver by any party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to be, a waiver of any subsequent breach of the same or other provision hereof.

17.8 Time. Time is of the essence with respect to this Agreement.

17.9 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 property to be partitioned and/or distributed in kind.

17.10 Entire Agreement. This Agreement, together with the Purchase Agreement, contain the entire agreement among the Members relating to the subject matter hereof, and all prior agreements relative hereto that are not contained herein are terminated.

17.11 Amendments. Except as otherwise expressly provided in this Section 17.11, amendments or modifications may be made to this Agreement only by setting forth such amendments or modifications in each document receiving Approval of the Board, and any alleged amendment or modification herein that is not so documented and approved shall not be effective as to any Member. The Manager may, without the approvals set forth in this Section 17.11, amend any provision of this Agreement and execute, swear to, acknowledge, deliver, file and record whatever documents may be required connection therewith to the extent necessary to reflect:

(a) a change in the location of the principal place of business of the Company not inconsistent with the provisions of Section 2.3, or a change in the registered office or the registered agent of the Company;

(b) admission of a Member into the Company or termination of any Member's interest in the Company in accordance with this Agreement;

(c) qualification of the Company as a limited liability company under the Laws of any state or that is necessary or advisable in the opinion of the Manager to ensure that the Company will not be treated as an association taxable as a corporation for federal income tax purposes, provided, in either case, such action shall not adversely affect any Member; or

(d) a change that is required or contemplated by this Agreement.

17.12 Severability. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable Law. If any provision of this Agreement or the application thereof to any Person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, but the extent of such invalidity or unenforceability does not destroy the basis of the bargain among the Members as expressed herein, the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by Law.

17.13 Gender and Number. Whenever required by the context, as used in this Agreement, the singular number shall include the plural and the neuter shall include the masculine or feminine gender and vice versa.

17.14 Exhibits. Each Exhibit to this Agreement is incorporated herein for all purposes.

17.15 Additional Documents. Each Member, upon the request of the Manager, 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.

17.16 Headings. The section headings appearing in this Agreement are for convenience of reference only and are not intended, to any extent or for any purpose, to limit or define the text of any section.

17.17 Counterpart. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute but one document.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Members have entered into this Agreement as of the date first written above.

CHARTERCARE HEALTH PARTNERS

By:_____
Name:_____
Title:_____

PROSPECT EAST HOLDINGS, INC.

By:_____
Name:_____
Title:_____

PROSPECT CHARTERCARE, LLC

By:_____
Name:_____
Title:_____

EXHIBIT A
TO
AMENDED & RESTATED
LIMITED LIABILITY COMPANY AGREEMENT OF
PROSPECT CHARTERCARE, LLC

Allocations of Profit and Loss and Other Tax Matters

ARTICLE 1
DEFINITIONS

Section 1.1 Definitions. The following definitions shall be applicable in this Exhibit A and as used in the Agreement:

(a) Adjusted Capital Account Deficit.

"Adjusted Capital Account Deficit" shall mean with respect to any Member, the deficit balance, if any, in such Member's Section 704 Capital Account as of the end of any relevant fiscal year, after giving effect to the following adjustments:

(i) credit to such Section 704 Capital Account any amount that such Member is obligated to restore to the Company under Section 1.704-1(b)(2)(ii)(c) of the Regulations, and any addition thereto pursuant to the next to last sentences of Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations;

(ii) debit to such Section 704 Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6) of the Regulations:

This definition is intended to comply with the provisions of Sections 1.704-1(b)(2)(ii)(d) and 1.704-2 of the Regulations and shall be interpreted consistently with those provisions.

(b) Adjusted Net Income or Loss.

"Adjusted Net Income Or Loss" for any fiscal year (or portion thereof) shall mean the excess (or deficit) of (x) the Gross Income for such period (not including Gross Income (if any) allocated during such period pursuant to Sections 3.1(a), 3.1(b) and 3.1(c) hereof) over (y) the Deductible Expenses for such period (not including Deductible Expenses (if any) allocated during such period pursuant to Sections 3.1(d) and 3.1(e) hereof) with the following modifications:

(i) Any item of Company profit that is exempt from federal income tax and not otherwise taken into account in computing Adjusted Net Income or Loss pursuant to this Section 1.1(b) shall be treated as additional Gross Income and, if not otherwise allocated pursuant to Section 3.1(a), 3.1(b) or 3.1(c) hereof, added to the amount otherwise calculated as Adjusted Net Income or Loss under Section 1.1(b); and

(ii) Any Company expenditure that is described in Section 705(a)(2)(B) of the Code (relating to Company expenditures that are not deductible for federal income tax purposes in computing taxable income and not properly chargeable to capital), or treated as so described pursuant to Section 1.704-1(b)(2)(iv)(i) of the Regulations, and not otherwise taken into account in computing Adjusted Net Income Or Loss pursuant to this Section 1.1(b) shall be treated as an additional Deductible Expense and, if not otherwise allocated pursuant to Section 3.1(d) or 3.1(e) hereof; subtracted from the amount Otherwise calculated as Adjusted Net Income Or Loss under this Section 1.1(b).

(c) Agreed Value.

"Agreed Value" of any property contributed to the capital of the Company shall mean the fair market value of such property at the time of contribution determined without regard to the amount of liabilities to which such property is subject (as agreed to in writing by the Members without regard to Section 7701(g) of the Code).

(d) Book Basis.

The initial "Book Basis" of any Company property shall be equal to the Company's initial adjusted tax basis in such property; provided, however, that the initial "Book Basis" of any Company property contributed to the capital of the Company shall be equal to the Agreed Value of such property. Effective immediately after giving effect to the allocations of profit and loss, as computed for book purposes, for each fiscal year under Section 3.1 hereof, the Book Basis of each Company property shall be adjusted downward by the amount of Book Depreciation allowable to the Company for such Fiscal Year with respect to such property. In addition, effective immediately prior to any Revaluation Event, the Book Basis of each Company property shall be further adjusted upward or downward, as necessary, so as to equal the fair market value of such property at the time of such Revaluation Event (as agreed to in writing by the Members taking Section 7701(g) of the Code into account (i.e., such value shall not be agreed to be less than the amount of Nonrecourse Liabilities to which such property is subject)).

(e) Book Depreciation.

The amount of "Book Depreciation" allowable to the Company for any fiscal year with respect to any Company property shall be equal to the product of (1) the amount of Tax Depreciation allowable to the Company, for such year with respect to such property, multiplied by (2) a fraction, the numerator of which is the property's Book Basis as of the beginning of such year (or the date of acquisition if the Property is acquired during such year) and the denominator of which is the property's adjusted tax basis as of the beginning of such` year (or the date of acquisition if the property is acquired during such year). If the denominator of the fraction described in clause (2) above is equal to zero, the amount of "Book Depreciation" allowable to the Company for any Fiscal Year with respect to the Company property in question shall be determined under any reasonable method selected by the Manager.

(f) Book Gain Or Loss.

"Book Gain Or Loss" realized by the Company in connection with the disposition

of any Company property shall mean the excess (or deficit) of (1) the amount realized by the Company in connection with such disposition (as determined under Section 1001 of the Code) over (2) the Book Basis of such property at the time of the disposition.

(g) Book/Tax Disparity Property.

"Book/Tax Disparity Property" shall mean any Company property that has a Book Basis which is different from its adjusted tax basis to the Company. Thus, any property that is contributed to the capital of the Company by a Member shall be a "Book/Tax Disparity Property" if its Agreed Value is not equal to the Company's initial tax basis in the property. In addition, once the Book Basis of a Company property is adjusted in connection with a Revaluation Event to an amount other than its adjusted tax basis to the Company, the property shall thereafter be a "Book/Tax Disparity Property."

(h) Capital Transaction.

"Capital Transaction" shall mean (1) any transaction pursuant to which the Company borrows funds, all or part; of the Company's properties are sold, condemned, exchanged, abandoned or otherwise disposed of, insurance proceeds or other damages are recovered by the Company or (2) any other transaction which, in accordance with generally accepted accounting principles; is considered capital in nature (including, without limitation, any transaction that is entered into in connection with,, or results in, the Liquidation of the Company).

(i) Company Minimum Gain.

"Company Minimum Gain" shall mean the amount of Company "minimum gain" that is computed strictly in accordance with the principles of Section 1.704-2(d)(1) of the Regulations, A Member's share of such "Company Minimum Gain" shall be calculated in accordance with the provisions of Section 1.704-1(g) of the Regulations.

(j) Deductible Expenses.

"Deductible Expenses" for any fiscal year (or portion thereof) shall mean all items, as calculated for book purposes, which are allowable as deductions to the Company for such period under Federal income tax accounting principles (including Book Depreciation, but excluding any expense or deduction attributable to a Capital Transaction).

(k) Economic Risk Of Loss.

"Economic Risk Of Loss" borne by any Member for any Company liability shall mean the aggregate amount of economic risk of loss that such Member and all Related Persons to such Member are treated as bearing with respect to such liability pursuant to Section 1.752-2 of the Regulations.

(l) Gross Income.

"Gross Income" for any Fiscal Year (or portion thereof) shall mean the gross

income derived by the Company from all sources (other than from capital contributions and loans to the Company and other than from a Capital Transaction) during such period, as calculated for book purposes in accordance with Federal income tax accounting principles.

(m) Liquidation.

"Liquidation" of a Member's Units or other interest in, the Company shall mean and be deemed to occur upon the earlier of (1) the date upon which the Company is terminated under Section 708(b)(1) of the Code, (2) the date upon which the Company ceases to be a going concern (even though it may continue in existence for the limited purpose of winding up its affairs, paying its debts arid distributing any remaining Company properties to the Members) or (3) the date upon which there is a liquidation of the Member's Units or other interest in the Company (but the Company is not terminated) under Section 1.761-1(d) of the Regulations. "Liquidation" of the Company shall mean and be deemed to occur upon the earlier of (a) the date upon which the Company is terminated under Section 708(b)(1) of the Code or (b) the date upon which the Company ceases to be a going concern (even though it may continue in existence for the limited purpose of winding up its affairs, paying its debts and distributing any remaining Company properties to the Members).

(n) Member Nonrecourse Debt Minimum Gain.

"Member Nonrecourse Debt Minimum Gain" shall mean an amount, with, respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result, if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Section 1.704-2(i) of the Regulations.

(o) Member Nonrecourse Debt.

"Member Nonrecourse Debt" shall mean any Company liability that is treated as a "partner nonrecourse debt" under Section 1.704-2(b)(4) of the Regulations.

(p) Member Nonrecourse Deductions.

"Member Nonrecourse Deductions" shall mean any and all items of Book Depreciation and other Deductible Expenses that are treated as "partner nonrecourse deductions" under Section 1.704-2(i)(2) of the Regulations

(q) Nonrecourse Deductions.

"Nonrecourse Deductions" shall mean any and all items of Book Depreciation and other Deductible Expenses that are treated as "nonrecourse deductions" under Section 1.704-2(c) of the Regulations.

(r) Nonrecourse Liability.

"Nonrecourse" Liability" shall mean any Company liability treated as a "nonrecourse liability" under Section 1.704-2(b)(3) of the Regulations. Subject to the foregoing sentence, "Nonrecourse Liability" shall mean any Company liability (or portion thereof) for

which no Member bears the Economic Risk Of Loss.

(s) Recourse Debt.

"Recourse Debt" shall mean any Company liability (or portion thereof) that is neither a Nonrecourse Liability nor a Member Nonrecourse Debt.

(t) Related Person.

"Related Person" shall mean, as to any Member, any person who is related to such Member (within the meaning of Section 1.752-4(b) of the Regulations).

(u) Revaluation Event.

"Revaluation Event" shall mean any of the following occurrences: (1) the contribution of money or other property (other than a de minimis amount) by a new or existing Member to the capital of the Company as consideration for the issuance of additional Units or other interest in the Company; (2) the distribution of money or other property (other than a de minimis amount) by the Company to a retiring or continuing Member as consideration for Units or other interest in the Company; or (3) the liquidation of the Company within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Regulations (other than pursuant to Section 708(b)(1)(B) of the Code); provided, however, under no circumstances shall the issuance of Units pursuant to Section 13.3 of the Agreement constitute a Revaluation Event; and provided further, that the occurrence of an event described in clause (1) or (2) above shall not constitute Revaluation Event if the Board of Directors reasonably determines that it is not necessary to adjust the Book Bases of the Company's assets or the Members' Capital Accounts in connection with the occurrence of any such event.

(v) Section 704 Capital Account.

"Section 704 Capital Account" shall have the meaning assigned to such term in Article 2 of this Exhibit A.

(w) Tax Depreciation.

"Tax Depreciation" for any Fiscal Year shall mean the amount of depreciation, cost recovery or other amortization deductions allowable to the Company for Federal income tax purposes for such year.

(x) Tax Items.

"Tax Items" shall mean, with respect to any property, all items of profit and less (including Tax Depreciation) recognized by or allowable to the Company with respect to such property, as computed for Federal income tax purposes.

(y) Unrealized Book Gain Or Loss.

"Unrealized Book Gain Or Loss" with respect to any Company property shall

mean the excess (or deficit) of (1) the fair market value of such property (as agreed to in writing by the Members taking Section 7701(g) of the Code into account (i.e., such value shall not be agreed to be less than the amount of Nonrecourse Liabilities to which such property is subject)), over (2) the Book Basis of each property.

ARTICLE 2
SECTION 704 CAPITAL ACCOUNTS

A "Section 704 Capital Account" (herein so called) shall be determined and maintained for each Member throughout the full term of the Agreement in accordance with Article IV of the Agreement.

ARTICLE 3
ALLOCATIONS OF PROFIT AND LOSS

Section 3.1 Allocation of Book Items.

Subject to the provisions of Section 3.3 of this Exhibit A, all items of profit and loss realized by the Company during each fiscal year shall be allocated among the Members (after giving effect to all adjustments attributable to all contributions and distributions of money and property effected during such year) in the manner prescribed in this Section 3.1.

- Pursuant to Section 1.704-2(f) of the Regulations (relating to minimum gain chargebacks), if there is a net decrease in Company Minimum Gain for such year (or if there was a net decrease in Company Minimum Gain for a prior fiscal year and the Company did not have sufficient amounts of Gross Income and Book Gain during prior years to allocate among the Members under this Section 3.1(a)), then items of Gross Income and Book Gain shall be allocated, before any other allocation is made pursuant to the succeeding provisions of this Section 3.1 for such year, to each Member in an amount equal to such Member's share of the net decrease in such Company Minimum Gain.

- Pursuant to Section 1.704-2(i)(4) of the Regulations (relating to minimum gain chargebacks), if there is a net decrease in Member Nonrecourse Debt Minimum Gain with respect to a Member Nonrecourse Debt for such year (or if there was a net decrease in such Member Nonrecourse Debt Minimum Gain for a prior fiscal year and the Company did not have sufficient amounts of Gross' Income and Book Gain during prior years to allocate among the Members under this Section 3.1(b)), then items of Gross Income and Book Gain shall be allocated, before any other allocation is made pursuant to the succeeding provisions of this Section 3.1 for such year, to each Member with a share of such Member Nonrecourse Debt Minimum Gain as of the first day of such year in an amount equal to` such Member's share of the net decrease in such Member Nonrecourse Debt Minimum Gain.

- Pursuant to Section 1.704-1(b)(2)(ii)(d) of the Regulations (relating to "qualified income offsets"), if a transaction described in Section 1.704-

1(b)(2)(ii)(d)(4), (5) and (6) of the Regulations occurs unexpectedly, items of Company income and gain shall be allocated, before any other allocation is made pursuant to the succeeding provisions of this Section 3.1 for such year, among each Member with an Adjusted Capital Account Deficit in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 3.1(c) shall be made only if, and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article 3 have been tentatively made as if this Section 3.1(c) were not in this Exhibit A.

- All Member Nonrecourse Deductions attributable to a Member Nonrecourse Debt shall be allocated among the Members bearing the Economic Risk Of Loss for such debt; provided, however, that if more than one Member bears the Economic Risk Of Loss for such debt, the Member Nonrecourse Deductions attributable to such debt shall be allocated to and among such Members, pro rata in the same proportion that their Economic Risks Of Loss bear to one another.

- All Nonrecourse Deductions shall be allocated among the Members, pro rata in accordance with their respective Sharing Percentages.

- Any Adjusted Net Income realized by the Company for such year and, except as provided in Section 3.1(h) hereof, any Book Gain derived from a Capital Transaction occurring during such year and not allocated pursuant to Sections 3.1(a), 3.1(b), 3.1(c), 3.1(d), and 3.1(e) hereof, shall be allocated among the Members, as necessary, so as to cause the balances in their respective Section 704 Capital Accounts to be in the same ratio to one another as are their Sharing Percentages, with all remaining amounts of Adjusted Net Income and Book Loss to be allocated to the Members, pro rata in accordance with their respective Sharing Percentages.

- Any Adjusted Net Loss realized by the Company for such year and, except as provided in Section 3.1(h) hereof, any Book Loss derived from a Capital Transaction occurring during such year and not allocated pursuant to Sections 3.1(a), 3.1(b), 3.1(c), 3.1(d), and 3.1(e) hereof shall be allocated among the Members, as necessary, so as to cause the balances in their respective Section 704 Capital Accounts to be in the same ratio to one another as are their Sharing Percentages, with all remaining amounts of Adjusted Net Loss and Book Loss to be allocated to the Members pro rata in accordance with their respective Sharing Percentages.

- Book Gain Or Loss derived from a Capital Transaction that is entered into in connection with, or results in, the Liquidation of the Company shall be allocated among the Members as follows in the following order of priority (after giving effect to all adjustments attributable to allocations of items of Company profit and loss made pursuant to the preceding provisions of this Section 3.1 for such year and after giving effect to all adjustments attributable to contributions and distributions

or money and property effected prior to such determination).

- Book Gain remaining after the allocations provided for in Sections 3.1(a), 3.1(b) and 3.1(c) hereof shall be allocated as follows and in the following order of priority:

(A) First: Book Gain equal to the deficit balance (if any) in each Member's Capital Account shall be allocated to such Member;

(B) Second: An amount of Book Gain shall be allocated next among the Members to the least extent necessary to cause their positive Section 704 Capital Account balances to equal their respective Sharing Percentages; and

(C) Third: All remaining amounts of Book Gain shall be allocated among the Members pro rata in accordance with their respective Sharing Percentages.

- Book Loss (if any) shall he allocated as follows and in the following order of priority:

(A) First: Book Loss shall be allocated to the Members to the least extent necessary to cause the positive balances in their Section 704 Capital Accounts to be in the same proportion to one another as are their respective Sharing Percentages.

(B) Second: All remaining amounts of Book Loss shall be allocated among the Members pro rata in accordance with their respective Sharing Percentages.

- For purposes of determining the nature (as ordinary or capital) of any Company profit allocated among the Members for Federal income tax purposes pursuant to this Section 3.1, the portion of such profit required to be recognized as ordinary income pursuant to Sections 1245 and/or 1250 of the Code shall be deemed to be allocated among the Members in the same proportion that they were allocated and they claimed the Book Depreciation deductions, or basis reductions, directly or indirectly giving rise to such treatment under Sections 1245 and/or 1250 of the Code.

- The parties intend that the foregoing allocation provisions of this Section 3.1 shall produce Section 704 Capital Account balances of the Members that will permit liquidating distributions that are made in accordance with final Capital Account balances under Section 16.3 of the Agreement to be made to the Members pro rata in accordance with their respective Sharing Percentages. To the extent that the allocation provisions of this Section 3.1 would fail to cause the Members' final Capital Account balances to be in such ratio, (i) such provisions shall be amended by the Members if and to the extent necessary to produce such result and (ii) taxable income and taxable loss of the Company for prior open years (or items of Gross income and Deductible Expenses of the Company for such years) shall be reallocated among the Members to the extent it is not possible to achieve such result with allocations of items of income (including Gross Income) and Deductible

Expenses for the current year and future years. This Section 3.1(l) shall control notwithstanding any reallocation or adjustment of taxable income, taxable loss, or items thereof by the Internal Revenue Service or any other taxing authority.

Section 3.2 Allocation of Tax Items.

(z) Except as otherwise provided in the succeeding provisions of this Section 3.2, each Tax Item shall be allocated among the Members in the same manner as each correlative item of profit or loss, as calculated for book purposes, is allocated pursuant to the provisions of Section 3.1 hereof.

(aa) The Members hereby acknowledge that all Tax Items in respect of any Book/Tax Disparity Property owned by the Company are required to be allocated among the Members in the same manner as under Section 704(c) of the Code (as specified in Sections 1.704-1(b)(2)(iv)(f) and 1.704-1(b)(2)(iv)(g) of the Regulations) and that the principles of Section 704(c) of the Code require that such Tax Items must be shared among the Members so as to take account of the variation between, the adjusted tax basis and Book Basis of each such Book/Tax Disparity Property. Thus, notwithstanding anything in Sections 3.1 or 3.2(a) to the contrary, the Members' distributive shares of Tax Items in respect of each Book/Tax Disparity Property shall be separately determined and allocated among the Members in accordance with the principles of Section 704(c) of the Code. For purposes of making tax allocations pursuant to Section 704(c) of the Code (including allocations pursuant to Section 1.704-1(b)(2)(iv)(f) if a Revaluation Event occurs) the Manager shall determine the method or methods to be used by the Company.

Section 3.3 Allocations Of Profit And Loss And Distributions In Respect Of Interests Transferred.

(bb) If any Unit or other interest in the Company is transferred, or is increased or decreased by reason of the admission of a new Member or otherwise, during any Fiscal Year, each item of Adjusted Net Income Or Loss, Book Gain Or Loss and other Company profit and loss for such year shall be divided and allocated among the Members in question by taking account of their varying interests in the Company during such year on a daily, monthly or other basis, as determined by the Manager using any permissible method under Section 706 of the Code and the Regulations thereunder,

(cc) Distributions of Company in respect of a Unit or other interest in the Company shall be made only to the persons or entities who, according to the Company's books and records, are the holders of record of the Units or other interests in the Company in respect of which such distributions are made on the actual date of distribution. Neither the Company nor the Manager shall incur any liability for making distributions it accordance with the provisions of the preceding sentence, whether or not the Company or the Manager has knowledge or notice of any transfer or purported transfer of ownership of any Unit or other interest in the Company.

(dd) Notwithstanding any provision above to the contrary, Book Gain Or Loss (and taxable gain or loss to the extent permitted by the Code and Regulations) realized in connection with a sale or other disposition of any Company properties shall be allocated solely

among the parties owning Units or other interests in the Company as of the date such sale or other disposition occurs.

EXHIBIT B
TO
AMENDED & RESTATED
LIMITED LIABILITY COMPANY AGREEMENT OF
PROSPECT CHARTERCARE, LLC

Capital Accounts, Units and Sharing Percentages

NAME OF MEMBER	INITIAL CAPITAL ACCOUNT	INITIAL UNITS	INITIAL SHARING PERCENTAGE	ADJUSTED CAPITAL CONTRIBUTION*
CharterCARE Health Partners 825 Chalkstone Avenue Providence, Rhode Island 02908	$16.76 M	16,760	15%	$16.76M
Prospect East Holdings, Inc. 10780 Santa Monica Boulevard Suite 400 Los Angeles, California 90025	$45.00 M	95,000	85%	$95.00M*

* Assumes full funding of Long-Term Capital Commitment

EXHIBIT C
TO
AMENDED & RESTATED
LIMITED LIABILITY COMPANY AGREEMENT OF
PROSPECT CHARTERCARE, LLC

Conflicts of Interest Policy

(as per Section 3.4)

CharterCARE Health Partners *Policy & Procedure*	Title:	Number: 4.1
Coverage: **All Designated Persons as Defined in This Policy**	CharterCARE HEALTH PARTNERS **Conflict of Interest Disclosure Policy**	Source: **Board of Trustees** Approved: **Board of Trustees**

Date Issued:	Date Effective:	Supersedes:	Distribution:	
09/08/2011	**09/08/2011**	**01/08/2009**	**Designated Persons**	Page 1 of 9

I. POLICY ADOPTION

CharterCARE Health Partners including its affiliates (the "Corporation"), is committed to pursuing its mission and to conducting its affairs in accordance with high professional and ethical standards which include the avoidance of detrimental conflicts of interest. The Corporation believes that avoiding such conflicts is imperative in preserving the public's trust. Persons who agree to serve the Corporation should not use their position for personal gain, or to expose the Corporation to potential harm as a result of conflict of interest.

This Conflict of Interest Policy (the "Policy") is adopted for the Corporation in order better to assure: (i) compliance with the provisions of the Bylaws of the Corporation (the "Bylaws") that pertain to Conflict of Interest and Competitor Relationships; (ii) a uniform conflict of interest policy for Designated Persons (as defined below) and (iii) effective communication and decision making regarding potential conflicts of interest. This Policy is intended to supplement, but not replace, any applicable federal or state laws governing conflicts of interest applicable to nonprofit and charitable corporations or the fiduciary duties of corporate officers and trustees.

The Policy applies to Designated Persons as defined below and deliberations by the Board of Trustees and its committees or sub-committees, the Medical Executive Committee and its committees or subcommittees, and any other committee or task force that the Board or Finance, Audit, Compliance Committee shall designate from time to time.

II. GENERAL PRINCIPLES

Any Designated Person has an obligation to: (i) protect decisions involving the Corporation against conflicts of interest; (ii) maintain the confidentiality of information obtained through service to the Corporation; (iii) assure that the Corporation acts for the benefit of the community as a whole rather than for the private benefit of a Designated Person; and (iv) fully disclose any personal business opportunities that are competitive with the Corporation or in which the Corporation would have an interest. In the furtherance of these obligations all Designated Persons shall exercise the utmost good faith in all transactions touching upon their duties to the Corporation or its property. In their dealings with and on behalf of the Corporation, they shall be held to a strict standard of honest and fair dealing. Designated Persons shall scrupulously avoid any conflict between their individual interests and the interests of the Corporation in any and all actions taken by them. They shall disclose any interests or activities in which they are involved or become involved, directly or indirectly, that could conflict with the interests or activities of the Corporation and shall obtain approval prior to commencing, continuing, or consummating any activity or transaction which raises a possible conflict of interest. Designated Persons are also obliged to disclose any potential conflict of interest arising from the interests and activities of their Immediate Family, as hereinafter defined.

Failure to comply with this Policy may disqualify a person from serving as a Designated Person or, if already serving as a Designated Person, may, if the Designated Person is an employee of the Corporation, result in disciplinary action up to and including dismissal, subject to the terms of any applicable employment or collective bargaining agreement or, in the case of a Designated Person who is a member, either in an elected or ex officio capacity, of the Board of Trustees of the Corporation (a "Trustee," the "Board"), the Trustee shall be deemed to have resigned.

III. DEFINITIONS

A. **"Designated Persons"** shall include the following:

1. Members of the Board of Trustees of the Corporation;
2. Members of administration, senior management, directors, and managers of the Corporation;
3. Chief and/or President of the Medical Staff, Medical Executive Committee, Medical Staff Departmental Chairmen, Divisional Chiefs, other physicians serving as elected officers or in Medical Staff leadership positions who have the ability to influence the use of Corporation resources;
4. Members of the Medical Staff holding a medical administrative position with the Corporation or engaged by the Corporation for compensation to render professional services;
5. Physicians with the authority to select or influence the purchase of costly implant devices and/or supplies, as recommended by senior management and/or the Board or Board-delegated Committee;
6. Members of the Pharmacy and Therapeutics Committee, Value Analysis Team, and Materials Management Department with the authority to purchase, to select or to influence the purchase of goods or services on behalf of the Corporation, ; and
7. Any other person(s) and/or staff member(s) whom the Board or Board-delegated Committee may from time to time designate.

B. **"Business Entity"** means any publicly or privately held corporation, partnership, sole proprietorship, firm, franchise association, organization, holding company, joint stock company, receivership, business or real estate trust or any other legal entity organized on a for-profit basis or not-for-profit basis, but excluding the Corporation.

C. **"Compensation"** means anything of value whether in the form of salary, honoraria, forgiveness of debt, gifts, interest in real or personal property, rent or any other form of compensation in cash or in kind.

D. **"Entity"** shall mean any corporation, individual, partnership or other business entity.

E. **"Financial Interest"** includes without limitation: (1) an ownership or investment interest; (2) a compensation arrangement; or (3) a potential ownership or investment interest or a compensation arrangement with any entity or individual with which the Corporation is negotiating a transaction or arrangement. Financial Interests may be through an ownership or investment interest, or compensation arrangement, and may be held directly or indirectly, for example through an Immediate Family Member or other intermediate entity.

An "ownership or investment interest" may be through equity, debt or other means, e.g., a right of first refusal, but shall not include (i) a combined direct and indirect interest that, when aggregated for the Designated Person and his/her Immediate Family Members, (a) does not exceed a fair market value of $10,000, and (b) does not exceed five percent (5%) of the outstanding shares of voting stock and/or bonds of a publicly traded company; or (ii) any interest in a mutual fund, pensions or other investments over which the person has no control.

"Compensation" includes direct and indirect remuneration that, when aggregated for the Designated Person and his/her Immediate Family Members, does not exceed a fair market value of $10,000 per year, except with respect to gifts, entertainment or other material benefits in which case the applicable annual limit is $250 in the aggregate. Compensation includes without limitation, consulting or employment; gifts, entertainment or other material benefits; royalties or licensing fees, copyrights (whether actual or by contractual right).

A Financial Interest is not necessarily a conflict of interest. Under this Policy a Designated Person who has a Financial Interest has a conflict of interest only based on the criteria and procedures set forth in this Policy.

F. **"Immediate Family"** of a Designated Person means spouse, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren.

G. **"Medical Staff"** means the Medical Staff of any health care facility owned or operated by the Corporation which, for purposes of this Policy, shall include House Staff.

H. **"Related Party"** means any Business Entity:

1. in which a Designated Person or his/her Immediate Family has an Ownership Interest;
2. from which the Designated Person or his/her Immediate Family derives compensation or a consulting fee;
3. in which a Designated Person or his/her Immediate Family serves as an officer or director; or
4. from which a Designated Person or his/her Immediate Family otherwise has a financial interest or directly or indirectly receives financial benefits.

I. **"Staff Member"** means (1) part-time or full-time members of the Medical Staff; (2) other part-time or full-time employees of the Corporation; (3) consultants to the Corporation and (4) members of any Committee of the Corporation, whether designated by senior management or by the Board, who are in a position to influence patient outcomes or business relationships, including without limitation purchasing/contracting decisions, as determined by the Board or Board-delegated Committee.

J. **"Interested Person"** shall mean any Designated Person or member of a Committee or Sub-Committee with Board delegated powers, who has a direct or indirect financial interest.

K. **"Consultant, Consulting"** shall mean the performing of any service as an independent contractor for which any form of remuneration is received. This includes the rendering of advice, providing technical expertise, serving as a speaker or lecturer or evaluating existing or proposed products, etc.

L. **"Organization Doing or Seeking to Do Business with the Corporation"** shall mean any present or potential supplier of products and/or services and will include manufacturers, distributors, purchasing-related organizations or alliances, consulting or accounting firms, employment or travel agencies or any other entity which may be remunerated by the Corporation as a result of a service which it may perform for any of them.

IV. PERMITTED INTERESTED TRANSACTIONS

A. The Corporation may purchase goods or services from or otherwise contract with an Entity in which a Designated Person has a direct or indirect financial interest (a "Designated Person-affiliated entity") provided that a majority of the non-interested Trustees or committee members have determined that:

1. The terms of the transaction are fair and reasonable and competitive with what the Corporation could receive from a non-Designated Person-affiliated entity using reasonable efforts;

2. The transaction is otherwise in the best interest of the Corporation;

3. The nature of the Designated Person's involvement in the Designated Person-affiliated entity has been fully disclosed in accordance with this Policy; and

4. The interested Designated Person has not voted on the transaction at any meeting held to act on the transaction.

B. A Designated Person may take advantage of a personal business opportunity that may be of interest to, competitive with, or impact the interests of, the Corporation if:

1. The Designated Person has fully disclosed the opportunity in accordance with this Policy;

2. The opportunity has not arisen out of any impermissible use of confidential or proprietary information of the Corporation;

3. A majority of the non-interested Trustees or committee members have determined that the Corporation has no present interest in availing itself of the opportunity and that the Designated Person may take advantage of the opportunity.

V. POTENTIAL CONFLICTS

A conflict of interest exists in any instance in which a Designated Person's personal activities or interests conflict with the activities or interests of the Corporation. Although it is impossible to list every circumstance giving rise to a possible conflict of interest, the following will serve as examples of the types of activities which might give rise to such a conflict and which should be reported in a detailed and timely fashion to the President of the Corporation (the "President") or the President's designee or, with respect to Trustees, the Chairman of the Board (the "Chairman") or the Chairman's designee.

A. OTHER HEALTHCARE AFFILIATIONS

To serve as a volunteer or paid trustee, director, officer, partner, employee, consultant, agent, or advisor of or to any hospital, medical clinic or healthcare facility or organization not affiliated with the Corporation.

B. OUTSIDE INTERESTS AND OPPORTUNITIES

1. To hold, directly or indirectly, a financial interest in any outside company, organization or concern which the Designated Person has reason to believe makes payments to or receives payments from the Corporation (whether on account of goods, loans or other transactions), or which provides services in competition with the Corporation.

2. To compete, directly or indirectly, with the Corporation in the purchase or sale of property or any property right, interest or service.

3. To accept or take advantage of a business opportunity that the Designated Person knows or has reason to know may be of interest to or competitive with the Corporation.

C. OUTSIDE ACTIVITIES

1. To render directorial, managerial, or consultative services to, or to engage in any material financial transaction with, any person or concern which does business with, or competes with the Corporation.

2. To render other services in competition with, or to the disadvantage of, the Corporation.

D. GIFTS AND ENTERTAINMENT

To accept a gift, entertainment, or other material benefit from any individual or Organization Doing or Seeking to Do Business with the Corporation or is a competitor of the Corporation, under circumstances from which it might be reasonably inferred that such gift, entertainment, or other material benefit was intended to influence or possibly would influence the Designated Person in the performance of his or her duties for the Corporation, except that, in accordance with Section III.E of this Policy, the acceptance of gifts, entertainment and other material benefits of value less than $250 in the annual aggregate shall not be construed as creating a Financial Interest.

E. INSIDE INFORMATION

To disclose or use information relating to the Corporation's business, including but not limited to methods of operation and research and product development, for personal profit or advantage, or to divulge confidential information in advance of official authorization of its release.

VI. PROCEDURES

As soon as any potential conflict of interest described above, or any situation as to which a Designated Person may be in doubt, comes to the attention of a Designated Person, full disclosure must be made to (i) the President or the President's designee, (ii) with respect to Trustees, the Chairman or the Chairman's designee, or (iii) with respect to committees, the committee chairman, so as to permit an impartial and objective determination of whether a real or potential conflict of interest exists. The President, Chairman, or committee chair shall consult with the disclosing Designated Person and with such other individuals as he or she may deem appropriate.

