

[BUYER'S NAME]
[Address]

[Date]

[Physician's Name]
[Address]

Re: Proposed Practice Purchase

Dear Dr. [Physician's Name]:

This Letter sets forth certain non-binding understandings and certain binding agreements between [Buyer's Name] ("Buyer") on the one hand and you and [Name of Physician's Entity] ("Seller" and collectively with you, the "Seller Parties") on the other hand, with respect to (i) the acquisition by Buyer of substantially all of the assets of the medical practice(s) operated by Seller and located at the above address (the "Practice"), and (ii) your subsequent employment by Buyer (the "Transaction").

PART ONE – Non-Binding Transaction Provisions

The following paragraphs of Part One of this Letter (collectively, the "Non-Binding Transaction Provisions") reflect our current mutual understanding of the matters described in them, and each party acknowledges that the Non-Binding Transaction Provisions represent the basis on which the parties will proceed to consummate the Transaction, but each party acknowledges that neither the Non-Binding Transaction Provisions nor any prior or subsequent course of conduct or dealing between the parties is intended to create or constitute any legally binding obligation, an enforceable contract or create any rights, express or implied, between Buyer and the Seller Parties, and neither Buyer nor the Seller Parties shall have any liability to the other party with respect to the Non-Binding Transaction Provisions. No party will have any liability to any other party based upon, arising from, relating to, or with respect to the Non-Binding Transaction Provisions until a fully integrated, definitive agreement (the "Definitive Agreement"), and other related documents, are prepared, authorized, executed and delivered by the parties.

1. Basic Transaction.

(a) *Assets to be Purchased.* The assets to be purchased in the Transaction will be substantially all of the assets of Seller which are directly or indirectly related to, necessary for, or used in connection with, the operation of the Practice, including but not limited to the assets listed on Exhibit A attached hereto and incorporated herein by this reference; provided that the Purchased Assets shall not include the assets listed on Exhibit B attached hereto and incorporated herein by this reference (the "Excluded Assets").

(b) *Purchase Price.* Based upon the information known to Buyer on the date hereof, the total purchase price to be paid to Seller for the Purchased Assets would be [redacted] Dollars (\$ [redacted]) (the "Purchase Price") plus an amount equal to the value of mutually agreeable prepaid expenses and deposits on the date of the consummation of the transactions contemplated hereby (the "Closing Date"). The Purchased Assets and the Purchase Price may be subject to adjustment based on Buyer's due diligence review, which may include without limitation at Buyer's option a Compliance Review (Medical Chart Audit) and a fair market value analysis of the rental described in Paragraph 1(i) of this Part One.

(c) *Encumbrances.* Except for obligations and liabilities accruing after the closing of the Transaction under contracts, commitments, leases and agreements which Buyer may elect to assume in accordance with Paragraph 1(d) of Part One hereof (the "Assumed Contracts") and other liabilities and obligations that Buyer may elect to assume in accordance with Paragraph 1(d) of Part One hereof, Seller will convey good and marketable title to the Purchased Assets to Buyer, free and clear of all liens, liabilities, encumbrances and defects in title. To the extent that any of the Purchased Assets are, on the Closing Date, subject to any liens or other encumbrances, Buyer may terminate the Definitive Agreements or pay to the lienholder(s) the amount required to cause such liens or encumbrances to be discharged and reduce the Purchase Price by such amount.

(d) *Liabilities Assumed.* Except for obligations and liabilities accruing after the closing of the Transaction under the Assumed Contracts and except as the parties may otherwise agree in the Definitive Agreement, Buyer will not assume and Seller will remain responsible for, and the Seller Parties will jointly and severally indemnify Buyer against, any and all liabilities, indebtedness, commitments or obligations of any kind whatsoever, which relate to the sale of the Purchased Assets or the operation of the Practice prior to the Closing Date, including without limitation any liability or obligation to Seller's employees.

(e) *Employment; Compensation and Benefits.*

(i) Buyer will employ you on a full-time basis for [REDACTED] () years.

