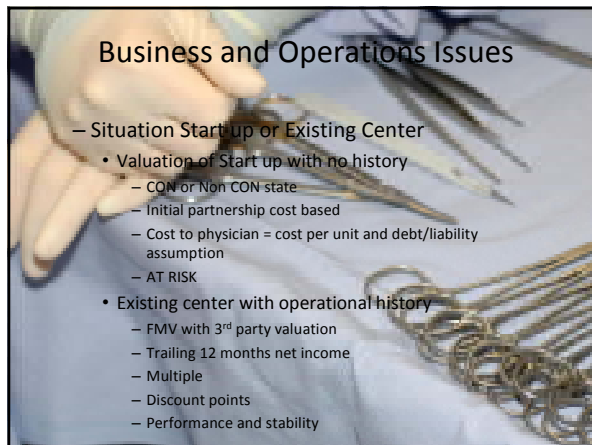


**17th Annual Ambulatory Surgery
Centers Conference**
**improving Profitability and Business
and Legal Issues**

Selling Shares and Resyndication

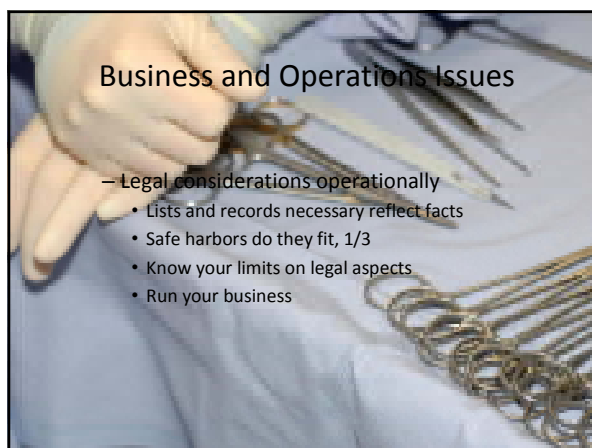
Melissa Szabad, JD, Partner, McGuire Woods, LLC
Elaine Gilmer, JD, Associate, McGuire Woods, LLC
Larry D. Taylor, CEO Practice Partners in Healthcare



Business and Operations Issues

– Situation Start up or Existing Center

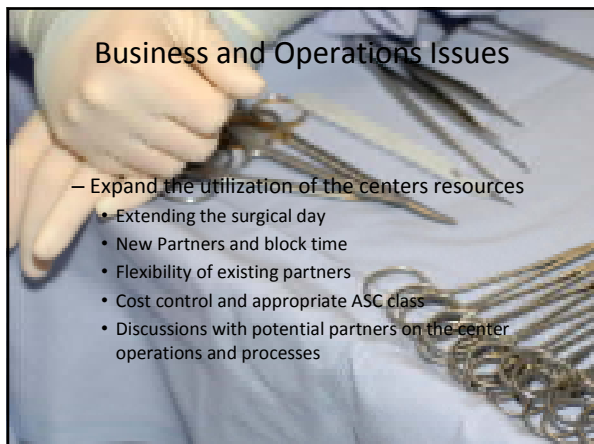
- Valuation of Start up with no history
 - CON or Non CON state
 - Initial partnership cost based
 - Cost to physician = cost per unit and debt/liability assumption
 - AT RISK
- Existing center with operational history
 - FMV with 3rd party valuation
 - Trailing 12 months net income
 - Multiple
 - Discount points
 - Performance and stability



Business and Operations Issues


– Legal considerations operationally

- Lists and records necessary reflect facts
- Safe harbors do they fit, 1/3
- Know your limits on legal aspects
- Run your business



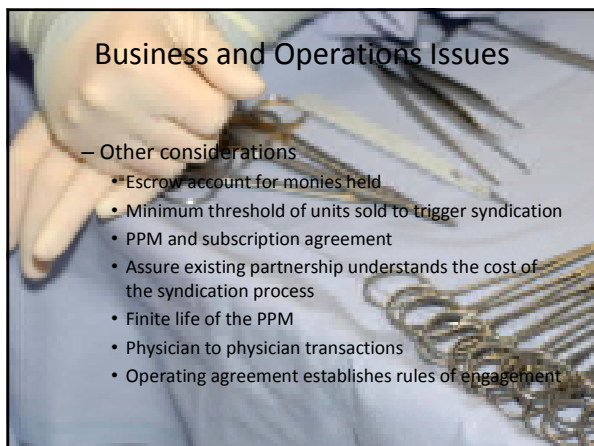
Business and Operations Issues

- Expand the utilization of the centers resources
 - Extending the surgical day
 - New Partners and block time
 - Flexibility of existing partners
 - Cost control and appropriate ASC class
 - Discussions with potential partners on the center operations and processes



Business and Operations Issues

- New partners specialties
 - Equipment needs
 - Supply and implant cost
 - Competition within the partnership
 - Profitability of case type and payor mix
 - Recommendations of the partnership
 - Potential partners prior performance in ASC or hospital base only



Business and Operations Issues

- Other considerations
 - Escrow account for monies held
 - Minimum threshold of units sold to trigger syndication
 - PPM and subscription agreement
 - Assure existing partnership understands the cost of the syndication process
 - Finite life of the PPM
 - Physician to physician transactions
 - Operating agreement establishes rules of engagement

