North Carolina Department of Health and Human Services
Division of Health Service Regulation
Certificate of Need Section
2704 Mail Service Center • Raleigh, North Carolina 27699-2704
http://www.ncdhhs.gov/dhsr/

Drexdal Pratt, Director

Beverly Eaves Perdue, Governor
Albert A. Delia, Acting Secretary

Craig R. Smith, Section Chief
Phone: (919) 855-3873
Fax: (919) 733-8139

July 17, 2012

William W. Stewart, Jr.
K & L Gates, LLP
P.O. Box 14210
Research Triangle Park NC 27709-4210

RE: Exempt from Review - Replacement Equipment / Rex Hospital, Inc. / Replace existing Philips 16-channel computed tomography (CT) scanner with a new Siemens Somatom 64-slice CT scanner / Wake County
FID #: 953429

Dear Mr. Stewart:

In response to your letter of June 19, 2012, the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(7). Therefore, you may proceed to acquire, without a certificate of need, the Siemens Somatom Definition AS 64-slice CT scanner to replace the existing Philips Brilliance 16 Channel CT scanner [Serial # 2073]. This determination is based on your representations that the existing unit will be removed from North Carolina and will not be used again in the State without first obtaining a certificate of need. Further please be advised that as soon as the replacement equipment is acquired, you must provide the CON Section and the Medical Facilities Planning Section with the serial number of the new equipment to update the inventory, if not already provided. In addition, you should contact the Construction Section to determine if they have any requirements for development of the proposed project.

It should be noted that this Agency's position is based solely on the facts represented by you and that any change in facts as represented would require further consideration by this Agency and a separate determination. If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

Michael J. McKillip, Project Analyst

Craig R. Smith

Craig R. Smith, Chief
Certificate of Need Section

cc: Construction Section, DHSR

North Carolina Department of Health and Human Services
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Sincerely,

Michael J. McKillip, Project Analyst

Craig R. Smith

Craig R. Smith, Chief
Certificate of Need Section

cc: Construction Section, DHSR

K&L|GATES

K&L Gates LLP
Post Office Box 14210
Research Triangle Park, NC 27709-4210

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Morrisville, NC 27560

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William W. Stewart, Jr.
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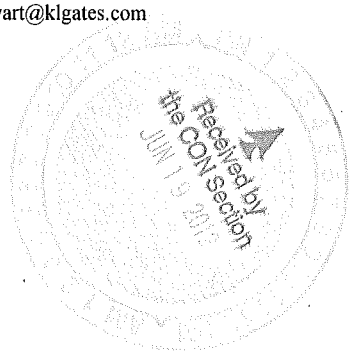
F 919.516.2112
bill.stewart@klgates.com

June 19, 2012



Via Hand Delivery
Craig R. Smith, Chief
Certificate of Need Section
Division of Health Service Regulation
N.C. Department of Health and Human Services
809 Ruggles Drive
Raleigh, NC 27603

RE: Rex Hospital, Inc. – Exemption Notice for Acquisition of Replacement CT Scanner, Wake County

Dear Mr. Smith:

Our client, Rex Hospital, Inc. ("Rex"), seeks to acquire a Somatom Definition AS 64-slice Excel Edition Computed Tomography (CT) scanner from Siemens Medical Solutions USA, Inc. ("Siemens") ("Replacement Equipment"). The Replacement Equipment will replace Rex's current Philips Brilliance 16 Channel CT scanner ("Existing Equipment"). The Existing Equipment is currently housed in CT Room Number 2 in the Radiology Department in Rex Hospital located at 4420 Lake Boone Trail in Raleigh, North Carolina. The Replacement Equipment will be located in the same room. The purpose of this letter is to provide the Agency with notice and to request a determination that Rex's purchase of the Replacement Equipment is exempt from Certificate of Need ("CON") review under the replacement equipment exemption provisions contained in N.C. Gen. Stat. § 131E-184(a)(7).

The General Assembly has chosen to exempt certain, otherwise reviewable events from CON review. Among those exemptions is the acquisition of "replacement equipment," defined as follows in the CON law:

> "Replacement equipment" means equipment that costs less than two million dollars ($2,000,000.00) and is purchased for the sole purpose of replacing comparable medical equipment currently in use which will be sold or otherwise disposed of when replaced.

See N.C. Gen. Stat. § 131E-176(22a).

To qualify for this exemption, the replacement equipment must (1) cost less than $2,000,000 and (2) be "comparable" to the equipment it replaces. In addition, the existing

equipment must be "sold or otherwise disposed of when replaced." Rex's proposal qualifies for this exemption.