A. The Board or committee shall utilize the following procedures regarding any Board or committee discussion or decision of a transaction that may involve or affect a firm, entity or arrangement in which a Designated Person has a Financial Interest or organizational affiliation:

1. Prior to the Board's or committee's consideration of any matter that may involve or affect a firm, entity or arrangement in which a Designated Person has a Financial Interest or organizational affiliation, the Designated Person shall raise with the Board or committee the issue of a potential conflict of interest, and if such Financial Interest has not yet been disclosed pursuant to this Policy, the Designated Person shall provide the Board or committee with sufficient information about the Financial Interest or affiliation to enable the Board or committee to consider fully whether a conflict exists.

2. The Board or committee, in its reasonable discretion, may request of such Designated Person additional details regarding the nature of the Financial Interest or organizational affiliation if the Board or committee determines that such additional information will assist it in the deliberation of whether a conflict of interest exists.

3. If a Designated Person believes that providing a full disclosure as provided in Sections VI.A.1 and/or VI.A.2 above may breach a confidentiality provision to which the Designated Person is bound, such Financial Interest or organizational affiliation shall be deemed automatically to be a conflict of interest.

4. The Designated Person with the potential conflict shall leave the meeting while the remaining members of the Board or committee discuss and vote upon whether a conflict of interest exists. The interested Designated Person(s) may be counted for purposes of a quorum, however.

5. If a conflict of interest is determined to exist, the interested Designated Person shall continue to absent himself/herself from the meeting during the discussion and any vote on the transaction or arrangement; provided, however, that the Board or committee may, by a 2/3 vote of its members (excluding the interested person), waive this requirement, except with respect to a Financial Interest or organizational affiliation that is deemed a conflict pursuant to Section VI.A.3.

6. Approval of the transaction or arrangement shall require a majority of disinterested members of the Board or committee present to determine that the transaction or arrangement is in the Corporation's best interest and for its own benefit, and that it is fair and reasonable to the Corporation.

7. The minutes of Board or committee meetings in which a conflict of interest transaction or arrangement is addressed shall include:

   a. Names of any persons who disclosed or otherwise were found to have a financial interest, the general nature of such, and whether the Board or committee determined there was, in fact, a conflict of interest; and

   b. Names of those present for discussions and votes relating to the transaction or arrangement, the general nature of the discussions (specifically including whether any alternatives existed to the proposed transaction or arrangement and the general nature of such alternatives) and a record of the vote.

B. In addition to making ongoing disclosures of potential conflicts of interest as described above, Designated Persons must make any and all potential conflicts of interest a matter of record through an initial and annual procedure that are outlined below:

1. Within thirty (30) days from the date of becoming a Designated Person, Designated Persons are affirmatively required to disclose all Financial Interests and organizational affiliations that may give rise to an actual or potential conflict of interest, or indicate that no such conflicts of interest exist, using the Conflict of Interest Disclosure Form (the "Disclosure Form") attached hereto and incorporated by reference. The Board or Audit Committee may from time-to-time designate appropriate individuals to receive such Disclosure Forms.

2. Annually, (i) the President or the Chairman of the Board or their designees shall advise each Designated Person in writing of this Policy, provide to the Designated Person a copy of this Policy, and request that each Designated Person complete and submit the completed Disclosure Form.

3. Each Designated Person shall submit the completed Disclosure Forms *within twenty (20) days of receipt* to:

   Kimberly A. O'Connell, Esq.
   Vice President and General Counsel
   CharterCARE Health Partners
   825 Chalkstone Avenue
   Providence, RI 02908

4. The President or the Chairman, or their respective designee, with consultation from the Corporate Compliance Officer, shall review all Disclosure Forms. The Corporation may seek advice from legal counsel on any issue associated with the administration of this Policy. It is understood that these Disclosure Forms shall be maintained by the Corporate Compliance Officer and any request for release of a Disclosure Form shall be made directly to the Corporate Compliance Officer. Disclosure Forms will be used only to the extent necessary for the administration and verification of this Policy and will be kept confidential to the extent allowed by law.

5. At least annually the Board or a designated committee shall review standard relationships with local banks, insurance firms, and other entities serving the Corporation to assure that the relationship is in the best interests of the Corporation and is otherwise consistent with the terms of this Policy.

6. This Policy shall be reviewed annually by the Audit Committee of the Board and each new Designated Person shall be advised of the policy prior to employment or selection as a Designated Person and, prior to assuming a position as a Designated Person, shall be required to file the Disclosure Form in accordance with Section V.B.1 of this Policy.

VII. DESIGNATED PERSON-AFFILIATED VENDORS — RELATIONSHIPS WITH THE CORPORATION

A Designated Person-affiliated vendor providing goods or services to the Corporation, as a condition for doing business with the Corporation, will be advised in writing of its obligation to conduct all business relating to the contract or arrangement whereby it provides such goods or services through the usual channels for administration of the Corporation's contracts, and the interested Designated Person will scrupulously refrain from utilizing his/her position as a Designated Person to negotiate, conduct or arbitrate contractual matters. Infractions of this policy may subject the Designated Person-affiliated vendor with termination of its relationship with the Corporation.

VIII. NOTIFICATION OF VIOLATIONS/ENFORCEMENT

A. If a Designated Person has reasonable cause to believe that another Designated Person has failed to disclose an actual or potential conflict of interest, he/she shall inform the President (or in the case of a non-disclosure relating to the President, to the Treasurer, or, in the case of a Designated Person who is a member of the Board to the Chairman of the Board (or, in the case of a non-disclosure relating to the Chairman, to the Vice-Chairman) of the basis for the belief.

B. Upon receipt of such an allegation, as described in Section VIII.A, a committee of the Board shall be convened to review the matter, with such committee being either a newly established committee or an existing Board committee, such as the Finance, Audit, Compliance Committee, with the authority given to it to review such matter in accordance with this provision. The Committee shall afford the Designated Person the opportunity to explain the alleged failure to disclose and, if appropriate to update his/her Disclosure Form. If after hearing the response of the Designated Person and making such further investigation as may be warranted in the circumstances, the Committee determines that a Designated Person has, in fact, failed to disclose an actual or potential conflict of interest, it shall make such recommendations to the full Board for appropriate disciplinary and corrective action.

C. Failure to comply with this Policy may disqualify a person from serving as a Designated Person or, if already serving as a Designated Person, the Designated Person shall, if an employee, be subject to disciplinary action up to and including dismissal, subject to and in accordance with the terms of any applicable employment or collective bargaining agreement or, if a Trustee, the Trustee shall be subject to removal pursuant to the Bylaws.

APPROVED BY: **Board of Trustees**
DATE: **September 8, 2011**

APPROVED BY:

Kimberly A. O'Connell, Esq.
Senior Vice President & General Counsel

Joel K. Goloskie, Esq.
Deputy General Counsel
Director of Compliance,
Privacy & Ethics

Attachment A:

Conflict of Interest Questionnaire and Disclosure Form

Attachment A

CONFLICT OF INTEREST QUESTIONNAIRE AND DISCLOSURE FORM FISCAL YEAR

Please Return to: Kimberly A. O'Connell, Esq., Vice President and General Counsel

I hereby affirm that a I have received a copy of the Conflict of Interest Policy ("Policy") of CharterCARE Health Partners and its affiliates (the "Corporation") requiring disclosure of certain interests, that I have read and understand the Policy, and that I agree to comply with its terms. In addition I hereby affirm my understanding that the Corporation is a charitable organization and that, in order for it to maintain its federal tax exemption, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Consistent with the purposes and intentions of the Policy, I hereby state that I or members of my immediate family (spouse, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren) have the following affiliations or interests and have taken part in or are now taking part in the following transactions that, considered in conjunction with my position with or relation to the Corporation, might possibly constitute a conflict of interest (***state "none" where applicable***):

1. **Business Affiliations.** Please list below any affiliations you, or any member of your immediate family have as a trustee, director, officer, partner, employee, consultant, agent, or advisor of any person, firm or organization which, to the best of your information and belief, is a supplier of goods or services to the Corporation, and briefly describe the type of goods or services so supplied. ***If none, so state:***

_____

_____

_____

2. **Other Healthcare Affiliations.** Please list below the name and address of any healthcare company or facility which you or any member of your immediate family serve as a volunteer or paid director, trustee, officer, partner, employee, consultant, employee or agent or advisor and the capacity in which you so serve. ***If none, so state:***

_____

_____

_____

3. **Outside Interests:**

A. Identify any interest or investment, of yourself or your immediate family, that might be deemed a position of financial interest in any outside concern, as described in Section V.B.1 of the Policy. ***If none, so state:***

B. Identify any purchase or sale of property or property right, interest or service, made or proposed to be made by yourself or your immediate family, that might be deemed to have been made in competition with the Corporation, as described in Section V.B.2 of the Policy. ***If none, so state***:

C. Identify any business opportunity that you or your immediate family know or have reason to know may be of interest to or competitive with the Corporation as described in Section V.B.3 of the Policy. ***If none, so state:***

D. Identify any relationship, through family or business, you have with any officers, directors, trustees, or employees of the Corporation. ***If none, so state***:

E. Identify any relationship, through family or business, you have with any independent contractors who received over $50,000 for the year from the Corporation. ***If none, so state***:

4. **Outside Activities:**

A. Identify any instance in which you or any member of your immediate family has rendered or are rendering directive, managerial, or consultative services to any outside concern that does business with, or competes with, the services of the Corporation as described in Section V.A of the Policy. ***If none, so state***:

_____

_____

_____

B. Identify any instance in which you or any member of your immediate family has rendered or may render services that might be deemed to be in competition with, or to the disadvantage of, the Corporation, as described in Section V.C.2 of the Policy. ***If none, so state***:

_____

_____

_____

5. **Gifts, Gratuities and Entertainment:**

I hereby certify that neither I nor any member of my immediate family has accepted, are accepting or will accept any gift, gratuity, or entertainment from any outside concern that does, or is seeking to do business with or is a competitor of, the Corporation, except as listed below. ***If none, so state***:

_____

_____

_____

6. **Inside Information:**

I hereby certify that neither I, nor any member of my immediate family, has disclosed or used, is disclosing or using, or will disclose or use information relating to the Corporation's business, except as listed below. ***If none, so state***:

_____

_____

_____

7. **Other:**

List any other activities in which you or your immediate family are engaged that might be regarded as constituting a potential conflict of interest with the Corporation. ***If none, so state:***

I hereby agree to report promptly to the President, or the President's designee or, if I am a member of the Board of Trustees of the Corporation, to the Chairman of the Board or the Chairman's designee, any situation or transaction that may arise during the forthcoming year that constitutes a potential conflict of interest.

Printed Name:

Signature: **Date:**

Please return ***within twenty (20) days*** of receipt to:

Kimberly A. O'Connell, Esq.
Vice President and General Counsel
CharterCARE Health Partners
825 Chalkstone Avenue
Providence, RI 02908

Exhibit B

Form of Quitclaim Deed

See Attached

EXHIBIT B

FORM OF QUITCLAIM DEED

Prepared by and return to:
Nixon Peabody LLP
One Citizens Plaza, Suite 500
Providence, RI 02903
Attention: James D. Kerouac, Esq.

QUITCLAIM DEED

_____, a Rhode Island corporation, with an address at c/o CharterCARE Health Partners, 825 Chalkstone Avenue, Providence, RI 02908 ("Grantor"), for consideration of _____Dollars and __/100 ($_____) paid, grants to _____, a Rhode Island limited liability company, with an address of c/o Prospect CharterCare, LLC, 825 Chalkstone Avenue, Providence, RI 02908, Attention: Kenneth Belcher, Chief Executive Officer ("Grantee"), with QUITCLAIM COVENANTS, the following parcel:

That certain lot or parcel of land with all the buildings and improvements thereon, located at _____, in the [City of Providence/Town of North Providence], Providence County, State of Rhode Island, being more particularly described on Exhibit A attached hereto and made a part hereof (the "Property").

Grantor hereby covenants that it is a resident of Rhode Island and is therefore exempt from R.I.G.L. 44-30-71.3.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Grantor has caused this Quitclaim Deed to be executed as of this _____ day of _____, 2013, by its proper officer duly authorized.

_____

By:_____
Name:_____
Title:_____

STATE OF _____
COUNTY OF _____

In _____, on this _____ day of _____, 2013, before me personally appeared _____, the _____ of _____, a Rhode Island corporation, to me known and known by me to be the party executing the foregoing instrument on behalf of _____, and s/he acknowledged said instrument, by her/him executed to be her/his free act and deed in said capacity and the free act and deed of _____.

_____
NOTARY PUBLIC
My Commission Expires:_____

Exhibit A

Legal Description of the Property

Exhibit C

Form of Tenant Estoppel Certificate

See Attached

EXHIBIT C

FORM OF TENANT ESTOPPEL CERTIFICATE

To: Prospect CharterCare, LLC, a Rhode Island limited liability company, and [INSERT ENTITY PURCHASING REAL ESTATE] (collectively "Buyer")

The undersigned hereby certifies and agrees as follows:

1. The undersigned is the tenant (the "Tenant") under that certain _____ (the "Lease") by and between Tenant and _____ (such party, together with its successors and assigns hereinafter collectively referred to as the "Landlord") dated _____, with respect to the lease of space for antennas and other mobile communications facilities in or on the building located at _____, [City of Providence/Town of North Providence], Providence County, State of Rhode Island (the "Building") .

2. The Lease commenced on _____.

3. The Lease shall expire on _____. Tenant has the option to extend the term of the Lease for _____ (__) additional _____ (__) year terms by giving Landlord at least _____ (__) months' prior written notice.

4. Tenant is occupying the entire premises demised to it under the Lease (the "Premises").

5. Tenant has not paid rent or additional rent beyond the current month and agrees not to pay rent or additional rent more than one month in advance at any time.

6. Rent payable in the amount of $_____ per month has been paid for the month of _____, 201_.

7. There are no defenses to or offsets against the enforcement of the Lease or any provision thereof by the Landlord.

8. A security deposit in the amount of $_____ has been made pursuant to the terms of the Lease.

9. Landlord has not agreed to grant Tenant any free rent or rent rebate or to make any contribution to tenant improvements. Landlord has not agreed to reimburse Tenant for or to pay Tenant's rent obligation under any other lease.

10. Tenant has not advanced any funds for or on behalf of Landlord for which Tenant has a right to deduct from or offset against future rent payments.

11. The Lease is in full force and effect without default thereunder by Tenant or, to the best knowledge of Tenant, Landlord.

12. The Lease is the entire agreement between the Landlord and Tenant pertaining to the Premises.

13. The Lease has not been amended, modified or supplemented except as set forth in Paragraph 1 above.

14. Tenant does not have any purchase option, right of first refusal, right of first offer or similar right with respect to the Building or the land on which it is located. Tenant does not have any right or option for additional space in the Building.

Tenant acknowledges that Buyer will rely on this Certificate in in connection with the purchase of the Building and the land on which the Building is located. This Certificate may also be relied upon by any lender making a loan to be secured by the Building and/or the land on which the Building is located.

This Certificate has been executed on the _____ day of _____, 2013.

_____

By:_____
Name:_____
Title:_____

Exhibit E

Form of Leasehold Assignment and Assumption Agreement

See Attached

EXHIBIT E

FORM OF LEASEHOLD ASSIGNMENT AND ASSUMPTION AGREEMENT

This LEASEHOLD ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Assignment") is made this _____ day of _____, 2013, by _____, a Rhode Island corporation, with an address at c/o CharterCARE Health Partners, 825 Chalkstone Avenue, Providence, RI 02908 ("Assignor"), to and for the benefit of _____, a Rhode Island limited liability company, with an address of c/o Prospect CharterCare, LLC, 825 Chalkstone Avenue, Providence, RI 02908, Attention: Kenneth Belcher, Chief Executive Officer ("Assignee").

WHEREAS, Assignor is the Tenant under that certain _____ (the "Lease") dated as of _____, 20__ by and between Assignor and _____, a _____ (the "Landlord"), pursuant to which Assignor leased _____ located at _____, Rhode Island (the "Premises");

WHEREAS, Assignor and Assignee are parties to that certain Asset Purchase Agreement dated _____, 2013 (the "Purchase Agreement"), pursuant to which Assignee shall acquire certain assets of Assignor, including Assignor's right, title and interest in the Lease;

WHEREAS, pursuant to the terms and conditions of the Purchase Agreement, Assignor desires to assign the Lease to Assignee and Assignee desires to assume the Lease.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignment. Effective as of the Effective Time (as defined in the Purchase Agreement), Assignor hereby assigns, sells, grants, conveys, transfers and delivers to Assignee all of Assignor's right, title and interest in, to and under the Lease.

2. Acceptance, Assumption. Effective as of the Effective Time, Assignee accepts such assignment and assumes all obligations of the Tenant (including payment obligations) under the Lease.

3. Consent of Landlord. By executing this Assignment, Landlord hereby consents to the assignment of the Lease by Assignor and the assumption of the Lease by Assignee. From and after the date of this Assignment, Landlord shall look solely to Assignee for the performance of Tenant's obligations arising under the Lease after the Effective Time.

4. [**USE IF LEASES INVOLVES MORE THAN 5,000 SQUARE FEET OF SPACE OR ANNUAL RENT IN EXCESS OF $100,000:** Estoppel. By executing this Assignment, Landlord represents and warrants to Assignee that:

a. The Lease commenced on _____.

b. The Lease shall expire on _____. Tenant has the option to extend the term of the Lease for _____ (__) additional _____ (__) year terms by giving Landlord at least _____ (__) months' prior written notice.

c. Tenant is occupying the entire premises demised to it under the Lease (the "Premises").

d. Tenant has not paid rent or additional rent beyond the current month and agrees not to pay rent or additional rent more than one month in advance at any time.

e. Rent payable in the amount of $_____ per month has been paid for the month of _____, 201_.

f. There are no defenses to or offsets against the enforcement of the Lease or any provision thereof by the Landlord.

g. A security deposit in the amount of $_____ has been made pursuant to the terms of the Lease.

h. Landlord has not agreed to grant Tenant any free rent or rent rebate or to make any contribution to tenant improvements. Landlord has not agreed to reimburse Tenant for or to pay Tenant's rent obligation under any other lease.

i. Tenant has not advanced any funds for or on behalf of Landlord for which Tenant has a right to deduct from or offset against future rent payments.

j. The Lease is in full force and effect without default thereunder by either Landlord or, to the best knowledge of Landlord, Assignor.

k. The Lease is the entire agreement between the Landlord and Tenant pertaining to the Premises.

l. The Lease has not been amended, modified or supplemented except as set forth herein.

m. Tenant does not have any purchase option, right of first refusal, right of first offer or similar right with respect to the building or the land in or on which the Premises are located. Tenant does not have any right or option for additional space in the building in which the Premises .

n. The address of Landlord for all notices and communications under the Lease is as follows:

_____
_____
_____
Attention: _____]

5. Notices. All notices and other communications required or permitted hereunder shall be in writing and sent to the recipient party at the address set forth for such party in the preamble hereto, or to such other address which either party hereunder may designate by notice to the other given as required hereby. Any such notice or communication shall be given either (a) by registered or certified mail, postage prepaid and return receipt requested, (b) by overnight delivery using a nationally recognized overnight courier which provides a receipt to sender, (c) by facsimile or (d) by electronic mail. Such notices shall be deemed given when received or refused by the recipient.

6. Headings. The title of articles and the headings preceding text of paragraphs and sub-paragraphs herein are for convenience of reference only and shall not constitute a part of this Assignment, nor shall they affect its meaning or construction.

7. Invalidity of Provision. If any provision, term or condition of this Assignment or the application thereof to any persons or circumstances should be declared invalid by the final ruling of a court of competent jurisdiction, the remaining provisions, terms and conditions hereof and their application to persons and circumstances shall not be affected thereby and shall continue to be enforced and recognized as valid agreements of the parties, and in the place of such invalid or unenforceable provision, there shall be substituted a like but valid provision which comports to the findings of such court and most nearly accomplishes the original intention of the parties.

8. Waiver. The waiver by either party to this Assignment of the other's breach of any provision, term or condition hereof shall not be held or construed (unless expressly so declared in writing) to impair the continuing obligation of such provision, term or condition, nor, except as to the specific instance, to permit similar acts or omissions by the other. The failure of either party to enforce against the other, or to insist on strict performance by the other of, any provision, term or condition hereof shall not be deemed a waiver of the latter's default with respect thereto, nor a waiver of the former's right to enforce the same or any other provision, term or condition hereof in the future.

9. Counterparts. This Assignment may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

10. Governing Law. This Assignment shall be governed by the laws of the State of Rhode Island.

11. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

12. Entire Agreement. Except for the Purchase Agreement, this Assignment constitutes the entire agreement between the parties hereto with respect to the matters described herein and, except for the Purchase Agreement, supersedes any prior or contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, in such regard. The terms and conditions of this Assignment are subject to the terms and conditions

of the Purchase Agreement, and in the event of any conflict or inconsistency between the terms and conditions of this Assignment and the terms and conditions of the Purchase Agreement, the terms and conditions of the Purchase Agreement shall control. No verbal statements made by anyone with respect to such matters shall be construed as a part hereof unless incorporated herein by writing. This Assignment may be amended, modified or supplemented only by an instrument in writing executed and delivered by both parties hereto.

[SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Assignment as of the date set forth in the preamble hereof.

ASSIGNOR:

_____

By:_____
Name: _____
Title: _____

ASSIGNEE:

_____

By:_____
Name: _____
Title: _____

AGREED AND ACKNOWLEDGED WITH RESPECT TO PARAGRAPH[S] 4 [AND 5]

LANDLORD:

_____

By:_____
Name: _____
Title: _____

Exhibit F

Form of Bill of Sale

See Attached

Exhibit F to Asset Purchase Agreement
Form of Bill of Sale and Assignment and Assumption Agreement
(*To Be Used for Non-Real Property Assets*)

[*To Be Duplicated for Each Assigning Entity*]

BILL OF SALE AND ASSIGNMENT AND ASSUMPTION AGREEMENT
([NAME OF ASSIGNING ENTITY])

This Bill of Sale and Assignment and Assumption Agreement (this "Bill of Sale") is made and entered into as of _____, 2014, by and among _____, a _____ ("Seller") and [Prospect CharterCare RWMC, LLC, a Rhode Island limited liability company ("RWMC SMLLC"), Prospect CharterCare SJHSRI, LLC, a Rhode Island limited liability company ("SJHSRI SMLLC"), Prospect CharterCare Elmhurst, LLC, a Rhode Island limited liability company ("Elmhurst SMLLC"), and Prospect CharterCare Physicians, LLC, a Rhode Island limited liability company ("Physicians SMLLC"] or "Buyer").

WHEREAS, Seller and Buyer, among others, are parties to that certain Asset Purchase Agreement dated as of September 24, 2013 (the "Purchase Agreement");

WHEREAS, pursuant to the Purchase Agreement, among other things, Seller has agreed to sell to the Company (as defined in the Purchase Agreement), and the Company has agreed to purchase from Seller, either directly or through the Company Subsidiaries (as defined in the Purchase Agreement), substantially all of Seller's right, title and interest in and to certain assets of Seller, including without limitation those contemplated herein; and

WHEREAS, pursuant to the Purchase Agreement, Seller has agreed to assign certain rights to the Company or the Company Subsidiaries, and the Company has agreed to assume or to cause one or more of the Company Subsidiaries to assume certain obligations of Seller, including without limitation those contemplated herein.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. *Capitalized Terms*. Capitalized terms used but not defined herein shall have the meanings for such terms that are set forth in the Purchase Agreement.

2. *Sale and Transfer of Assets*. Effective as of the Effective Time and subject to the terms and provisions of the Purchase Agreement, Seller hereby unconditionally and irrevocably sells, transfers, assigns, conveys, sets over, grants, releases, delivers, vests and confirms (collectively, "Transfers") unto the Buyer, free and clear of all Encumbrances, all of Seller's right, title, benefit, privileges and interest in and to all of the Purchased Assets owned, leased or licensed by such Seller on the Closing Date that are held for use or used in the Business (collectively, such Purchased Assets being referred to as the "Transferred Items").

3. *Assumption of Liabilities*. Except as specifically provided for in an Assignment and Assumption Agreement delivered in connection with the Closing of the Purchase

Agreement, effective as of the Effective Time and subject to the terms and provisions of the Purchase Agreement, Buyer hereby assumes all of the duties, obligations, terms, provisions, covenants and liabilities of Seller to be observed, performed, paid or discharged from and after the Effective Time, in connection with the Assumed Liabilities of such Seller. Notwithstanding anything herein to the contrary, no Buyer shall assume any Excluded Liabilities, and the parties hereto agree that all such Excluded Liabilities shall remain the sole responsibility of Seller or the other Sellers (as such term is defined in the Purchase Agreement), as the case may be.

4. *Further Actions*. Seller covenants and agrees to warrant and defend the Transfer of the Transferred Items hereby made against all persons whomsoever and to take all steps reasonably necessary to establish the record of Buyer's title to the Transferred Items, all at the sole cost and expense of Seller. Each of the parties hereto covenants and agrees, at its own expense, to execute and deliver, at the request of any other party hereto, such further instruments of transfer and assignment and take such other actions as may be reasonably requested to more effectively consummate the transactions contemplated by this Bill of Sale.

5. *Power of Attorney*. Without limiting Section 4 hereof, Seller hereby constitutes and appoints each Buyer the true an lawful agent and attorney in fact of Seller, with full power of substitution and resubstitution, in whole or in part, in the name and stead of Seller by, on behalf of and for the benefit of Buyer and its successors and assigns from time to time:

   (a) to demand, receive and collect any and all of the Transferred Items, and to give receipts and releases for and with respect to the same, or any part thereof;

   (b) to institute and prosecute, in the name of Seller or otherwise, any and all proceedings at law, in equity or otherwise, that Buyer or its successors and assigns may deem proper in order to collect or reduce to possession any of the Transferred Items, and in order to collect or enforce any claim or right of any kind hereby Transferred to Buyer, or intended so to be; and

   (c) to do all things legally permissible, required or reasonably deemed by Buyer to be required to recover and collect the Transferred Items, and to use Seller's name in such manner as such Buyer may reasonably deem necessary for the collection and recovery of same.

   Seller hereby declares that the foregoing powers are coupled with an interest and are and shall be irrevocable by Seller.

6. *Terms of the Purchase Agreement*. The terms of the Purchase Agreement, including but not limited to Seller's representations, warranties, covenants, agreements and indemnities relating to the Transferred Items and the Assumed Liabilities, are incorporated herein by this reference. Seller acknowledges and agrees that the representations, warranties, covenants, agreements and indemnities contained in the Purchase Agreement shall not be superseded hereby but shall remain in full force and effect to the full extent provided

therein. In the event of any conflict or inconsistency between the terms of the Purchase Agreement and the terms hereof, the terms of the Purchase Agreement shall govern.

7. *Choice of Law.* This Bill of Sale shall be governed by and construed in accordance with the laws of the State of Rhode Island, without giving effect to any choice or conflict of law provision or rule thereof that would require the application of any other law.

8. *Execution of this Agreement.* This Bill of Sale may be executed in multiple counterparts, each and all of which shall be deemed an original and all of which together shall constitute but one and the same instrument. A signature delivered by facsimile or PDF will be sufficient for all purposes among the parties hereto and shall be deemed to have the same legal effect as delivery of an original.

[*Signature page follows.***]**

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

SELLER:

[SELLER NAME],
a _____

By:_____

Name:_____

Title:_____

BUYER:

[PROSPECT CHARTERCARE RWMC, LLC,
a Rhode Island limited liability company

By:_____

Name:_____

Title:_____

PROSPECT CHARTERCARE SJHSRI, LLC,
a Rhode Island limited liability company

By:_____

Name:_____

Title:_____

PROSPECT CHARTERCARE ELMHURST, LLC, a Rhode Island limited liability company

By:_____

Name:_____

Title:_____

PROSPECT CHARTERCARE PHYSICIANS, LLC, a Rhode Island limited liability company]

By:_____

Name:_____

Title:_____

Exhibit G

Form of Assignment and Assumption Agreement

See Attached

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Assignment and Assumption Agreement") is made and entered into as of _____, 201__, by and among CharterCARE Health Partners, a Rhode Island non-profit corporation ("CCHP"), Roger Williams Medical Center, a Rhode Island non-profit corporation ("RWMC"), St. Joseph Health Services of Rhode Island, a Rhode Island non-profit corporation ("SJHSRI"), Roger Williams Realty Corporation, a Rhode Island non-profit corporation ("RWRC"), RWGH Physicians Office Building, Inc., a Rhode Island non-profit corporation ("RWOB"), Elmhurst Extended Care Facilities, Inc., a Rhode Island non-profit corporation ("Elmhurst ECF"), Roger Williams Medical Associates, Inc., a Rhode Island non-profit corporation ("RWMA"), Roger Williams PHO, Inc., a Rhode Island non-profit corporation ("PHO"), Elmhurst Health Associates, Inc., a Rhode Island corporation ("Elmhurst HA"), Our Lady of Fatima Ancillary Services, Inc., a Rhode Island corporation ("Our Lady"), The Center for Health and Human Services, a Rhode Island non-profit corporation ("TCHHS"), SJH Energy, LLC, a Rhode Island limited liability company ("SJHE"), and Rosebank Corporation, a Rhode Island corporation ("Rosebank" and together with CCHP, RWMC, SJHSRI, RWRC, RWOB, Elmhurst ECF, RWMA, PHO, Elmhurst HA, Our Lady, TCHHS and SJHE, each a "Seller" and, collectively, "Sellers"), Prospect CharterCare, LLC, a Rhode Island limited liability company (the "Company"), Prospect CharterCare RWMC, LLC, a Rhode Island limited liability company ("RWMC SMLLC"), Prospect CharterCare SJHSRI, LLC, a Rhode Island limited liability company ("SJHSRI SMLLC"), Prospect CharterCare Elmhurst, LLC, a Rhode Island limited liability company ("Elmhurst SMLLC"), and Prospect CharterCare Physicians, LLC, a Rhode Island limited liability company ("Physicians SMLLC" and together with RWMC SMLLC, SJHSRI SMLLC, Elmhurst SMLLC, each a "Company Subsidiary" and collectively, the "Company Subsidiaries"). Sellers, the Company, and each Company Subsidiary are each a "Party" and collectively, the "Parties".

WHEREAS, the Parties hereto are also parties to that certain Asset Purchase Agreement dated as of September ____, 2013 (the "Purchase Agreement"), pursuant to which, among other things, the Company (as defined in the Purchase Agreement) has purchased from Sellers, either directly or through the Company Subsidiaries (as defined in the Purchase Agreement), substantially all of Sellers' right, title and interest in and to certain of the assets that are held for use or used in the operation of the Business (as defined in the Purchase Agreement); and

WHEREAS, pursuant to Section 2.1(f) of the Purchase Agreement, Sellers have agreed to assign certain rights and agreements to the Company or the Company Subsidiaries, and the Company has agreed to assume or to cause one or more of the Company Subsidiaries to assume certain obligations of Sellers, in connection with the Assumed Contracts (as defined in the Purchase Agreement), including without limitation those contemplated herein, and this Assignment and Assumption Agreement is contemplated by Sections 3.3(g) and 3.4(c) of the Purchase Agreement;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. *Capitalized Terms*. Capitalized terms used but not defined herein shall have the meanings for such terms that are set forth in the Purchase Agreement.

2. *Assignment and Assumption*. Effective as of the Effective Time, each Seller hereby unconditionally and irrevocably assigns, sells, transfers and sets over (collectively, "Assigns") to the Company or a Company Subsidiary, as specifically designated for each Assumed Contract on Schedules A through M hereto, all of such Seller's right, title, benefit, privileges and interest in and to, and all of such Seller's burdens, obligations and liabilities in connection with, each of the Assumed Contracts. Each of the Company and the Company Subsidiaries, to the extent designated as assignee on Schedules A through M hereto, hereby accepts the Assignment of the Assumed Contracts identified on Schedules A through M hereto, as applicable, and assumes and agrees to observe and perform all of the duties, obligations, terms, provisions and covenants, and to pay and discharge all of the liabilities of the assigning Seller to be observed, performed, paid or discharged from and after the Effective Time, in connection with such Assumed Contracts. Notwithstanding anything herein to the contrary, neither the Company nor any Company Subsidiary shall assume any Excluded Liabilities, and the parties hereto agree that all such Excluded Liabilities shall remain the sole responsibility of Sellers, as the case may be.

3. *Further Actions*. Each of the parties hereto covenants and agrees, at its own expense, to execute and deliver, at the request of any other party hereto, such further instruments of transfer and assignment and take such other actions as may be reasonably requested to more effectively consummate the assignments and assumptions contemplated by this Assignment and Assumption Agreement.

4. *Terms of the Purchase Agreement*. The terms of the Purchase Agreement, including but not limited to Sellers' representations, warranties, covenants, agreements and indemnities relating to the Assumed Contracts, are incorporated herein by this reference. The Parties hereby acknowledge and agree that the representations, warranties, covenants, agreements and indemnities contained in the Purchase Agreement shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein. In the event of any conflict or inconsistency between the terms of the Purchase Agreement and the terms hereof, the terms of the Purchase Agreement shall govern.

5. *Choice of Law.* This Assignment and Assumption Agreement shall be governed by and construed in accordance with the laws of the State of Rhode Island, without giving effect to any choice or conflict of law provision or rule thereof that would require the application of any other law.

6. *Execution of this Agreement.* This Assignment and Assumption Agreement may be executed in multiple counterparts, each and all of which shall be deemed an original and all of which together shall constitute but one and the same instrument. A signature

delivered by facsimile or PDF will be sufficient for all purposes among the parties hereto and shall be deemed to have the same legal effect as delivery of an original.

[*Signature page follows.***]**

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

SELLERS;

CHARTERCARE HEALTH PARTNERS

By:_____
Name:
Title:

ROGER WILLIAMS MEDICAL CENTER

By: _____
Name:
Title:

ST. JOSEPH HEALTH SERVICES OF RHODE ISLAND

By:_____
Name:
Title:

ROGER WILLIAMS REALTY CORPORATION

By: _____
Name:
Title:

RWGH PHYSICIANS OFFICE BUILDING, INC.

By:_____
Name:
Title:

ELMHURST EXTENDED CARE FACILITIES, INC.

By: _____
Name:
Title:

ROGER WILLIAMS MEDICAL ASSOCIATES, INC.

By: _____
Name:
Title:

ROGER WILLIAMS PHO, INC.

By:_____
Name:
Title:

ELMHURST HEALTH ASSOCIATES, INC.

By: _____
Name:
Title:

OUR LADY OF FATIMA ANCILLARY SERVICES, INC.