(ii) [OPT] Buyer will pay you a commencement bonus of [REDACTED] Dollars (\$) [REDACTED] within thirty (30) days of the commencement of your employment.

(iii) [OPT] Buyer will pay you a base salary of [REDACTED] Dollars (\$) [REDACTED] ("Base Salary"). [OPT] Buyer will pay you an amount per month equal to the greater of (i) [REDACTED] Dollars (\$) [REDACTED], or (ii) [REDACTED] percent ()% of Buyer's actual cash collections less refunds during the month arising from your personally performed professional services (your "Base Salary"). For the purpose of calculating your compensation, your personally performed professional services do not include (i) the non-professional (technical) component of ancillary services (e.g., laboratory, radiology, or diagnostic testing) whether provided at your practice location or elsewhere, or (ii) services performed by others (including without limitation services performed "incident to" your personally performed professional services and services performed by physician extenders).

(iv) [OPT] In addition, you will have an opportunity each year to earn incentive compensation. [OPT 1] Your incentive compensation will be based on the number of your actual encounters. The maximum aggregate amount of said incentive compensation will [REDACTED] Dollars (\$) [REDACTED]. An "Encounter" shall be defined as a documented, face-to-face contact between a patient and a provider who exercises independent judgment in the provision of services to the individual. If the patient with the same diagnosis sees two (2) different providers on the same day, it is one Encounter. If the patient sees two (2) different providers on the same day for two (2) different diagnoses, then it is considered two (2) Encounters. Encounters should only include procedures from the evaluation and management chapter (CPT codes 99201-99499) or the medicine chapter (CPT codes 90800-99199) of the Physicians' Current Procedural Terminology, Fourth Edition, copyrighted by the American Medical Association "AMA". [OPT 2] In the event Buyer's net revenue from your personally performed professional services exceeds Buyer's direct and indirect operating expenses arising from the provision of such services, Buyer will pay you [REDACTED] percent ()% of the difference. For the purpose of calculating your incentive compensation, your personally performed professional services do not include (i) the non-

professional (technical) component of ancillary services (e.g., laboratory, radiology, or diagnostic testing) whether provided at your practice location or elsewhere, or (ii) services performed by others (including without limitation services performed "incident to" your personally performed professional services and services performed by physician extenders). [OPT 3] You incentive compensation will be based on the actual number of wRVUs you perform each year. A wRVU means a work relative value unit, as determined using the [REDACTED] Resource Based-Relative Value Scale (the "RBRV Scale") published by the U.S. Centers for Medicare and Medicaid Services. If you perform more than [REDACTED] ([REDACTED])wRVUs (the "wRVU Target") in a year, you will be eligible for incentive compensation. Your incentive compensation will equal your Base Salary for the year multiplied by the percentage by which your actual wRVUs exceeded the wRVU Target. However, if in any year the actual number of wRVUs you perform is less than the wRVU Target, your Base Salary for the following year will reduced by the percentage by which the actual number of wRVUs you performed fell short of the wRVU Target.

(v) You will reassign to Buyer any right you may have to receive payment for the services you provide under the Definitive Agreement.

(vi) You will receive benefits similar to other physicians employed by Buyer.

(f) *Non-Compete.* You understand that the Definitive Agreement will restrict you, for a period of two (2) years from the date of expiration or termination of your employment agreement, from (i) practicing medicine for yourself or on behalf of any person or entity within the Restricted Area and (ii) having any type of ownership, debt, or contractual relationship (including without limitation a contractual relationships for management services or consulting services) directly or indirectly with an entity which owns or operates a health care provider providing services within the Restricted Area. The "Restricted Area" means the area within a [REDACTED] ([REDACTED]) mile radius of any medical office at which you practice medicine on behalf of Buyer and the area within a [REDACTED] ([REDACTED]) mile radius of [REDACTED].

