

MANAGEMENT SERVICES AGREEMENT

This MANAGEMENT SERVICES AGREEMENT (this "Agreement") is made and entered into as of the 20th day of June, 2014 (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:

<u>WIRE INTO:</u>					<u>FBO</u>		
<u>Institution</u>	<u>ABA Number</u>	<u>Swift Number</u>	<u>Address of Branch</u>	<u>Tel No.</u>	<u>Account Number</u>	<u>Account Name</u>	<u>Contact</u>
City National Bank	122016066	CINAUS6L	Los Angeles Main Office 525 S. Flower Street Los Angeles, CA 90071	213-673-7700	113047844	Prospect Medical Holding Operating	Ken Wong 714-796-4233

(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 (20th) 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 8.2 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, President and 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 15.1.

(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.

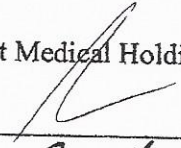
15.10 Counterparts. The parties may execute this Agreement in two (2) or more counterparts, which shall, in the aggregate, be signed by all the parties; each counterpart shall be deemed an original instrument as against any party who has signed it.

IN WITNESS WHEREOF, the parties have executed this Agreement, through their duly authorized representatives, effective as of the date first above written.

MANAGER:

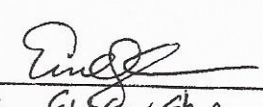
PROSPECT EAST HOSPITAL ADVISORY
SERVICES, LLC,
a Delaware limited liability company

By: Prospect Medical Holdings, Inc., its Manager

By: 
Name: Sam Lee
Title: CEO

THE COMPANY:

PROSPECT CHARTERCARE, LLC,
a Rhode Island limited liability company

By: 
Name: Ellen Shin
Title: Secretary

**EXHIBIT A
FACILITIES**

**Exhibit A
Facilities**

ADDRESS	USE
825 Chalkstone Avenue Providence, RI 02908	Hospital
Elmhurst Nursing Home and Extended Care 50 Maude Street Providence, RI 02908	Nursing home and extended care facility
Cancer Center 50 Maude Street Providence, RI 02908	Outpatient Cancer Center
200 High Service Ave., North Providence, RI	Hospital, School of Nursing, Physician Office, Outpatient Services
21 Peace St., Providence, RI (Including parking lots and other improvements located on property townend by SJHSRI on Plenty Street, Wesleyan Avenue, Peace Street, Broad Street and Whitmarsh Street).	Clinics (including Dental)
214 High Service Ave., North Providence, RI	Rental/Business
577 Fruit Hill Ave., North Providence, RI	Rental/House
868 Admiral St., Providence, RI	Business/Rental
872 Admiral St., Providence, RI	Business/Occupancy
50 Maude Street Providence, RI 02908	Rental Property (Physicians' Offices), Research Space, Home Care, Other Hospital Functions, Ground Lease for Radiation Therapy Services
32 Winrooth Avenue Providence, RI 02908	Housing for BU Medical Residents
65 Winrooth Avenue Providence, RI 02908	Residence
21 Winrooth Avenue Providence, RI 02908	Employee Parking Lot
32 Rosebank Avenue Providence, RI 02908	Employee Parking Lot
33 Rosebank Avenue Providence, RI 02908	Employee Parking Lot
37 Rosebank Avenue Providence, RI 02908	Employee Parking Lot

ADDRESS	USE
41-43 Rosebank Avenue Providence, RI 02908	Employee Parking Lot
45 Rosebank Avenue Providence, RI 02908	Employee Parking Lot
49 Rosebank Avenue Providence, RI 02908	Employee Parking Lot
55 Rosebank Avenue Providence, RI 02908	Employee Parking Lot
881 Chalkstone Avenue Providence, RI 02908	Employee Parking Lot
17 Parkway Avenue Providence, RI 02908	Employee Parking Lot
877 Chalkstone Avenue Providence, RI 02908	Medical Office Building for University Medical Group
895 Chalkstone Avenue Providence, RI 02908	Medical Office Building
1500 Pontiac Ave., Cranston, RI	Physician Office
1018 Waterman Avenue East Providence, RI	Drawing Site
1539 Atwood Ave., Johnston, RI	Sleep Lab
70 Kenyon Ave, Ste 216, Wakefield, RI	Physician Office
1 Office Parkway, East Providence, RI	Lab, Drawing Site, Infusion Suite, Physician Office
639 Metacom Avenue Warren, RI	Drawing Site
1637 Mineral Spring Avenue North Providence, RI	Drawing Site
1351 S. County Trail East Greenwich, RI	Drawing Site
251 Park Ave., Cranston, RI	Drawing Site
466 Putnam Pike Greenville, RI	Drawing Site
387 Waterman Avenue East Providence RI	Drawing Site
1526 Atwood Avenue Suite 105 Johnston, RI	Drawing Site
1524 Atwood Avenue Suite 133 Johnston, RI	Drawing Site
1300 Mineral Spring Avenue North Providence, RI	Drawing Site