A. Cost of the Replacement Equipment

The total costs to acquire, install, and make operational the Replacement Equipment is $1,260,000.00. (See Exhibit 2, Proposed Total Capital Cost; Exhibit 3, Certified Cost Estimate Letter; Exhibit 1, Quote for CT Replacement Equipment; Exhibit 4, Existing Equipment Disposal Letter) The specific construction items that are needed to install and make the Replacement Equipment operational are shown in the certified capital cost estimate provided by Rex's architect, James F. King of RGG Architects. (See Exhibit 2, Proposed Total Capital Cost; Exhibit 3, Certified Cost Estimate Letter). The construction consists of upgrading the CT room that will house the Replacement Equipment and upgrading the CT control room that will serve the Replacement Equipment. The cost for the removal of the Existing Equipment is included in the price quotation of $769,336 for the Replacement Equipment. (See Exhibits 1, 4)

In combination, the cost for acquiring the Replacement Equipment, installation of the Replacement Equipment, and removal of the Existing Equipment represents a total capital cost of $1,260,000.00. There will be no other construction costs or other capital costs associated with this replacement project. The cost is safely below the $2,000,000 threshold.

B. Comparable Equipment

The CON rule codified as 10 N.C.A.C. 14C.0303 (the "Regulation") defines "comparable medical equipment" in subsection (c) as follows:

> "Comparable medical equipment" means equipment which is functionally similar and which is used for the same diagnostic or treatment purposes.

10A N.C.A.C. 14C.0303(c).

Rex intends to use the Replacement Equipment for substantially the same CT scanner procedures for which it currently uses the Existing Equipment. The Existing Equipment is a CT scanner that was installed new at Rex in 2004. This Existing Equipment has been used for CT procedures since installation.

The Replacement Equipment will perform all procedures currently performed on the Existing Equipment. Although it possesses some expanded capabilities due to technological improvements, the Replacement Equipment will perform the same general range of CT services. The Replacement Equipment is therefore "comparable medical equipment" as defined in Subsection (c).

Furthermore, Rex does not intend to increase patient charges or per procedure operating expenses within the first 12 months after its acquisition. For further equipment comparison, please refer to Exhibit 5 (the Equipment Comparison Chart).

Subsection (d) of the regulation further provides:

> (1) it has the same technology as the equipment currently in use, although it may possess expanded capabilities due to technological improvements; and
>
> (2) it is functionally similar and is used for the same diagnostic or treatment purposes as the equipment currently in use and is not used to provide a new health service; and
>
> (3) the acquisition of the equipment does not result in more than a 10% increase in patient charges or per procedure operating expenses within the first twelve months after the replacement equipment is acquired.

10A N.C.A.C. 14C.0303(d). The Replacement Equipment will meet all three of the tests set out in Subsection (d). The Replacement Equipment satisfies the technology and functionality tests in Subsection (1) and (2) as discussed above and identified in the Comparison Chart (Exhibit 5). Moreover, Rex represents that use of the Replacement Equipment will not result in the types of expense or charge increase described in Subsection (d)(3).

C. Disposition of Equipment

As part of the proposal to acquire the Replacement Equipment from Siemens, Siemens will de-install and take as a trade-in the Existing Equipment, which will not be re-sold or re-installed in North Carolina without appropriate CON approval. See Exhibit 4.

CONCLUSION

Based on the foregoing information, Rex hereby requests that the Agency provide a written response confirming that the acquisition of the Replacement Equipment described herein is exempt from CON review. If the Agency needs additional information to assist in its consideration of this request, please apprise us as soon as possible. We thank you for your consideration of this request.

Sincerely,

William W. Stewart, Jr.

Exhibits

Exhibit 1	Price Quotation (CT Scanner)
Exhibit 2	Proposed Total Capital Cost Chart
Exhibit 3	Architect Cost Certification Letter
Exhibit 4	Removal Letter from Siemens
Exhibit 5	Equipment Comparison Chart

SIEMENS

Siemens Medical Solutions USA, Inc.
51 Valley Stream Parkway, Malvern, PA 19355
Fax: (336) 856-9995

SIEMENS REPRESENTATIVE
Edwin Winicki - (336) 688-0978

Customer Number: 0000009446

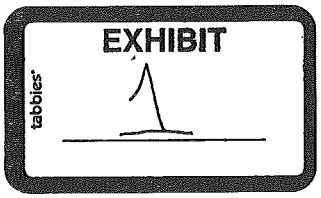
Date: 3/6/2012

REX HOSPITAL
4420 LAKE BOONE TRAIL
RALEIGH, NC 27607-7505

Siemens Medical Solutions USA, Inc. is pleased to submit the following quotation for the products and services described herein at the stated prices and terms, subject to your acceptance of the terms and conditions on the face and back hereof, and on any attachment hereto.

Table of Contents **Page**

Proposal valid until 7/30/2012



Accepted and Agreed to by:

Siemens Medical Solutions USA, Inc.		**REX HOSPITAL**	
By (sign):	_____	By (sign):	_____
Name:	Edwin Winicki	Name:	_____
Title:	Account Executive	Title:	_____
Date:	_____	Date:	_____

All pages of the signed proposal must be returned to Siemens to process the order - Thank you.