(g) *Scheduling of Procedures.* You understand that though you may obtain and exercise privileges at other facilities, with respect to patients seen by you in the scope of your employment by Buyer, you will be required to admit to and/or schedule facility procedures at [REDACTED] and its affiliates, except when the patient expresses a contrary preference, the patient's insurer dictates otherwise, or, in your judgment, the referral is not in the patient's best medical interest.

(h) [OPT] *Employees.* Subject to its due diligence review and customary conditions of employment (including but not limited to a drug screening), Buyer will, on or before the closing date, offer employment to each of Seller's non-physician employees. Buyer will not terminate such employees without cause for six (6) months after the Closing Date. During this six (6) month evaluation period, Buyer will evaluate the number of employees required for the appropriate functioning of the Practice and the appropriateness of the compensation for each such employee.

(i) *Facility.* Based on the information known to Buyer as of the date of this Letter and subject to Buyer's due diligence review, Buyer will [OPT] assume Seller's lease of the facility located at the address first set forth above. [OPT] lease the facility located at the address first set forth above for [OPT] a rental consistent with fair market value. [OPT] for a rental of _____ Dollars (\$ _____) per month.

(j) *Insurance.* [OPT] To the extent the current professional liability insurance policy is a "claims made" policy, Seller will obtain or cause to be obtained an extended reporting endorsement (commonly known as "tail coverage") for such policy covering the acts or omissions of its physicians and physician mid-level providers prior to the closing of the transactions contemplated hereby. [OPT] Based on

the information known to Buyer as of the date of this Letter and subject to Buyer's due diligence review, you will maintain your existing malpractice liability insurance, provided that Buyer will be a named insured on such policy, and Buyer will reimburse you for or pay the cost of such insurance.

(k) *Closing.* The parties expect that the closing of the transactions contemplated hereby will take place on the later of [REDACTED] or the date that is fourteen (14) calendar days after the execution by the parties of a definitive asset purchase agreement or on such other date as the parties may mutually agree.

(l) *Other Provisions.* The Definitive Agreement will contain other customary and standard transaction provisions.

2. Proposed Form of Agreements. Buyer and the Seller Parties intend promptly to begin negotiating to reach a written Definitive Agreement, subject to the approval of Buyer and the Seller Parties, containing representations, warranties, indemnities, conditions and agreements by Buyer and the Seller Parties acceptable to them and containing confidentiality and other customary provisions.

3. Conditions to Closing. The closing of the transactions contemplated hereby is conditioned upon, among other things, the following contingencies: (i) completion of satisfactory due diligence of the Seller Parties by Buyer; (ii) Buyer's satisfaction with information discovered through due diligence, including without limitation information concerning the Seller Parties' compliance with any federal or state statute or regulation relating to the submission of false or fraudulent claims to a government program or payments or contractual relationships with referral sources; (iii) approval of the transaction by the governing boards of Buyer and Seller and the obtaining of any other necessary approvals; and (iv) receipt of any material consents from third parties. [OPT] Buyer's obligation to close the transactions contemplated hereby is further conditioned on the ability of Buyer to enter into reasonably satisfactory employment agreements with Seller's other physician and physician assistant employees.

PART TWO – Binding Provisions

Upon execution by Buyer and the Seller Parties of this Letter or counterparts thereof, the following paragraphs of Part Two of this Letter (collectively, the “Binding Provisions”) shall constitute the legally binding and enforceable agreement of Buyer and the Seller Parties (in recognition of the significant costs to be borne by Buyer and the Seller Parties in pursuing this proposed Transaction and further in consideration of their mutual undertaking as to the matters described herein).

1. Definitive Agreement. Buyer and its counsel shall prepare the initial draft of the Definitive Agreement and the ancillary documents thereto. The failure of the parties to reach mutually acceptable terms for the Definitive Agreement and ancillary documents thereto for any reason or no reason shall not be deemed a breach of the Binding Provisions.