By: _____
Name:
Title:

THE CENTER FOR HEALTH AND HUMAN SERVICES

By: _____
Name:
Title:

SJH ENERGY, LLC

By: _____
Name:
Title:

ROSEBANK CORPORATION

By: _____
Name:
Title:

THE COMPANY:

PROSPECT CHARTERCARE, LLC

By: _____
Name:
Title:

COMPANY SUBSIDIARIES:

PROSPECT CHARTERCARE RWMC, LLC

By: _____
Name:
Title:

PROSPECT CHARTERCARE SJHSRI, LLC

By: _____
Name:
Title:

PROSPECT CHARTERCARE ELMHURST, LLC

By: _____
Name:
Title:

PROSPECT CHARTERCARE PHYSICIANS, LLC

By: _____
Name:
Title:

Schedule A

Assignment of Assumed Contracts
by
CharterCARE Health Partners

Title of Assumed Contract	*Other Parties*	*Date*	*Assignee*

Schedule B

Assignment of Assumed Contracts
by
Roger Williams Medical Center

Title of Assumed Contract	*Other Parties*	*Date*	*Assignee*

Schedule C

Assignment of Assumed Contracts
by
St. Joseph Health Services of Rhode Island

Title of Assumed Contract	*Other Parties*	*Date*	*Assignee*

Schedule D

Assignment of Assumed Contracts
by
Roger Williams Realty Corporation

Title of Assumed Contract	*Other Parties*	*Date*	*Assignee*

Schedule E

Assignment of Assumed Contracts
by
RWGH Physicians Office Building, Inc.

Title of Assumed Contract	*Other Parties*	*Date*	*Assignee*

Schedule F

Assignment of Assumed Contracts
by
Elmhurst Extended Care Facilities, Inc.

Title of Assumed Contract	*Other Parties*	*Date*	*Assignee*

Schedule G

Assignment of Assumed Contracts
by
Roger Williams Medical Associates, Inc.

Title of Assumed Contract	*Other Parties*	*Date*	*Assignee*

Schedule H

Assignment of Assumed Contracts
by
Roger Williams PHO, Inc.

Title of Assumed Contract	*Other Parties*	*Date*	*Assignee*

Schedule I

Assignment of Assumed Contracts
by
Elmhurst Health Associates, Inc.

Title of Assumed Contract	*Other Parties*	*Date*	*Assignee*

Case Number: PC-2019-11756
Filed in Providence/Bristol County Superior Court
Submitted: 5/18/2020 2:11 PM
Envelope: 2588882
Reviewer: Alexa G.

Schedule J

Assignment of Assumed Contracts
by
Our Lady of Fatima Ancillary Services, Inc.

Title of Assumed Contract	*Other Parties*	*Date*	*Assignee*

Schedule K

Assignment of Assumed Contracts
by
The Center for Health and Human Services

Title of Assumed Contract	*Other Parties*	*Date*	*Assignee*

Schedule L

Assignment of Assumed Contracts
by
SJH Energy, LLC

Title of Assumed Contract	*Other Parties*	*Date*	*Assignee*

Schedule M

Assignment of Assumed Contracts
by
Rosebank Corporation

Title of Assumed Contract	*Other Parties*	*Date*	*Assignee*

Exhibit H

Management Services Agreement

See Attached

MANAGEMENT SERVICES AGREEMENT

This MANAGEMENT SERVICES AGREEMENT (this "Agreement") is made and entered into as of the [___] day of **[_____]**, 201__ (the "Effective Date") by and between Prospect East Hospital Advisory Services, LLC, a Delaware limited liability company (collectively with its Affiliates, "Manager"), and Prospect CharterCare, LLC, a Rhode Island limited liability company (the "Company").

RECITALS

A. The Company operates a healthcare system comprised of the Affiliates (as defined in ARTICLE I below) and facilities set forth on Exhibit A attached hereto, as it may be updated from time to time as and if additional facilities are acquired or developed (each, a "Facility" and, collectively, the "Facilities") (the Company and its Affiliates, hereafter, collectively, the "Company").

B. Manager, through its executives and other personnel, has certain experience and expertise in the management, operations, financial and administrative aspects of businesses like that of the Company.

C. The Company desires to engage Manager to provide certain administrative and management services set forth on Exhibit B hereto (the "Management Services") on behalf of the Company for the Facilities as its agent, and Manager desires to provide the Management Services on behalf of the Company for the Facilities as its agent, pursuant to the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for their mutual reliance, the parties agree as follows:

ARTICLE I
RECITALS; AFFILIATES

1.1 Recitals. The recitals set forth above are hereby incorporated into this Agreement as if fully set forth in this Section 1.1.

1.2 Affiliate. As used herein, "Affiliate" means, as to the Company or Manager, any person or entity that directly or indirectly controls, is controlled by, or is under common control with, as applicable, the Company or Manager and any successors or assigns of such person or entity; and the term "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of, as applicable, the Company or Manager whether through ownership of voting securities, by appointment of trustees, directors, and/or officers, by contract or otherwise.

ARTICLE II
APPOINTMENT AND ACCEPTANCE; CONTROL

2.1 Appointment. For and during the Term (as defined in ARTICLE VI below), the Company grants to Manager, upon the terms and conditions as set forth herein, the sole and exclusive right to manage the operations of the Company's business at, and with respect to, the Facilities (the "Business"). Throughout the Term, Manager shall be vested, to the fullest extent permitted by applicable law and subject to the terms hereof, with authority over the business, operations and assets of the Business.

2.2 Acceptance. Manager hereby accepts such appointment by the Company and agrees that it will faithfully perform its duties and responsibilities hereunder, and will consult with the Company from time to time relating to the operation of the Business.

2.3 Maintenance of Control. Nothing in this Agreement is intended to alter, weaken, displace or modify the ultimate authority of the Board of Directors of the Company as set forth in the Amended & Restated Limited Liability Company Agreement of the Company (the "Operating Agreement"), dated as of the Effective Date, by and among the Company, and each of Prospect East Holdings, Inc. and Prospect CharterCare, LLC (collectively, the "Members"). During the Term, the Board of Directors of the Company shall exercise ultimate authority, supervision, direction and control over the business, policies, operation and assets of the Company, and shall retain the ultimate authority and responsibility regarding the powers, duties and responsibilities vested in the Board of Directors of the Company by any and all applicable laws and regulations. Nothing in this Agreement is intended to alter, weaken, displace or modify the responsibility of the Board of Directors of the Company for the Company's direction and control.

ARTICLE III
RIGHTS AND RESPONSIBILITIES OF MANAGER

Subject to the provisions of this Agreement and the Operating Agreement, Manager shall provide, in the name of and on behalf of the Company, the Management Services set forth on Exhibit B.

ARTICLE IV
RIGHTS AND RESPONSIBILITIES OF THE COMPANY

Subject to the provisions of this Agreement and the Operating Agreement, the Company shall have the following duties, responsibilities and authority:

4.1 Designated Liaison Person. The Company shall direct all inquiries regarding operations, procedures, policies, employee relations, patient care and all other matters concerning the Business to such person as Manager may from time to time designate.

4.2 Cooperation with Manager. The Company will fully cooperate with Manager in operating and managing the operations of the Business. The Company shall provide timely responses to Manager's requests and inquiries to enable Manager to perform the Management Services hereunder. All of the Members shall fully cooperate with Manager in the fulfillment of

its duties hereunder, including, without limitation, attending (or sending representatives to attend) committee meetings, providing information and input to Manager, being available for consulting and signing documents and providing information with regard to Medicare certification and state licensing.

4.3 Work Space; Equipment. At each Facility, the Company shall provide Manager with sufficient working space and other reasonable physical accommodations, as well as access to telephones, facsimile machines, internet connections and copiers, to enable Manager to fulfill its duties and responsibilities hereunder.

4.4 Required Funds. The Company shall provide Manager with access to such funds as may be required for the operation of the Business and to pay the Management Fee (as defined in Section 5.2(a)), any other amounts due to Manager under this Agreement, and all other amounts payable by the Company in accordance with this Agreement.

4.5 Access of Manager; Patient Records.

(a) During the Term, Manager shall be given complete access to the Company's records (including Patient Records as defined below), offices and Facilities, in order that it may carry out its obligations hereunder, subject to the confidentiality requirements relating to Patient Records.

(b) The Company shall maintain, to the fullest extent of the law, sole and exclusive responsibility for the preparation, storage and destruction of all patient medical records, clinical treatment plans, charts and similar documents generated in connection with the operation of the Business (collectively, the "Patient Records"). Subject to the responsibilities of Manager hereunder, the Company shall assure that the Patient Records are prepared in compliance with all applicable federal, state and local laws and regulations. All Patient Records will be maintained by the Company and shall remain the property of the Company.

(c) To the extent permitted by law including, but not limited to, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and the standards or regulations promulgated thereunder, including the Privacy Standards and the Security Standards, as well as the federal Health Information Technology for Economic and Clinical Health Act (including any and all standards and regulations promulgated thereunder) and professional ethics regarding confidentiality and disclosure of medical information, the Company shall make such information available to Manager to enable Manager to perform its duties hereunder and for any and all other reasonable purposes. For the purposes of this Section 4.5, Manager shall be referred to as the Company's Business Associate ("Business Associate"). As a Business Associate, Manager agrees to enter into the Business Associate Agreement with the Company, attached hereto as Exhibit C.

ARTICLE V
FEES; EXPENSES

5.1 Reimbursement of Expenses. Except as otherwise expressly provided in this Agreement, the Company shall be solely, fully and individually financially responsible for all liabilities arising out of the ownership, operation or maintenance of the Business (including,

without limitation, the Management Fee and any other amounts due to Manager or any of its Affiliates in connection with this Agreement). The Company shall, within ten (10) days after its receipt of a demand from Manager for reimbursement, reimburse Manager for all costs, expenses and liabilities incurred, paid or satisfied by Manager in connection with the performance of its obligations under this Agreement or otherwise arising out of the operation or maintenance of the Business (including, without limitation, all travel and out of pocket expenses incurred by Manager); provided, however, that the Company shall not be responsible for general corporate overhead costs of Manager, other than those variable costs directly attributable to services provided to the Company, such as the compensation and other costs of executives hired by Manager but who work exclusively for the Company (including, without limitation, the CEO and other management personnel), which shall not constitute general corporate overhead and shall be reimbursed to the Manager on a pass-through basis.

5.2 Management Fee.

(a) As consideration for the Management Services rendered by Manager hereunder, for each full or partial calendar month during the Term, the Company shall pay to Manager a monthly fee equal to two percent (2%) of the Net Revenues (as defined below) during such calendar month (or portion thereof) (the "Management Fee").

(b) As used herein, "Net Revenues" means total operating revenues derived, directly or indirectly, by the Company with respect to the Business, whether received on a cash or on a credit basis, paid or unpaid, collected or uncollected, as determined in accordance with generally accepted accounting principles ("GAAP") net of (A) allowances for third party contractual adjustments and (B) discounts and charity care amounts (not including any bad debt amounts), in each case as determined in accordance with GAAP.

5.3 Billing.

(a) On or before the tenth (10th) day of each month, Manager shall send the Company an invoice for the Management Fee and any expenses incurred by Manager in performing the Management Services during the prior month. The Company shall pay to Manager the amount shown on such invoice via wire transfer of immediately available funds within five (5) days of receipt of the invoice. Manager's wire transfer information is as follows:

[insert Manager's wiring instructions]

(b) The Company shall pay to Manager interest calculated at the then current prime rate plus one percent (1%) on all delinquent invoiced amounts.

ARTICLE VI
TERM

The term of this Agreement shall commence on the Effective Date and shall continue until the twentieth (20^{th}) anniversary of the Effective Date (the "Initial Term"), unless earlier terminated pursuant to the terms set forth in ARTICLE VII below. At the end of the Initial Term, this Agreement shall automatically renew without any further action by either party for

successive ten (10) year terms, unless terminated pursuant to ARTICLE VII. The Initial Term and any renewal terms are collectively referred to in this Agreement as the "Term."

ARTICLE VII
TERMINATION

7.1 Termination by Either Party for Cause. If either party materially defaults in the performance of any material covenant, agreement, term or provision of this Agreement to be performed by it and such material default continues for a period of ninety (90) days after written notice is delivered to the breaching party from the other party stating the specific default, then the non-breaching party may terminate this Agreement by giving written notice thereof to the breaching party; provided, however, that the non-breaching party shall not have the right to terminate under this Section 7.1 at the end of such ninety (90) day period so long as the breaching party has commenced a cure within such ninety (90) day period and thereafter diligently pursues such cure to completion, which shall be no later than one hundred eighty (180) days after the initial written notice.

7.2 Termination Upon Bankruptcy, Etc. If either party shall apply for or consent to the appointment of a receiver, trustee or liquidator for it or for all or substantially all of its assets, file a voluntary petition in bankruptcy or admit in writing its inability to pay its debts as they become due, make a general assignment for the benefit of creditors, file a petition or any answer seeking reorganization or arrangement with creditors or to take advantage of any insolvency law, or if an order, judgment or decree shall be entered by a court of competent jurisdiction, on the application of a creditor, adjudicating either party to be bankrupt or appointing a receiver, trustee or liquidator of either party with respect to all or substantially all of the assets of either party, and such order, judgment or decree shall continue unstayed and in effect for any period of ninety (90) consecutive days, then this Agreement shall automatically terminate.

7.3 Termination upon Closure, Abandonment or Dissolution. This Agreement shall terminate immediately and automatically if the Business and the Facilities are closed (for any reason whatsoever) or abandoned by the Company or if the Company files for dissolution.

7.4 Termination by Manager for Failure to Pay or Provide Funding. Manager shall have the right to terminate this Agreement upon ten (10) days written notice to the Company if the Company fails to pay any amounts when due to Manager under this Agreement, or fails to provide funding needed for it to comply with any other requirements hereunder.

7.5 Regulatory Matters. If the performance by either party of any material covenant, agreement, term or provision of this Agreement would (a) result in the de-certification of a Facility under any federal government or any state government program or by any other regulatory agency that would have a material adverse effect on the operation of the Business, (b) result in the loss of any Facility's accreditation, or (c) be in violation of any statute or regulation, or for any other reason be or become illegal and such violation or illegality would have a material adverse effect on the operation of the Business, and in any such event, the reason therefor cannot be corrected by good faith negotiations and effort of the parties hereto within sixty (60) days after written notice thereof (with the objective of keeping the financial intent of

the parties hereunder materially the same), then either party may at its option terminate this Agreement.

7.6 Rights Upon Termination. In the event of the termination of this Agreement for any reason, Manager shall immediately be paid any accrued and unpaid Management Fees and reimbursed for all expenses incurred for which reimbursement is required hereunder. The right to terminate this Agreement, and to receive payment of any amounts owing as of the effective date of termination, shall be in addition to any other remedy available pursuant to the provisions hereof. The termination of this Agreement for any reason shall be without prejudice to any payments or obligations that may have accrued or become due hereunder prior to the effective date of termination, or that may become due after such termination.

7.7 Cessation of Use of Proprietary Rights Upon Termination. Upon termination of this Agreement, the each party shall immediately discontinue the use of, and will promptly return to the other party, as applicable, all Confidential Information (to the extent in tangible format) that was made available to such party by reason of its participation in this Agreement, including any copies that it may have in its possession or control.

7.8 Failure to Terminate. Failure to terminate this Agreement shall not waive any breach of this Agreement.

7.9 Survival. To the extent set forth or contemplated in this Agreement, provisions of this Agreement shall survive the termination of this Agreement.

ARTICLE VIII
LIABILITY, INDEMNIFICATION, PROFITABILITY AND INDEPENDENT CONTRACTOR

8.1 Limitation of Liability. Except for Manager's gross negligence or willful misconduct, Manager shall not by reason of this Agreement or any Management Services rendered pursuant to this Agreement have any liability in connection with the operation of the Business or be deemed to have assumed any liabilities associated with or incident to the operation of the Business. All such liabilities shall remain with the Company. Without limiting the generality of the foregoing, Manager shall have no liability for any breach of any obligation under this Agreement unless such breach shall constitute gross negligence or willful misconduct; it being understood that in such case of a breach of an obligation that does not constitute gross negligence or willful misconduct, the Company's sole remedies shall be to obtain damages and/or to terminate this Agreement as provided herein.

8.2 Indemnification.

(a) The Company hereby agrees to defend, indemnify and hold Manager and its Affiliates, and their respective officers, directors, managers, members, employees, shareholders, agents, successors and assigns (each, an "Manager Indemnified Party") harmless, from and against any and all liabilities, causes of action, damages, losses, demands, claims, penalties, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees and related costs) of any kind or nature whatsoever that may be sustained or suffered by any Manager Indemnified Party in any way relating to, arising out of or resulting from (i) the

management, ownership, operation or maintenance of the Business, except to the extent caused by Manager's gross negligence or willful misconduct, or (ii) any breach by the Company of any of its representations, warranties, covenants, obligations or duties under this Agreement.

(b) Manager hereby agrees to defend, indemnify and hold the Company, and its Affiliates, and their respective officers, directors, managers, members, employees, shareholders, agents, successors and assigns (each a "Company Indemnified Party") harmless, from and against any and all liabilities, causes of action, damages, losses, demands, claims, penalties, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees and related costs) of any kind or nature whatsoever that may be sustained or suffered by any Company Indemnified Party in any way caused by Manager's gross negligence or willful misconduct related to the management of the Business.

(c) The provisions of this Section 9.2 shall survive the termination of this Agreement.

8.3 No Representation of Profitability, Etc.. Manager does not guarantee or represent that operation of the Business will be profitable, or have a certain amount of revenues or cash flow. Manager shall not be liable for the Company's losses, whether from operation of the Business or otherwise.

8.4 Independent Contractor Status. Manager does not under this Agreement act in any other capacity, except as an independent contractor and does not, under this Agreement, act as principal in the operation of the Facilities. The Company acknowledges that Manager or one of its Affiliates is also a Member of the Company and is the "manager" under the Operating Agreement, and that such does not impact the forgoing sentence.

ARTICLE IX
REPRESENTATIONS AND WARRANTIES

9.1 Of Manager. Manager represents and warrants to the Company as follows:

(a) Manager has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Delaware, with full corporate power to own its properties and to conduct its business under such laws.

(b) Manager has the full corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder, and all necessary actions for the due authorization, execution, delivery and performance of this Agreement by Manager have been duly taken. The individual executing this Agreement on behalf of Manager is duly authorized and has the requisite power and authority to execute this Agreement.

(c) Neither the execution of this Agreement, the performance by Manager under this Agreement, nor compliance by Manager with any provision of this Agreement will conflict with or violate Manager's certificate of incorporation or bylaws, any agreements to which Manager is a party, or any material provision of applicable federal, state and local laws, rules and regulations.

(d) Upon Manager's execution of this Agreement, this Agreement shall constitute a valid and binding obligation of Manager, enforceable in accordance with its terms.

(e) Neither Manager, nor its Affiliates, employees, and agents (i) is currently excluded, debarred or otherwise ineligible to participate in any federal or state health care program, (ii) has been convicted of a criminal offense related to the provision of healthcare items and services and (iii) is a Specially Designated National or a Blocked Person by the Office of the Foreign Asset Control of the U.S. Department of Treasury.

9.2 Of the Company. The Company represents and warrants to Manager as follows:

(a) The Company has been duly organized and is validly existing as a limited liability company in good standing under the laws of the State of Rhode Island, with full limited liability company power to own its properties and to conduct its business under such laws.

(b) The Company has the full power and authority as a limited liability company to execute and deliver this Agreement and to perform its obligations hereunder, and all necessary actions for the due authorization, execution, delivery and performance of this Agreement by the Company have been duly taken. The individual executing this Agreement on behalf of the Company is duly authorized and has the requisite power and authority to execute this Agreement.

(c) Neither the execution of this Agreement, the performance by the Company under this Agreement, nor compliance by the Company with any provision of this Agreement will conflict with or violate the Company's certificate of formation or the Operating Agreement, any agreements to which the Company is a party, or any material provision of applicable federal, state and local laws, rules and regulations.

(d) Upon the Company's execution of this Agreement, this Agreement shall constitute a valid and binding obligation of the Company, enforceable in accordance with its terms.

(e) Neither the Company nor its Affiliates, employees, and agents (i) is currently excluded, debarred or otherwise ineligible to participate in any federal or state health care program, (ii) has been convicted of a criminal offense related to the provision of healthcare items and services and (iii) is a Specially Designated National or a Blocked Person by the Office of the Foreign Asset Control of the U.S. Department of Treasury.

ARTICLE X
INSURANCE

10.1 Manager's Required Coverage. During the Term hereof, Manager shall maintain, at its own expense, workers' compensation coverage in accordance with statutory requirements for Manager's employees who provide services under this Agreement, and commercial general liability insurance in an amount not less than One Million Dollars ($1,000,000) per occurrence and Three Million Dollars ($3,000,000) in the annual aggregate. The limits above may be satisfied by any combination of self insurance or umbrella policies, and Manager may carry any

insurance required by this Agreement under a blanket policy. The Company shall be an additional named insured under Manager's general liability insurance policy.

10.2 The Company's Required Coverage. The Company shall maintain, at the Company's expense, at all times during the Term: (a) workers' compensation coverage in accordance with statutory requirements for the Company's employees; (b) commercial property damage and fire/hazard insurance written on full replacement value basis for all of the Company's assets and real property; (c) professional liability insurance covering the Company's employees who perform any work, duties, or obligations against claims for bodily injury, death, malpractice and property damage, which insurance shall provide coverage on a claims-made or occurrence basis with a per occurrence limit of not less than One Million Dollars ($1,000,000) per occurrence and Three Million Dollars ($3,000,000) in the annual aggregate; and (d) comprehensive commercial general liability insurance in an amount not less than One Million Dollars ($1,000,000) per occurrence and Three Million Dollars ($3,000,000) in the annual aggregate. The above limits may be satisfied by any combination of primary and excess or umbrella policies. The Company may carry any insurance required by this Agreement under a blanket policy. Manager shall be an additional named insured under the Company's general liability insurance policy.

10.3 Certificates of Insurance. On the Effective Date and at any time upon request, each party shall provide the other party certificates of insurance evidencing the coverages required hereby, and shall notify the other party immediately of the cancellation, termination, or non-renewal of, or material change in, such insurance coverage.

ARTICLE XI
ARMS-LENGTH BARGAINING

The parties agree that the compensation provided herein has been determined in arm's-length bargaining and is consistent with fair market value in arm's length transactions and is not and has not been determined in a manner that takes into account the volume or value of any referrals or business otherwise generated for or with respect to the Facilities or between the parties or any of the undersigned persons or equity holders thereof for which payment may be made in whole or in part under Medicare or any state health care program or under any other payor program.

ARTICLE XII
ASSIGNMENT

The Company shall not, directly or indirectly, assign or otherwise transfer this Agreement, or any interest herein or obligation hereunder, without the prior written consent of Manager, which may be withheld in Manager's sole discretion. In no event may the Company assign this Agreement unless the assignee shall have executed and delivered to Manager a written assumption of this Agreement in form and substance satisfactory to Manager in its sole discretion. Manager shall be permitted, without the consent of the Company, to assign this Agreement: (a) upon the purchase or sale of fifty percent (50%) or more of the assets of Manager to the purchaser of such assets; or (b) to any Affiliate of Manager.

ARTICLE XIII
NOTICES

All notices required or permitted hereunder shall be given in writing by actual delivery or by certified mail, postage prepaid or by nationally recognized overnight courier service. Notice shall be deemed given upon delivery, or if given by mail, upon receipt or if sent by next day delivery by a nationally recognized overnight courier service, on the next business day. Notice shall be delivered or mailed to the parties at the following addresses or at such other places as a party shall designate in writing:

If to the Company:	Prospect CharterCare, LLC 825 Chalkstone Avenue Providence, RI 02908 Attention: Ken Belcher, Chief Executive Officer
with a copy to:	Sills Cummis & Gross P.C. One Riverfront Plaza Newark, NJ 07102 Attention: Gary W. Herschman, Esq
with a copy to:	Prospect Medical Holdings, Inc. 10780 Santa Monica Boulevard, Suite 400 Los Angeles, CA 90025 Attention: Samuel S. Lee, Chief Executive Officer
If to Manager:	Prospect East Hospital Advisory Services, LLC 10780 Santa Monica Boulevard, Suite 400 Los Angeles, CA 90025 Attention: Ellen J. Shin, General Counsel
with a copy to:	Sills Cummis & Gross P.C. One Riverfront Plaza Newark, NJ 07102 Attention: Gary W. Herschman, Esq.

ARTICLE XIV
RECORD ACCESS AND RETENTION

14.1 Access to Records. Each party hereto shall permit, and shall ensure that any subcontractor retained by it permits, the United States Department of Health and Human Services and General Accounting Office to review appropriate books and records relating to the performance hereunder to the extent required under Section 1861(v)(1) of the Social Security Act, 42 U.S.C. Section 1395x(v)(1)(I), or any successor law or regulation for a period of four (4) years following the last day Manager provided services hereunder. The access shall be provided in accordance with the provisions of Title 42, Code of Federal Regulations, Part 420, Subpart D.

14.2 Notification. Each party shall notify the other party immediately of the nature and scope of any request for access to books and records described above and shall provide copies of any books, records or documents to the other party prior to the provision of same to any governmental agent to give such other party an opportunity to lawfully oppose such production of documents. Nothing herein shall be deemed to be a waiver of any applicable privilege (such as the attorney-client privilege) by either party.

ARTICLE XV
MISCELLANEOUS

15.1 Choice of Law; Dispute Resolution.

(a) Choice of Law. The parties agree that this Agreement shall be governed by and construed in accordance with the Laws of the State of Rhode Island, without giving effect to any choice or conflict of law provision or rule thereof that would require the application of any other law.

(b) Dispute Resolution. All disputes, controversies or claims that may arise among the parties, including any dispute, controversy or claim arising out of this Agreement, or any other relevant document, or the breach, termination or invalidity thereof (a "Dispute"), shall be settled solely and finally pursuant to the procedures set forth in this Section 16.1.

(i) The parties shall attempt in good faith to resolve any Dispute of whatever nature arising between the parties, promptly by negotiation (including at least one in person meeting). If the Dispute has not been resolved within thirty (30) days after delivery of a notice of a Dispute by one party to the other party, any of such parties may initiate arbitration of the Dispute as provided below.

(ii) If the Dispute has not been resolved by negotiation as provided above, then either party may submit the Dispute to binding arbitration. Such arbitration shall be conducted by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures, by one neutral arbitrator, which shall be selected from a list of ten (10) potential candidates provided by JAMS' office in New York City (none of whom work or reside in Rhode Island or California, or any State contiguous to either of the foregoing). The award made by the arbitrator shall be final and binding upon the parties thereto and the subject matter, and judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. Unless otherwise agreed by the parties, the arbitration shall be held in Providence, Rhode Island. The arbitrator shall not have the authority to award punitive or exemplary damages. Each party shall be responsible for the costs and fees of the arbitration and for its own attorneys' fees; provided, however, that the prevailing party in any such arbitration shall be entitled to recover its reasonable attorneys' fees, expert witness fees, costs and expenses (including arbitration fees) incurred in connection with the arbitration to the extent such recovery is permitted by the law(s) governing the claim(s) asserted.

(c) EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY AND BY JUDGE IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE)

ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATED AGREEMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

15.2 Severability. Should any provision of this Agreement be found void or unenforceable, the remainder hereof nevertheless shall continue in full force and effect. A new provision shall be amended to this Agreement that is similar to the provision found unenforceable but which is enforceable.

15.3 Approval or Consent. Except as otherwise provided herein, whenever under any provisions of this Agreement, the approval or consent of either party is required, such approval or consent shall not be unreasonably withheld, conditioned or delayed.

15.4 Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof, and the parties expressly agree that this Agreement supersedes and rescinds any prior agreement between them (verbal or written) pertaining to the subject matter hereof.

15.5 No Third Party Beneficiary. Except as expressly provided in this Agreement, no person or entity that is not a party to this Agreement shall be a third party beneficiary of any rights or obligations hereunder or be entitled to enforce any of said rights or obligations.

15.6 Interpretation. The article and paragraph headings contained herein are for convenience of reference only, do not constitute part of this Agreement, and are not intended to define, limit or describe the scope of intent of any provision of this Agreement. All gender references used in this Agreement shall include all genders, and the singular shall include the plural and the plural shall include the singular whenever and as often as may be appropriate.

15.7 Force Majeure. Manager shall not be deemed to be in violation of this Agreement, and shall not be liable for any resulting claims, losses, damages, expenses and liabilities if it is prevented, hindered or delayed, either directly or indirectly, from performing any of its obligations hereunder for any reason beyond its reasonable control, including, without limitation, shortages, lack of the Company's financial resources, labor disputes, fires, storms, earthquakes, acts of God, or any statute, regulation or rule of the federal government, any state or local government or any agency thereof.

15.8 Amendments; Course of Dealing. This Agreement may only be amended or supplemented if in a writing signed by both parties. The failure of any party to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of any such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to be a waiver of any other or subsequent breach.

15.9 Cooperation; Further Assistance. From time to time, as and when reasonably requested by either party hereto, the other party will (at the expense of the requesting party) execute and deliver, or cause to be executed or delivered, all such documents, instruments and consents and will use reasonable efforts to take all such action as may be reasonably requested or necessary to carry out the intent and purpose of this Agreement.

15.10 Counterparts. The parties may execute this Agreement in two (2) or more counterparts, which shall, in the aggregate, be signed by all the parties; each counterpart shall be deemed an original instrument as against any party who has signed it.

IN WITNESS WHEREOF, the parties have executed this Agreement, through their duly authorized representatives, effective as of the date first above written.

MANAGER:	THE COMPANY:
PROSPECT EAST HOSPITAL ADVISORY SERVICES, LLC, a Delaware limited liability company	PROSPECT CHARTERCARE**,** LLC, a Rhode Island limited liability company
By: Prospect Medical Holdings, Inc., its Manager	
By:_____ Name: Title:	By:_____ Name: Title:

EXHIBIT A
FACILITIES

EXHIBIT B
MANAGEMENT SERVICES

In consideration of the payments to be made hereunder, Manager shall from time to time and as appropriate provide, or may provide through one or more of its Affiliates, the following Management Services to Company:

Management Oversight.

Manager shall supervise and manage the day-to-day business affairs and operations of the Company and such other health care facilities as the parties may from time to time agree. Manager shall use commercially reasonable efforts to cause the Company's business to be conducted in a manner consistent with best practices.

Chief Executive Officer of the Facilities.

Ken Belcher shall be the Chief Executive Officer (the "CEO") of the Facilties and shall perform all functions and shall otherwise have all duties associated with such office. Mr. Belcher shall be subject to the supervision of senior management of Manager and shall serve as CEO until his (i) death, disability or resignation, or (ii) termination of employment in accordance with the Amended and Restated Limited Liability Company Agreement of the Company.

Business Development/Strategy

Manager shall with assistance of local Company management assist to develop short, medium and long-range plans, objectives and goals for the Company and shall present the plans, objectives and goals to Company for review and approval. Upon such approval, Manager shall cause Company to be operated in compliance with such plans, objectives and goals. Included in such plans, objectives and goals will be:

- Consideration of trends in the industry, make recommendations, regarding new and/or expanded services and programs, physician alignment & recruitment, IT/EMR capabilities and improvements, technology implementation, ACOs and other reform-driven strategies, and managed care strategies

- Review, assessment and recommendations of potential service consolidation and restructurings to achieve efficiencies

- Review, assessment and recommendations of new clinical service lines, programs and locations

- Review, assessment and recommendations of physician-alignment strategies, joint ventures and other strategic initiatives

Operations

Manager shall cause local Company Management to develop policies and operating procedures for the Company and each of its facilities (including all departments, divisions, service lines, programs and initiatives). :

- Expenditures and Contracts. Manager will work with local Company management to analyze the Company's expenditure and spending patterns, evaluate standard procurement lifecycle methodologies including working cash vs. discount modeling, invoice synchronization and vendor payment management. Manager shall oversee local management's negotiation and execution of agreements, contracts and orders and causing local Company management to make such expenditures as Manager may deem necessary or advisable for the operation and maintenance of the Company in amounts and of the types consistent with the Company's annual budget, operational requirements and based upon sound business practices. Such expenditures and contracts would include without limitation:
    - Third party service providers
    - Supply contracts
    - Contracts with outside contractors or consultants
    - Preventive maintenance with respect to equipment and building
    - Upkeep and maintenance of the physical facilities
- Capital Expenditure Management. Manager shall cause local Company Management to provide capital expenditure evaluation and procurement including pro forma modeling, return on investment calculations, bench marking, and assumption testing.
- Supply Chain Management Manager shall provide Company access to participate in one or more of Manager's volume purchasing programs and systems to the extent that such participation does not result in a breach of the Company's existing agreements or contractual obligations. Company-related rebates/discounts will accrue to the Company.
- Reimbursement. Manager shall from time-to-time and as appropriate provide third party reimbursement strategies and consultation on strategy and compliance with all applicable reimbursement rules. Manager shall cause local Company management to prepare and submit all required cost reports and shall coordinate and file on a timely basis any appeals and/or audits. If Manager or Company determines that an outside third party is required to prepare such cost reports or that legal action is required in connection with such matters, the cost of such action is not included in the Management Fee, and any such legal action shall be paid for by Company. ·

- Audit. Manager shall as appropriate and its discretion conduct periodic audits of the Company and shall report the results thereof to Company. During the course of the audit, Company's local management shall provide all data as requested by Manager and/or its consultants. If Manager hires others to perform audit functions, the costs of such audit functions shall not be included in the Management Fee and shall be paid by Company. In conjunction with the audit, Manager shall provide recommendations to help ensure financial data integrity, reduce expenses, capture additional revenues, and improve cash flow..

- Legal. Manager shall provide access to its staff attorneys who shall assist Company with operational issues relating to the Company as reasonably necessary, including assistance with contract preparation and review, consultation regarding regulatory issues, transactions and litigation oversight and management. It is not intended that the Manager's or the Company's in-house legal staff handle all legal matters of the Company, and Manager shall determine when outside legal counsel would be desirable for a specific issue or matter. In such event, the Manager's in-house legal staff shall select and oversee the work of outside legal counsel so engaged. The costs of outside counsel are not included in the Management Fee and shall be paid by Company. In general, the costs of transactions and/or litigation (including the fees an costs of outside counsel relating to the evaluation of a claim, matter or dispute prior to the implementation of formal litigation) are not covered by the Management Fee. :

- Compliance Programs. Manager shall cause local Company management to develop, implement and maintain a compliance program that is committed to promoting, preventing, detecting and resolving instances of conduct that do not conform to federal or state laws..

- Treasury. Manager may at its discretion and as appropriate review cash account and bank fees for cost savings opportunities, recommend cash receipt and disbursement processes to improve efficiencies, identify and assess risk and reward profiles associated with incremental investment activities and assist management to identify and select treasury and finance system selection and systems implementation..