SIEMENS
Siemens Medical Solutions USA, Inc.
51 Valley Stream Parkway, Malvern, PA 19355
Fax: (336) 856-9995

SIEMENS REPRESENTATIVE
Edwin Winicki - (336) 688-0978

Quote Nr:	**1-3L99IV Rev. 2**
Terms of Payment:	00% Down, 80% Delivery, 20% Installation Free On Board: Destination
Purchasing Agreement:	MedAssets
	MedAssets terms and conditions apply to Quote Nr 1-3L99IV

SOMATOM Definition AS 64-slice Configuration Excel Edition

All items listed below are included for this system:

Qty	Part No.	Item Description
1	14420814	**SOMATOM Definition AS(64 Excel Ed.)** The SOMATOM Definition AS (AS Excel Edition, 64-slice configuration) is Siemens' state-of-the-art single source CT that offers the possibility to maximize clinical outcome and to minimize radiation dose. The ultimate goal is to provide medical professionals more time to take better care of their patients. With this, it is set to raise the standard of patient-centric productivity. Using Siemens' z-Sharp technology the SOMATOM Definition AS can provide fast sub-millimeter volume coverage and very high spatial resolution. The high rotation time of 0.33 seconds delivers excellent temporal resolution. With Siemens' new FAST - Fully Assisting Scanner Technologies - the SOMATOM Definition AS can simplify typically time consuming and complex procedures: the scanning process gets more intuitive and the results become more reproducible. Its comprehensive low dose portfolio includes many unique features like CARE kV that sets the ideal voltage for every examination or industry's first Adaptive Dose Shield that prevents clinically irrelevant over radiation in spiral scanning. Additionally, its large bore of 78 cm opens CT to all patients, meaning that virtually no patient is excluded.
1	14408329	**CT Replacement AS** SOMATOM Definition AS base configuration.
1	14420773	**FAST CARE Platform** Siemens' unique FAST CARE platform is set to raise the standard of patient-centric productivity. Utilizing FAST - Fully Assisting Scanner Technologies -, typically time-consuming and complex procedures during the scan process are extremely simplified and automated, not only improving workflow efficiency, but optimizing the overall clinical outcome by creating reproducible results, making diagnosis more reliable and reducing patient burden through streamlined examinations. Siemens' desire for as little radiation exposure as possible lies at the heart of the CARE - Combined Applications to Reduce Exposure - research and development philosophy offering a unique portfolio of dose saving features, many of them being introduced as industry's first.
1	14420771	**CARE Child** Dedicated pediatric CT imaging, including 70 kV scan modes and specific CARE Dose4D curves and protocols
1	14419143	**syngo 3D BoneRemoval #AWP** Simple, automated bone removal functionality for the syngo 3D application. Preconfigured algorithms for angiography and hip/pelvis fracture scenarios are included to facilitate fast removal of bone structure for three dimensional presentation and analysis of CT data.
1	14419144	**DICOM SR Viewer #AWP** The DICOM SR (structured report) Viewer allows to read reports created with specific applications (e.g. Circulation, Lung Care, Calcium Scoring and Onco) without the application itself being on the respective computer.
1	14419142	**Workstream 4D #AWP** WorkStream 4D further enhances the already superb workflow of the SOMATOM Definition AS CT system by offering direct generation of sagittal, coronal, oblique or double-oblique reconstructed images directly from CT raw data as part of the CT protocol.