2. Access to Seller's records. Seller shall provide to Buyer complete access to Seller's books and records related to the Practice and shall cause the owners, employees, agents, contractors, accountants, attorneys, risk managers, investment advisors, insurers, and other representatives of Seller (collectively, “Seller's Representatives”) to cooperate fully with Buyer and Buyer's representatives in connection with Buyer's acquisition due diligence review and investigation of the Practice and Seller's assets, contracts, liabilities, operations, facilities, records and other aspects of its business related to the Practice until these Binding Provisions have been terminated pursuant to Paragraph 13 of this Part Two. Buyer and Seller shall mutually agree on timing of Buyer's access to and communication with vendors and employees of Seller.

3. No-Shop Provision. From the date of this letter of intent until the date which is 60 days after the written termination of negotiations hereunder (unless such negotiations are terminated by Buyer, in which case the 60-day period shall not be applicable), the Seller Parties will not, without the approval of Buyer: (a) offer for sale (either as an employee or independent contractor) your professional services (except in the ordinary course of business) or the Purchased Assets (or any material portion thereof), or any ownership interest in any entity owning any of the Purchased Assets; (b) solicit offers to engage or employ you to provide professional services (except in the ordinary course of business) or to buy the Purchased Assets (or any material portion thereof) or any ownership interest in any entity owning any of the Purchased Assets, (c) hold discussions with any party (other than Buyer) looking toward such an offer or solicitation or looking toward a merger or consolidation of any entity owning any of the Purchased Assets; or (d) enter into any agreement with any party (other than Buyer) with respect to the provision, except in the ordinary course of business, of your professional services, or with respect to the sale or other disposition of the Purchased Assets (or any material portion thereof) or any ownership interest in any entity owning any of the Purchased Assets or with respect to any merger, consolidation, or similar transaction involving any entity owning any of the Purchased Assets. The Seller Parties will promptly communicate to Buyer the substance of any inquiry or proposal concerning any such transaction.

4. Disclosure. Except as and to the extent required by law, without the prior written consent of the other party, neither Buyer nor any Seller Party shall, and each shall direct its representatives not to, directly or indirectly, make any public comment, statement or communication with respect to, or otherwise disclose or permit the disclosure of the existence of discussions regarding, a possible transaction between the parties or any of the terms, conditions or other aspects of the Transaction proposed in this Letter until these Binding Provisions have been terminated pursuant to Paragraph 13 of this Part Two. If a party is required by law to make any such disclosure, it shall first provide to the other party the content of the proposed disclosure, the reasons that such disclosure is required by law, and the time and place that the disclosure will be made. The parties agree that any disclosure of the Transaction to any governmental entity necessary to the conclusion of the Transaction shall not constitute a violation of any provision of this Letter.

5. Confidentiality of Seller Information. Except as and to the extent required by law, Buyer hereby agrees that neither it nor any of its officers, directors, shareholders, owners, agents or employees shall at any time, without Seller's prior written consent, directly or indirectly, disclose to anyone outside of Buyer or its representatives and advisors, any information or material provided to Buyer by a Seller Party, written or oral, including, without limitation financial statements, patient lists, formulae, market information, pricing and cost information, employee compensation and manner of operation ("Seller's Confidential Information"), without regard to whether any or all of Seller's Confidential Information would be deemed sufficiently confidential or material to warrant protection as a trade secret. For purposes of this paragraph, "Seller's Confidential Information" does not include any information about a Seller Party which (i) is available to or known by the public other than as a result of improper disclosure by Buyer or (ii) is obtained by Buyer from a source other than a Seller Party or its representatives, provided that such source was not bound by a duty of confidentiality to a Seller Party or another party with respect to such information. Buyer shall promptly return to Seller any of Seller's Confidential Information in its possession once these Binding Provisions have been terminated pursuant to Paragraph 13 of this Part Two; provided that if returning such information is infeasible, Buyer shall extend the protections of this Paragraph to such information and limit further uses and disclosures of such information to those purposes that make the return infeasible, for so long as Buyer maintains such information.