- Financial/Accounting. Manager shall cause local Company management to establish, maintain, and supervise the Company's accounting systems and supervise the preparation of monthly and annual statements of income and loss. Manager shall have the overall oversight and authority to make all decisions as to accounting principles and elections, whether for book or tax purposes (and such decisions may be different for each purpose) and to set up or modify record keeping, billing, and accounts payable accounting systems. Manager shall prepare the Company's annual tax return by an outside third party (the cost of which shall be the responsibility of the Company).

- Revenue Cycle Management Manager shall oversee the business operations of the Company, which shall include but not be limited to, providing recommendations regarding patient accounting and receivables management, clinical documentation, and managed care contracting, Upon Company's request, Manager shall provide additional, specialized services to focus on specific areas of revenue cycle. If such additional,

specialized services require outside resources, the cost of those resources shall be a cost of the Company.

Human Resources Manager shall provide advice and recommendations to the Company's human resources functions and provide employee benefits to all personnel who provide services at the Company. The cost of such benefits shall be the responsibility of the Company. Manager shall:

- Develop strategies with respect to the Company's unions, CBAs, negotiations, and other labor relations matters
- Develop and administer employee benefit plans and conditions of employment for Company
- Provide assistance with personnel, including without limitation the recruitment and retention of physicians, executive management and other medical and non-medical personnel
- Provide assistance the development and administration of human resource and payroll policies.

Insurance Manager shall have the responsibility and authority to enter into or cause local Company management to acquire, and enter into any contract of insurance that Manager deems necessary and proper for the protection of Company, for the conservation of Company's assets, or for any purpose convenient or beneficial to Company.

Public Affairs

- Public Relations. Manager shall provide Company with assistance in such issues as crisis communications and local and national media relations services as may be necessary to operate the public relations functions of the Company. To the extent an outside third party is used, the cost of those services shall be the responsibility of the Company.

Additional Management Services

The Company and Manager expressly recognize that there may be additional services provided by Manager that are not specifically set forth herein, it being the intent of the parties that all other management, financial, operations and administrative services relating to the Company provided by the Manager shall be included in "Management Services" pursuant to the provisions of this Agreement.

EXHIBIT C
BUSINESS ASSOCIATE AGREEMENT

THIS BUSINESS ASSOCIATE AGREEMENT ("Agreement") is entered into as of the last date of signature (the "Effective Date") by and between Prospect CharterCare, LLC ("Covered Entity") and Prospect East Hospital Advisory Services, LLC, by and on behalf of its covered entity subsidiaries, affiliates, and related organizations (collectively, the "Business Associate").

R E C I T A L S

Covered Entity and Business Associate have entered into a signed Management Services Agreement and/or other documented arrangement (collectively, the "Services Agreement") pursuant to which Business Associate provides services to Covered Entity ("Services") that may require Business Associate to access, create and use health information that is protected by state and/or federal law; and

WHEREAS, the Business Associate is obligated to protect the privacy and security of individually identifiable health information ("Protected Health Information" or "PHI") and electronic protected health information ("EPHI") created and/or maintained by Covered Entity in accordance with the Health Insurance Portability and Accountability Act of 1996 and its implementing privacy and security regulations at 45 C.F.R. Parts 160 and 164 promulgated by the U.S. Department of Health and Human Services ("HHS"), as amended by the federal Health Information Technology for Economic and Clinical Health Act ("HITECH Act") and its implementing regulations (collectively "HIPAA"); and

WHEREAS, Covered Entity and Business Associate desire to enter into this Agreement in order to comply with HIPAA, as may be modified or amended, including future issuance of regulations and guidance by HHS, and reflect their understanding of the use, disclosure and general confidentiality obligations of Business Associate as it relates to the Services Agreement.

NOW, THEREFORE, in consideration of the mutual promises and other consideration contained in this Agreement, the parties agree as follows:

ARTICLE XVI
DEFINITIONS

Capitalized terms used herein but not otherwise defined in this Agreement shall have the same meanings as set forth in HIPAA, as may be modified or amended, including future issuance of regulations and guidance by HHS.

ARTICLE XVII
OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE

17.1 Business Associate agrees to not use or disclose PHI other than as permitted or required by this Agreement or as permitted or required by law.

17.2 Business Associate may use and disclose PHI for the proper management and administration of Business Associate; provided that with respect to any disclosures of PHI, such disclosures are required by law or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and be used or further disclosed only as required by law or for the purpose for which it was disclosed to the person. Business Associate may, in accordance with the Privacy Rule, de-identify PHI. Without limitation of the foregoing, Covered Entity acknowledges that the legal structure of the Business Associate and its affiliates, including Prospect Medical Holdings, Inc., affords the Business Associate the opportunity to be characterized for HIPAA purposes as a participant in an affiliated covered entity arrangement as part of such legal structure ("HIPAA Arrangement"), and as such Covered Entity agrees that disclosure of PHI may be made to the other participants in such HIPAA Arrangement and that such other participants in such HIPAA Arrangement may use or disclose PHI, only in compliance with the terms of this Agreement.

17.3 Business Associate agrees to use appropriate physical and technical safeguards to prevent the use or disclosure of Covered Entity's PHI for any purpose other than the provision of Services under this Agreement.

17.4 Upon written request from the Covered Entity, Business Associate agrees to report to Covered Entity, in writing, any use or disclosure of PHI not in compliance with this Agreement.

17.5 In the event Business Associate engages any agent or subcontractor to perform the services under this Agreement and discloses PHI to such agent or subcontractor, Business Associate will require any such agent or subcontractor to agree to the same restrictions and conditions required in this Agreement.

17.6 Upon written request from the Covered Entity, Business Associate agrees to make PHI available to individuals in accordance with 45 CFR Section 164.524 of HIPAA governing access of individuals to PHI.

17.7 Upon written request from the Covered Entity, Business Associate agrees to make PHI available for amendment and incorporate any amendments in accordance with 45 CFR Section 164.526 of HIPAA governing amendments to PHI.

17.8 Upon written request from the Covered Entity, Business Associate agrees to make any and all information available for the purpose of providing patients an accounting of disclosures in accordance with 45 CFR Section 164.528 of HIPAA governing accounting for disclosures.

17.9 Business Associate agrees to make its internal practices, books and records related to the use and disclosure of PHI received from, created or received by Business Associate on behalf of Covered Entity, available to the Secretary of HHS and the HHS Office for Civil Rights for the purposes of determining Covered Entity's compliance with HIPAA.

17.10 Business Associate shall implement and maintain safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the EPHI that it creates, receives, maintains or transmits on behalf of Covered Entity.

17.11 Business Associate and Covered Entity agree to comply with all applicable rules and regulations promulgated under HIPAA in effect during the term of this Agreement.

17.12 Business Associate will report to Covered Entity within a reasonable time period of discovery, any (a) Security Incident, or (b) Security Breach as defined at 45 C.F.R. Part 164, Subpart D. Business Associate may supplement its initial report as information becomes available in order to identify:

(a) The nature of the non-permitted use or disclosure including how such use or disclosure was made;

(b) The unsecured PHI used or disclosed;

(c) If possible and applicable, the identity of the person/entity who received the unsecured PHI;

(d) What corrective action Business Associate took;

(e) What Business Associate did to mitigate any deleterious effect; and

(f) Such other information as Covered Entity may request.

17.13 At all times during the term of this Agreement, Business Associate will comply with all applicable federal, state and local laws, rules and regulations pertaining to patient records and the confidentiality of patient information, including Covered Entity's PHI. Business Associate acknowledges that HITECH imposes new requirements on business associates with respect to the privacy and security of PHI and notification of breaches involving Unsecured PHI. Business Associate contemplates that such requirements shall be implemented by regulations to be adopted by HHS, and agrees to comply with such regulations commencing on the applicable effective date. Business Associate and Covered Entity each further agree that the provisions of HIPAA and HITECH, including the HITECH BA Provisions, that apply to business associates and that are required to be incorporated into a HIPAA business associate agreement are hereby incorporated into this Agreement as if set forth in this Agreement in their entirety and are effective as of the applicable effective date.

ARTICLE XVIII
OBLIGATIONS OF COVERED ENTITY

18.1 Covered Entity will notify Business Associate of any agreement Covered Entity makes regarding any restriction or requirement for confidential communication with respect to the use or disclosure of PHI, to the extent that such restriction agreement or confidential communication requirement may affect Business Associate's use or disclosure of PHI.

18.2 Covered Entity will: (i) use safeguards to maintain and ensure the confidentiality, privacy and security of PHI transmitted to Business Associate, until such PHI is received by Business Associate; and (ii) inform Business Associate of any consent or authorization, including any changes in or withdrawal of any such consent or authorization, provided to the Covered Entity by an individual.

ARTICLE XIX
TERM AND TERMINATION

19.1 This Agreement shall remain in effect until such time as the Services Agreement expires or is terminated.

(a) Except for the requirements set forth in Section 4.2, which shall survive as set forth therein, and except as otherwise provided in Section 4.1(b), this Agreement will terminate on the date that the Services Agreement is terminated or expires.

(b) This Agreement may be terminated by Covered Entity upon the breach of any material provision of this Agreement by Business Associate, which breach is not corrected within thirty (30) days after written notice of such breach is given to Business Associate. If cure of the breach and termination of this Agreement is not feasible, Covered Entity may report the breach to HHS as required by law.

19.2 Business Associate agrees that, upon termination of the Services Agreement and this Agreement, Business Associate will return or destroy all PHI received from or created or received on behalf of Covered Entity. In the event Business Associate determines that return or destruction is not feasible, Business Associate will extend the protections required in this Agreement to the PHI and limit further uses and disclosures to only those purposes that make the return or destruction of the information infeasible.

ARTICLE XX
MISCELLANEOUS

20.1 Regulatory References. A reference to HIPAA or the HITECH Act, or a section thereof, and its regulations and requirements means the provisions and section(s) in effect, as may be modified or amended, including issuance of regulations and guidance by HHS.

20.2 Amendment. Both parties agree that the provisions of HIPAA and the HITECH Act, including provisions to be adopted by HHS which apply to business associates and that are required to be incorporated into a HIPAA business associate agreement, are hereby incorporated into this Agreement as if set forth in this Agreement in their entirety and are effective as of the applicable effective date. Notwithstanding the foregoing, the parties agree to take such action as is required by law to amend this Agreement pursuant to final regulation or amendment of HIPAA and the HITECH Act.

20.3 Notices. Any notices to be delivered hereunder shall be delivered to the addresses set forth in and consistent with the requirements for delivery contained in, the Services Agreement; provided, that a copy of any notice to Covered Entity hereunder shall also be delivered to: Prospect East Hospital Advisory Services, LLC, 10780 Santa Monica Blvd., Suite 400, Los Angeles, CA 90025, Attention: Privacy Office. Notice shall be in writing and shall be deemed effective when personally delivered or, if mailed, three (3) calendar days after the date deposited in the United States mail, first class, postage prepaid, to the addressee at its current business address.

20.4 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and when taken together shall constitute one agreement.

20.5 Choice of Law. All issues and questions concerning the validity, enforcement and interpretation of this Agreement shall be governed by, and construed in accordance with, the laws of the state identified in the Services Agreement.

20.6 Voluntary Execution. Each party has read and understands this Agreement, and represents that this Agreement is executed voluntarily and should not be construed against any party hereto solely because it drafted all or a portion hereof.

20.7 Severability. If any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provision and this Agreement will be reformed, construed, and enforced as if such invalid, illegal or unenforceable provision had never been contained herein.

20.8 No Modification. No modification of this Agreement will be effective unless made in writing and executed by each party hereto, except as otherwise provided hereunder.

20.9 Entire Agreement. This Agreement supersedes any and all prior agreements and understandings between the parties related to the subject matter hereof.

20.10 Independent Contractor. None of the provisions of this Agreement are intended to create any relationship between the parties other than that of independent entities contracting with each other for the purpose of effecting the provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Business Associate Agreement to be executed and delivered as of the day and year first above written.

COVERED ENTITY:	BUSINESS ASSOCIATE:
PROSPECT CHARTERCARE, LLC	PROSPECT EAST HOSPITAL ADVISORY SERVICES, LLC By: Prospect Medical Holdings, Inc., its manager
SPECIMEN – DO NOT SIGN	SPECIMEN – DO NOT SIGN
BY: _____	BY: _____
NAME: _____	NAME: _____
ITS: _____	ITS: _____
DATE_____	DATE: _____

EXHIBIT D
JOINDER TO MANAGEMENT SERVICES AGREEMENT
[Insert Date]

Reference is made to the Management Services Agreement dated [_____], 2013 (the "Agreement") by and between Prospect East Hospital Advisory Services, LLC, a Delaware limited liability company (hereinafter referred to as "Manager"), and Prospect CharterCare, LLC, a Rhode Island limited liability company (hereinafter referred to as the "Company").

The undersigned hereby acknowledges that the undersigned will benefit directly from the Agreement. In consideration thereof, the undersigned agrees with and guarantees to Manager and the Company that the undersigned shall abide by the terms and conditions of the Agreement, including without limitation the covenants contained in ARTICLE [____] of the Agreement, as if an original party to the Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Joinder as of the date first set forth above.

[_____]

SPECIMEN – DO NOT SIGN

_____
By:

Acknowledged:

PROSPECT CHARTERCARE, LLC

SPECIMEN – DO NOT SIGN

_____
By:
Its:

Acknowledged:

PROSPECT EAST HOSPITAL ADVISORY SERVICES, LLC

SPECIMEN – DO NOT SIGN

_____
By:
Its:

Exhibit I

FIRPTA Certificates

See Attached

EXHIBIT I

FORM OF FIRPTA CERTIFICATE

NON-FOREIGN CERTIFICATION

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by _____, a Rhode Island corporation (the "Transferor"), the undersigned hereby certifies as follows:

1. Undersigned is the Secretary of Transferor.

2. Transferor is not a foreign corporation, foreign partnership, foreign estate, foreign person or non-resident alien (as those terms are defined in the Internal Revenue Code and Income Tax Regulations).

3. Transferor is not a disregarded entity as defined by Income Tax Regulations Section 1.1445-2(b)(2)(iii).

4. Transferor's Employer Identification Number is _____.

5. Transferor's address is: c/o CharterCARE Health Partners
825 Chalkstone Avenue
Providence, RI 02908

The undersigned understands that this certification may be disclosed to the Internal Revenue Service by transferee and that any false statement herein could be punished by fine, imprisonment or both. The undersigned further understands that transferee is relying on this certification in determining whether or not withholding is required upon the subject transfer.

Under penalties of perjury, the undersigned declares that he has examined this certification and to the best of his knowledge and belief it is true, correct and complete, and he has the authority to sign this document on behalf of Transferor.

[SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, the undersigned has executed and delivered this certificate as of this ____ day of _____, 2013.

_____

By:_____
Name:_____
Title:_____

STATE OF _____
COUNTY OF _____

In _____, on this _____ day of _____, 2013, before me personally appeared _____, the _____ of _____, a Rhode Island corporation, to me known and known by me to be the party executing the foregoing instrument on behalf of _____, and s/he acknowledged said instrument, by her/him executed to be her/his free act and deed in said capacity and the free act and deed of _____.

_____
NOTARY PUBLIC
My Commission Expires:_____

Exhibit J

Limited Power of Attorney

See Attached

EXHIBIT J

Form of Limited Power of Attorney

_____("Registrant") is licensed to operate a **[pharmacy/laboratory]** under the laws of the State of Rhode Island under **license number [ ]**, maintains a **state controlled substances registration certificate under license number [ ]**, and maintains a controlled substances registration certificate under **DEA registration number [ ]**. This Limited Power of Attorney is being delivered pursuant to that certain Asset Purchase Agreement, dated September 24, 2013, by and among Registrant, Company, and certain other parties (the "Asset Purchase Agreement").

1. To the extent permitted by applicable law:

(a) I, _____ (name of person granting power), the undersigned, who am authorized to sign the current application for DEA registration on behalf of the above-named Registrant under the Controlled Substances Act or Controlled Substances Import and Export Act, have made, constituted, and appointed, and by these presents, do make, constitute, and appoint_____ (the "Company"), my true and lawful attorney-in-fact for me in my name, place, and stead, to execute applications for Forms 222 and to sign orders for Schedule I and II controlled substances, whether these orders be on Form 222 or electronic, in accordance with 21 U.S.C. § 828 and Part 1305 of Title 21 of the Code of Federal Regulations, for the Limited Period described in paragraph 3 below. I hereby ratify and confirm all that the Company must lawfully do or cause to be done by virtue hereof.

(b) The Company shall have the right, for the Limited Period described in paragraph 3 below, to operate under the licenses and registrations of Registrant relating to controlled substances and the operations of the **[pharmacy/laboratory]**, until it is able to obtain such licenses and registrations for itself.

2. Registrant recognizes that it remains legally responsible for the DEA registration issued to it, during the period in which this Limited Power of Attorney is in effect. Therefore, Registrant grants this Limited Power of Attorney to the Company based upon the following covenants and warranties of the Company: (a) the Company shall follow and abide by and comply with all federal and state laws governing the regulation of controlled substances and the operation of the **[pharmacy/laboratory]** at all times while utilizing this Limited Power of Attorney and shall indemnify and hold the Registrant harmless from and against any claims arising out of the Company's failure to do so; and (b) the Company, or its designee, shall make application for and pursue its own **[pharmacy/laboratory]** licenses and DEA and other registrations which are required by law as soon as practicable.

3. This Limited Power of Attorney shall remain in effect for a period not to exceed one hundred twenty (120) days following the closing date of the Asset Purchase Agreement (the "Limited Period").

4. Registrant may revoke this Limited Power of Attorney at any time by executing the Notice of Revocation, attached hereto at Exhibit A.

This Limited Power of Attorney may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement, binding on all of the parties hereto.

IN WITNESS WHEREOF, Registrant and the Company have executed this Limited Power of Attorney as of the _____ day of _____, 201_, to be effective as of 12:01 a.m. Eastern Time on the ____ day of _____, 201_.

By:	By:
Name:	Name:
Title:	Title:
Witness:	Witness:
Witness:	Witness:

Exhibit A

The Limited Power of Attorney, executed on _____, is hereby revoked by the undersigned, who is authorized to sign the current application for DEA registration. Written notice of this revocation has been given to the attorney-in-fact this same day.

By:

Name:

Title:

Witness:

Witness:

Exhibit K

Charity Care/Financial Assistance Policy

See Attached

ROGER WILLIAMS MEDICAL CENTER **HOSPITAL** POLICY AND PROCEDURE	TITLE: **Financial Assistance Policy**		Number
Coverage For Uninsured & Under-Insured Patients Receiving Services at Roger Williams Medical Center			Source **Patient Financial Services** Approved

Date Issued	Date Effective	Updated	Distribution	Page
03/09/2011	03/09/2011	2/17/06, 3/4/11, 3/1/12, 2/4/13	See Below	1 of 3

It is the policy of Roger Williams Medical Center, a voluntary not-for-profit corporation, to provide medically necessary/essential health services to any person regardless of his/her ability to pay in full or in part for those services provided by the Hospital.

Purpose:

Roger Williams Medical Center provides Financial Assistance to patients who meet specified financial criteria and request such assistance. Consideration will be given to a patient's financial status, including indebtedness for existing medical bills, pursuant to state regulation. Roger Williams Medical Center will provide public "Notice of Hospital Financial Aid" (Attachment A) on the Hospital's website, at appropriate intake/registration locations, and make notice of availability to patients on patient bills. Roger Williams Medical center shall provide its "Financial Aid Criteria" (Attachment B) for qualifying patients/guarantors for financial assistance including partial assistance. Roger Williams Medical Center will make these notices available in other languages in accordance with the "*Standards for Culturally and Linguistically Appropriate Services in Health Care"* (Standards 4 & 7, based on Title VI of the Civil Rights Act of 1964).

Financial Assistance may be extended when a review of a patient's individual financial circumstance has been conducted and documented. This should include a review of the patient's existing medical bills (including any accounts that have gone to bad debt within twelve (12) months of application date).

Procedure:

Patients who qualify for Financial Assistance should be identified as soon as possible in the revenue cycle. Patients requiring medically necessary/essential healthcare services, who are identified as being without federal, state, local, or private healthcare coverage, shall receive the following:

- Financial Assistance counseling along with a packet of information that addresses the Financial Assistance policy and procedure, including an application for assistance.

1. An evaluation for Financial Assistance can be initiated by:
   - A call from a patient with a self-pay balance due, taken by any RWMC employee or vendor.
   - A patient presents at a clinical area without insurance and states that he/she cannot afford to pay the medical expenses associated with current or previous medical services.
   - A physician or other clinician refers a patient for financial assistance evaluation.
2. The Hospital will designate a person(s) who will be responsible for taking Financial Assistance applications. Designees can be employees of RWMC or their associated vendors.
3. Criteria to be met for Financial Assistance Approval:
   a. Residency – Financial Assistance is intended for uninsured or underinsured low-income Rhode Island residents.
   b. Income – For 100% Discount, income must not exceed 200% of the current Federal Poverty Guideline.
   c. Income – For Sliding Scale Discounts (20-80%), income must not exceed 201-300% of the current Federal Poverty Guideline.
   d. Assets – Cannot exceed the assets protection threshold which is updated annually.
      Current Protection Threshold: $9,400.00 Individual and $14,100.00 per family. (Updated 02/2013)
      Types of Assets Considered but not limited to:
      Investments that could be converted to cash within one (1) year
      Savings or Checking Accounts
      Certificates of Deposit
      Money-Market Accounts
      Property – other than primary residence
   e. All insurance benefits have been exhausted.

4. A patient can qualify for Financial Assistance either through lack of sufficient insurance or excessive medical expenses. Once a patient has submitted all required information, the Financial Counselor will review and analyze the application and forward it to the Patient Financial Services Department for final determination of eligibility based on applicable guidelines. Financial Assistance will be denied to patients/guarantors who do not fully cooperate in applying for available coverage, or who fail to provide the information and documentation necessary to apply for financial assistance; with the exception of Presumptive Charity Care Eligibilityt. In such cases where the patient/guarantor is not cooperative, Roger Williams Medical Center may place the outstanding account in bad debt status and pursue collections accordingly.

5. A department can continue to use a government-sponsored application process and associated income scale, as required by the terms of a program grant or other outside authority governing that program.

6. Once a patient is approved for Financial Assistance, it is expected that the patient/guarantor will continue to meet his/her required financial commitments to Roger Williams Medical Center. If a patient is approved for a percentage allowance (partial charity) due to financial hardship and the patient does not make the required initial payment within thirty (30) days towards the outstanding balance, the Financial Assistance allowance will be reversed and the patient will owe the entire amount.

7. If the patient/guarantor has a change in financial status, the patient/guarantor should promptly notify the Hospital. The patient/guarantor may request and apply for financial assistance or a change in their payment plan terms.

Medical Indigence:

A patient's medical indigence is determined by Roger Williams Medical Center by giving exclusive consideration to a patient's income level in relation to the amount of their medical bills. Medically indigent patients are those who do not have appropriate insurance coverage that applies to services related to their significant or catastrophic health care requirements. Such patients may have a reasonable level of income but a low level of liquid assets and payment of their medical bills would be seriously detrimental to their basic financial well-being and survival. Roger Williams Medical Center shall make a decision regarding a patient/guarantor's medically indigent status by reviewing formal documentation for any circumstance in which a patient is considered eligible for a financial assistance discount on the basis of medical indigence.

In addition to the required information to be considered for financial assistance the following documents may be required to support medical indigence:

- Copies of all patient/guarantor medical bills.
- Information related to the patient's prescription drug costs.
- Multiple instances of high-dollar patient co-pays, deductibles, and/or other medical liabilities.
- Other evidence of high-dollar amounts related to healthcare costs such as documentation of a HSA that has been fully expended.

Presumptive Charity Care Eligibility:

There are instances when a patient may appear eligible for charity care discounts; however, a financial assistance form cannot be completed due to a lack of supporting documentation. Often there is adequate information provided by the patient or other sources that could provide Roger Williams Medical Center with sufficient evidence that the patient would otherwise qualify for a financial assistance discount. Once eligibility has been determined, due to the inherent nature of the presumptive circumstances, a financial assistance discount of 100% of the account balance will be granted.
Presumptive eligibility may be determined on the basis of a patient's life circumstances that may include the following:

- Homeless or living in a shelter.
- No income.
- Participation in Women's Infant's, and Children's programs (WIC).
- Food stamp eligibility.
- Eligibility for other state or local assistance programs that are unfunded (e.g.; Medicaid spend-down).
- Documentation provided by family or friends of the patient establishing the patient's inability to pay for medical care (e.g.; letter of support).
- Low income/subsidized housing is provided as a valid address.
- Patient is deceased with no known estate.
- If the patient is mentally or physically incapacitated and has no one to act on his/her behalf.
- Participation in the SSTAR Program

Appeal Rights of Patient/Guarantors:

If a patient/guarantor disagrees with the denial of financial assistance decision, the patient/guarantor may request in writing an appeal within forty-five (45) business days of receiving notification. The denial letter will advise the patient that he or she has the right to appeal the decision and that the patient will be provided the information necessary to file a written appeal. The Director of Patient Financial Services will review all appeals and make a final decision regarding the financial assistance. The final decision will be communicated to the patient/guarantor in writing within fourteen (14) business days. Collection activity halted as a result of the financial assistance process will continue to be halted during the appeal process until the committee makes a final determination.

Financial Assistance Signature Authority:

Supervisor/Manager/Director – Patient Financial Services
VP Finance
Chief Financial Officer

Recording of Financial Assistance:
Roger Williams Medical Center shall provide the Rhode Island Department of Health (on an annual basis or as required by the Director) information including but not limited to:

- The "Annual Financial-Aid Data Filing
- The public "Notice of Hospital Financial Aid"
- HIPAA Compliant Bill including the public "Notice of Hospital Financial Assistance"
- The "Notice of Financial Aid Criteria"
- The "Application for Financial Assistance"
- The Hospital's adopted Appeals Process
- The Hospital's adopted Collections Process

St. Joseph Health Services of Rhode Island **HOSPITAL** POLICY AND PROCEDURE	TITLE: **Financial Assistance Policy**	Number **01-950-92**
Coverage For Uninsured & Under-Insured Patients Receiving Services at St. Joseph Health Services of Rhode Island		Source **Administration**
		Approved

Date Issued	Date Effective	Updated	Distribution	Page
03/09/2011	04/01/2007	03/01/2012, 2/4/2013	See Below	1 of 3

It is the policy of St. Joseph Health Services of Rhode Island, a voluntary not-for-profit corporation, to provide medically necessary/essential health services to any person regardless of his/her ability to pay in full or in part for those services provided by the Hospital.

Purpose:

St. Joseph Health Services of Rhode Island provides Financial Assistance to patients who meet specified financial criteria and request such assistance. Consideration will be given to a patient's financial status, including indebtedness for existing medical bills, pursuant to state regulation. St. Joseph Health Services of Rhode Island will provide public "Notice of Hospital Financial Aid" (Attachment A) on the Hospital's website, at appropriate intake/registration locations, and make notice of availability to patients on patient bills. St. Joseph Health Services of Rhode Island shall provide its "Financial Aid Criteria" (Attachment B) for qualifying patients/guarantors for financial assistance including partial assistance. St. Joseph Health Services of Rhode Island will make these notices available in other languages in accordance with the *"Standards for Culturally and Linguistically Appropriate Services in Health Care"* (Standards 4 & 7, based on Title VI of the Civil Rights Act of 1964).

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Procedure:

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- Financial Assistance counseling along with a packet of information that addresses the Financial Assistance policy and procedure, including an application for assistance.

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   - A call from a patient with a self-pay balance due taken by any SJHSRI employee or vendor.
   - A patient presents at a clinical area without insurance and states that he/she cannot afford to pay the medical expenses associated with current or previous medical services.
   - A physician or other clinician refers a patient for financial assistance evaluation.
2. The Hospital will designate a person(s) who will be responsible for taking Financial Assistance applications. Designees can be employees of SJHSRI or their associated vendors.
3. Criteria to be met for Financial Assistance Approval:
   a. Residency – Financial Assistance is intended for uninsured or underinsured low-income Rhode Island residents.
   b. Income – For 100% Discount, income must not exceed 200% of the current Federal Poverty Guideline.
   c. Income – For Sliding Scale Discounts (20-80%), income must not exceed 201-300% of the current Federal Poverty Guideline.
   d. Assets – Cannot exceed the assets protection threshold which is updated annually.
      Current Protection Threshold: $9,400.00 Individual and $14,100.00 per family. (Updated 02/2013)
      Types of Assets Considered but not limited to:
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      Property – other than primary residence
   e. All insurance benefits have been exhausted.

4. A patient can qualify for Financial Assistance either through lack of sufficient insurance or excessive medical expenses. Once a patient has submitted all required information, the Financial Counselor will review and analyze the application and forward it to the Patient Financial Services Department for final determination of eligibility based on applicable guidelines. Financial Assistance will be denied to patients/guarantors who do not fully cooperate in applying for available coverage, or who fail to provide the information and documentation necessary to apply for financial assistance; with the exception of Presumptive Charity Care Eligibility. In such cases where the patient/guarantor is not cooperative, St. Joseph Health Services of Rhode Island may place the outstanding account in bad debt status and pursue collections accordingly.

5. A department can continue to use a government-sponsored application process and associated income scale, as required by the terms of a program grant or other outside authority governing that program.

6. Once a patient is approved for Financial Assistance, it is expected that the patient/guarantor will continue to meet his/her required financial commitments to St. Joseph Health Services of Rhode Island. If a patient is approved for a percentage allowance (partial charity) due to financial hardship and the patient does not make the required initial payment within thirty (30) days towards the outstanding balance, the Financial Assistance allowance will be reversed and the patient will owe the entire amount.

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There are instances when a patient may appear eligible for charity care discounts; however, a financial assistance form cannot be completed due to a lack of supporting documentation. Often there is adequate information provided by the patient or other sources that could provide St. Joseph Health Services of Rhode Island with sufficient evidence that the patient would otherwise qualify for a financial assistance discount. Once eligibility has been determined, due to the inherent nature of the presumptive circumstances, a financial assistance discount of 100% of the account balance will be granted.
Presumptive eligibility may be determined on the basis of a patient's life circumstances that may include the following:

- Homeless or living in a shelter.
- No income.
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- Food stamp eligibility.
- Eligibility for other state or local assistance programs that are unfunded (e.g.; Medicaid spend-down).
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Recording of Financial Assistance:

St. Joseph Health Services of Rhode Island shall provide the Rhode Island Department of Health (on an annual basis or as required by the Director) information including but not limited to:

- The "Annual Financial-Aid Data Filing
- The public "Notice of Hospital Financial Aid"
- HIPAA Compliant Bill including the public "Notice of Hospital Financial Assistance"
- The "Notice of Financial Aid Criteria"
- The "Application for Financial Assistance"
- The Hospital's adopted Appeals Process
- The Hospital's adopted Collections Process

Exhibit L

Essential Services

1. The Company and the Company Subsidiaries shall cause each Hospital to maintain a 24-hour emergency department that complies with applicable federal and state laws with respect to the evaluation and treatment of patients who present or are determined to have an emergency medical condition, or who, in the judgment of a staff physician, have an immediate emergency need; no emergency patient shall be turned away from the Hospitals because of age, race, gender, insurance status, inability to pay or any other non-clinical factor that is not relevant to the provision of medical services; provided, however, that the foregoing provisions of this Exhibit L shall be subject in all respects to changes in governmental policy.

2. In addition to the foregoing, Essential Services to be provided by the Company and the Company Subsidiaries, collectively, shall consist of the following:

    - Medical/Surgical Services and Intensive/Coronary Care Unit
    - Acute Dialysis Services
    - Inpatient and Outpatient Rehabilitation Services, including Sub-acute and Skilled Nursing facility
    - Ambulatory Care Services
    - Emergency Services
    - Inpatient and Outpatient Psychiatric/Mental Health/Addiction Medicine Services
    - Diagnostic Imaging and Interventional/Radiology Services, including diagnostic cardiac catheterization
    - Laboratory/Pathology
    - Inpatient and Outpatient Cancer Services including Blood and Marrow Transplantation/Surgical and Radiation Oncology
    - Sleep Lab
    - Wound Care/Hyperbaric Services
    - Dermatology
    - Health center services (GYN & pediatric clinic, adult and pediatric dentistry, immunizations, WIC)
    - Homecare/Hospice services

Exhibit M
Catholicity Standards for Legacy SJHSRI Locations

SJHSRI Locations:

Any and all facilities owned or operated by SJHSRI immediately prior to Closing, including without limitation Our Lady of Fatima Hospital ("SJHSRI Locations").

Standards:

1. Each SJHSRI Location (as defined above) shall be operated in full compliance with the Ethical and Religious Directives for Catholic Health Care Services as promulgated by the United States Conference of Catholic Bishops and adopted by the Bishop of the Roman Catholic Diocese of Providence, Rhode Island (the "Bishop"), as the same may be amended from time to time (the "ERDs"). The Bishop shall be the sole arbiter with respect to matters relating to compliance with the ERDs at the SJHSRI Locations.

2. At Our Lady of Fatima Hospital, the existing chapel shall be maintained in good condition and repair as a Catholic Chapel with the Blessed Sacrament, and the Roman Catholic priest chaplaincy program shall be maintained. Both of the foregoing shall be financially supported from budgeted revenues.

3. The existing signs, symbols and images of Catholic identity at each SJHSRI Location, both interior and exterior to the facilities, shall be maintained and financially supported from budgeted revenues.

4. The Company's chief executive shall meet with the Bishop on an annual basis to report on compliance with the foregoing.

5. Notwithstanding any provision in this Agreement to the contrary, the obligations set forth in this Exhibit M are for the specific benefit of the Bishop. The parties acknowledge and agree that any breach of the foregoing covenants shall cause irreparable harm as to which no adequate remedy at law exists and that the Bishop may seek specific performance and injunctive relief in addition to all other remedies in equity or at law. As provided in Section 15.5(b) of this Agreement, if, in such circumstances, the Bishop is unsuccessful in obtaining specific performance and/or injunctive relief, the Company and the Company Subsidiaries shall, if requested by the Bishop in his sole discretion, cease operating under the names "St. Joseph" or "Our Lady of Fatima" or any other name that implies Catholicity.

6. Notwithstanding the foregoing, no provision of this Agreement shall be effective or enforceable if and to the extent that it may cause the Company or a Company Subsidiary, or any facility owned or operated thereby, to be in violation of applicable law or regulations or to be out of compliance with Medicare or Medicaid certification or participation requirements or The Joint Commission's standards of accreditation. The provision of such laws, regulations or participation criteria shall supersede the covenants set forth in this Exhibit M to the minimum extent necessary to comply with such laws, regulations and participation criteria.