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Qty	Part No.	Item Description
1	14420824	**Standard IRS** Reconstruction computer for the preprocessing and reconstruction of the CT raw data. The reconstruction computer contains a cluster of 2 high-performance GPU boards performing the preprocessing and reconstruction of the CT data. The raw data memory is 900 GByte. The peak recon performance is 40 frames/sec.
1	14428058	**Gantry tilt incl. tilted spiral** Allows for sequential scanning with a tilted gantry between +/- 30°, depending on the vertical positio n of the table. Using the gantry tilt sensitive organs (like eye lenses) can be moved out of the scan range or it eases access during interventional procedures. The tilted spiral allows to utilize the gantry tilt for spiral scan modes.
1	14408111	**Extended Field of View #AWP** Software program with special reconstruction algorithms that allow for visualization of objects using a FOV up to 78 cm (non-diagnostic image quality). License to use software on a single unit.
1	14408152	**UHR** UHR mode delivers Ultra High resolution in plane of up to 24lp/cm for high defined imaging of small structures such as inner ear, joints or fractures of the bone
1	14408032	**Rear cover incl. gantry panels** Rear Cover including gantry control panels with control functionality from the backside.
1	14408094	**Keyboard English** Keyboard in the above-mentioned language.
1	14408022	**Cooling System Air** SOMATOM Definition AS air cooling for the dissipation of heat generated in the gantry.
1	14408031	**Cable loom 25 m** Cable loom used to connect the power distribution system (PDS) with the gantry.
1	14420777	**Patient Table 2000 mm** Patient table to support up to 200cm scan range. Motor-driven table height adjustment from min. 48 cm to max. 92 cm, longitudinal movement of the tabletop 200 cm in increments of 0.5 mm, positioning accuracy +/- 0.25 mm from any direction. Horizontal scan range 200 cm. Table height can be controlled alternatively by means of foot switch (2 each on both sides of the patient table). In the case of emergency stop or power failure, the tabletop can also be moved manually in horizontal direction. Max. table load: 227 kg/500 lbs, Table feed speed: 2-200 mm/s, Distance between gantry front and table base 40 cm. Positioning aids: Positioning mattress, mattress protector, head-arm support (inclusive cushion), and non-tiltable head holders with positioning cushion set, patient restraining system for head fixation, restraining-strap set with body fixation strap that can be directly connected to the patient table top, headrest, table extension with positioning mattress, knee-leg support.
1	14408037	**HeartView CT** Scanning technique and program for ECG controlled data acquisition and image reconstruction with SOMATOM. The package comprises: HeartView CT option on the syngo Acquisition Workplace console for the ECG-controlled acquisition and reconstruction of artifactfree images of the heart. The ECG signal is supplied by an ECG device integrated in the gantry. The use of the software of this option is restricted to a single system unit.
1	14408038	**Cardio BestPhase Plus #AWP** Cardio BestPhase, a software dedicated to automatically detect the optimal phase for motion-less coronary visualization. The phase is defined in either end-systole, end-diastole or both timepoints and automatically reconstructed.
1	14408215	**Physiological Monitoring Module** The Physiological Monitoring Module allows to connect a 3 Channel ECG cable for ECG controlled cardiac acquisition.
1	14408040	**ECG cable IEC2 #D** ECG cable, IEC2 (AHA/US color coding).
1	14408036	**syngo Calcium Scoring CT #AWP** Dedicated application for the quantification of calcifications in CT images. For best results, CT images acquired with HeartView DSCT by ECG-synchronized imaging should be used. The Calcium Scoring software calculates various scores (Agatston score, volume score and calcium mass) to assess the risk of a cardiac infarct within user-defined regions for up to four coronary arteries.

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Qty	Part No.	Item Description
1	14408102	**Computer Cabinet #AWP** New cabinet to accommodate the computer system and UPS. Matched to the design of the control console table. Width: 800 mm, Depth: 800 mm, Height: 720 mm
1	14428064	**CARE Contrast III** Integrated solution for a simplified bolus injector coupling. It synchronizes scan and contrast injection and transfers the injector protocol data in the patient protocol, in the e-logbook and to MPPS (if configured).
1	M2SCT222LDF	**Stellant Dual Flow CT Inj.(Ceiling-long)**
1	M2ISI900SN	**Medrad ISI900 interface, POS**
1	CT_PM	**CT Project Management**
1	CT_BUDG_ADDL_RIG	**Budgetary Add'l/Out of Scope Rigging @ $6,900**
1	CT_STD_RIG_INST	**CT Standard Rigging and Installation**
1	CTSDEF01	**CT SLICKER; SOMATOM Definition**
1	4SPAS014	**Low Contrast CT Phantom & Holder**
1	CT_PR_AS64X_CC_BON	**AS64 Excel Comp Conversion Bonus**
1	CT_DOSEGUARD_AS_EX	**Dose Guard for SOMATOM Definition AS 64** The Sinogram Affirmed Iterative Reconstruction (SAFIRE) enhances spatial resolution, reduces image noise and increases sharpness by introducing multiple iteration steps in the reconstruction process. The resulting higher image quality enables to reduce dose by up to 60%*. *In clinical practice, the use of SAFIRE may reduce CT patient dose depending on the clinical task, patient size, anatomical location, and clinical practice. A consultation with a radiologist and a physicist should be made to determine the appropriate dose to obtain diagnostic image quality for the particular clinical task. The following test method was used to determine a 54 to 60% dose reduction when using the SAFIRE reconstruction software. Noise, CT numbers, homogeneity, low-contrast resolution and high contrast resolution were assessed in a Gammex 438 phantom. Low dose data reconstructed with SAFIRE showed the same image quality compared to full dose data based on this test. Data on file. Software option for syngo based SOMATOM Definition systems, providing enhanced security features including user management and audit trail functionality.
1	CT_ADD_24	**Additional onsite training 24 hours**
1	CT_IKMSUITE_ECLS	**CT syngo Security Virtual Instructor Led**
1	CT_PR_DOSEGUARD_01	**Promo offset for Dose Guard**
3	CT_CLS_NOTVL	**Training Class with T&L not included**
1	CT_INITIAL_32	**Initial onsite training 32 hrs**
1	CT_FOLLOWUP_12	**Follow-up training 12 hrs**
1	CT_ADD_32	**Additonal onsite training 32 hours**
1	CT_ADD_12	**Additonal onsite training 12 hours**
1	ADAPT_DOSE_SHIELD	**Adaptive Dose Shield** Adaptive Dose Shield for spiral acquisition to eliminate pre- and post-spiral over-radiation.
1	FAST_ADJUST	**FAST Adjust** FAST Adjust: assists the user to handle system settings in a fast and easy way by automatically solving of conflicts within user defined limits by one single click on the FAST Adjust button. The limits for scan time and tube current per scan are defined via the Scan Protocol Assistant. FAST Adjust offers an undo functionality to return to previously set values.
1	FAST_SCAN_ASSIST	**FAST Scan Assistant** FAST Scan Assistant: An intuitive user interface for solving conflicts by changing the scan time, resp. the pitch and/or the maximum tube current manually.