6. Confidentiality of Buyer's Information. Except as and to the extent required by law, the Seller Parties hereby agree that neither they nor any of their owners, agents, employees or affiliates shall at any time, without Buyer's prior written consent, directly or indirectly, disclose to anyone outside of Seller or its representatives and advisors, any information or material provided to a Seller Party by Buyer, written or

oral, including, without limitation financial statements, patient lists, formulae, market information, pricing and cost information, employee compensation and manner of operation (“Buyer’s Confidential Information”), without regard to whether any or all of Buyer’s Confidential Information would be deemed sufficiently confidential or material to warrant protection as a trade secret. For purposes of this paragraph, “Buyer’s Confidential Information” does not include any information about Buyer which (i) is available to or known by the public other than as a result of improper disclosure by a Seller Party or (ii) is obtained by a Seller Party from a source other than Buyer or its representatives, provided that such source was not bound by a duty of confidentiality to Buyer or another party with respect to such information. The Seller Parties shall promptly return to Buyer any of Buyer’s Confidential Information in their possession once these Binding Provisions have been terminated pursuant to Paragraph 13 of this Part Two; provided that if returning such information is infeasible, each Seller Party shall extend the protections of this Paragraph to such information and limit further uses and disclosures of such information to those purposes that make the return infeasible, for so long as the Seller Party maintains such information..

7. Continuation of Seller’s Operations. From the date hereof until the closing, the Seller Parties shall cause the Practice to be operated in the ordinary course of business, including, without limitation, making all normal and planned capital expenditures. Without Buyer’s prior written consent, the Seller Parties shall not: (i) remove or transfer any of the Purchased Assets, except in the ordinary course of business (with adequate replacement of any transferred Purchased Assets), (ii) make any material change in the business or operation of the Practice, or (iii) enter into any material contract, commitment or transaction with respect to the Practice, except in the ordinary course of business and except for contracts, commitments and transactions which have been negotiated and orally agreed upon but not yet reduced to writing and entered into.

8. Costs. Buyer and the Seller Parties shall be responsible for and bear all of their own costs and expenses (including any broker’s, finder’s fees, legal fees and accounting and audit fees) incurred in connection with the Transaction, including expenses of its representatives, incurred at any time in connection with pursuing, or consummating the Transaction.

9. No Violation. Buyer has prepared and delivered this Letter in reliance on the Seller Parties’ representation that they are not currently bound under any binding or enforceable contract or agreement with any third party which would materially interfere with the transactions contemplated hereby, and that this Letter, and the transactions contemplated hereby, will not violate any contract, agreement or commitment currently binding on any Seller Party.

10. Consents. Buyer and the Seller Parties shall cooperate with each other and proceed as promptly as is reasonably practicable, to seek to obtain all necessary consents and approvals from governmental entities, lenders, landlords and other third parties.

11. Entire Agreement. The Binding Provisions constitute the entire agreement between the parties, superseding all prior oral, written or implied agreements, understandings, representations and warranties, and courses of conduct and dealing between the parties on the subject matter hereof except as expressly provided for herein. Except as otherwise provided herein, the Binding Provisions may be amended or modified only in writing, executed by all of the parties.

12. Governing Law. The Binding Provisions shall be governed by and construed in accordance with the law of [REDACTED].

13. Termination. The Binding Provisions may be terminated: (i) by mutual written consent of Buyer and Seller; or (ii) upon written notice by any party to the other parties if a Definitive Agreement has not been executed by the parties by [REDACTED] for any reason or no reason, with or without

cause; provided, however, that the termination of the Binding Provisions shall not affect the liability of a party for breach of any of the Binding Provisions prior to termination. Upon termination of the Binding Provisions, the parties shall have no further obligations hereunder, except as stated in Paragraphs 3, 4, 5, 6, and 8 of this Part Two which shall survive any such termination.

14. Assignment. The rights and obligations under the Binding Provisions may not be assigned by any party without the prior written consent of the other parties; provided, however, that Buyer may transfer all of its rights and obligations under the Binding Provisions to one or more of its affiliates or wholly owned subsidiaries without consent, so long as Buyer continues to be subject to such obligations as well.