Exhibit N

Services Restrictions for Other Company Locations

Company Locations:

Any and all facilities owned or operated by the Company or a Company Subsidiary other than the SJHSRI Locations described in Exhibit M, including Roger Williams Medical Center and any other facilities owned, operated or acquired by the Company or a Company Subsidiary following the Closing Date ("Company Locations").

Standards:

1. No Company Location (as defined above) shall cause or permit the following procedures, as defined below (collectively, the "Prohibited Procedures"), to be performed anywhere in its facilities or as part of its operations:

    - Abortion (including embryo reduction or any like procedure) and research involving embryo destruction

        - *Definition:* "Abortion" means the directly intended termination of pregnancy before viability or the directly intended destruction of a viable fetus. Every procedure the sole immediate effect of which is the termination of pregnancy before viability is an abortion, which, in its moral context, includes the interval between conception and implantation of the embryo.

    - Euthanasia

        - *Definition:* "Euthanasia" means an action or omission that of itself or by intention causes the death of an individual in order to alleviate all suffering.

    - Physician-Assisted Suicide

        - *Definition:* "Physician-Assisted Suicide" means euthanasia attended by a physician.

2. The Company's chief executive shall meet with the Bishop of the Roman Catholic Diocese of Providence, Rhode Island (the "Bishop") on an annual basis to report on compliance with the foregoing and, more broadly, on the activities and operations of the Company and the Company Subsidiaries.

3. Notwithstanding any provision in this Agreement to the contrary, the obligations set forth in this Exhibit N are for the specific benefit of the Bishop. The parties acknowledge and agree that any breach of the foregoing covenants shall cause irreparable harm as to which no adequate remedy at law exists and that the Bishop may seek specific performance and

injunctive relief in addition to all other remedies in equity or at law. As provided in Section 15.5(b) of this Agreement, if, in such circumstances, the Bishop is unsuccessful in obtaining specific performance and/or injunctive relief, the Company and the Company Subsidiaries shall, if requested by the Bishop in his sole discretion, cease operating under the names "St. Joseph" or "Our Lady of Fatima" or any other name that implies Catholicity.

4. Notwithstanding the foregoing, no provision of this Agreement shall be effective or enforceable if and to the extent that it may cause the Company or a Company Subsidiary, or any facility owned or operated thereby, to be in violation of applicable law or regulations or to be out of compliance with Medicare or Medicaid certification or participation requirements or The Joint Commission's standards of accreditation. The provision of such laws, regulations or participation criteria shall supersede the covenants set forth in this Exhibit N to the minimum extent necessary to comply with such laws, regulations and participation criteria.

PROOF OF CLAIM

EXHIBIT B

LLC AGREEMENT

FINAL

AMENDED & RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF

PROSPECT CHARTERCARE, LLC

(a Rhode Island Limited Liability Company)

June 20, 2014

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

Table of Contents

EXHIBITS:

AMENDED & RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
PROSPECT CHARTERCARE, LLC

This Amended & Restated Limited Liability Company Agreement (this "Agreement") is entered into and effective as of June 20, 2014, by and between CHARTERCARE HEALTH PARTNERS, a Rhode Island not-for-profit corporation ("CCHP"), and PROSPECT EAST HOLDINGS, INC., a Delaware corporation (the "Prospect Member"), and PROSPECT CHARTERCARE, LLC, a Rhode Island limited liability company (the "Company").

WITNESSETH

WHEREAS, the Company was formed on August 21, 2013 through the filing of Articles of Organization with the Office of the Secretary of State of Rhode Island;

WHEREAS, pursuant to the terms, and subject to the conditions, of that certain Asset Purchase Agreement, dated as of September 24, 2013, among CCHP, the CCHP Affiliates, Prospect Medical Holdings, Inc. ("Prospect"), the Prospect Member, the Company, Prospect CharterCare RWMC, LLC ("RWMC SMLLC"), Prospect CharterCare SJHSRI, LLC ("SJHSRI SMLLC"), Prospect CharterCare Elmhurst, LLC ("Elmhurst SMLLC"), and Prospect CharterCare Physicians, LLC ("Physicians SMLLC" and together with RWMC SMLLC, SJHSRI SMLLC, Elmhurst SMLLC, each a "Company Subsidiary" and collectively, "Company Subsidiaries") (the "Purchase Agreement"), CCHP and the CCHP Affiliates agreed to sell certain assets relating to Roger Williams Medical Center, Our Lady of Fatima Hospital, and certain other assets to the Company and/or the Company Subsidiaries, in exchange for both cash consideration of $45 million (subject to adjustments and other terms and conditions as set forth in the Purchase Agreement) and a 15% membership interest in the Company;

WHEREAS, prior to the effective date hereof, the Prospect Member was the sole member (100%) of the Company, and in connection with the consummation of the transactions contemplated by the Purchase Agreement, the Members desire to enter into this Agreement to amend and restate any prior operating agreements with respect to the Company;

WHEREAS, the Members desire to enhance and improve the delivery of cost-effective, quality health care services in the greater Providence, Rhode Island metropolitan service area, to provide health care services to the indigent, and to offer services to an increased population more efficiently and cost-effectively; and

WHEREAS, subject to the terms and conditions hereof (and the Purchase Agreement), the Prospect Member will contribute $50 million of additional capital to the Company over four (4) years.

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 hereby agree as follows:

AGREEMENT

1. DEFINITIONS. As used herein, including Exhibit A attached hereto, the following terms have the following meanings:

1.1 "Act" means the Rhode Island Limited Liability Company Act, Rhode Island General Laws Chapter 7-16, as amended from time to time.

1.2 "Additional Member" means a Person who is admitted into the Company as a Member pursuant to the terms of Section 13.4 hereof.

1.3 "Adjusted Capital Contribution" means, with respect to a Member, the actual Capital Contributions made by such Member (or its predecessors in interest); provided that with respect to the Prospect Member (and its successors in interest), the Prospect Member's Adjusted Capital Contribution shall be increased by the portion of its Long-Term Capital Commitment that has been funded. The Members' Adjusted Capital Contributions are set forth on Exhibit B hereto.

1.4 "Affiliate" means, as to the Person in question, any Person that directly or indirectly controls, is controlled by, or is under common control with, the Person in question and any successors or assigns of such Person; and the term "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person whether through ownership of voting securities, by appointment of trustees, directors, and/or officers, by contract or otherwise.

1.5 "Agreement" means this Amended & Restated Limited Liability Company Agreement of Prospect CharterCare, LLC, as from time to time amended pursuant to Section 17.11 hereof.

1.6 "Approval of the Board" or "Approved by the Board" means:

(a) In the event CCHP owns greater than 5% of the Units issued and outstanding, (i) the affirmative vote, consent or approval of at least a majority of those Category A Directors present at a meeting at which a Quorum of the Category A Directors exists, and (ii) the affirmative vote, consent or approval of at least a majority of those Category B Directors present at a meeting at which a Quorum of the Category B Directors exists. For purposes of this Section 1.6(a), a "Quorum" means a majority of the Category A Directors then serving and a majority of the Category B Directors then serving; and

(b) In the event CCHP owns 5% (or less) of the Units issued and outstanding, the affirmative vote, consent or approval of at least a majority of those Directors present at a meeting at which a Quorum exists. For purposes of this Section 1.6(b), a "Quorum" means a majority of all Directors then serving.

For purposes of this Agreement, the phrases "determined by the Board", "deemed by the Board", "consented to by the Board", or the like shall mean the same as "Approved by the Board."

1.7 "Articles" means the Articles of Organization of the Company, as amended from time to time.

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

1.9 "Borrowing Limit" means a loan or series of related loans in excess of Ten Million Dollars ($10,000,000). For the avoidance of doubt, indebtedness of Affiliates of the Company (including, without limitation, the Prospect Member and Prospect) that is guaranteed by the Company or the Company Subsidiaries, or secured by a lien on the assets of the Company or the Company Subsidiaries, shall not count against the Borrowing Limit, so long as the Company and the Company Subsidiaries are not the primary obligor thereof.

1.10 "Capital Contribution" means, as to any Member, the amount of cash or the Agreed Value (as defined in Exhibit A attached hereto) of tangible or intangible property contributed or deemed contributed to the Company by the Member, which initial amount is set forth opposite such Member's name on the attached Exhibit B under the heading "Initial Capital Account".

1.11 "Category A Directors" means the members of the Board of Directors elected or appointed from time to time by CCHP.

1.12 "Category B Directors" means the members of the Board of Directors elected or appointed from time to time by the Prospect Member.

1.13 "CCHP Affiliate" means any Affiliate of CCHP (other than a natural person).

1.14 "Code" means the Internal Revenue Code of 1986, as amended, or any successor thereto.

1.15 "Consumer Price Index" means the Consumer Price Index for All Urban Consumers, Medical Care Services (1982-84=100), published by the United States Bureau of Labor Statistics. In the event that such Index is discontinued or is so changed as not to reflect substantially the same information as it does in 2013, then the index to be used for these computations shall be the index then published by the United States Bureau of Labor Statistics that most clearly reflects the increase or decrease in consumer prices for the periods in question.

1.16 "Credit Agreement" means that certain Credit Agreement, dated as of May 3, 2012, by and among Prospect, the lenders party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent, including any notes, mortgages, guarantees, collateral documents and other documents executed in connection therewith, in each case, as amended, restated,

modified, supplemented, renewed, replaced, extended, increased or refinanced in whole or in part from time to time.

1.17 "Days Cash on Hand" means (i) the sum of the Company's cash and investments, divided by (ii) the quotient of (x) the Company's rolling twelve (12) months operating expense minus (1) depreciation and amortization expense and (2) one-time non-cash operating expenses, divided by (y) the number of days in the rolling twelve month period. Days Cash on Hand is measured monthly as of month end. Expressed as a formula: (cash and investments) / ((rolling 12-month operating expense minus depreciation and amortization expense minus one-time non-cash operating expenses) / days in rolling 12-month period)).

1.18 "Distributable Cash" shall be defined as the sum of (a) all cash of the Company on its balance sheet, minus (b) Reserves.

1.19 "Fatima Hospital" means Our Lady of Fatima Hospital located in North Providence, Rhode Island.

1.20 "Hospitals" means the general acute care hospitals Roger Williams Medical Center, located in Providence, Rhode Island, and Our Lady of Fatima Hospital, located in North Providence, Rhode Island.

1.21 "Indenture" means that certain Indenture, dated as of May 3, 2012, by and among Prospect, the Subsidiary Guarantors identified therein and U.S. Bank National Association, as Trustee, including any notes, mortgages, guarantees, collateral documents and other documents executed in connection therewith, in each case, as amended, restated, modified, supplemented, renewed, replaced, extended, increased or refinanced in whole or in part from time to time.

1.22 "Interim Management Advisory Agreement" means that certain Interim Management Advisory Agreement by and between Prospect and CCHP, dated as of September 24, 2013, as it may be amended from time to time.

1.23 "Joint Commission" means the national organization (formerly JCAHO) which issues standards for health care organizations for purposes of Medicare program accreditation.

1.24 "Law" means any federal, state, local, municipal, foreign or other law, common law, statute, ordinance, rule, regulation, requirement, interpretation, judgment, ruling, order or writ of any governmental entity.

1.25 "Liquidator" means the Person who liquidates the Company under Article XVI hereof.

1.26 "Long-Term Capital Commitment" means the Prospect Member's obligation to contribute additional capital to the Company in the aggregate amount of (i) $50,000,000 over a four (4)-year period (which shall be in addition to the routine capital investment by the Company and the Company Subsidiaries of at least $10,000,000 per year), less (ii) any amount or amounts with respect to which the Prospect Member exercises its right, from time to time, to an offset pursuant to the provisions of Section 17.2 below and Sections 2.9(e) and 14.8 of the Purchase Agreement.

1.27 "Management Agreement" means the Management Services Agreement, of even date herewith, between Prospect or an Affiliate thereof and the Company.

1.28 "Manager" means the manager of the Company, which shall be Prospect or an Affiliate thereof, and in all events shall be a Restricted Subsidiary as defined in the Indenture.

1.29 "Member" means the Prospect Member or any Prospect Affiliate that becomes a Member, CCHP, and any Substituted Member or Additional Member, but excluding 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 as defined in this Section 1.29.

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

1.31 "Prospect Affiliate" means any Affiliate of Prospect or the Prospect Member (other than a natural person).

1.32 "Prospect Member" means Prospect East Holdings, Inc., a Delaware corporation, and any other Prospect Affiliate or Affiliates that are Members from time to time.

1.33 "Reserves" shall mean the amount of cash established by the Board of Directors from time to time equal to the sum of (i) fifteen (15) Days Cash on Hand, plus (ii) the amount of capital expenditures set forth in the budget for the next quarter, plus (iii) any allocated unspent funded amount provided to the Company as part of the Long-Term Capital Commitment (but excluding any Initial Working Capital Amount and any amounts provided under Section 4.2(d) below); plus (iv) any agreed upon reserves for specific matters.

1.34 "Roger Williams" means Roger Williams Medical Center located in Providence, Rhode Island.

1.35 "Sharing Percentage" means, as to a Member, the percentage obtained by dividing the number of Units owned by such Member by the total number of Units owned by all Members (and Exhibit B sets forth the initial Sharing Percentages of the respective 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 nonrecourse liabilities" (within the meaning of Section 1.752-3(a)(3) of the Regulations).

1.36 "Substituted Member" means any Person admitted to the Company as a Member pursuant to Section 13.3 hereof.

1.37 "Treasury Regulations" or "Regulations" means the regulations promulgated by the United States Department of the Treasury pursuant to and in respect of provisions of the Code. All references herein to sections of the Treasury Regulations or the Regulations shall include any corresponding provision or provisions of succeeding, similar or substitute proposed, temporary or final regulations.

1.38 "Units" shall mean a unit of undivided membership interest in the Company. Such interest includes any and all rights to which such Member may be entitled as provided in this

Agreement, together with all obligations of such Member to comply with the terms and provisions of this Agreement. All of a Member's Units shall constitute such Member's entire interest in the Company. The Units shall constitute ordinary voting common member interests in the Company. The Members' initial Units in the Company are set forth on Exhibit B hereto.

1.39 **Index of Other Defined Terms.**

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II. ORGANIZATION.

2.1 Formation. The Company was formed on August 21, 2013 via the filing of Articles of Organization with the Office of the Secretary of State of Rhode Island. The Member's respective Capital Accounts, Units, Sharing Percentages and Adjusted Capital Contributions as of the date hereof are set forth on Exhibit B hereto.

2.2 Name. The name of the Company is "Prospect CharterCare, LLC" and the business of the Company shall be conducted under that name or such other name or names as may be Approved by the Board from time to time; except that with respect to the Hospitals and other facilities and business operated by CCHP prior to the date hereof and that continue to be operated by the Company after the date hereof, the Company shall continue to operate them using their same (or similar) names and shall obtain authority (via filings with the Secretary of State of the State of Rhode Island) to use d/b/a names and/or alternate names with respect thereto.

2.3 Principal Office. The principal office of the Company shall be located at 825 Chalkstone Avenue, Providence, Rhode Island 02908, or at such other place or places in the State of Rhode Island as the Board of Directors may from time to time determine.

2.4 Term. The Company began on the date the Articles were filed with the Secretary of State of the State of Rhode Island as provided in Section 2.1 hereof, and shall continue until the date on which the Company is dissolved pursuant to Article XV hereof and thereafter, to the extent provided for by applicable Law, until wound up and terminated pursuant to Article XVI hereof.

2.5 Registered Agent and Office. The registered agent of the Company shall be Corporation Service Company and the registered office of the Company shall be located at 222 Jefferson Boulevard, Suite 200, Warwick, Rhode Island 02888. The registered office or the registered agent, or both, may be changed by the Manager from time to time upon filing the statement required by the Act. The Company shall maintain at its registered office such records, if any, as may be specified by the Act.

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

2.7 Appointment of Manager. The day-to-day operation of the business of the Company shall be managed by the Manager in accordance with the terms of this Agreement and the Management Agreement, subject to the ultimate authority and control of the Board of Directors as provided herein. The Manager shall be Prospect or an Affiliate of Prospect.

2.8 Operation Through Company Subsidiaries. The parties agree and acknowledge that the business of the Company may be conducted both directly by the Company and through the Company Subsidiaries. Any such Company Subsidiary shall be operated in accordance with the terms of this Agreement and no actions may be taken through a Company Subsidiary that could not otherwise be taken by the Company. Unless otherwise determined by the Board, each Company Subsidiary: (i) shall be a limited liability company having the Company as its sole member; and (ii) shall be member-managed such that all governance and management authority resides in the Company as the sole member thereof. All rights and authority reserved hereunder to the Company's Board with respect to the Company's own assets and operations shall extend fully to each Company Subsidiary, as though owned or undertaken directly by the Company. Similarly, the rights and obligations of the Manager set forth herein with respect to the Company's own assets and operations shall apply fully to each Company Subsidiary, as though owned or undertaken directly by the Company.

III. PURPOSES AND POWERS, NATURE OF THE COMPANY'S BUSINESS, OPERATING COMMITMENTS

3.1 Purposes.

The purposes of the Company are: (i) to provide and promote the growth of health care services in the greater Providence, Rhode Island metropolitan service area (including charitable care and community health services); (ii) to provide efficient and cost-effective rendering of health care services for the benefit of health care consumers in the greater Providence, Rhode Island metropolitan service area; (iii) to provide quality medical care at competitive charges; (iv) to provide consumers of health care choice in providers of care; (v) to own, manage, operate, lease or take any other action in connection with operating the Hospitals and other health care related services and businesses; (vi) to acquire (through asset acquisition, stock acquisition, lease or otherwise) and develop other property, both real and personal, in connection with providing health care related services, including, without limitation, general acute care hospitals, specialty care hospitals, diagnostic imaging centers, ambulatory surgery centers, nursing homes, clinics, home health care agencies, psychiatric facilities and other health care providers; (vii) to deploy ambulatory locations of care; (viii) to recruit and integrate physicians; (ix) to institute safety and quality improvement initiatives; and (x) generally to engage in such other business and activities and to do any and all other acts and things that the Board of Directors deems necessary, appropriate or advisable from time to time in furtherance of the purposes of the Company as set forth in this Section 3.1.

Notwithstanding the foregoing, and notwithstanding any other provision of this Agreement, insofar as the purposes set forth above implicate both (i) CCHP's charitable purposes of serving the healthcare needs of the local area, and (ii) the Prospect Member's profit-making objectives, in the event that any aspect of the Company's activities and operations results in a direct conflict between such charitable purposes and such profit-making objectives, charitable purposes shall prevail in determining the Company's handling of such matter. In the event that CCHP invokes the foregoing provision as the basis for its objection to any aspect of the Company's activities and operations, the parties shall attempt in good faith to resolve the matter through meetings between the senior management of CCHP and Prospect over a period of not less than sixty (60) days. If, as of the conclusion of such discussion period, the matter remains unresolved to CCHP's satisfaction, CCHP may in its sole discretion submit the matter to non-binding mediation pursuant to Section 17.4(a)(ii) below. If, as of the conclusion of such mediation, the matter remains unresolved to CCHP's satisfaction, CCHP may in its sole discretion submit the matter to binding arbitration pursuant to Section 17.4(a)(iii) below; provided, however, that in such event, the Prospect Member shall have the option to purchase CCHP's Units in the Company pursuant to the process set forth in Section 14.4 below.

3.2 Nature of the Business.

(a) In furtherance of the purposes of the Company described in Section 3.1, the Board of Directors and the Manager shall conduct the business and operations of the Company and the Company Subsidiaries by, among other things: (i) accepting all Medicare and Medicaid patients; (ii) accepting all patients in an emergency condition in the emergency room without regard to source of payment or the ability of such emergency patients to pay; (iii) maintaining an open medical staff; (iv) providing public health programs of educational benefit to the community; (v) generally promoting the health, wellness and welfare of the community by providing quality health care at a reasonable cost; and (vi) providing indigent care in the manner described in Section 13.14 of the Purchase Agreement (collectively, the "Standards").

(b) The Company shall operate its business and that of the Company Subsidiaries in such a manner so that: (i) the financial results of the Company and the Company Subsidiaries can be consolidated with those of Prospect; (ii) the assets of and equity interests held by the Prospect Member in the Company and the equity interests in the Company Subsidiaries can be pledged as collateral security to (or otherwise serve as collateral for) Prospect's lenders and noteholders; (iii) CCHP can continue its tax-exempt status; and (iv) allocations of the Company's income and loss to CCHP are exempt from federal income taxation (*i.e.*, are treated as other than unrelated business taxable income under Code Sections 511-514).

(c) Notwithstanding Subsection 3.2(b)(iii) above, in the event that CCHP's tax-exempt status is jeopardized due to its ownership interest and/or involvement in the Company (as set forth in a written legal opinion of CCHP's experienced healthcare counsel, a copy of which shall be provided to the Prospect Member), or any of Prospect's lenders attempts to foreclose on the assets of the Company or any Company Subsidiaries, then if the Members cannot mutually agree on an acceptable resolution, CCHP shall have the option to sell its Units in the Company to the Prospect Member pursuant to the process set forth in Section 14.5 below.

3.3 Powers. Subject to the limitations contained in this Agreement and in the Act, the Company purposes and nature of the business as defined in Sections 3.1 and 3.2 (collectively, the "Company Purposes") may be accomplished by the Manager or the Board of Directors taking any action permitted under this Agreement that is customary or reasonably related to accomplishing such Company Purposes.

3.4 Conflicts of Interest Policy. The Board of Directors and the Manager shall cause the Company to adopt and maintain the policy concerning conflicts of interest attached as Exhibit C hereto (or any new and/or amended conflicts policies or practices hereafter adopted by the Board of Directors).

3.5 Conduct of Operations. The Company shall conduct its activities and those of the Company Subsidiaries consistent with the operating commitments set forth in Sections 13.13 through 13.17 of the Purchase Agreement, and in a manner that materially complies with all applicable Law.

IV. CAPITAL CONTRIBUTIONS, LOANS, CAPITAL ACCOUNTS.

4.1 Capital Contributions. The interests of the Members shall be divided into Units. Each of the Members and other Persons who may, from time to time, become Members has contributed to the capital of the Company the amount listed on Exhibit B attached hereto, as the same may be amended from time to time pursuant to Section 17.11 to reflect the admission of new Members, transfers and other appropriate revisions to the information set forth therein. Each of the Members has been issued the number of Units listed on Exhibit B.

4.2 Additional Capital Contributions.

(a) The Company and the Company Subsidiaries shall fund additional capital expenditures related to the Hospitals and their facilities in an annual amount of at least $10,000,000 per year, or such greater amount as Approved by the Board.

(b) The Prospect Member hereby commits to make additional Capital Contributions to the Company in an aggregate amount of the Long-Term Capital Commitment, to be made within four (4) years of the date of this Agreement at such times and in such increments as the Board of Directors causes the Manager to request. With respect to each request for a Capital Contribution from the Prospect Member pursuant to the Long-Term Capital Commitment: (i) such request shall be supported by a return-on-investment calculation or a material needs assessment (in each case, acceptable to both Members); and (ii) the Capital Contributions shall neither reduce CCHP's interest or Units in the Company nor increase the Prospect Member's interest or Units in the Company. Subject to the foregoing, and except as otherwise provided in Sections 4.2(c) and (d) below, the Company shall cause the Long-Term Capital Commitment to be used by the Company or the Company Subsidiaries on (x) the development and implementation of physician engagement strategies, and (y) projects related to facilities and equipment ("Capital Projects"). Capital Projects currently identified include the following: expansion of the cancer center at Roger Williams; expanding the emergency department at Roger Williams; renovating and/or reconfiguring the emergency department at Fatima Hospital; renovating the operating rooms at Roger Williams; converting all patient rooms

to private rooms at the Hospitals; renovating and expanding the ambulatory care center at Fatima Hospital; installing new windows at the Hospitals; installing a new generator at Fatima Hospital; providing a face lift for the facades at the Hospitals; and constructing handicap access at the front entrances of the Hospitals (with the specific Capital Projects to be funded as determined by the Board).

(c) Notwithstanding Section 4.2(b) above:

(i) In the event that, during the period between execution of the Purchase Agreement and the date hereof, Prospect or a Prospect Affiliate has advanced to CCHP any amounts pursuant to that certain Interim Management Advisory Agreement between Prospect and CCHP entered into concurrently with the Purchase Agreement, as of the date hereof, such amounts shall be treated as partial satisfaction of the Long-Term Capital Commitment;

(ii) In the event that, during the period commencing as of the date hereof and continuing for a period of up to three (3) months following the effective date hereof, the Company (including the Company Subsidiaries, for purposes of this Section 4.2(c)) requires cash to fund operations and the Prospect Member determines to provide such cash, then: (x) such amount shall not exceed Ten Million Dollars ($10,000,000); (y) the aggregate amount of cash provided by the Prospect Member (the "Initial Working Capital Amount") shall be treated as partial satisfaction of the Long-Term Capital Commitment; and (z) for a period of up to four (4) years after the effective date hereof, if and as the Company and the Company Subsidiaries accrue excess cash beyond their collective budgeted operating and capital needs, including Reserves, such excess cash, in an amount (to the extent of such excess cash) equal to the amount of the Initial Working Capital Amount, shall be made available to be used for Capital Projects described in Section 4.2(b) above (and subject to the process and requirements therein). The foregoing shall be in addition to the annual commitment of the Company and the Company Subsidiaries to fund Capital Projects set forth in Section 4.2(a) above. The Company shall periodically report to the Board amounts provided by the Prospect Member which are included in the Initial Working Capital Amount, and the subsequent use of excess cash by the Company and the Company Subsidiaries for other Capital Projects as described in subpart (z) above; and

(iii) With respect to that certain capital lease obligation entered into by and between Roger Williams and Philips Medical dated December 27, 2012, with respect to Sellers' cardiac catheterization laboratory, which capital lease obligation is being assumed by the Company as of the effective date hereof pursuant to the Purchase Agreement, the long-term portion of such lease as of the date of the Purchase Agreement (*i.e.*, $558,288), shall be treated as partial satisfaction of the Long-Term Capital Commitment.

(d) Outside of the circumstances contemplated by Section 4.2(c) above, if funds are required for any expenditure of the Company (including the Company Subsidiaries, for purposes of this Section 4.2(d)) necessary for the operation of the Company and/or any expansion of the Company as Approved by the Board, the Company shall seek such funds from sources in the following order of priority: (A) cash generated by the operations of the Company and the Company Subsidiaries; (B) from the Prospect Member pursuant to the Prospect Member's Long-Term Capital Commitment; (C) commercial loans from third parties on

mutually agreeable terms (and in compliance with the Indenture, the Credit Agreement and any other debt agreements of Prospect or an applicable Prospect Affiliate); (D) loans from Prospect or any Prospect Affiliate to the extent available at market rates and on mutually agreeable terms (and in compliance with the Indenture, the Credit Agreement and any other debt agreements of Prospect or such Prospect Affiliate); and (E) if the Company has made commercially reasonable efforts to obtain the needed funds as set forth above and has been unable to obtain such funds and the Prospect Member's Long-Term Capital Commitment has been fully satisfied, the Manager, with Approval of the Board, shall have the right to request that the Members make additional Capital Contributions pro rata in accordance with each Member's Sharing Percentage ("Additional Capital Contributions").

(e) Subject to (d) above, if the Manager, as Approved by the Board, makes a request to the Members for an Additional Capital Contribution, no Member shall be required to make such Additional Capital Contribution, provided that if any Member elects not to make a portion or all of the Additional Capital Contribution (a "Noncontributing Member"), the other Members (the "Contributing Members") shall have the right, but not the obligation, to contribute to the Company the amount of cash that the Noncontributing Member or Members failed to contribute. The Members shall have thirty (30) days after the Manager's request in which to elect to make or not make such Additional Capital Contributions. Effective as the end of such thirty (30)-day period, if some but not all of the Members make such Additional Capital Contributions, then the Members' Sharing Percentages shall be adjusted as follows (and a pro rata adjustment shall also be made to each Member's Units): Each Member's Sharing Percentage thereafter shall be equal to a fraction (converted to a percentage), the numerator of which is the amount of such Member's (including its predecessors in interest) Adjusted Capital Contributions (including the Additional Capital Contributions just made by such Member, if any) and the denominator of which is the aggregate amount of all Members' (including their predecessors in interest) Adjusted Capital Contributions (including the Additional Capital Contributions just made); provided that no change in Sharing Percentages shall occur by reason of the Prospect Member's Long-Term Capital Commitment; and provided further that in no event may the Sharing Percentage of CCHP be diluted to less than five percent (5%), and if CCHP's Sharing Percentage equals 5%, then any additional amounts contributed by the Prospect Member shall be treated as loans from the Prospect Member to the Company. The number of Units held by each Member shall be adjusted automatically to reflect any change in the Members' Sharing Percentages under this Section 4.2(e). No person other than a Member or Manager of the Company may enforce any provision of this Agreement relating to the payment of additional capital.

4.3 Capital Accounts. A capital account ("Capital Account") shall be established and maintained for each Member for the full term of this Agreement in accordance with the capital account maintenance rules of Section 1.704-1(b)(2)(iv) of the Regulations. The initial Capital Accounts of the Members are set forth on Exhibit B attached hereto. Each Member shall have only one Capital Account, regardless of the number or classes of Units or other interests in the Company owned by such Member and regardless of the time or manner in which such Units or other interests were acquired by such Member. Pursuant to the basic capital account maintenance rules of Section 1.704-1(b)(2)(iv) of the Regulations, the balance of each Member's Capital Account shall be:

(a) Increased by the amount of money contributed by such Member (or such Member's predecessor in interest) to the capital of the Company pursuant to this Article IV and decreased by the amount of money distributed to such Member (or such Member's predecessor in interest) pursuant to Articles VI and XVI hereof;

(b) Increased by the fair market value of each property (determined without regard to Section 7701(g) of the Code) contributed by such Member (or such Member's predecessor in interest) to the capital of the Company pursuant to this Article IV (net of all liabilities secured by such property that the Company is considered to assume or take subject to under Section 752 of the Code) and decreased by the fair market value of each property (determined without regard to Section 7701(g) of the Code) distributed to such Member (or such Member's predecessor in interest) by the Company pursuant to Article VI or XVI hereof (net of all liabilities secured by such property that such Member is considered to assume or take subject to under Section 752 of the Code);

(c) Increased by the amount of each item of Company profit allocated to such Member (or such Member's predecessor in interest) pursuant to Section 3.1 of Exhibit A hereto;

(d) Decreased by the amount of each item of Company loss allocated to such Member (or such Member's predecessor in interest) pursuant to Section 3.1 of Exhibit A hereto;

(e) Otherwise adjusted as follows:

(i) Effective immediately prior to any "Revaluation Event" (as defined in Exhibit A hereto), the balances of all Members' Capital Accounts shall be adjusted to reflect the manner in which items of profit or loss, as computed for book purposes, equal to the "Unrealized Book Gain Or Loss" (as defined in Exhibit A hereto) then existing with respect to each Company property (to the extent not previously reflected in the Members' Capital Accounts) would be allocated among the Members pursuant to Section 3.1 of Exhibit A hereto if there were a taxable disposition of such property immediately prior to such Revaluation Event, for its fair market value (as determined by the Manager taking into account Section 7701(g) of the Code);

(ii) With respect to items of Company profit and loss, the balances of all the Members' Capital Accounts shall be adjusted solely for allocations of such items, as computed for book purposes, under Section 3.1 of Exhibit A hereto and shall not be adjusted for allocations of correlative Tax Items under Section 3.2 of Exhibit A hereto;

(iii) Immediately before giving effect under Section 4.3(b) hereof to any adjustment attributable to the distribution of property to a Member, the balances of all the Members' Capital Accounts first shall be adjusted to reflect the manner in which items of profit or loss, as computed for book purposes, equal to the Unrealized Book Gain Or Loss existing with respect to the distributed property (to the extent not previously reflected in the Members' Capital Accounts) would be allocated among the Members pursuant to Section 3.1 of Exhibit A hereto if there were a taxable disposition of such property on the date of such distribution by the Company for its fair market value at the time of such distribution (as agreed to in writing by the Members) taking Section

7701(g) of the Code into account (i.e., such value shall not be agreed to be less than the amount of Nonrecourse Liabilities to which such property is subject); and

(f) Upon the transfer of all or part of any Unit or other interest in the Company, the Capital Account of the transferor Member, to the extent attributable to the transferred interest, shall carry over to the transferee Member; provided, however, if the transfer causes the termination of the Company for federal income tax purposes under Section 708(b)(1)(B) of the Code, the Capital Account that carries over to the transferee Member shall be subject to adjustment in accordance with Section 4.3(e)(i) hereof in connection with the resulting constructive liquidation of the Company for federal income tax purpose.

4.4 Additional Provisions Regarding Capital Amounts.

(a) If, with the prior Approval of the Board, a Member pays any Company indebtedness or forgives any Company indebtedness owing to such Member, such payment or forgiveness shall be treated as a cash contribution by that Member to the capital of the Company, and the Capital Account of such Member shall be increased by the amount so paid or forgiven by such Member. No Member may, without the prior Approval of the Board, increase its Capital Account by paying any Company indebtedness or by forgiving any Company indebtedness owing to such Member.

(b) Except as otherwise provided herein, no Member may contribute capital to, or withdraw capital from, the Company. To the extent any monies that any Member is entitled to receive pursuant to the Agreement would constitute a return of capital, each of the Members consents to the withdrawal of such capital.

(c) A loan by a Member to the Company shall not be considered a contribution of money to the capital of the Company, and the balance of such Member's Capital Account shall not be increased by the amount so loaned. No repayment of principal or interest on any such loan, reimbursement made to a Member with respect to advances or other payments made by such Member on behalf of the Company, or payments of fees to a Member that are made by the Company shall be considered a return of capital or in any manner affect the balance of such Member's Capital Account.

(d) No Member with a deficit balance in its Capital Account shall have any obligation to the Company or any other Member to restore such deficit balance. In addition, no venturer or partner in any Member shall have any liability to the Company or any other Member for any deficit balance in such venturer's or partner's capital account in the Member in which it is a partner or venturer. Furthermore, a deficit Capital Account balance of a Member (or a capital account of a partner or venturer in a Member) shall not be deemed to be a liability of such Member (or of such venturer or partner in such Member) or a Company asset or property. The provisions of this Section 4.4(d) shall not affect any Member's obligation to make Capital Contributions to the Company that are required to be made by such Member pursuant to this Agreement.

(e) Except as otherwise provided herein, no interest shall be paid on any capital contributed to the Company or the balance in any Member's Capital Account.

(f) All of the provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with the Regulations. If the Board of Directors determines that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities that are secured by contributed or distributed property or that are assumed by the Company or any of the Members) are computed in order to comply with the Regulations, the Board of Directors may make such modifications, provided that such modifications are not likely to have a material effect on the amounts distributable to any Member from the Company. The Board of Directors shall also make appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Section 1.704-1(b) of the Regulations.