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Fax: (336) 856-9995

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Qty	Part No.	Item Description
1	CARE_DOSE4D	**CARE Dose4D** CARE Dose4D delivers the highest possible image quality at the lowest possible dose for patients - maximum detail, minimum dose. Adaptive dose modulation for up to 60% dose reduction
1	CARE_KV	**CARE kV** CARE kV: First automated, organ-sensitive voltage setting to improve image quality and contrast-to-noise-ratio while optimizing dose and potentially reducing it by up to 60%.
1	CARE_PROFILE	**CARE Profile** CARE Profile: Visualization of the dose distribution along the topogram prior to the scan
1	CARE_DASHBOARD	**CARE Dashboard** Visualization of activated dose reduction features and technologies for each scan range of an examination to analyze and manage the dose to be applied in the scan
1	CARE_DOSE_CONFIG	**CARE Dose Configurator** CARE Dose Configurator: Enhancement of Siemens' renowned real-time dose modulation CARE Dose4D, introducing new reference curves for each body region and for each body habitus allowing to adjust the configuration even more precisely to the patient's anatomy.
1	DOSE_NOTIFICATION	**Dose Notification** Dose Notification: As requested by the new release of the standard IEC 60601 3rd edition, the SOMATOM Definition AS provides the ability to set dose reference values (CTDIvol, DLP) for each scan range. If these reference values are exceeded the Dose Notification window informs the user.
1	DOSE_ALERT	**Dose Alert** Dose Alert: As requested by the new release of the standard IEC 60601 3rd edition, the SOMATOM Definition automatically adds up CTDIvol and DLP depending on z-position (scan axis). The Dose Alert window appears, if either of these cumulative values exceeds a user-defined threshold.
1	PWR9390UPS160	**EATON Powerware 9390-160kVA UPS**
1	PWR9390BP160	**Pwrwre 9390-160 Integrated Maint Bypass**

System Total: $769,336

FINANCING: The equipment listed above may be financed through Siemens. Ask us about our full range of financial products that can be tailored to meet your business and cash flow requirements. For further information, please contact your local Sales Representative.

ACCESSORIES: Don't forget to ask us about our line of OEM imaging accessories to complete your purchase. All accessories can be purchased or financed as part of this order. To purchase accessories directly or to receive our accessories catalog, please call us directly at 1-888-222-9944 ext. 7 or contact your local Sales Representative.

COMPLIANCE: Compliance with legal and internal regulations is an integral part of all business processes at Siemens. Possible infringements can be reported to our Helpdesk "Tell us" function at www.siemens.com/tell-us.

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Siemens Medical Solutions USA, Inc. General Terms and Conditions

1. GENERAL

1.1 Contract Terms. These terms and conditions constitute an integral part of any contract between the Seller identified on the first page hereof to sell products ("Products") and Purchaser and shall govern the sale of the Products. Seller shall not be bound by, and specifically objects to, any terms, conditions or other provisions which are different from or in addition to the provisions of this Agreement (whether or not it would materially alter this Agreement) which is proffered by Purchaser in any purchase order, receipt, acceptance, confirmation, correspondence or otherwise (even if provided to Seller concurrently with this Agreement), unless Seller specifically agrees to any such provision in a writing signed by Seller. Neither Seller's lack of objection to any such terms, nor delivery of the Products or provision of any services hereunder, shall constitute the agreement of Seller to any such terms. Purchaser acknowledges that this is a commercial and not a consumer transaction.

1.2 Acceptance. Purchaser shall be deemed to have assented to, and waived any objection to, this Agreement upon the earliest to occur of any of the following: Purchaser's completion or execution of this Agreement; Purchaser's acceptance of all or any part of the Products subject to this Agreement; Purchaser's issuance of a purchase order for any Products identified on Seller's quotation or proposal; or delivery of the Products to the common carrier for shipment pursuant hereto.