* * * * *

Please indicate your approval of the terms and conditions of this proposal and your intention to enter into these negotiations by dating and causing each Seller Party to execute two copies of this letter in the space provided below and returning one executed copy to me, whereupon we shall proceed promptly with our evaluation and review of the Practice and the Purchased Assets and business prospects related thereto and with the negotiation of the Definitive Agreement. Of course the completion of Buyer's due diligence and the finalization of the Definitive Agreement in a timely manner are dependent on your cooperation. Please be advised that this proposal shall expire unless there has been delivered to me a fully executed copy of this letter via facsimile transmission no later than 5:00 p.m., _____, _____ time, on _____, 20__.

We look forward to a successful and mutually rewarding relationship in respect of the transactions set forth herein.

Very truly yours,

By: _____

Name: _____

Title: _____

Acknowledged and agreed to this
____ day of _____, 20__:

Seller:

By: _____

Name: _____

Title: _____

Dr. _____:

EXHIBIT A

PURCHASED ASSETS

- (a) leasehold title to the real property described in Section 1(i) of Part One above, together with all improvements, any construction in progress, any fixtures, and all rights, privileges and easements appurtenant thereto;
- (b) all machinery, equipment, tools, furniture, office equipment, computer hardware, supplies, materials, and other items of tangible personal property (other than inventories and supplies) of every kind owned or leased by Seller, together with any express or implied warranty by the manufacturers or sellers or lessors of any item or component part thereof and all maintenance records and other documents relating thereto;
- (c) all inventories and supplies;
- (d) all assumable deposits and prepaid expenses related to the Purchased Assets;
- (e) all claims, causes of action, and judgments in favor of Seller relating to the condition of the Assets and, to the extent assignable by Seller, all warranties (express or implied) and rights and claims assertable by (but not against) Seller related to the condition of the Purchased Assets;
- (f) all records of Seller relating to the Practice (including, without limitation, all equipment records, medical records, patient billing records, documents, catalogs, books, records, files and operating manuals);
- (g) all rights and interests of Seller in the Assumed Contracts;
- (h) all consents, licenses, registrations or permits issued, granted, given or otherwise made available by or under the authority of any governmental body or pursuant to any legal requirement., to the extent assignable, held by Seller relating to the ownership, development, and operation of the Practice (including, without limitation, any such pending or approved governmental authorizations);
- (i) all names, trade names, trademarks and service marks (or variations thereof) associated with the Practice, all goodwill associated therewith, and all applications and registrations associated therewith, including, but not limited to, the name " [REDACTED] ";
- (j) all goodwill associated with the Practice and the Purchased Assets;
- (k) all other property, other than the Excluded Assets, of every kind, character or description, owned by Seller or its affiliates and used or held for use in the business of the Practice or the Assets, and
- (l) the interest of Seller in all property of the foregoing types, other than the Excluded Assets, arising or acquired in the ordinary course of the business of Seller in respect of the Practice between the date hereof and the Closing Date.

EXHIBIT B

EXCLUDED ASSETS

- (a) cash and cash equivalents;
- (b) all accounts receivable arising from the rendering of services to patients of the Practice, billed and unbilled, recorded or unrecorded, with collection agencies or otherwise, accrued and existing in respect of services through the closing;
- (c) all Seller records relating to the Excluded Assets and any excluded liabilities to the extent that Buyer does not need the same in connection with the ongoing activities of the Practice, the Assets, or any assumed liabilities, as well as all minute books and corporate and stock records or the equivalent thereof (including any ownership interests of Seller held in treasury), personnel records, tax returns and litigation files and all records which by law Seller is required to maintain in its possession;
- (d) any prepaid expenses related to any excluded assets or excluded liabilities (such as prepaid legal expenses or insurance premiums);
- (e) tax refunds, credits, litigation claims or insurance policy proceeds arising from the operation of the practice prior to the Closing Date; and
- (f) all rights in connection with and the assets held by Seller's employee benefit plans.