4.5 Loans. The Company may borrow money from, among others, any Member on such terms and conditions as shall be Approved by the Board of Directors and such Member; provided, however, such terms and conditions shall be no less favorable to the Company than the terms and conditions that could be obtained by the Company in an arm's length transaction from an independent third-party. If any Member makes any loan or loans to the Company, the amount of any such loan shall not be treated as a contribution to the capital of the Company, but shall be a debt due from the Company. Any Member's loan to the Company shall, as determined by the Board of Directors, be repayable out of the Company's excess cash, prior to any distribution of Distributable Cash. None of the Members nor any of their Affiliates shall be obligated to loan money to the Company.

V. ALLOCATIONS OF INCOME AND LOSSES.

All items of income or loss of the Company shall be allocated to the Members in accordance with the provisions of Exhibit A attached hereto, which is hereby incorporated by reference for all purposes of this Agreement or as otherwise provided in this Agreement.

VI. DISTRIBUTIONS.

6.1 Distribution of Distributable Cash. Except as may be otherwise provided in Section 6.5 hereof, or as may otherwise be prohibited or required by applicable Law, the Board of Directors in its discretion shall cause the Company to distribute Distributable Cash to the extent available to the Members from time to time, pro rata in accordance with their respective Sharing Percentages. The policy of the Company shall be to distribute Distributable Cash to the extent the Board of Directors deems such distributions advisable.

6.2 Compensation or Reimbursement to the Manager. Authorized amounts payable as compensation or reimbursement to the Manager or to any Person other than in its capacity as a Member, such as for services rendered, goods purchased or money borrowed, shall not be treated as a distribution for purposes of Section 6.1 hereof.

6.3 Amounts Withheld. All amounts withheld pursuant to the Code or any provision of any state or local tax Law with respect to any payment of taxes of Members or distribution to the Members shall be treated as amounts distributed to the Members pursuant to this Article VI for all purposes under this Agreement.

6.4 Distributions in Kind. No Member shall have the right to demand or receive distributions of property other than cash. Except as provided in Article XVI hereof, distributions in kind of Company property shall be made only with the Approval of the Board of Directors and only at a value Approved by the Board of Directors. Prior to any such distribution in kind, the difference between such agreed value and the book value of such property shall be credited or charged, as the case may be, to the Members' (or assignees') Capital Accounts in proportion to their Sharing Percentages. Upon the distribution of such Property, such agreed value shall be charged to the Capital Accounts of the Members (or assignees) receiving such distribution.

6.5 No Restrictions on Distributions. The foregoing provisions of this Article VI to the contrary notwithstanding, no distribution of Distributable Cash shall be declared by the Board of Directors or paid by the Company if and for so long as such distribution would violate any contract or agreement to which the Company, the Prospect Member or any Prospect Affiliate is then a party or any Law or directive of any governmental authority then applicable to the Company. Further, notwithstanding anything to the contrary in this Agreement, nothing in this Agreement shall encumber or restrict the Company's ability to make distributions, pay indebtedness or other obligations, make loans or advances, grant liens or transfer property or assets in compliance with, or as required by, the Indenture, Credit Agreement or other documents governing indebtedness of Prospect or a Prospect Affiliate.

VII. BOOKS OF ACCOUNT, TAX COMPLIANCE, FISCAL YEAR.

7.1 Books and Records. The Company, whether through the Manager or otherwise, shall keep books of account and records relative to the business of the Company and the Company Subsidiaries. The books shall be prepared in accordance with "generally accepted accounting principles" using the accrual method of accounting. The accrual method of accounting shall also be used by the Company for income tax purposes. The Company shall also maintain books and records as required by Section 4.3 hereof and Exhibit A hereof. The Company's books and records shall at all times be maintained at the principal business office of the Company (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 regular business hours. The books and records shall be preserved for four (4) years after the term of the Company ends.

7.2 Determination of Profit and 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 Company fiscal year. Within one hundred eighty (180) days after the end of each Company fiscal year, the Manager shall cause to be prepared, at the Company's expense, audited financial statements of the Company and the Company Subsidiaries for the preceding fiscal year, including without limitation, a balance sheet, profit and loss statement, statement of cash flows and statement of the balances in the Members' Capital Accounts, prepared accordance with the terms of this Agreement and generally accepted accounting principles consistently applied with prior periods. The Manager shall also cause to be prepared, at Company expense, within ninety (90) days after the end of each Company fiscal year, unaudited financial statements meeting the preceding specifications. These financial statements shall be available for inspection and copying during ordinary business hours at the reasonable request of any Member, and will be furnished to any

other Member upon written request therefor. Any Member may obtain, at such Member's expense, such other reports on the operations and condition of the Company and the Company Subsidiaries as such Member may reasonably request.

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 Members intend for each Company Subsidiary to be treated as a disregarded entity for tax purposes, but not for any other purposes. The Company shall prepare or cause to be prepared all federal, state and local income and other tax returns that the Company is required to file and shall furnish such returns to the Members, together with a copy of each Member's Form K-1 and any other information that any Member may reasonably request relating to such returns, within the time required by Law (including any applicable extension periods available under the Code).

7.4 Tax Audits. The Prospect Member shall be the "tax matters partner" of the Company under Section 6231(a)(7) of the Code. The Prospect Member shall inform the Members of all matters that come to its attention in its capacity as tax matters partner by giving the Members notice thereof within ten (10) days after becoming so informed. The Prospect Member shall not take any action contemplated by Sections 6222 through 6232 of the Code unless the Prospect Member has first given the Members notice. This provision is not intended to authorize the Prospect Member to take any action that is left to the determination of the individual Members under Sections 6222 through 6232 of the Code.

7.5 Fiscal Year. The fiscal year of the Company and each Company Subsidiary shall be the twelve (12) month period commencing on October 1st and ending on September 30th.

VIII. DUTIES OF AND LIMITATIONS ON THE MANAGER.

8.1 Duties of the Manager. Except as otherwise set forth in the Act, the Articles or this Agreement, the Board of Directors shall have overall oversight and ultimate authority over the affairs of the Company and the Company Subsidiaries. Subject to this general principle, and subject to the limitations imposed upon the Manager in this Agreement (including, without limitation, Section 8.3 hereof) and in the Management Agreement, and to the fiduciary obligations and limitations imposed upon it at law (to the extent not modified herein or in the Articles) and by general principles of equity, and subject to Article III above, the Manager shall manage the day-to-day operations of the Company and the Company Subsidiaries and act on behalf of the Company and the Company Subsidiaries pursuant to and in accordance with the terms of this Agreement and the Management Agreement, and in material compliance with applicable Law.

8.2 Rights to Rely on the Manager. No Person or governmental body dealing with the Company or any Company Subsidiary shall be required to, inquire into, or to obtain any other documentation as to, the authority of the Manager to take any action permitted under Section 8.1 hereof. Furthermore, any Person or governmental body dealing with the Company or any Company Subsidiary may rely upon a certificate signed by the Manager as to the following:

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

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

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

(d) Any act or failure to act by the Company or a Company Subsidiary on any other matter whatsoever involving the Company, any Member thereof, or a Company Subsidiary.

8.3 Specific Limitations on the Manager. Notwithstanding anything to the contrary in the Management Agreement, this Agreement, the Act or the Articles, each of the following actions shall require Approval of the Board:

(a) Adopting any new and/or modified purposes, mission and values statement for the Company or any Company Subsidiary;

(b) Development and approval of a strategic plan for the Company (including the Company Subsidiaries), including any and all strategic initiatives and objectives;

(c) Approving the annual operating and capital budgets of the Company (including the Company Subsidiaries), which shall be consistent with the Company's strategic plan;

(d) Changing the charity care policy of the Company and the Company Subsidiaries, and overseeing the record of its implementation;

(e) Approving the appointment of the Chief Executive Officer of the Company recommended by the Manager;

(f) Approving the Manager's recommendation to terminate the employment of the Chief Executive Officer of the Company at any time prior to the second (2nd) anniversary of the date of this Agreement;

(g) Appointing individuals to serve on the Local Boards of the Hospitals (as per Section 12.4 below);

(h) Approving Medical Staff credentialing, other Medical Staff related decisions, and quality assurance and accreditation matters, all as per recommendations of the Local Boards of the Hospitals (subject to Section 12.4 below);

(i) Approving the process for managing conflicts among leadership groups at the Hospitals;

(j) Approving any reduction in Essential Services at either Hospital, if and as provided in Section 13.15 of the Purchase Agreement;

(k) Approving any change in the medical staff bylaws and structure of the Hospitals, if and as provided in Section 13.17 of the Purchase Agreement;

(l) Approving any change of a Hospital's name;

(m) Requests for the Prospect Member to make an additional Capital Contribution to the Company in connection with its Long-Term Capital Commitment, as provided in Section 4.2(b) above;

(n) Requests for the Members to make Additional Capital Contributions to the Company, as provided in Section 4.2(e) above;

(o) Decisions to make Certificate of Need Filings or reverse Certificate of Need Filings;

(p) Entering into a contract to incur an obligation to repay borrowed money; provided that Approval of the Board is not required for the Manager to cause the Company to borrow funds up to the Borrowing Limit;

(q) Electing to distribute or not distribute the Distributable Cash;

(r) Entering into or modifying any agreement, arrangement or business dealings between the Company (and/or any Company Subsidiary) and the Prospect Member or any Prospect Affiliate; provided, however, that such action shall require the approval of only the Category A Directors;

(s) Admitting any additional Members or issuing additional Units, except in accordance with the provisions of Article XIII hereof;

(t) Recognizing the transfer of a Member's interest in the Company, unless such transfer is in compliance with the provisions of Article XIII hereof;

(u) Acquiring or disposing of any health care related facility and its related assets in a single transaction or series of related transactions;

(v) Engaging in any merger, consolidation, share exchange or reorganization of the Company or any Company Subsidiary, or sale of all or substantially all of the assets of the Company or any Company Subsidiary;

(w) Amendments to the Articles, this Agreement and other governing documents of the Company (except as otherwise expressly provided in Section 17.11 below or where required by Law); and

(x) Approving a decision to dissolve or liquidate the Company or any Company Subsidiary.

8.4 Management Obligations of the Manager. Subject to the terms and conditions of the Management Agreement, the Manager shall devote such time to the Company and the

Company Subsidiaries as may be necessary to fulfill the Company Purposes, and manage and supervise the business and affairs of the Company and the Company Subsidiaries. Nothing in this Agreement shall preclude the Manager, at the expense of the Company, from contracting with or employing any Affiliate of a Member or a third party to provide management or other services to the Company or a Company Subsidiary, subject to Section 8.3(r) above.

8.5 Compensation of the Manager. As its sole compensation and consideration for the performance of its duties and responsibilities as Manager, the Manager (or an Affiliate thereof) shall be entitled to receive a management fee as set forth in the Management Agreement.

8.6 Independent Activities. The Manager and any of its Affiliates may engage in or possess interests in other business ventures of every nature and description, independently, and with others, whether such activities are competitive with the Company (including any Company Subsidiary, for purposes of this Section 8.6) or otherwise, subject to Section 10.3 below. The Members and any of their Affiliates may engage in or possess interests in other business ventures of every nature and description, independently and with others, whether such activities are competitive with the Company or otherwise, without having or incurring any obligation to offer any interest in such activities to the Company or any Member. The foregoing, however, does not relieve CCHP and its Affiliates from any restrictions set forth in the Purchase Agreement.

8.7 Prospect Debt Documents. Each of the Members acknowledges and agrees that, in connection with the formation of the Company and the consummation of the transactions contemplated by the Purchase Agreement, the Company and each Company Subsidiary shall (a) become a "Restricted Subsidiary" and a "Subsidiary Guarantor" in accordance with the terms of the Indenture and a "Guarantor" in accordance with the terms of the Credit Agreement and (b) grant a security interest in its assets to the Collateral Trustee (as defined in the Indenture and the Credit Agreement) to the extent required under the Indenture, the Credit Agreement or other indebtedness of Prospect or a Prospect Affiliate. From time to time from and after the date of this Agreement, without the further consent of any Member, the Manager shall be authorized to execute and deliver such documents, and take such other actions, in the name and on behalf of the Company and the Company Subsidiaries as may be reasonably necessary to cause the Company and each Company Subsidiary to continue as or become a Restricted Subsidiary, a Subsidiary Guarantor and a Guarantor (or similar terms), including, without limitation, in the event of any amendment, restatement, supplement, renewal, replacement, increase, extension or refinancing of the Indenture or the Credit Agreement or the incurrence of any other indebtedness of Prospect or a Prospect Affiliate. CCHP shall reasonably cooperate with the Manager, and shall execute and deliver such documents and take such other actions as may be reasonably requested by the Manager, to give effect to the foregoing.

IX. RIGHTS AND STATUS OF MEMBERS.

9.1 General. Except to the extent expressly otherwise required by the Act or provided in this Agreement, the Members shall not take part in the management or control of the business of the Company or the Company Subsidiaries, such powers being vested exclusively in the Board of Directors and the Manager as provided herein.

9.2 Limitation of Liability. No Member shall have any personal liability whatever, solely by reason of its status as a Member of the Company, whether to the Company, the Company Subsidiaries, the Manager, another Member or any creditor of the Company, for the debts of the Company or the Company Subsidiaries or any of their collective losses beyond the amount of the Member's obligation to contribute its Capital Contribution to the Company; provided, however, the foregoing shall not limit or affect obligations undertaken and/or liabilities incurred by a Member pursuant to the Purchase Agreement.

X. SPECIAL COVENANTS OF THE MEMBERS.

10.1 Compliance with Debt Covenants. The Company and the Company Subsidiaries shall comply with, and take no action (or inaction) inconsistent with, the covenants, restrictions and requirements of the Indenture, Credit Agreement or other indebtedness of Prospect or a Prospect Affiliate.

10.2 AOB Ratio. At all times the Company will maintain, and will cause the Company Subsidiaries (as applicable) to maintain, a full-time equivalent to adjusted occupied bed ratio consistent with prevailing industry best practice.

10.3 Pursuit of Health Care Opportunities in Rhode Island. If either Member or any Affiliate of a Member desires to purchase, invest in, own (in whole or in part), lend funds to, manage, consult for, or in any other manner participate with, a health care service, facility or related business in Rhode Island (a "Health Care Opportunity"), then such Member or its Affiliate (the "Proposing Party") shall first provide written notice of such Health Care Opportunity to the other Member (the "Non-Proposing Party"), containing all material terms, including the total amount of funds needed to pursue the Health Care Opportunity, purchase price, capital commitment, amount to be loaned and working capital requirements (collectively, the "Required Investment Amount"). The Non-Proposing Party shall have thirty (30) days thereafter to provide written notice (the "Opportunity Decision Notice") to the Proposing Party that either:

(a) The Health Care Opportunity should be pursued by the Company (either directly or through a Company Subsidiary), in which case: (i) the Non-Proposing Party must also agree in writing (in the same notice) to fund, through Additional Capital Contributions to the Company, its pro rata share of the Required Investment Amount; (ii) the Company (as opposed to the Proposing Party) shall proceed to pursue the Health Care Opportunity; and (iii) within twenty (20) days thereafter, the Members shall fund, through Additional Capital Contributions to the Company, their respective pro rata shares of the Required Investment Amount; or

(b) The Health Care Opportunity should not be pursued by the Company (either directly or through a Company Subsidiary), in which case the Proposing Member shall be free to pursue the Health Care Opportunity on its own or through another entity.

In the event the Non-Proposing Party fails to provide the Opportunity Decision Notice on a timely basis, the Proposing Member shall be free to pursue the Health Care Opportunity on its own or through another entity.

XI. MEETINGS OF MEMBERS AND MEANS OF VOTING.

11.1 Actions by the Members. The Members agree that all decisions regarding the Company and the Company Subsidiaries shall be made by the Manager or the Board of Directors, as described in Article VIII. If, notwithstanding the foregoing, the Members are required by the Act to vote on any Company matter (after due consideration of whether the Act's provisions have been effectively superseded by the express provisions set forth in this Agreement), then such vote shall be conducted in accordance with this Article XI.

11.2 Meetings of the Members. Meetings of the Members may be called by the Manager and shall be promptly called upon the written request of any one or more Members that own in the aggregate five percent (5%) or more of the aggregate Units in the Company. 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 ten (10), and not more than thirty (30), days prior to the date of the meeting. Members may vote in person at such meeting; notwithstanding the provisions of the Act, voting by proxy shall not be permitted.

Except as required by the express provisions of the Act, the requisite vote of the Members shall be the approval of Members holding at least a majority of the Units issued and outstanding at the time of the vote. Each Member's voting rights shall be the same as that Member's number of Units at the time of the vote. The presence of any Member at a meeting shall constitute a waiver of notice of the meeting with respect to such Member unless, such Member attends the meeting for the sole purpose of objecting to the holding of such meeting. 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.

11.3 [Intentionally omitted]

11.4 Conduct of Meeting. Each meeting of Members shall be conducted by the Chairman of the Board of Directors or by a Person appointed by the Board of Directors. The meeting shall be conducted pursuant to such rules (if any) as may be adopted by the Board of Directors or the Person appointed by the Board of Directors for the conduct of the meeting.

11.5 Action Without a Meeting. Notwithstanding anything to the contrary in this Agreement, any action that may be taken at a meeting of the Members may be taken without a meeting if there is a consent in writing signed by Members holding at least a majority of the Units, setting forth the action so taken. In the event any action is taken pursuant to this Section 11.5, it shall not be necessary to comply with any notice or timing requirements set forth in Section 11.2 hereof. Prompt written notice of the taking of action without a meeting shall be given to the Members who have not consented in writing to such action.

11.6 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 Manager 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 the first written consent is received by the Manager, shall be the record date for such determination.

XII. BOARD OF DIRECTORS.

12.1 Board of Directors. Effective for all purposes on the date of this Agreement, the Members shall form a board of directors of the Company (the "Board of Directors"), comprised of natural Persons (the "Directors" and each a "Director"), to have overall oversight and ultimate authority over the affairs of the Company and the Company Subsidiaries, to consider those matters pertaining to the business of the Company and the Company Subsidiaries for which Approval of the Board is required (see Section 8.3 above) or appropriate, and to oversee the activities of the Manager and the Local Boards (see Section 12.4) including: (i) evaluations of the CEO; (ii) strategic plans and operating and capital budgets; (iii) compliance with Joint Commission criteria; and (iv) fostering community relationships and opportunities.

The Board of Directors shall consist of eight (8) members, with four (4) Category A Directors (including at least one (1) physician) and four (4) Category B Directors; provided, however, that if CCHP's Sharing Percentage is reduced to 5%, then the Board of Directors shall consist of seven (7) members, with three (3) Category A Directors and four (4) Category B Directors, and CCHP shall submit to the Company the name of such Class A Director who shall resign and shall cause such Director to tender his or her resignation effective immediately (and if CCHP fails to do so within 5 days, then the Company by action of the Class B Directors in their sole and absolute discretion shall remove one Class A Director effective immediately upon written notice to CCHP). Each individual selected to serve on the Board of Directors shall serve for a term of one (1) to three (3) years, at the discretion of the Member that elected or appointed such individual, and thereafter until his successor is elected or appointed, unless he sooner resigns or is removed. A member of the Board of Directors may be removed at any time, with or without cause, by the Member that elected or appointed such director. The unexpired term of a removed director shall be filled by an individual appointed by the Member that appointed or elected the removed director. The Board of Directors shall elect annually the Chairman of the Board of Directors. The Chairman of the Board of Directors shall preside over all the meetings of the Board of Directors.

12.2 Manner of Exercise of Board of Directors' Authority. All actions or exercise of authority or responsibility of the Board hereunder shall be Approved by the Board. All responsibilities of the Board of Directors under this Agreement shall be exercised by the Board of Directors as a body and, accordingly: (i) no member of the Board of Directors, acting alone, shall have the authority to act on behalf of the Board of Directors; and (ii) except as otherwise expressly provided herein, neither Category of directors, by itself, shall have the authority to act on behalf of the Board of Directors. In no event shall the Board of Directors be deemed a manager under the Act or have the authority to act on behalf of, or to bind in any way, the Company or any Company Subsidiary. The actions of the Board of Directors shall be carried out by the Manager as provided for in this Agreement and the Management Agreement.

12.3 Meetings of the Board of Directors. The Board of Directors shall hold regular meetings on at least a quarterly basis, with at least one (1) meeting per year held in person (face-to-face). In addition, each member of the Board of Directors shall be available at all reasonable times to consult with other members of the Board of Directors on matters relating to the duties of the Board of Directors. Meetings of the Board of Directors shall be held at the call of the Manager, the Chairman of the Board of Directors, or any three (3) members of the Board of Directors requesting such meeting through such Chairman, upon not less than ten (10) business days' written or telephonic notice to the members of the Board of Directors, such notice specifying all matters to come before the Board of Directors for action at such meeting. The presence of any member of the Board of Directors at a meeting shall constitute a waiver of notice of the meeting with respect to such member unless such member attends the meeting for the sole purpose of objecting to the holding of such meeting. The members of the Board of Directors 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. No action taken shall be valid unless a Quorum, as defined in Section 1.6 above, exists. Members of the Board may vote in person at such meeting; voting by proxy shall not be permitted.

12.4 Local Boards. Effective for all purposes on the date of this Agreement, the Board of Directors shall form a Local Board for each Hospital (each such Board being referred to as a "Local Board"). The Board of Directors shall have the authority to appoint additional or replacement individuals to each of the Local Boards. The Local Boards shall be comprised of at least six (6) individuals, and 50% of each Local Board shall consist of physicians on the Hospital's medical staff, and the other 50% shall consist of the Hospital's local CEO and community representatives. Each individual selected to serve on the Local Board shall serve for a term of three (3) years and thereafter until his successor is elected or appointed, unless he sooner resigns or is removed. No individual may serve on a Local Board for more than three (3) consecutive full three (3)-year terms; such individual may again serve on a Local Board after an absence of at least two (2) years. Each Local Board shall meet on a regular basis and have the following responsibilities: (a) recommendations regarding medical staff credentialing, quality assurance and accreditation; (b) reviewing, and making recommendations with respect to, strategic and capital plans; (c) providing guidance and support on local market and community concerns, considerations, strategies, issues and politics; and (d) performing such other duties, and providing review and recommendations with respect to other matters, as requested by the Company's Board of Directors.

12.5 Board of Directors Deadlock.

(a) It is the intention of the Board of Directors to make a good faith effort to resolve Deadlocks (as defined below) between the Category A Directors and the Category B Directors; provided, however, that this provision shall apply only with respect to Deadlocks regarding decisions set forth in:

(i) Sections 8.3(f) through (m), and Sections (o) through (r);

(ii) Section 8.3(n), but only at such time after which the Long-Term Capital Commitment has been satisfied and only to the extent that the additional capital will be spent on projects that are supported by a return on investment calculation or a material needs assessment (including operational needs) with respect to the Company Subsidiaries in the State of Rhode Island; and

(iii) Section 8.3(u), in the case of transactions having an aggregate value of less than Seven Hundred Fifty Thousand Dollars ($750,000).

(b) For purposes of this Agreement, the term "Deadlock" shall mean the failure or inability to obtain on a timely basis the Approval of the Board with respect to any resolution or proposal that is reasonably necessary for the Company or a Company Subsidiary to continue to carry on its business activities or to comply with applicable Law, where such resolution or proposal has been approved by one Category of directors but not the other (accordingly, Deadlock may not occur if CCHP's interest is reduced to 5% and class voting no longer applies). In the event of any such Deadlock, the parties shall act in accordance with the following procedures:

(i) First, each category of Directors shall negotiate in good faith with the other category of Directors to try to settle any dispute for a period of thirty (30) days (which time period shall be reduced as may be necessary to address urgent and/or imminent circumstances, timeframes or deadlines). The Board of Directors shall meet at least once during such period (in person to the extent practicable) to attempt to resolve the dispute (beyond the meeting at which the deadlock became apparent).

(ii) In the event that by the end of the 30-day (or such lesser) period referred to in (i) above, the dispute is not settled pursuant to the procedures set forth in (i) above, then one designee from each of CCHP and Prospect shall meet (in person to the extent practicable, or via telephone) to attempt to resolve the dispute. If the dispute is still not resolved after such meeting and conferences, then the decision of the Category B Directors shall constitute the decision of the Board of Directors of the Company, notwithstanding any provision of this Agreement that specifically requires a majority vote of the Category A Directors or a majority vote of all Directors (and notwithstanding any other rights of the Category A Directors and CCHP hereunder).

(c) Notwithstanding the foregoing, in the event the Board of Directors should be Deadlocked with respect to the approval of an annual capital budget or an annual operating budget as described in Section 8.3(c) above, the Manager shall have the right, power and authority to make expenditures on behalf of the Company for budgeted items in amounts up to the following:

(i) With respect to each item of operating expense other than taxes and insurance, an amount equal to the amount set forth in the most recent annual operating budget that has received the Approval of the Board, increased by the percentage increase, if any, in the Consumer Price Index for the period beginning on the first day of the fiscal year to which the most recent annual budget approved by the Board

relates and ending on the first day of the fiscal year in which such expenditure is to be made;

(ii) With respect to each item relating to taxes and insurance, an amount equal to the amount of the actual expense incurred by the Company or a Company Subsidiary in respect of such item; and

(iii) With respect to each item of capital improvement or capital expenditure, an amount equal to the amount deemed reasonably necessary by the Manager to preserve the safety of the Hospitals, their patients and other occupants, to avoid the suspension of any services provided by the Hospitals or to preserve the accreditation of the Hospitals and their services.

Notwithstanding the foregoing, if any emergency involving manifest danger to life or property exists with respect to which expenditures are necessary for the preservation or safety of the Hospitals, for the safety of the patients and other occupants of the Hospitals, or to avoid the suspension of any necessary service to the Hospitals, such expenditures may be made by the Manager without the prior Approval of the Board. Any expenditure made by the manager in accordance with the authority granted by this section shall be deemed to have received Board approval for all purposes under this Agreement.

XIII. TRANSFER OF RIGHTS AND ADDITIONAL MEMBERS.

13.1 Transfers by Members. Except as otherwise set forth in this Article XIII, a Member may not sell, assign (by operation of Law or otherwise), transfer, pledge or hypothecate ("Transfer") all or any part of its interest in the Company (either directly or indirectly through the transfer of the power to control, or to direct or cause the direction of the management and policies of, such Member). If a transfer is otherwise permitted by this Article XIII, then a Member may sell its interest in the Company if each of the following conditions is satisfied:

(a) The sale, transfer or assignment is with respect to one or more Units;

(b) The Member and its transferee execute, acknowledge and deliver to the Manager such instruments of Transfer and assignment with respect to such transaction as are in form and substance satisfactory to the Manager;

(c) Unless waived in writing by the Manager, the Member delivers to the Manager an opinion of counsel satisfactory to the Manager covering such federal and state securities, healthcare (e.g., Medicare and DOH) and tax Laws and other aspects of the proposed Transfer as the Manager may reasonably request;

(d) The Member has furnished to the transferee a written statement showing the name and taxpayer identification number of the Company in such form and together with such other information as maybe required under Section 6050K of the Code and the Regulations thereunder; and

(e) The Member pays the Company a transfer fee that is sufficient to pay all reasonable expenses of the Company (which shall include any and all expenses of the Manager) in connection with such transaction.

13.2 Permitted Transfers.

(a) Notwithstanding the restriction in Section 13.1, the following Transfers are permitted and shall not be deemed to violate the restrictions contained in Section 13.1:

(i) Transfers pursuant to Article XIV; provided that the Prospect Member may not sell its Units pursuant to Article XIV for a period of five (5) years from the initial date of this Agreement;

(ii) Transfers by a Member to one or more of its Affiliates, or a Transfer by CCHP to CharterCARE Health Partners Foundation (f/k/a St. Joseph Health Services Foundation), with any such transferee automatically becoming a Substituted Member; and

(iii) pledges or hypothecations by the Prospect Member of its interest in the Company to a financial institution, lender or other party as collateral for loans or other indebtedness of Prospect or any Affiliate thereof, including, without limitation, pursuant to the Indenture, Credit Agreement or other indebtedness, and any Transfer occurring upon the enforcement of such pledges or hypothecations and other indebtedness.

(b) Notwithstanding anything to the contrary in this Agreement, any change in control or change in the ownership of (i) Prospect or the Prospect Member, or any other direct or indirect parent of the Company (including, without limitation, upon the exercise of remedies pursuant to the Indenture, Credit Agreement and other indebtedness) or (ii) the Company upon the exercise of remedies pursuant to the Indenture, Credit Agreement or other indebtedness shall not constitute a Transfer of an interest in the Company for purposes of this Agreement, such changes will not be subject to the provisions of Sections 14.2 and 14.3 and such changes are permitted without the consent of the Manager or any Member or any approval of the Board. Any change in control or change in the ownership of a Company Subsidiary upon the exercise of remedies pursuant to the Indenture, Credit Agreement or other indebtedness are permitted without the consent of the Manager or any Member or any approval of the Board.

Any Member who Transfers all or any portion of its interest in the Company shall promptly notify the Manager of such Transfer and shall furnish to the Manager 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.

13.3 Substituted Member. No Person taking or acquiring, by whatever means, the interest of any Member in the Company, except as provided in Section 13.2 hereof, shall be admitted as a Substituted Member without the Approval of the Board (which consent may be withheld in the Board's sole discretion), 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 Manager 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;

(c) Pays a transfer fee to the Company in an amount sufficient to cover all reasonable expenses (including legal fees) connected with the admission of such Person as a Substituted Member; and

(d) the requirements of Section 13.1 have been satisfied.

13.4 Additional Member. The Company may not issue Units to any Person who will be a new Member without the Approval of the Board.

13.5 Basis Adjustment. Upon the Transfer of all or part of an interest in the Company, the Manager may, in its reasonable 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 properties as provided by Sections 734 and 743 of the Code.

13.6 Invalid Transfer. No Transfer of an interest in the Company that is in violation of this Article XIII 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 Company interest or part thereof. The Company may enforce the provisions of this Article XIII, 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 XIII.

13.7 Distributions and Allocations in Respect of a Transferred Unit. If any Member Transfers any part of its interest in the Company during any accounting period in compliance with the provisions of this Article XIII, Company income, gain, deductions and losses attributable to such interest for the respective period shall be divided and allocated between the transferor and the transferee by taking into account their varying interests during the applicable accounting period in accordance with Section 706(d) of the Code. All Company distributions on or before the effective date of such Transfer shall be made to the transferor, and all Company distributions thereafter shall be made to the transferee. Solely for purposes of making Company tax allocations and distributions, the Company shall recognize a Transfer on the day following the day of Transfer. Neither the Company nor the Manager shall incur any liability for making Company allocations and distributions in accordance with the provisions of this Section 13.7, whether or not the Manager or the Company has knowledge of any Transfer of any interest in the Company or part thereof where the transferee is not admitted as a Substituted Member.

13.8 Additional Requirements of Admission to Company. The Manager shall not admit any Person as a Member if such admission would have the effect of causing the Company to be re-classified for federal income tax purposes as an association (taxable as a corporation under the

Code), or would violate any Medicare or other health care Law (assuming applicable notices, filings, etc.), or would violate applicable exemptions from securities registration and securities disclosure provisions under federal and state securities Laws.

13.9 Amendment to Exhibit B. The Manager shall amend Exhibit B attached to this Agreement from time to time to reflect the admission of any Substituted Members or Additional Members, or the termination of any Member's interest in the Company.

XIV. RIGHT TO LIQUIDATE OR PURCHASE COMPANY INTERESTS.

14.1 Right of First Offer. In the event that CCHP at any time wishes to Transfer any Units to any third party, CCHP shall give written notice to the Company and the Prospect Member of CCHP's intention to seek a purchaser for such Units (the "Offered Units"). The Prospect Member shall have until the thirtieth (30th) day following delivery of such notice to determine whether or not to submit an offer to purchase the Offered Units and to determine the terms and conditions of any such offer (the "Right of First Offer"). During such thirty (30)-day period, CCHP shall not Transfer the Offered Units. If an offer to purchase is made by the Prospect Member, CCHP may accept or reject such offer in its sole discretion, and in the latter case, the Transfer of Units by CCHP shall be further subject to compliance with the Right of First Refusal of the Prospect Member as set forth in Section 14.2 below.

14.2 Right of First Refusal. Subject to the restriction in Section 13.2(a)(i), if any Member (the "Selling Member") receives or obtains an offer from a third party (the "Offeror") to acquire in any manner all or any part of its Units in the Company (the "Interest"), which offer the Member intends to accept, the Member shall promptly notify the other Members in writing of the offer received, including the name of the Offeror, the number of whole or partial Units offered to be purchased, the proposed purchase price and the other terms and conditions of the offer. Such notice shall include a copy of the offer, which shall (i) be in writing; (ii) set forth with specificity all of the material terms and conditions of the offer; (iii) be made by a Person that is financially capable of completing such offer (and attaches documents supporting same); and (iv) provide for closing no later than one hundred eighty (180) days after the date on which such offer is received (the "Offer"). The other Member(s) shall have the right (the "Right of First Refusal") for a period of sixty (60) days from the day it receives notice of such Offer to purchase the Interest subject to the Offer on the same terms and conditions contained in the Offer, provided that for the purposes of this Agreement, any provisions in the Offer requiring payment of non-cash or non-promissory note consideration, any security therefore and any ancillary agreements shall be null, void and of no effect. The other Member(s) may exercise such Right of First Refusal by notifying the Selling Member prior to the end of the sixty (60)-day period of its intent to exercise such right. If the other Member(s) fails to exercise the Right of First Refusal or indicates in writing that it will not exercise the Right of First Refusal within the period provided, or if the other Member(s) exercises the Right of First Refusal but fails to effect the purchase within one hundred eighty (180) days thereafter, then the Selling Member may convey or dispose of the Interest, but only at the price, terms and conditions contained in the Offer, and only to the Offeror. If the Selling Member agrees to terms and conditions that are different in any material respects from those offered to the other Member(s), the other Member(s) shall again have the right to purchase the Selling Member's interest in the Company which is subject to the more favorable or different purchase terms in accordance with this Section 14.2 (under the timeframes

described above, as if a new Offer was provided). The other Member(s) may assign its rights under this Section 14.2 to the Company, in which event the Member's interest may be liquidated (rather than purchased) by the Company. The Member(s) and the Company shall not be liable or accountable to any Selling Member that attempts to transfer its interest in the Company for any loss, damage, expense, cost or liability resulting from the Member's exercise or failure to exercise the Right of First Refusal under this Section 14.2, delay in notifying the Selling Member of its intention not to exercise the Right of First Refusal, or its enforcement of the requirements of this Section 14.2 in the event that it elects not to exercise the Right of First Refusal. A Member's failure to exercise the Right of First Refusal or to indicate in writing that it is electing not to exercise the Right of First Refusal shall not be deemed a consent of the Member to allow any third party transferee to become a Substituted Member, such consent being controlled by the provisions of Sections 13.1 and 13.3 hereof.