1.3 Refurbished/Used Products. For Products identified on the Agreement as used or refurbished Products, these Products have been previously owned and used. When delivered to Purchaser, the Products may have received mechanical, electrical and/or cosmetic reconditioning, as needed, and will comply with the manufacturer's specifications. Since pre-owned Products may be offered simultaneously to several customers, the sale of such Products to Purchaser cannot be guaranteed and is subject to continuing availability at the time Purchaser accepts Seller's offer to sell the Products. If the Products are no longer available, Seller will use its best efforts to identify other products in its inventory that may be suitable for purchase by Purchaser, and if substitute products are not acceptable to Purchaser, then Seller will cancel the order and refund to Purchaser any deposits previously paid. The warranty period for any used or refurbished Products will be separately stated on the quotation.

1.4 Third Party Products. If this Agreement includes the sale of third party products not manufactured by Seller, then Purchaser agrees and acknowledges that (a) Purchaser has made the selection of these products on its own, (b) the products are being acquired by Seller solely at the request of and for the benefit of Purchaser, in order to eliminate the need for Purchaser to issue a separate purchase order to the manufacturer of the products, (c) no representation, warranty or guarantee has been made by Seller with respect to the products, (d) the obligation of Purchaser to pay Seller for the products is absolute and unconditional, (f) Purchaser will assert no claim whatsoever against the Seller with respect to the products, and will look solely to the manufacturer regarding any such claims, (g) Purchaser will indemnify and hold Seller harmless from and against any and all claims, regardless of the form of action, related to, resulting from or caused by the products or any work or service provided by the manufacturer of the products or any other party, (h) use of the products may be subject to the Purchaser's agreement to comply with any software licensing terms imposed by the manufacturer, as well as any applicable laws, rule and regulations; and (i) the manufacturer, and not Seller, is solely responsible for any required installation, testing, validation, tracking, product recall, warranty service, maintenance, support, and complaint handling, as well as any other applicable FDA regulatory requirements.

2. PRICES

2.1 Quotations. Unless otherwise agreed to in writing or set forth in the quotation, all prices quoted by Seller are based on U.S. dollars, and include standard and customary packaging. F.O.B. terms are set forth in Section 6.2 hereof. Domestic prices apply only to purchasers located in, and who will use the Products in, the U.S. International prices apply to all purchasers located outside of, or who will use or ship or facilitate shipment of the Products outside of, the U.S. Unless otherwise stated, the quotation shall only be valid for forty-five (45) days from the date of the quotation.

2.2 Delay in Acceptance of Delivery. Should the agreed delivery date be postponed by Purchaser, Seller shall have the right to deliver to storage at Purchaser's risk and expense, and payments due upon delivery shall become due when Seller is ready to deliver.

2.3 Escalation. Unless otherwise agreed to in writing, except as to goods to be delivered within six (6) months of Seller's acceptance of Purchaser's order, Seller reserves the right to increase its prices to those in effect at the time of shipment.

3. TAXES

3.1 Any sales, use or manufacturer's tax which may be imposed upon the sale or use of Products, or any property tax levied after readiness to ship, or any excise tax, license or similar fee required under this transaction, shall be in addition to the quoted prices and shall be paid by Purchaser. Notwithstanding the foregoing, Seller agrees to honor any valid exemption certificate provided by Purchaser.

4. TERMS OF PAYMENT

4.1 Payments; Due Date. Unless otherwise set forth in the quotation, Seller's payment terms are as follows: an initial deposit of 10% of the purchase price for each Product is due upon submission of the purchase order, an additional 80% of the purchase price is due upon delivery of each Product, and the final 10% of the purchase price is due upon completion of installation or when the Products are available for first patient use, whichever occurs first. Unless otherwise agreed, all payments other than the initial deposit are due net thirty (30) days from the date of invoice. Seller shall have no obligation to complete installation until the payment due upon delivery of the Product is received. All amounts payable pursuant to this Agreement are denominated in United States dollars, and Purchaser shall pay all such amount in lawful money of the United States. Partial shipments shall be billed as made, and payments for such shipments will be made in accordance with the foregoing payment terms. In the event that Purchaser makes any payments hereunder by credit card, Seller has the right to charge the Purchaser any credit card fees imposed on the Seller by the financial institution.

4.2 Late Payment. A service charge of 1½% per month, not to exceed the maximum rate allowed by law, shall be made on any portion of Purchaser's outstanding balance which is not paid within thirty (30) days after invoice date, which charge shall be determined and compounded on a daily basis from the due date until the date paid. Payment of such service charge shall not excuse or cure Purchaser's breach or default for late payment. In addition, in the event that Purchaser fails to make any payment to Seller within this thirty (30) day period, including but not limited to any payment under any service contract, promissory note or other agreement with Seller, then Seller shall have no obligation to continue performance under any agreement with Purchaser.

4.3 Payment of Lesser Amount. If Purchaser pays, or Seller otherwise receives, a lesser amount than the full amount provided for under this Agreement, such payment or receipt shall not constitute or be construed other than as on account of the earliest amount due Seller. Seller may accept any check or payment in any amount without prejudice to Seller's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying a check or payment or elsewhere shall constitute or be construed as an accord or satisfaction.