ADDRESS	USE
148 West River Street Suite #3 Providence, RI	Drawing Site
2138 Mendon Road Suite 103 Cumberland, RI	Drawing Site
1524 Atwood Avenue Suite 110 Johnston, RI	Drawing Site
2295 Diamond Hill Road Cumberland, RI	Drawing Site
1681 Cranston Street Cranston, RI	Drawing Site
770 North Main Street Providence, RI	Drawing Site
1302 Elmwood Avenue Cranston, RI	Drawing Site
1524 Atwood Avenue Suite 333 Johnston, RI	Drawing Site
310 Maple Avenue Barrington, RI	Drawing Site
2756 Post Road Warwick RI	Drawing Site
1 Randall Square Suite 401 Providence, RI	Drawing Site
725 Reservoir Avenue Cranston, RI	Drawing Site
655 Broad Street Providence, RI	Drawing Site
525 Taunton Avenue Providence, RI	Drawing Site
176 Tollgate Road Suite 301 Warwick, RI	Drawing Site
2 Wake Robin Road Lincoln, RI	Drawing Site
1370 Cranston Street Cranston, RI	Drawing Site
40 Broad Street Pawtucket, RI	Clinics (including Dental)
1637 Mineral Spring Avenue North Providence, RI	Outpatient Rehab
2 Wake Robin Road	Physician Office

ADDRESS	USE
Suite 204 Lincoln , RI	
2761 Pawtucket Avenue East Providence, RI	Drawing Site
1090 Cranston Street Cranston , RI	Drawing Site
191 MacArthur Boulevard Coventry, RI	Drawing Site
226 Buttonwoods Avenue Warwick, RI	Drawing Site
677 Atwood Avenue Cranston, RI	Drawing Site
1637 Mineral Spring Avenue North Providence, RI	Drawing Site
1596 Broad Street Cranston, RI	Drawing Site
1351 South County Trail East Greenwich, RI	Drawing Site
1681 Cranston Street Cranston, RI	Physician Office
1524 Atwood Avenue Suite 444 Johnston, RI	Physician Office
235 Plain Street Suite 305 Providence, RI	Physician Office
2138 Mendon Road Suite 102 Cumberland, RI	Physician Office
1524 Atwood Avenue Suite 125 Johnston, RI	Drawing Station
All other diagnostic, surgical and/or treatment facilities, medical office buildings, pharmacies, physician practice sites and/or health care service and educational sites or facilities, and related health care business in Providence, RI and surrounding communities, as well as the businesses conducted therein or thereby by the Company or any Affiliate of the Company.	

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:

Definitions.

The terms used herein are management terms and cannot be construed to usurp the authority of the Company's Board of Directors as set forth in the Amended and Restated Operating Agreement (the "Operating Agreement") of the Company. Any conflict between the management services set forth herein and the Operating Agreement shall be resolved in favor of the Operating Agreement. Accordingly, the terms utilized herein which include but are not limited to "supervise", "shall cause", "shall provide", "oversee" and "shall have authority/responsibility" are management terms utilized herein and are expressly subject to the powers and authority of the Company's Board of Directors as set forth in the Operating Agreement, including but not limited to Section 8 thereof, and the powers and authorities specifically reserved to the Board of Directors by R23-17.14-HCA of the Rules and Regulations Pertaining to Hospital Conversions.

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 Facilities 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 and 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.