14.3 Tag-Along Rights. If at any time after the fifth (5^{th}) anniversary of the date of this Agreement, a Selling Member that holds a Sharing Percentage greater than fifty percent (50%) gives the notice required by Section 14.2 hereof in connection with an Offer to acquire in any manner all or any part of such Selling Member's Units in the Company, and the other Member(s) does not exercise its Right of First Refusal (or assign such right to the Company) with respect to such Offer, the other Member shall have (in addition to its Right of First Refusal under Section 14.2 hereof) the right (the "Tag-Along Right") to require, as a condition to any sale or disposition to the Offeror, that the Offeror purchase from the other Member, at the same price and on the same terms and conditions as specified in the notice given pursuant to Section 14.2 hereof, the number of Units owned by the other Member multiplied by a fraction, the numerator of which is the number of Units proposed to be sold by the Selling Member and the denominator of which is the total number of Units owned by the Selling Member. Such other Member shall have the Tag-Along Right for a period of sixty (60) days from the day it receives the notice required by Section 14.2 hereof (which is the same 60-day period for purposes of exercising its Right of First Refusal), and in the event that a Member shall elect to exercise such Tag-Along Right, such Member shall communicate such election in writing to the Selling Member within such time period.

14.4 Prospect Member Call Option.

(a) Within 90 days following a determination by CCHP to submit a matter to binding arbitration pursuant to Section 3.1(b) above, the Prospect Member shall have the option to purchase from CCHP, and CCHP shall have the obligation to sell to the Prospect Member, all of the Units held by CCHP in exchange for a payment in cash of a purchase price equal to the Appraised Value of the Units (as per Section 14.6 below).

(b) Within the 90-day period referenced in Section 14.4(a) above, the Prospect Member shall give written notice to CCHP of its election to exercise the option to purchase all of CCHP's Units (the "Call Election Notice"). If Prospect fails to give a Call Election Notice within the applicable ninety (90)-day time limit, the option to purchase shall lapse. The closing of the purchase and sale of CCHP's Units to the Prospect Member shall be held at a mutually acceptable place on a mutually acceptable date not more than ninety (90) days after the date on which the Call Election Notice is received by CCHP; provided that such time period shall be extended if needed such that the closing occurs within forty-five (45) days following the

determination of the Appraised Fair Market Equity Value of the Company pursuant to Section 14.6 below. The Prospect Member shall make payment to CCHP for the Units being purchased by delivering immediately available funds to an account designated by CCHP in the full amount of the purchase price applicable to the Units. CCHP shall transfer to the Prospect Member all of the Units being sold, free and clear of all claims, liabilities, options, pledges or other encumbrances of any kind (other than those arising under this Agreement and applicable Law).

14.5 CCHP Put Option.

(a) Within 90 days following either -- (i) the fifth (5^{th}) anniversary of the date of this Agreement, or (ii) the occurrence either of the conditions set forth in Section 3.2(c) of this Agreement -- CCHP shall have the option to sell to the Prospect Member, and the Prospect Member shall have the obligation to purchase, all of the Units held by CCHP in exchange for a payment in cash of a purchase price equal to the Appraised Value of the Units (as per Section 14.6 below). The Prospect Member shall give the Company and CCHP written notice of the foreclosure referenced in Section 3.2(c) as soon as practicable, but in no event later than thirty (30) days after such event has occurred. The Prospect Member's failure to give such notice shall not affect CCHP's rights granted herein.

(b) Within the 90-day period referenced in Section 14.5(a) above, CCHP shall give written notice to the Prospect Member and the Company of its election to exercise the option to sell all of its Units to the Prospect Member (the "Put Election Notice"). If CCHP fails to give a Put Election Notice within the applicable ninety (90)-day time limit, the option to sell shall lapse. The closing of the purchase and sale of CCHP's Units to the Prospect Member shall be held at a mutually acceptable place on a mutually acceptable date not more than ninety (90) days after the date on which the Put Election Notice is received by the Prospect Member; provided that such time period shall be extended if needed such that the closing occurs within forty-five (45) days following the determination of the Appraised Fair Market Equity Value of the Company pursuant to Section 14.6 below. The Prospect Member shall make payment to CCHP for the Units being purchased by delivering immediately available funds to an account designated by CCHP in the full amount of the purchase price applicable to the Units. CCHP shall transfer to the Prospect Member all of the Units being sold, free and clear of all claims, liabilities, options, pledges or other encumbrances of any kind (other than those arising under this Agreement and applicable Law).

14.6 Appraised Value.

(a) For purposes of Section 14.4 and 14.5 above, the "Appraised Value of the Units" shall be the product determined by multiplying (i) the Appraised Fair Market Equity Value of the Company (hereinafter defined), times (ii) CCHP's Sharing Percentage. For purposes of this Agreement, the term "Appraised Fair Market Equity Value of the Company" shall mean the fair market value of the equity of the Company, as determined below.

(b) The Prospect Member and CCHP shall negotiate in good faith with one another following the Call/Put Election Notice (pursuant to Section 14.4(b) or 14.5(b) above, as applicable) to determine the Appraised Fair Market Value of the Company. The Prospect Member and CCHP agree to use their best efforts to negotiate and agree upon the Appraised Fair

Market Value of the Company. If the Prospect Member and CCHP reach an agreement as to the Appraised Fair Market Value of the Company, then the Appraised Fair Market Value of the Company shall be the amount determined by the Prospect Member and CCHP.

(c) Either party may notify the other party that it is initiating the Appraisal Process described below, or such other appraisal process upon which the parties may mutually agree in writing within ten (10) days of the date on which either party has initiated the appraisal process (the "Alternate Appraisal Process"). If either the Prospect Member or CCHP shall have initiated the Appraisal Process (and the parties shall not have agreed in writing to an Alternate Appraisal Process within ten (10) days), then the Prospect Member and CCHP shall each engage a "Qualified Appraiser" as defined below (collectively, the "Initial Appraisers", and individually, an "Initial Appraiser") within twenty (20) days after the date upon which the party received notice of the other party's intent to initiate the Appraisal Process (the "Initiation Date"). The Prospect Member and CCHP also shall engage jointly one additional Qualified Appraiser that is mutually acceptable to the parties (the "Third Appraiser", the Initial Appraisers and the Third Appraiser are referred to collectively as the "Appraisers"). If the parties cannot mutually agree upon the identity of the Third Appraiser within fifteen (15) days after the Initiation Date, the parties shall direct the Initial Appraisers to select and engage the Third Appraiser on behalf of the parties. Each of the Prospect Member and CCHP shall pay the fees and expenses of its respective Appraiser, and the fees and expenses of the Third Appraiser shall be shared equally by the Prospect Member and CCHP. For purposes of the Agreement, the term "Qualified Appraiser" shall mean an independent, third party, nationally recognized investment bank or MAI-certified appraiser who (i) has substantial experience in the valuation of health care entities comparable to the Company and (ii) has, within the twenty-four (24) month period preceding the date of the Election Notice, delivered appraisals and/or fairness opinions, on a going concern basis, in connection with at least three (3) other transactions involving the sales of hospitals. The Appraisers so selected shall each then conduct an appraisal to determine the Appraised Fair Market Equity Value of the Company (i) on a going concern basis, (ii) using valuation techniques then customary and accepted in the industry but without consideration of minority interest discounts, (iii) using performance information respecting the Facilities that is acceptable to the Prospect Member and CCHP and that has been supplied to each of the Appraisers, (iv) viewing the enterprise of the Company as a whole, (v) taking into account the future prospects of the Facilities, and (vi) assuming that the Company were to be sold on a stand-alone basis (and not as a part of a portfolio sale). Each Appraiser's determination of the Appraised Fair Market Equity Value of the Company (individually, a "Valuation" and collectively, the "Valuations") shall be expressed as a single value rather than a range of values. Each party shall cause the Initial Appraiser engaged by it to submit such Initial Appraiser's sealed Valuation to the other party within sixty (60) days of the Initiation Date, and both parties shall use their reasonable best efforts to cause the Third Appraiser to submit its sealed Valuation to both parties within such period. Once the Prospect Member and CCHP have received from all three Appraisers their respective Valuations, the Appraised Fair Market Equity Value of the Company shall be determined based upon the Valuations as follows:

(i) if the three Valuations are within ten percent (10%) of one another (i.e., if each of the highest Valuation and the middle Valuation is no greater than 1.10 times the lowest Valuation); the Appraised Fair Market Equity Value of the Company shall be the average of all three Valuations;

(ii) if subsection (i) above is inapplicable and two Valuations are within ten percent (10%) of one another, (i.e., if the higher of such two Valuations is no greater than 1.10 times the lower of such two Valuations), the Appraised Fair Market Equity Value of the Company shall be the average of such two Valuations;

(iii) if subsections (i) and (ii) above are inapplicable and the three Valuations are within twenty percent (20%) of one another (i.e., if each of the highest Valuation and the middle Valuation is no greater than 1.20 times the lowest Valuation), the Appraised Fair Market Equity Value of the Company shall be the average of all three Valuations;

(iv) if subsections (i) through (iii) above are inapplicable and two Valuations are within twenty percent (20%) of one another (i.e., if the higher of such two Valuations is no greater than 1.20 times the lower of such two Valuations), the Appraised Fair Market Equity Value of the Company shall be the average of such two Valuations; and

(v) if subsections (i) through (iv) above are inapplicable, the Appraised Fair Market Equity Value of the Company shall be the average of all three Valuations.

XV. DISSOLUTION.

15.1 Causes. Each Member expressly waives any right that it might otherwise have to dissolve the Company except as set forth in this Article XV. The Company shall be dissolved upon the first to occur of the following:

(a) The Approval of the Board of an instrument dissolving the Company;

(b) The dissolution of the Company by judicial decree; or

(c) The Approval of the Board of the dissolution of the Company after having determined that a rule, ordinance, regulation, statute or government pronouncement has or may be enacted that would make any material aspect of this Agreement or the activities conducted by the Company unlawful or eliminate or substantially reduce, either directly or indirectly, the benefits that would accrue to the Members with respect to continuing the Company's business operations; provided, however, that the Members agree to first use their best efforts to restructure the Company in such a manner that will avoid the unlawful or adverse effect and, to the extent practicable, will preserve the existing financial and business relationships among them; and provided further that the foregoing shall not apply in the event CCHP's tax-exempt status is impacted (but rather in such event CCHP's sole remedy is exercising its rights under Section 14.5).

15.2 Limitation. Nothing contained in Section 15.1 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 shall be in contravention

of this Agreement for purposes of the Act. Dissolution of the Company under Section 15.1(c) shall not constitute a dissolution at will.

XVI. WINDING UP AND TERMINATION.

16.1 General. If the Company is dissolved and is not reconstituted, the Members who own at least eighty percent (80%) of the aggregate Members' Sharing Percentages shall select an independent third party (meaning, for these purposes, a person or persons other than Prospect, the Prospect Member, the Manager or any other Prospect Affiliate) to serve as liquidator or liquidating committee (herein referred to as the "Liquidator"). The Liquidator shall commence to wind up the affairs of the Company and to liquidate and sell the Company's assets, with an obligation to treat Members equally in proportion to their membership interest. The Liquidator shall have sufficient business expertise and competence to conduct the winding up and termination of the Company and, in the course thereof, to cause the Company to perform any contracts that the Company has or thereafter enters into. The Liquidator shall have full right and unlimited discretion to determine the time, manner and terms of any sale or sales of Company property under such liquidation, having due regard for the activity and condition of the relevant market and general financial and economic conditions. The Liquidator shall be entitled to receive such reasonable compensation for its services as shall be agreed upon by the Liquidator and those Members who own at least eighty percent (80%) of the aggregate Members' Sharing Percentages. The Liquidator may resign at any time by giving fifteen (15) days prior written notice and may be removed at any time, with or without cause, by written notice of Members who own at least eighty percent (80%) of the aggregate Members' Sharing Percentages. Upon the death, dissolution, removal or resignation of the Liquidator, a successor and substitute Liquidator (who shall have and succeed to all the rights, powers and duties of the original Liquidator) will, within thirty (30) days thereafter, be appointed by those Members who own at least eighty percent (80%) of the aggregate Members' Sharing Percentages, evidenced by written appointment and acceptance. The right to appoint a successor or substitute Liquidator in the manner provided herein shall be recurring, and continuing for so long as the functions and services of the Liquidator are authorized to continue under the provisions hereof, and every reference herein to the Liquidator will be deemed to refer also to any such successor or substitute Liquidator appointed in the manner herein provided. The Liquidator shall have and may exercise, without further authorization or consent of any of the parties hereto or their legal representatives or successors in interest, all of the powers conferred upon the Manager under the terms of this Agreement to the extent necessary or desirable in the good faith judgment of the Liquidator to perform its duties and, functions. The Liquidator shall not be liable to the Members except to the extent provided in the Act and shall, while acting in such capacity on behalf of the Company, be entitled to the indemnification rights set forth in Section 17.1 hereof.

16.2 Court Appointment of Liquidator. If, within ninety (90) days following the date of dissolution or other time provided in Section 16.1 hereof, a Liquidator or successor Liquidator has not been appointed in the manner provided therein, any interested party shall have the right to make application to any United States Federal District Judge (in his individual and not judicial capacity) for the District of Rhode Island for appointment of a Liquidator or successor Liquidator, and the Judge, acting as an individual and not in his judicial capacity, shall be fully authorized and empowered to appoint and designate a Liquidator or successor Liquidator who shall have all the powers, duties, rights and authority of the Liquidator herein provided.

16.3 Liquidation. The Liquidator shall give all notices to creditors of the Company and shall make all publications required by the Act. In the course of winding up and terminating the business and affairs of the Company, the assets of the Company (other than cash) shall be sold or distributed in kind to the Members, in the reasonable discretion of the Liquidator, its liabilities and obligations to creditors, including any Members who made loans to the Company as provided in Section 4.5 hereof, and all expenses incurred in its liquidation shall be paid, and all resulting items of Company income, gain, loss or deduction shall be credited or charged to the Capital Accounts of the Members in accordance with Article V hereof. The fair market value of any assets of the Company distributed in kind to the Members shall be determined by an independent appraiser chosen by the Board of Directors. Any distribution in kind need not be made on a pro rata basis so long as the value of the assets and cash (if any) distributed to each Member is in compliance with this Article. All Company assets (except to the extent reserves have been established pursuant to Section 16.4 hereof) shall be distributed among all Members having positive Capital Account balances (as determined after giving effect to all adjustments attributable to allocations of items of profit and loss realized by the Company during the fiscal year in question (including items of profit and loss realized on the liquidation) and all adjustments attributable to contributions and distributions of money and property effected prior to such distribution), pro rata in accordance with such positive Capital Account balances. This distribution shall be made no later than the end of the Fiscal Year during which the Company is liquidated (or, if later, ninety (90) days after the date on which the Company is liquidated). Upon the completion of the liquidation of the Company and the distribution of all the Company assets, the Company shall terminate and the Liquidator shall have the authority to execute and record all documents required to effectuate the dissolution and termination of the Company. In the discretion of the Liquidator, a pro rata portion of the distributions that would otherwise be made to the Members may instead be distributed to a trust established for the benefit of the Members for the purposes of liquidating Company property, collecting amounts owed to the Company, and paying any contingent or unforeseen liabilities or obligations of the Company or of the Members 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 Liquidator, in the same proportions as the amount distributed to such trust by the Company would otherwise have been distributed to the Members pursuant to this Agreement.

16.4 Creation of Reserves. After making payment or provision for payment of all debts and liabilities of the Company and all expenses of liquidation, the Liquidator may set up such cash reserves as the Liquidator may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company.

16.5 Final Statement. Within a reasonable time following the completion of the liquidation, the Liquidator shall supply to each of the Members a statement that sets forth the assets and the liabilities of the Company as of the date of complete liquidation; each Member's pro rata portion of distributions under Section 16.3 hereof, and the amount retained as reserves by the Liquidator under Section 16.4 hereof.

XVII. MISCELLANEOUS.

17.1 Standard of Care; Indemnification.

(a) The members of the Board of Directors, the Members and the Manager (the "Representatives") shall not be liable, responsible or accountable in damages to any Member or the Company for any act or omission on behalf of the Company performed or omitted by them in good faith and in a manner they reasonably believed to be in the best interests of the Company and, in the case of a criminal proceeding, if they had no reasonable cause to believe that the conduct was unlawful.

(b) To the fullest extent permitted by the Act, the Company shall indemnify each Representative against reasonable expenses (including reasonable attorneys' fees), judgments, taxes, penalties, fines (including any excise tax assessed with respect to an employee benefit plan) and amounts paid in settlement (collectively "Liability"), incurred by the Representative in connection with defending any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative, and whether formal or informal) to which the Representative is, or is threatened to be made, a party because they are or were a Representative, provided that (i) the Representative acted in good faith and in a manner reasonably believed by the Representative to be in the best interest of the Company; (ii) in the case of a criminal proceeding, the Representative had no reasonable cause to believe the conduct was unlawful; (iii) in connection with a proceeding brought by or in the right of the Company, the Representative was not adjudged liable to the Company; and (iv) the Representative was not adjudged liable in a proceeding charging improper personal benefit.

(c) To the fullest extent authorized or permitted by the Act, the Company shall pay or reimburse reasonable expenses (including reasonable attorneys' fees) incurred by a Representative who is a party to a proceeding in advance of final disposition of such proceeding if (i) the Representative furnishes the Company a written affirmation of its, his or her good faith belief that it, he or she has met the standard of conduct described in Section 17.1(b) hereof; (ii) the Representative furnishes the Company a written undertaking, executed personally or on the Representatives behalf, to repay the advance if it is ultimately determined that the Representative did not meet the standard of conduct and the Board reasonably believes such Representative would have the ability to repay such advance; and (iii) a determination is made that the facts then known to those making the determination would not preclude indemnification under the provisions of Section 17.1(b) hereof.

(d) The indemnification against Liability and advancement of expenses provided by, or granted pursuant to, this Section 17.1 shall not be deemed exclusive of any other rights to which these seeking indemnification or advancement may be entitled under any agreement, action of Members or otherwise, both as to action in their official capacity and as to action in another capacity while holding such office of the Company, shall continue as to an entity or person who has ceased to be a Representative, and shall inure to the benefit of the successors, assigns, heirs, executors and administrators of such an entity or person.

(e) Any repeal or modification of this Section 17.1 by the Members shall not adversely affect any right or protection of the Representatives under this Section 17.1 with respect to any act or omission occurring prior to the time of such repeal or modification.

17.2 Purchase Agreement Indemnification Obligations.

(a) In the event that CCHP is required to pay the Company or Prospect an amount pursuant to the indemnification provisions of the Purchase Agreement (an "Unpaid Indemnification Amount"), and fails to pay all of such amount within thirty (30) days, then Prospect may, in its sole and absolute discretion, recoup or offset, as applicable, on a dollar-for-dollar basis, all or a portion of the Unpaid Indemnification Amount in the following order of priority to the extent amounts are available in each such category: (x) by receiving distributions from the Company otherwise due to CCHP in respect of its Units (pursuant to the provisions of Section 17.2(b) below), (y) by reducing the Long-Term Capital Commitment, or (z) by treating such amount as an additional capital contribution by Prospect to the Company and adjusting the Prospect Member's and the Seller Members' respective Sharing Percentages (pursuant to the provisions of Section 17.2(c) below), or any combination of the foregoing, all pursuant to the terms of the Amended and Restated Agreement.

(b) If and to the extent Prospect elects to receive distributions in respect of an Unpaid Indemnification Amount as provided for in clause (x) of Section 17.2(a) above, if the Unpaid Indemnification Amount is due to Prospect, the Company shall pay to Prospect all distributions due hereunder to CCHP until the Unpaid Indemnification Amount due to Prospect from CCHP has been fully satisfied; and (ii) if the Unpaid Indemnification Amount is due to the Company, the Company shall offset all distributions due hereunder to CCHP until the Unpaid Indemnification Amount due to the Company has been fully satisfied, and shall make a special distribution to Prospect equal to the Unpaid Indemnification Amount. In such an event, the distributions which would have otherwise been made to CCHP shall be treated as if they were actually made to CCHP and then paid by CCHP to Prospect or to the Company, as applicable.

(c) If and to the extent Prospect elects to receive distributions in respect of an Unpaid Indemnification Amount as provided for in clause (z) of Section 17.2(a) above, the Unpaid Indemnification Amount (including interest thereon) shall be treated as an Additional Capital Contribution by Prospect to the Company pursuant to Section 4.2(e) above, and CCHP's and the Prospect Member's Sharing Percentage (and Units) shall be adjusted as per such provision, as if CCHP were a Non-Contributing Member (provided, however, that this provision shall not cause CCHP's Sharing Percentage to fall below 5%).

17.3 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, when sent by nationally recognized overnight courier service, 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 B; notices to the Company shall be sent to 825 Chalkstone Avenue, Providence, RI 02908, to the attention of the Chief Executive Officer, with a copy to the Prospect Member. Notwithstanding the foregoing, each Member shall have the right to change its address for notice hereunder to any other location by the giving of thirty (30) days' notice to the Manager in the manner set forth above.

17.4 Choice of Law and Dispute Resolution.

(a) Choice of Law. The parties agree that this Agreement shall be governed by and construed in accordance with the Laws of the State of Rhode Island, without giving effect

to any choice or conflict of law provision or rule thereof that would require the application of any other law.

(b) Dispute Resolution. In the event that any dispute, controversy or claim arises among the parties, including any dispute, controversy or claim arising out of this Agreement or any other relevant document, or the breach, termination or invalidity thereof (a "Dispute"), the parties shall attempt in good faith to resolve such Dispute promptly by negotiation (including at least one in-person meeting) over a period of not less than thirty (30) days, commencing upon one party's delivery of a written notice of Dispute to the other parties.

(i) If the Dispute has not been resolved by negotiation as provided above and such Dispute involves claims of One Million Dollars ($1,000,000) or more, a party may submit the matter to a court of law or equity through the filing of a claim. The parties agree that, except as otherwise expressly provided in Section 17.4(b)(ii)(2) and Section 17.5 below, venue for any and all claims associated with a Dispute between the parties shall rest with the state courts of the State of Delaware; provided, however, that such court shall construe and apply the Laws of the State of Rhode Island as provided in Section 17.4(a) above.

(ii) If the Dispute has not been resolved by negotiation as provided above and such Dispute involves claims of less than One Million Dollars ($1,000,000), such Dispute shall be settled solely and finally pursuant to the following procedures:

(1) Either party may submit the Dispute to non-binding mediation. Such mediation shall be conducted by JAMS by a neutral mediator, which shall be selected from a list of 10 potential candidates provided by JAMS' office in New York City (none of whom work or reside in Rhode Island or California, or any State contiguous to either of the foregoing). If complete agreement cannot be reached within 45 calendar days of submission to mediation, any remaining issues will be resolved by binding arbitration as provided below.

(2) If the Dispute has not been resolved by mediation as provided above, then either party may submit the Dispute to binding arbitration. Such arbitration shall be conducted by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures, by one neutral arbitrator, which shall be selected from a list of 10 potential candidates provided by JAMS' office in New York City (none of whom work or reside in Rhode Island or California, or any State contiguous to either of the foregoing). Unless otherwise agreed by the parties, the arbitration shall be held in Providence, Rhode Island. In conducting such arbitration, the arbitrator shall be bound to adhere to the Laws of the State of Rhode Island, as well as the precedents established by decisions of the state courts of Rhode Island. The award made by the arbitrator shall be final and binding upon the parties thereto and the subject matter, and judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The arbitrator shall not have the authority to award punitive or exemplary damages. The costs and fees of the arbitration shall be borne responsible for its own attorneys' fees; provided, however, that the prevailing party in any such arbitration shall be entitled to recover its reasonable attorneys' fees, expert witness fees, costs and expenses (including, without limitation arbitration fees) incurred in connection with the arbitration to the extent such recovery is permitted by the Law(s) governing the claim(s) asserted. Notwithstanding anything in this Section 17.4(b)(ii) to the contrary, either party shall be entitled to seek enforcement of the

arbitrator's final rulings, and to pursue injunctive relief, in a court of competent jurisdiction in the State of Rhode Island.

(c) Waiver of Trial by Jury or Judge. 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 OR A JUDGE. THIS WAIVER EXTENDS TO ANY AND ALL RIGHTS TO DEMAND A TRIAL BY JURY OR JUDGE 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 OR JUDGE.

17.5 Specific Performance. Notwithstanding anything to the contrary contained herein, each party acknowledges and agrees that the non-breaching parties would be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms and that any breach of this Agreement by a party could not be adequately compensated in all cases by monetary damages alone. Accordingly, in addition to any other right or remedy to which the non-breaching parties may be entitled, at law or in equity, they shall be entitled to enforce any provision of this Agreement by seeking, from a court of competent jurisdiction in the State of Rhode Island, a decree of specific performance and temporary, preliminary and permanent injunctive relief to prevent breaches or threatened breaches of any of the provisions of this Agreement, without posting any bond or other undertaking.

17.6 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Members, and their respective heirs, legal representatives, successors and permitted assigns; provided, however, that nothing contained herein shall negate or diminish the restrictions set forth in Articles XIII or XIV hereof.

17.7 Construction. Every covenant, term, and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any Member. The failure by any party to specifically enforce any term or provision hereof or any rights of such party hereunder shall not be construed as the waiver by that party of its rights hereunder. The waiver by any party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to be, a waiver of any subsequent breach of the same or other provision hereof.

17.8 Time. Time is of the essence with respect to this Agreement.

17.9 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 property to be partitioned and/or distributed in kind.

17.10 Entire Agreement. This Agreement, together with the Purchase Agreement, contain the entire agreement among the Members relating to the subject matter hereof, and all prior agreements relative hereto that are not contained herein are terminated.

17.11 Amendments. Except as otherwise expressly provided in this Section 17.11, amendments or modifications may be made to this Agreement only by setting forth such amendments or modifications in each document receiving Approval of the Board, and any alleged amendment or modification herein that is not so documented and approved shall not be effective as to any Member. The Manager may, without the approvals set forth in this Section 17.11, amend any provision of this Agreement and execute, swear to, acknowledge, deliver, file and record whatever documents may be required connection therewith to the extent necessary to reflect:

(a) a change in the location of the principal place of business of the Company not inconsistent with the provisions of Section 2.3, or a change in the registered office or the registered agent of the Company;

(b) admission of a Member into the Company or termination of any Member's interest in the Company in accordance with this Agreement;

(c) qualification of the Company as a limited liability company under the Laws of any state or that is necessary or advisable in the opinion of the Manager to ensure that the Company will not be treated as an association taxable as a corporation for federal income tax purposes, provided, in either case, such action shall not adversely affect any Member; or

(d) a change that is required or contemplated by this Agreement.

17.12 Severability. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable Law. If any provision of this Agreement or the application thereof to any Person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, but the extent of such invalidity or unenforceability does not destroy the basis of the bargain among the Members as expressed herein, the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by Law.

17.13 Gender and Number. Whenever required by the context, as used in this Agreement, the singular number shall include the plural and the neuter shall include the masculine or feminine gender and vice versa.

17.14 Exhibits. Each Exhibit to this Agreement is incorporated herein for all purposes.

17.15 Additional Documents. Each Member, upon the request of the Manager, 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.

17.16 Headings. The section headings appearing in this Agreement are for convenience of reference only and are not intended, to any extent or for any purpose, to limit or define the text of any section.

17.17 Counterpart. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute but one document.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Members have entered into this Agreement as of the date first written above.

CHARTERCARE HEALTH PARTNERS

By:_____
Name:_____
Title:_____

PROSPECT EAST HOLDINGS, INC.

By:_____
Name: Sam Lee
Title: CEO

PROSPECT CHARTERCARE, LLC

By:_____
Name: Sam Lee
Title: CEO

IN WITNESS WHEREOF, the Members have entered into this Agreement as of the date first written above.

CHARTERCARE HEALTH PARTNERS

By: _____
Name: Kenneth Belcher
Title: President

PROSPECT EAST HOLDINGS, INC.

By: _____
Name: _____
Title: _____

PROSPECT CHARTERCARE, LLC

By: _____
Name: _____
Title: _____

EXHIBIT A
TO
AMENDED & RESTATED
LIMITED LIABILITY COMPANY AGREEMENT OF
PROSPECT CHARTERCARE, LLC

Allocations of Profit and Loss and Other Tax Matters

ARTICLE 1
DEFINITIONS

Section 1.1 Definitions. The following definitions shall be applicable in this Exhibit A and as used in the Agreement:

(a) Adjusted Capital Account Deficit.

"Adjusted Capital Account Deficit" shall mean with respect to any Member, the deficit balance, if any, in such Member's Section 704 Capital Account as of the end of any relevant fiscal year, after giving effect to the following adjustments:

(i) credit to such Section 704 Capital Account any amount that such Member is obligated to restore to the Company under Section 1.704-1(b)(2)(ii)(c) of the Regulations, and any addition thereto pursuant to the next to last sentences of Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations;

(ii) debit to such Section 704 Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6) of the Regulations:

This definition is intended to comply with the provisions of Sections 1.704-1(b)(2)(ii)(d) and 1.704-2 of the Regulations and shall be interpreted consistently with those provisions.

(b) Adjusted Net Income or Loss.

"Adjusted Net Income Or Loss" for any fiscal year (or portion thereof) shall mean the excess (or deficit) of (x) the Gross Income for such period (not including Gross Income (if any) allocated during such period pursuant to Sections 3.1(a), 3.1(b) and 3.1(c) hereof) over (y) the Deductible Expenses for such period (not including Deductible Expenses (if any) allocated during such period pursuant to Sections 3.1(d) and 3.1(e) hereof) with the following modifications:

(i) Any item of Company profit that is exempt from federal income tax and not otherwise taken into account in computing Adjusted Net Income or Loss pursuant to this Section 1.1(b) shall be treated as additional Gross Income and, if not otherwise allocated pursuant to Section 3.1(a), 3.1(b) or 3.1(c) hereof, added to the amount otherwise calculated as Adjusted Net Income or Loss under Section 1.1(b); and

(ii) Any Company expenditure that is described in Section 705(a)(2)(B) of the Code (relating to Company expenditures that are not deductible for federal income tax purposes in computing taxable income and not properly chargeable to capital), or treated as so described pursuant to Section 1.704-1(b)(2)(iv)(i) of the Regulations, and not otherwise taken into account in computing Adjusted Net Income Or Loss pursuant to this Section 1.1(b) shall be treated as an additional Deductible Expense and, if not otherwise allocated pursuant to Section 3.1(d) or 3.1(e) hereof; subtracted from the amount Otherwise calculated as Adjusted Net Income Or Loss under this Section 1.1(b).

(c) Agreed Value.

"Agreed Value" of any property contributed to the capital of the Company shall mean the fair market value of such property at the time of contribution determined without regard to the amount of liabilities to which such property is subject (as agreed to in writing by the Members without regard to Section 7701(g) of the Code).

(d) Book Basis.

The initial "Book Basis" of any Company property shall be equal to the Company's initial adjusted tax basis in such property; provided, however, that the initial "Book Basis" of any Company property contributed to the capital of the Company shall be equal to the Agreed Value of such property. Effective immediately after giving effect to the allocations of profit and loss, as computed for book purposes, for each fiscal year under Section 3.1 hereof, the Book Basis of each Company property shall be adjusted downward by the amount of Book Depreciation allowable to the Company for such Fiscal Year with respect to such property. In addition, effective immediately prior to any Revaluation Event, the Book Basis of each Company property shall be further adjusted upward or downward, as necessary, so as to equal the fair market value of such property at the time of such Revaluation Event (as agreed to in writing by the Members taking Section 7701(g) of the Code into account (i.e., such value shall not be agreed to be less than the amount of Nonrecourse Liabilities to which such property is subject)).

(e) Book Depreciation.

The amount of "Book Depreciation" allowable to the Company for any fiscal year with respect to any Company property shall be equal to the product of (1) the amount of Tax Depreciation allowable to the Company, for such year with respect to such property, multiplied by (2) a fraction, the numerator of which is the property's Book Basis as of the beginning of such year (or the date of acquisition if the Property is acquired during such year) and the denominator of which is the property's adjusted tax basis as of the beginning of such year (or the date of acquisition if the property is acquired during such year). If the denominator of the fraction described in clause (2) above is equal to zero, the amount of "Book Depreciation" allowable to the Company for any Fiscal Year with respect to the Company property in question shall be determined under any reasonable method selected by the Manager.

(f) Book Gain Or Loss.

"Book Gain Or Loss" realized by the Company in connection with the disposition

of any Company property shall mean the excess (or deficit) of (1) the amount realized by the Company in connection with such disposition (as determined under Section 1001 of the Code) over (2) the Book Basis of such property at the time of the disposition.

(g) Book/Tax Disparity Property.

"Book/Tax Disparity Property" shall mean any Company property that has a Book Basis which is different from its adjusted tax basis to the Company. Thus, any property that is contributed to the capital of the Company by a Member shall be a "Book/Tax Disparity Property" if its Agreed Value is not equal to the Company's initial tax basis in the property. In addition, once the Book Basis of a Company property is adjusted in connection with a Revaluation Event to an amount other than its adjusted tax basis to the Company, the property shall thereafter be a "Book/Tax Disparity Property."

(h) Capital Transaction.

"Capital Transaction" shall mean (1) any transaction pursuant to which the Company borrows funds, all or part; of the Company's properties are sold, condemned, exchanged, abandoned or otherwise disposed of, insurance proceeds or other damages are recovered by the Company or (2) any other transaction which, in accordance with generally accepted accounting principles; is considered capital in nature (including, without limitation, any transaction that is entered into in connection with,, or results in, the Liquidation of the Company).

(i) Company Minimum Gain.

"Company Minimum Gain" shall mean the amount of Company "minimum gain" that is computed strictly in accordance with the principles of Section 1.704-2(d)(1) of the Regulations, A Member's share of such "Company Minimum Gain" shall be calculated in accordance with the provisions of Section 1.704-1(g) of the Regulations.

(j) Deductible Expenses.

"Deductible Expenses" for any fiscal year (or portion thereof) shall mean all items, as calculated for book purposes, which are allowable as deductions to the Company for such period under Federal income tax accounting principles (including Book Depreciation, but excluding any expense or deduction attributable to a Capital Transaction).

(k) Economic Risk Of Loss.

"Economic Risk Of Loss" borne by any Member for any Company liability shall mean the aggregate amount of economic risk of loss that such Member and all Related Persons to such Member are treated as bearing with respect to such liability pursuant to Section 1.752-2 of the Regulations.

(l) Gross Income.

"Gross Income" for any Fiscal Year (or portion thereof) shall mean the gross

income derived by the Company from all sources (other than from capital contributions and loans to the Company and other than from a Capital Transaction) during such period, as calculated for book purposes in accordance with Federal income tax accounting principles.