4.4 Where Payment Due Upon Installation or Completion. Should any terms of payment provide for either full or partial payment upon installation or completion of installation or thereafter, and the installation or completion is delayed for any reason for which Seller is not responsible, then the Products shall be deemed installed upon delivery and, if no other terms were agreed upon in writing signed by the parties, the balance of payments shall be due no later than thirty (30) days from delivery regardless of the actual installation date.

4.5 Default;Termination. Each of the following shall constitute an event of default under this Agreement: (i) a failure by Purchaser to make any payment due Seller within ten (10) days of receipt of notice of non-payment from Seller; (ii) a failure by Purchaser to perform any other obligation under this Agreement within thirty (30) days of receipt of notice from Seller; (iii) a default by Purchaser or any affiliate of Purchaser under any other obligation to or agreement with Seller, Siemens Financial Services, Inc. or Siemens Medical Solutions Health Services Corporation, or any assignee of the foregoing (including, but not limited to, a promissory note, lease, rental agreement, license agreement or purchase contract); or (iv) the commencement of any insolvency, bankruptcy or similar proceedings by or against the Purchaser (including any assignment by Purchaser for the benefit of creditors). Upon the occurrence of any event of default, at Seller's election: (a) the entire amount of any indebtedness and obligation due Seller under this Agreement and interest thereon shall become immediately due and payable without notice, demand, or period of grace; (b) Seller may suspend the performance of any of Seller's obligations hereunder, including, but not limited to, obligations relating to delivery, installation and warranty services; (c) Purchaser shall put Seller in possession of the Products upon demand; (d) Seller may enter any premises where the Products are located and take possession of the Products without notice or demand and without legal proceedings; (e) at the request of Seller, Purchaser shall

assemble the Products and make them available to Seller at a place designated by Seller which is reasonable and convenient to all parties; (f) Seller may sell or otherwise dispose of all or any part of the Products and apply the proceeds thereof against any indebtedness or obligation of Purchaser under this Agreement (Purchaser agrees that a period of 10 days from the time notice is sent to Purchaser shall be a reasonable period of notification of sale or other disposition of the Products by or for Seller); (g) if this Agreement or any indebtedness or obligation of Purchaser under this Agreement is referred to an attorney for collection or realization, Purchaser shall pay to Seller all costs of collection and realization (including, without limitation, a reasonable sum for attorneys' fees, expenses of title search, all court costs and other legal expenses) incurred thereby; and (h) Purchaser shall pay any deficiency remaining after collection of or realization by Seller on the Products. In addition, Seller may terminate this Agreement upon written notice to Purchaser in the event that Purchaser is not approved for credit or upon the occurrence of any material adverse change in the financial condition or business operations of Purchaser.

4.6 Financing. Notwithstanding any arrangement that Purchaser may make for the financing of the purchase price of the Products, the parties agree that any such financing arrangement shall have no effect on the Purchaser's payment obligations under this Agreement, including but not limited to Sections 4.1 and 4.2 above.

5. EXPORT TERMS

5.1 Unless other arrangements have been made, payment on export orders shall be made by irrevocable confirmed letter of credit, payable in U.S. dollars against Seller's invoice and standard shipping documents. Such letter of credit shall be in an amount equal to the full purchase price of the Products and shall be established in a U.S. bank acceptable to Seller. Purchaser shall procure all necessary permits and licenses for shipment and compliance with any governmental regulations concerning control of final destination of Products.

5.2 Purchaser shall not, directly or indirectly, violate any U.S. law, regulation or treaty, or any other international treaty or agreement, relating to the export or reexport of any Product or associated technical data, to which the U.S. adheres or with which the U.S. complies. Purchaser shall defend, indemnify and hold Seller harmless from any claim, damage, liability or expense (including but not limited to reasonable attorney's fees) arising out of or in connection with any violation of the preceding sentence. If Purchaser purchases a Product at the domestic price and exports such Product, or transfers such Product to a third party for export, outside of the U.S., Purchaser shall pay to Seller the difference between the domestic price and the international retail price of such Product pursuant to the payment terms set forth herein. Purchaser shall deliver to Seller, upon Seller's request, written assurance regarding compliance with this section in form and content acceptable to Seller.

6. DELIVERY, RISK OF LOSS

6.1 Delivery Date. Delivery and completion schedules are approximate only and are based on conditions at the time of acceptance of Purchaser's order by Seller. Seller shall make every reasonable effort to meet the delivery date(s) quoted or acknowledged, but shall not be liable for any failure to meet such date(s). Partial shipments may be made.