(m) Liquidation.

"Liquidation" of a Member's Units or other interest in, the Company shall mean and be deemed to occur upon the earlier of (1) the date upon which the Company is terminated under Section 708(b)(1) of the Code, (2) the date upon which the Company ceases to be a going concern (even though it may continue in existence for the limited purpose of winding up its affairs, paying its debts arid distributing any remaining Company properties to the Members) or (3) the date upon which there is a liquidation of the Member's Units or other interest in the Company (but the Company is not terminated) under Section 1.761-1(d) of the Regulations. "Liquidation" of the Company shall mean and be deemed to occur upon the earlier of (a) the date upon which the Company is terminated under Section 708(b)(1) of the Code or (b) the date upon which the Company ceases to be a going concern (even though it may continue in existence for the limited purpose of winding up its affairs, paying its debts and distributing any remaining Company properties to the Members).

(n) Member Nonrecourse Debt Minimum Gain.

"Member Nonrecourse Debt Minimum Gain" shall mean an amount, with, respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result, if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Section 1.704-2(i) of the Regulations.

(o) Member Nonrecourse Debt.

"Member Nonrecourse Debt" shall mean any Company liability that is treated as a "partner nonrecourse debt" under Section 1.704-2(b)(4) of the Regulations.

(p) Member Nonrecourse Deductions.

"Member Nonrecourse Deductions" shall mean any and all items of Book Depreciation and other Deductible Expenses that are treated as "partner nonrecourse deductions" under Section 1.704-2(i)(2) of the Regulations

(q) Nonrecourse Deductions.

"Nonrecourse Deductions" shall mean any and all items of Book Depreciation and other Deductible Expenses that are treated as "nonrecourse deductions" under Section 1.704-2(c) of the Regulations.

(r) Nonrecourse Liability.

"Nonrecourse" Liability" shall mean any Company liability treated as a "nonrecourse liability" under Section 1.704-2(b)(3) of the Regulations. Subject to the foregoing sentence, "Nonrecourse Liability" shall mean any Company liability (or portion thereof) for

which no Member bears the Economic Risk Of Loss.

(s) Recourse Debt.

"Recourse Debt" shall mean any Company liability (or portion thereof) that is neither a Nonrecourse Liability nor a Member Nonrecourse Debt.

(t) Related Person.

"Related Person" shall mean, as to any Member, any person who is related to such Member (within the meaning of Section 1.752-4(b) of the Regulations).

(u) Revaluation Event.

"Revaluation Event" shall mean any of the following occurrences: (1) the contribution of money or other property (other than a de minimis amount) by a new or existing Member to the capital of the Company as consideration for the issuance of additional Units or other interest in the Company; (2) the distribution of money or other property (other than a de minimis amount) by the Company to a retiring or continuing Member as consideration for Units or other interest in the Company; or (3) the liquidation of the Company within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Regulations (other than pursuant to Section 708(b)(1)(B) of the Code); provided, however, under no circumstances shall the issuance of Units pursuant to Section 13.3 of the Agreement constitute a Revaluation Event; and provided further, that the occurrence of an event described in clause (1) or (2) above shall not constitute Revaluation Event if the Board of Directors reasonably determines that it is not necessary to adjust the Book Bases of the Company's assets or the Members' Capital Accounts in connection with the occurrence of any such event.

(v) Section 704 Capital Account.

"Section 704 Capital Account" shall have the meaning assigned to such term in Article 2 of this Exhibit A.

(w) Tax Depreciation.

"Tax Depreciation" for any Fiscal Year shall mean the amount of depreciation, cost recovery or other amortization deductions allowable to the Company for Federal income tax purposes for such year.

(x) Tax Items.

"Tax Items" shall mean, with respect to any property, all items of profit and loss (including Tax Depreciation) recognized by or allowable to the Company with respect to such property, as computed for Federal income tax purposes.

(y) Unrealized Book Gain Or Loss.

"Unrealized Book Gain Or Loss" with respect to any Company property shall

mean the excess (or deficit) of (1) the fair market value of such property (as agreed to in writing by the Members taking Section 7701(g) of the Code into account (i.e., such value shall not be agreed to be less than the amount of Nonrecourse Liabilities to which such property is subject)), over (2) the Book Basis of each property.

ARTICLE 2
SECTION 704 CAPITAL ACCOUNTS

A "Section 704 Capital Account" (herein so called) shall be determined and maintained for each Member throughout the full term of the Agreement in accordance with Article IV of the Agreement.

ARTICLE 3
ALLOCATIONS OF PROFIT AND LOSS

Section 3.1 Allocation of Book Items.

Subject to the provisions of Section 3.3 of this Exhibit A, all items of profit and loss realized by the Company during each fiscal year shall be allocated among the Members (after giving effect to all adjustments attributable to all contributions and distributions of money and property effected during such year) in the manner prescribed in this Section 3.1.

- Pursuant to Section 1.704-2(f) of the Regulations (relating to minimum gain chargebacks), if there is a net decrease in Company Minimum Gain for such year (or if there was a net decrease in Company Minimum Gain for a prior fiscal year and the Company did not have sufficient amounts of Gross Income and Book Gain during prior years to allocate among the Members under this Section 3.1(a)), then items of Gross Income and Book Gain shall be allocated, before any other allocation is made pursuant to the succeeding provisions of this Section 3.1 for such year, to each Member in an amount equal to such Member's share of the net decrease in such Company Minimum Gain.

- Pursuant to Section 1.704-2(i)(4) of the Regulations (relating to minimum gain chargebacks), if there is a net decrease in Member Nonrecourse Debt Minimum Gain with respect to a Member Nonrecourse Debt for such year (or if there was a net decrease in such Member Nonrecourse Debt Minimum Gain for a prior fiscal year and the Company did not have sufficient amounts of Gross' Income and Book Gain during prior years to allocate among the Members under this Section 3.1(b)), then items of Gross Income and Book Gain shall be allocated, before any other allocation is made pursuant to the succeeding provisions of this Section 3.1 for such year, to each Member with a share of such Member Nonrecourse Debt Minimum Gain as of the first day of such year in an amount equal to such Member's share of the net decrease in such Member Nonrecourse Debt Minimum Gain.

- Pursuant to Section 1.704-1(b)(2)(ii)(d) of the Regulations (relating to "qualified income offsets"), if a transaction described in Section 1.704-

1(b)(2)(ii)(d)(4), (5) and (6) of the Regulations occurs unexpectedly, items of Company income and gain shall be allocated, before any other allocation is made pursuant to the succeeding provisions of this Section 3.1 for such year, among each Member with an Adjusted Capital Account Deficit in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 3.1(c) shall be made only if, and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article 3 have been tentatively made as if this Section 3.1(c) were not in this Exhibit A.

- All Member Nonrecourse Deductions attributable to a Member Nonrecourse Debt shall be allocated among the Members bearing the Economic Risk Of Loss for such debt; provided, however, that if more than one Member bears the Economic Risk Of Loss for such debt, the Member Nonrecourse Deductions attributable to such debt shall be allocated to and among such Members, pro rata in the same proportion that their Economic Risks Of Loss bear to one another.

- All Nonrecourse Deductions shall be allocated among the Members, pro rata in accordance with their respective Sharing Percentages.

- Any Adjusted Net Income realized by the Company for such year and, except as provided in Section 3.1(h) hereof, any Book Gain derived from a Capital Transaction occurring during such year and not allocated pursuant to Sections 3.1(a), 3.1(b), 3.1(c), 3.1(d), and 3.1(e) hereof, shall be allocated among the Members, as necessary, so as to cause the balances in their respective Section 704 Capital Accounts to be in the same ratio to one another as are their Sharing Percentages, with all remaining amounts of Adjusted Net Income and Book Loss to be allocated to the Members, pro rata in accordance with their respective Sharing Percentages.

- Any Adjusted Net Loss realized by the Company for such year and, except as provided in Section 3.1(h) hereof, any Book Loss derived from a Capital Transaction occurring during such year and not allocated pursuant to Sections 3.1(a), 3.1(b), 3.1(c), 3.1(d), and 3.1(e) hereof shall be allocated among the Members, as necessary, so as to cause the balances in their respective Section 704 Capital Accounts to be in the same ratio to one another as are their Sharing Percentages, with all remaining amounts of Adjusted Net Loss and Book Loss to be allocated to the Members pro rata in accordance with their respective Sharing Percentages.

- Book Gain Or Loss derived from a Capital Transaction that is entered into in connection with, or results in, the Liquidation of the Company shall be allocated among the Members as follows in the following order of priority (after giving effect to all adjustments attributable to allocations of items of Company profit and loss made pursuant to the preceding provisions of this Section 3.1 for such year and after giving effect to all adjustments attributable to contributions and distributions

or money and property effected prior to such determination).

- Book Gain remaining after the allocations provided for in Sections 3.1(a), 3.1(b) and 3.1(c) hereof shall be allocated as follows and in the following order of priority:

(A) First: Book Gain equal to the deficit balance (if any) in each Member's Capital Account shall be allocated to such Member;

(B) Second: An amount of Book Gain shall be allocated next among the Members to the least extent necessary to cause their positive Section 704 Capital Account balances to equal their respective Sharing Percentages; and

(C) Third: All remaining amounts of Book Gain shall be allocated among the Members pro rata in accordance with their respective Sharing Percentages.

- Book Loss (if any) shall he allocated as follows and in the following order of priority:

(A) First: Book Loss shall be allocated to the Members to the least extent necessary to cause the positive balances in their Section 704 Capital Accounts to be in the same proportion to one another as are their respective Sharing Percentages.

(B) Second: All remaining amounts of Book Loss shall be allocated among the Members pro rata in accordance with their respective Sharing Percentages.

- For purposes of determining the nature (as ordinary or capital) of any Company profit allocated among the Members for Federal income tax purposes pursuant to this Section 3.1, the portion of such profit required to be recognized as ordinary income pursuant to Sections 1245 and/or 1250 of the Code shall be deemed to be allocated among the Members in the same proportion that they were allocated and they claimed the Book Depreciation deductions, or basis reductions, directly or indirectly giving rise to such treatment under Sections 1245 and/or 1250 of the Code.

- The parties intend that the foregoing allocation provisions of this Section 3.1 shall produce Section 704 Capital Account balances of the Members that will permit liquidating distributions that are made in accordance with final Capital Account balances under Section 16.3 of the Agreement to be made to the Members pro rata in accordance with their respective Sharing Percentages. To the extent that the allocation provisions of this Section 3.1 would fail to cause the Members' final Capital Account balances to be in such ratio, (i) such provisions shall be amended by the Members if and to the extent necessary to produce such result and (ii) taxable income and taxable loss of the Company for prior open years (or items of Gross income and Deductible Expenses of the Company for such years) shall be reallocated among the Members to the extent it is not possible to achieve such result with allocations of items of income (including Gross Income) and Deductible

Expenses for the current year and future years. This Section 3.1(l) shall control notwithstanding any reallocation or adjustment of taxable income, taxable loss, or items thereof by the Internal Revenue Service or any other taxing authority.

Section 3.2 Allocation of Tax Items.

(z) Except as otherwise provided in the succeeding provisions of this Section 3.2, each Tax Item shall be allocated among the Members in the same manner as each correlative item of profit or loss, as calculated for book purposes, is allocated pursuant to the provisions of Section 3.1 hereof.

(aa) The Members hereby acknowledge that all Tax Items in respect of any Book/Tax Disparity Property owned by the Company are required to be allocated among the Members in the same manner as under Section 704(c) of the Code (as specified in Sections 1.704-1(b)(2)(iv)(f) and 1.704-1(b)(2)(iv)(g) of the Regulations) and that the principles of Section 704(c) of the Code require that such Tax Items must be shared among the Members so as to take account of the variation between, the adjusted tax basis and Book Basis of each such Book/Tax Disparity Property. Thus, notwithstanding anything in Sections 3.1 or 3.2(a) to the contrary, the Members' distributive shares of Tax Items in respect of each Book/Tax Disparity Property shall be separately determined and allocated among the Members in accordance with the principles of Section 704(c) of the Code. For purposes of making tax allocations pursuant to Section 704(c) of the Code (including allocations pursuant to Section 1.704-1(b)(2)(iv)(f) if a Revaluation Event occurs) the Manager shall determine the method or methods to be used by the Company.

Section 3.3 Allocations Of Profit And Loss And Distributions In Respect Of Interests Transferred.

(bb) If any Unit or other interest in the Company is transferred, or is increased or decreased by reason of the admission of a new Member or otherwise, during any Fiscal Year, each item of Adjusted Net Income Or Loss, Book Gain Or Loss and other Company profit and loss for such year shall be divided and allocated among the Members in question by taking account of their varying interests in the Company during such year on a daily, monthly or other basis, as determined by the Manager using any permissible method under Section 706 of the Code and the Regulations thereunder,

(cc) Distributions of Company in respect of a Unit or other interest in the Company shall be made only to the persons or entities who, according to the Company's books and records, are the holders of record of the Units or other interests in the Company in respect of which such distributions are made on the actual date of distribution. Neither the Company nor the Manager shall incur any liability for making distributions it accordance with the provisions of the preceding sentence, whether or not the Company or the Manager has knowledge or notice of any transfer or purported transfer of ownership of any Unit or other interest in the Company.

(dd) Notwithstanding any provision above to the contrary, Book Gain Or Loss (and taxable gain or loss to the extent permitted by the Code and Regulations) realized in connection with a sale or other disposition of any Company properties shall be allocated solely

among the parties owning Units or other interests in the Company as of the date such sale or other disposition occurs.

EXHIBIT B
TO
AMENDED & RESTATED
LIMITED LIABILITY COMPANY AGREEMENT OF
PROSPECT CHARTERCARE, LLC

Capital Accounts, Units and Sharing Percentages

NAME OF MEMBER	INITIAL CAPITAL ACCOUNT	INITIAL UNITS	INITIAL SHARING PERCENTAGE	ADJUSTED CAPITAL CONTRIBUTION*
CharterCARE Health Partners 825 Chalkstone Avenue Providence, Rhode Island 02908	$16.76 M	16,760	15%	$16.76M
Prospect East Holdings, Inc. 10780 Santa Monica Boulevard Suite 400 Los Angeles, California 90025	$45.00 M	95,000	85%	$95.00M*

* Assumes full funding of Long-Term Capital Commitment

EXHIBIT C
TO
AMENDED & RESTATED
LIMITED LIABILITY COMPANY AGREEMENT OF
PROSPECT CHARTERCARE, LLC

Conflicts of Interest Policy

(as per Section 3.4)

CharterCARE Health Partners *Policy & Procedure*	Title:	Number: 4.1
Coverage: **All Designated Persons as Defined in This Policy**	CharterCARE HEALTH PARTNERS **Conflict of Interest Disclosure Policy**	Source: Board of Trustees Approved: Board of Trustees

Date Issued:	Date Effective:	Supersedes:	Distribution:	
09/08/2011	09/08/2011	01/08/2009	Designated Persons	Page 1 of 9

I. POLICY ADOPTION

CharterCARE Health Partners including its affiliates (the "Corporation"), is committed to pursuing its mission and to conducting its affairs in accordance with high professional and ethical standards which include the avoidance of detrimental conflicts of interest. The Corporation believes that avoiding such conflicts is imperative in preserving the public's trust. Persons who agree to serve the Corporation should not use their position for personal gain, or to expose the Corporation to potential harm as a result of conflict of interest.

This Conflict of Interest Policy (the "Policy") is adopted for the Corporation in order better to assure: (i) compliance with the provisions of the Bylaws of the Corporation (the "Bylaws") that pertain to Conflict of Interest and Competitor Relationships; (ii) a uniform conflict of interest policy for Designated Persons (as defined below) and (iii) effective communication and decision making regarding potential conflicts of interest. This Policy is intended to supplement, but not replace, any applicable federal or state laws governing conflicts of interest applicable to nonprofit and charitable corporations or the fiduciary duties of corporate officers and trustees.

The Policy applies to Designated Persons as defined below and deliberations by the Board of Trustees and its committees or sub-committees, the Medical Executive Committee and its committees or subcommittees, and any other committee or task force that the Board or Finance, Audit, Compliance Committee shall designate from time to time.

II. GENERAL PRINCIPLES

Any Designated Person has an obligation to: (i) protect decisions involving the Corporation against conflicts of interest; (ii) maintain the confidentiality of information obtained through service to the Corporation; (iii) assure that the Corporation acts for the benefit of the community as a whole rather than for the private benefit of a Designated Person; and (iv) fully disclose any personal business opportunities that are competitive with the Corporation or in which the Corporation would have an interest. In the furtherance of these obligations all Designated Persons shall exercise the utmost good faith in all transactions touching upon their duties to the Corporation or its property. In their dealings with and on behalf of the Corporation, they shall be held to a strict standard of honest and fair dealing. Designated Persons shall scrupulously avoid any conflict between their individual interests and the interests of the Corporation in any and all actions taken by them. They shall disclose any interests or activities in which they are involved or become involved, directly or indirectly, that could conflict with the interests or activities of the Corporation and shall obtain approval prior to commencing, continuing, or consummating any activity or transaction which raises a possible conflict of interest. Designated Persons are also obliged to disclose any potential conflict of interest arising from the interests and activities of their Immediate Family, as hereinafter defined.

Failure to comply with this Policy may disqualify a person from serving as a Designated Person or, if already serving as a Designated Person, may, if the Designated Person is an employee of the Corporation, result in disciplinary action up to and including dismissal, subject to the terms of any applicable employment or collective bargaining agreement or, in the case of a Designated Person who is a member, either in an elected or ex officio capacity, of the Board of Trustees of the Corporation (a "Trustee," the "Board"), the Trustee shall be deemed to have resigned.

III. DEFINITIONS

A. **"Designated Persons"** shall include the following:

1. Members of the Board of Trustees of the Corporation;
2. Members of administration, senior management, directors, and managers of the Corporation;
3. Chief and/or President of the Medical Staff, Medical Executive Committee, Medical Staff Departmental Chairmen, Divisional Chiefs, other physicians serving as elected officers or in Medical Staff leadership positions who have the ability to influence the use of Corporation resources;
4. Members of the Medical Staff holding a medical administrative position with the Corporation or engaged by the Corporation for compensation to render professional services;
5. Physicians with the authority to select or influence the purchase of costly implant devices and/or supplies, as recommended by senior management and/or the Board or Board-delegated Committee;
6. Members of the Pharmacy and Therapeutics Committee, Value Analysis Team, and Materials Management Department with the authority to purchase, to select or to influence the purchase of goods or services on behalf of the Corporation, ; and
7. Any other person(s) and/or staff member(s) whom the Board or Board-delegated Committee may from time to time designate.

B. **"Business Entity"** means any publicly or privately held corporation, partnership, sole proprietorship, firm, franchise association, organization, holding company, joint stock company, receivership, business or real estate trust or any other legal entity organized on a for-profit basis or not-for-profit basis, but excluding the Corporation.

C. **"Compensation"** means anything of value whether in the form of salary, honoraria, forgiveness of debt, gifts, interest in real or personal property, rent or any other form of compensation in cash or in kind.

D. **"Entity"** shall mean any corporation, individual, partnership or other business entity.

E. **"Financial Interest"** includes without limitation: (1) an ownership or investment interest, (2) a compensation arrangement; or (3) a potential ownership or investment interest or a compensation arrangement with any entity or individual with which the Corporation is negotiating a transaction or arrangement. Financial Interests may be through an ownership or investment interest, or compensation arrangement, and may be held directly or indirectly, for example through an Immediate Family Member or other intermediate entity.

An "ownership or investment interest" may be through equity, debt or other means, e.g., a right of first refusal, but shall not include (i) a combined direct and indirect interest that, when aggregated for the Designated Person and his/her Immediate Family Members, (a) does not exceed a fair market value of $10,000, and (b) does not exceed five percent (5%) of the outstanding shares of voting stock and/or bonds of a publicly traded company; or (ii) any interest in a mutual fund, pensions or other investments over which the person has no control.

"Compensation" includes direct and indirect remuneration that, when aggregated for the Designated Person and his/her Immediate Family Members, does not exceed a fair market value of $10,000 per year, except with respect to gifts, entertainment or other material benefits in which case the applicable annual limit is $250 in the aggregate. Compensation includes without limitation, consulting or employment; gifts, entertainment or other material benefits; royalties or licensing fees, copyrights (whether actual or by contractual right).

A Financial Interest is not necessarily a conflict of interest. Under this Policy a Designated Person who has a Financial Interest has a conflict of interest only based on the criteria and procedures set forth in this Policy.

F. **"Immediate Family"** of a Designated Person means spouse, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren.

G. **"Medical Staff"** means the Medical Staff of any health care facility owned or operated by the Corporation which, for purposes of this Policy, shall include House Staff.

H. **"Related Party"** means any Business Entity:

1. in which a Designated Person or his/her Immediate Family has an Ownership Interest;
2. from which the Designated Person or his/her Immediate Family derives compensation or a consulting fee;
3. in which a Designated Person or his/her Immediate Family serves as an officer or director; or
4. from which a Designated Person or his/her Immediate Family otherwise has a financial interest or directly or indirectly receives financial benefits.

I. **"Staff Member"** means (1) part-time or full-time members of the Medical Staff; (2) other part-time or full-time employees of the Corporation; (3) consultants to the Corporation and (4) members of any Committee of the Corporation, whether designated by senior management or by the Board, who are in a position to influence patient outcomes or business relationships, including without limitation purchasing/contracting decisions, as determined by the Board or Board-delegated Committee.

J. **"Interested Person"** shall mean any Designated Person or member of a Committee or Sub-Committee with Board delegated powers, who has a direct or indirect financial interest.

K. **"Consultant, Consulting"** shall mean the performing of any service as an independent contractor for which any form of remuneration is received. This includes the rendering of advice, providing technical expertise, serving as a speaker or lecturer or evaluating existing or proposed products, etc.

L. **"Organization Doing or Seeking to Do Business with the Corporation"** shall mean any present or potential supplier of products and/or services and will include manufacturers, distributors, purchasing-related organizations or alliances, consulting or accounting firms, employment or travel agencies or any other entity which may be remunerated by the Corporation as a result of a service which it may perform for any of them.

IV. PERMITTED INTERESTED TRANSACTIONS

A. The Corporation may purchase goods or services from or otherwise contract with an Entity in which a Designated Person has a direct or indirect financial interest (a "Designated Person-affiliated entity") provided that a majority of the non-interested Trustees or committee members have determined that:

1. The terms of the transaction are fair and reasonable and competitive with what the Corporation could receive from a non-Designated Person-affiliated entity using reasonable efforts;

2. The transaction is otherwise in the best interest of the Corporation;

3. The nature of the Designated Person's involvement in the Designated Person-affiliated entity has been fully disclosed in accordance with this Policy; and

4. The interested Designated Person has not voted on the transaction at any meeting held to act on the transaction.

B. A Designated Person may take advantage of a personal business opportunity that may be of interest to, competitive with, or impact the interests of, the Corporation if:

1. The Designated Person has fully disclosed the opportunity in accordance with this Policy;

2. The opportunity has not arisen out of any impermissible use of confidential or proprietary information of the Corporation;

3. A majority of the non-interested Trustees or committee members have determined that the Corporation has no present interest in availing itself of the opportunity and that the Designated Person may take advantage of the opportunity.

V. POTENTIAL CONFLICTS

A conflict of interest exists in any instance in which a Designated Person's personal activities or interests conflict with the activities or interests of the Corporation. Although it is impossible to list every circumstance giving rise to a possible conflict of interest, the following will serve as examples of the types of activities which might give rise to such a conflict and which should be reported in a detailed and timely fashion to the President of the Corporation (the "President") or the President's designee or, with respect to Trustees, the Chairman of the Board (the "Chairman") or the Chairman's designee.

A. OTHER HEALTHCARE AFFILIATIONS

To serve as a volunteer or paid trustee, director, officer, partner, employee, consultant, agent, or advisor of or to any hospital, medical clinic or healthcare facility or organization not affiliated with the Corporation.

B. OUTSIDE INTERESTS AND OPPORTUNITIES

1. To hold, directly or indirectly, a financial interest in any outside company, organization or concern which the Designated Person has reason to believe makes payments to or receives payments from the Corporation (whether on account of goods, loans or other transactions), or which provides services in competition with the Corporation.

2. To compete, directly or indirectly, with the Corporation in the purchase or sale of property or any property right, interest or service.

3. To accept or take advantage of a business opportunity that the Designated Person knows or has reason to know may be of interest to or competitive with the Corporation.

C. OUTSIDE ACTIVITIES

1. To render directorial, managerial, or consultative services to, or to engage in any material financial transaction with, any person or concern which does business with, or competes with the Corporation.

2. To render other services in competition with, or to the disadvantage of, the Corporation.

D. GIFTS AND ENTERTAINMENT

To accept a gift, entertainment, or other material benefit from any individual or Organization Doing or Seeking to Do Business with the Corporation or is a competitor of the Corporation, under circumstances from which it might be reasonably inferred that such gift, entertainment, or other material benefit was intended to influence or possibly would influence the Designated Person in the performance of his or her duties for the Corporation, except that, in accordance with Section III.E of this Policy, the acceptance of gifts, entertainment and other material benefits of value less than $250 in the annual aggregate shall not be construed as creating a Financial Interest.

E. INSIDE INFORMATION

To disclose or use information relating to the Corporation's business, including but not limited to methods of operation and research and product development, for personal profit or advantage, or to divulge confidential information in advance of official authorization of its release.

VI. PROCEDURES

As soon as any potential conflict of interest described above, or any situation as to which a Designated Person may be in doubt, comes to the attention of a Designated Person, full disclosure must be made to (i) the President or the President's designee, (ii) with respect to Trustees, the Chairman or the Chairman's designee, or (iii) with respect to committees, the committee chairman, so as to permit an impartial and objective determination of whether a real or potential conflict of interest exists. The President, Chairman, or committee chair shall consult with the disclosing Designated Person and with such other individuals as he or she may deem appropriate.

A. The Board or committee shall utilize the following procedures regarding any Board or committee discussion or decision of a transaction that may involve or affect a firm, entity or arrangement in which a Designated Person has a Financial Interest or organizational affiliation:

1. Prior to the Board's or committee's consideration of any matter that may involve or affect a firm, entity or arrangement in which a Designated Person has a Financial Interest or organizational affiliation, the Designated Person shall raise with the Board or committee the issue of a potential conflict of interest, and if such Financial Interest has not yet been disclosed pursuant to this Policy, the Designated Person shall provide the Board or committee with sufficient information about the Financial Interest or affiliation to enable the Board or committee to consider fully whether a conflict exists.

2. The Board or committee, in its reasonable discretion, may request of such Designated Person additional details regarding the nature of the Financial Interest or organizational affiliation if the Board or committee determines that such additional information will assist it in the deliberation of whether a conflict of interest exists.

3. If a Designated Person believes that providing a full disclosure as provided in Sections VI.A.1 and/or VI.A.2 above may breach a confidentiality provision to which the Designated Person is bound, such Financial Interest or organizational affiliation shall be deemed automatically to be a conflict of interest.

4. The Designated Person with the potential conflict shall leave the meeting while the remaining members of the Board or committee discuss and vote upon whether a conflict of interest exists. The interested Designated Person(s) may be counted for purposes of a quorum, however.

5. If a conflict of interest is determined to exist, the interested Designated Person shall continue to absent himself/herself from the meeting during the discussion and any vote on the transaction or arrangement; provided, however, that the Board or committee may, by a 2/3 vote of its members (excluding the interested person), waive this requirement, except with respect to a Financial Interest or organizational affiliation that is deemed a conflict pursuant to Section VI.A.3.

6. Approval of the transaction or arrangement shall require a majority of disinterested members of the Board or committee present to determine that the transaction or arrangement is in the Corporation's best interest and for its own benefit, and that it is fair and reasonable to the Corporation.

7. The minutes of Board or committee meetings in which a conflict of interest transaction or arrangement is addressed shall include:

   a. Names of any persons who disclosed or otherwise were found to have a financial interest, the general nature of such, and whether the Board or committee determined there was, in fact, a conflict of interest; and

   b. Names of those present for discussions and votes relating to the transaction or arrangement, the general nature of the discussions (specifically including whether any alternatives existed to the proposed transaction or arrangement and the general nature of such alternatives) and a record of the vote.

B. In addition to making ongoing disclosures of potential conflicts of interest as described above, Designated Persons must make any and all potential conflicts of interest a matter of record through an initial and annual procedure that are outlined below:

1. Within thirty (30) days from the date of becoming a Designated Person, Designated Persons are affirmatively required to disclose all Financial Interests and organizational affiliations that may give rise to an actual or potential conflict of interest, or indicate that no such conflicts of interest exist, using the Conflict of Interest Disclosure Form (the "Disclosure Form") attached hereto and incorporated by reference. The Board or Audit Committee may from time-to-time designate appropriate individuals to receive such Disclosure Forms.

2. Annually, (i) the President or the Chairman of the Board or their designees shall advise each Designated Person in writing of this Policy, provide to the Designated Person a copy of this Policy, and request that each Designated Person complete and submit the completed Disclosure Form.

3. Each Designated Person shall submit the completed Disclosure Forms *within twenty (20) days of receipt* to:

   Kimberly A. O'Connell, Esq.
   Vice President and General Counsel
   CharterCARE Health Partners
   825 Chalkstone Avenue
   Providence, RI 02908

4. The President or the Chairman, or their respective designee, with consultation from the Corporate Compliance Officer, shall review all Disclosure Forms. The Corporation may seek advice from legal counsel on any issue associated with the administration of this Policy. It is understood that these Disclosure Forms shall be maintained by the Corporate Compliance Officer and any request for release of a Disclosure Form shall be made directly to the Corporate Compliance Officer. Disclosure Forms will be used only to the extent necessary for the administration and verification of this Policy and will be kept confidential to the extent allowed by law.

5. At least annually the Board or a designated committee shall review standard relationships with local banks, insurance firms, and other entities serving the Corporation to assure that the relationship is in the best interests of the Corporation and is otherwise consistent with the terms of this Policy.

6. This Policy shall be reviewed annually by the Audit Committee of the Board and each new Designated Person shall be advised of the policy prior to employment or selection as a Designated Person and, prior to assuming a position as a Designated Person, shall be required to file the Disclosure Form in accordance with Section V.B.1 of this Policy.

VII. DESIGNATED PERSON-AFFILIATED VENDORS — RELATIONSHIPS WITH THE CORPORATION

A Designated Person-affiliated vendor providing goods or services to the Corporation, as a condition for doing business with the Corporation, will be advised in writing of its obligation to conduct all business relating to the contract or arrangement whereby it provides such goods or services through the usual channels for administration of the Corporation's contracts, and the Interested Designated Person will scrupulously refrain from utilizing his/her position as a Designated Person to negotiate, conduct or arbitrate contractual matters. Infractions of this policy may subject the Designated Person-affiliated vendor with termination of its relationship with the Corporation.

VIII. NOTIFICATION OF VIOLATIONS/ENFORCEMENT

A. If a Designated Person has reasonable cause to believe that another Designated Person has failed to disclose an actual or potential conflict of interest, he/she shall inform the President (or in the case of a non-disclosure relating to the President, to the Treasurer, or, in the case of a Designated Person who is a member of the Board to the Chairman of the Board (or, in the case of a non-disclosure relating to the Chairman, to the Vice-Chairman) of the basis for the belief.

B. Upon receipt of such an allegation, as described in Section VIII.A, a committee of the Board shall be convened to review the matter, with such committee being either a newly established committee or an existing Board committee, such as the Finance, Audit, Compliance Committee, with the authority given to it to review such matter in accordance with this provision. The Committee shall afford the Designated Person the opportunity to explain the alleged failure to disclose and, if appropriate to update his/her Disclosure Form. If after hearing the response of the Designated Person and making such further investigation as may be warranted in the circumstances, the Committee determines that a Designated Person has, in fact, failed to disclose an actual or potential conflict of interest, it shall make such recommendations to the full Board for appropriate disciplinary and corrective action.

C. Failure to comply with this Policy may disqualify a person from serving as a Designated Person or, if already serving as a Designated Person, the Designated Person shall, if an employee, be subject to disciplinary action up to and including dismissal, subject to and in accordance with the terms of any applicable employment or collective bargaining agreement or, if a Trustee, the Trustee shall be subject to removal pursuant to the Bylaws.

APPROVED BY: **Board of Trustees**
DATE: **September 8, 2011**

APPROVED BY:

Kimberly A. O'Connell, Esq.
Senior Vice President & General Counsel

Joel K. Goloskie, Esq.
Deputy General Counsel
Director of Compliance,
Privacy & Ethics

Attachment A:

Conflict of Interest Questionnaire and Disclosure Form

Attachment A

CONFLICT OF INTEREST QUESTIONNAIRE AND DISCLOSURE FORM FISCAL YEAR

Please Return to: Kimberly A. O'Connell, Esq., Vice President and General Counsel

I hereby affirm that a I have received a copy of the Conflict of Interest Policy ("Policy") of CharterCARE Health Partners and its affiliates (the "Corporation") requiring disclosure of certain interests, that I have read and understand the Policy, and that I agree to comply with its terms. In addition I hereby affirm my understanding that the Corporation is a charitable organization and that, in order for it to maintain its federal tax exemption, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Consistent with the purposes and intentions of the Policy, I hereby state that I or members of my immediate family (spouse, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren) have the following affiliations or interests and have taken part in or are now taking part in the following transactions that, considered in conjunction with my position with or relation to the Corporation, might possibly constitute a conflict of interest (***state "none" where applicable***):

1. **Business Affiliations.** Please list below any affiliations you, or any member of your immediate family have as a trustee, director, officer, partner, employee, consultant, agent, or advisor of any person, firm or organization which, to the best of your information and belief, is a supplier of goods or services to the Corporation, and briefly describe the type of goods or services so supplied. ***If none, so state:***

_____

_____

_____

2. **Other Healthcare Affiliations.** Please list below the name and address of any healthcare company or facility which you or any member of your immediate family serve as a volunteer or paid director, trustee, officer, partner, employee, consultant, employee or agent or advisor and the capacity in which you so serve. ***If none, so state:***

_____

_____

_____

7. Other:

List any other activities in which you or your immediate family are engaged that might be regarded as constituting a potential conflict of interest with the Corporation. ***If none, so state:***

I hereby agree to report promptly to the President, or the President's designee or, if I am a member of the Board of Trustees of the Corporation, to the Chairman of the Board or the Chairman's designee, any situation or transaction that may arise during the forthcoming year that constitutes a potential conflict of interest.

Printed Name:

Signature: **Date:**

Please return ***within twenty (20) days*** of receipt to:

Kimberly A. O'Connell, Esq.
Vice President and General Counsel
CharterCARE Health Partners
825 Chalkstone Avenue
Providence, RI 02908