6.2 Risk of Loss; Title Transfer. Unless otherwise agreed to in writing, the following shall apply:

(a) For Products that do not require installation by Seller or its authorized agent or subcontractor, and for options and add-on products purchased subsequent to delivery and installation of Products purchased under this Agreement, delivery shall be complete upon transfer of possession to common carrier, F.O.B. Shipping Point, whereupon title to and all risk of loss, damage to or destruction of the Products shall pass to Purchaser.

(b) For Products that require installation by Seller or its authorized agent or subcontractor, delivery shall be complete upon delivery of the Products to Purchaser's designated site, F.O.B. Destination; title to and all risk of loss, damage to or destruction of such Products shall pass to Purchaser upon completion of the installation by Seller or its authorized agent or subcontractor.

(c) All freight charges and other transportation, packing and insurance costs, license fees, custom duties and other similar charges shall be the sole responsibility of the Purchaser unless included in the purchase price or otherwise agreed to in writing by Seller. In the event of any loss or damage to any of the Products during shipment, Seller and Purchaser shall cooperate in making a claim against the carrier.

7. SECURITY INTEREST/FILING

7.1 From the F.O.B. point, Seller shall have a purchase money security interest in the Products (and all accessories and replacements thereto and all proceeds thereof) until payment in full by Purchaser and satisfaction of all other obligations of Purchaser hereunder. Purchaser hereby (i) authorizes Seller to file (and Purchaser shall promptly execute, if requested by Seller) and (ii) irrevocably appoints Seller its agent and attorney-in-fact to execute in the name of Purchaser and file, with such authorities and at such locations as Seller may deem appropriate, any Uniform Commercial Code financing statements with respect to the Products and/or this Agreement. Purchaser also agrees that an original or a photocopy of this Agreement (including any addenda, attachments and amendments hereto) may be filed by Seller as a Uniform Commercial Code financing statement. Purchaser further represents and covenants that (a) it will keep the Products in good order and repair until the purchase price has been paid in full, (b) it will promptly pay all taxes and assessments upon the Products or the use thereof, (c) it will not attempt to transfer any interest in the Products until the purchase price has been paid in full, and (d) it is solvent and financially capable of paying the full purchase price for the Products.

8. CHANGES, CANCELLATION, AND RETURN

8.1 Orders accepted by Seller are not subject to change except upon written agreement.

8.2 Orders accepted by Seller are noncancellable by Purchaser except upon Seller's written consent and payment by Purchaser of a cancellation charge equal to 10% of the price of the affected Products, plus any shipping, insurance, inspection and refurbishment charges; the cost of providing any training, education, site evaluation or other services; and any return, cancellation or restocking fees with respect to any Third Party Products ordered by Seller on behalf of Purchaser. Seller may retain any payments received from Purchaser up to the amount of the cancellation charge. In no event can an order be cancelled by Purchaser or Products be returned to Seller after shipment has been made.

8.3 Seller shall have the right to change the manufacture and/or design of its Products if, in the judgment of Seller, such change does not alter the general function of the Products.

9. FORCE MAJEURE

9.1 Seller will make every effort to complete shipment, and installation where indicated, but shall not be liable for any loss or damage for delay in delivery, inability to install or any other failure to perform due to causes beyond its reasonable control including, but not limited to, acts of government or compliance with any governmental rules or regulations, acts of God or the public, war, civil commotion, blockades, embargoes, calamities, floods, fires, earthquakes, explosions, storms, strikes, lockouts, labor disputes, or unavailability of labor, raw materials, power or supplies. Should such a delay occur, Seller may reasonably extend delivery or production schedules or, at its option, cancel the order in whole or part without liability other than to return any unearned deposit or prepayment.

10. WARRANTY

10.1 Seller warrants that the Products manufactured by Seller and sold hereunder shall be free from defects in material or workmanship under normal use and service for the warranty period. The final assembled Products shall be new although they may include certain used, reworked or refurbished parts and components (e.g., circuit boards) that comply with performance and reliability specifications and controls. Seller's obligation under this warranty is limited, at Seller's option, to the repair or replacement of the Product or any part thereof. Unless otherwise set forth in the Product Warranty attached hereto and incorporated herein by reference, the warranty period shall commence upon the earlier of the date that the Products have been installed in accordance with 12.6 hereof, which date shall be confirmed in writing by Seller, or first patient use, and shall continue for 12 consecutive months. Seller makes no warranty for any Products made by persons other than Seller or its affiliates, and Purchaser's sole warranty therefor, if any, is the original manufacturer's warranty, which Seller agrees to pass on to Purchaser, as applicable. The warranty provided by Seller under this Section 10 extends only to the original Purchaser, unless the Purchaser obtains the Seller's prior written consent with respect to any sale or other transfer of the Equipment during the term of the warranty.

10.2 No warranty extended by Seller shall apply to any Products which have been damaged by fire, accident, misuse, abuse, negligence, improper application or alteration or by a force majeure occurrence as described in Section 9 hereof or by the Purchaser's failure to operate the Products in accordance with the manufacturer's instructions or to maintain the recommended operating environment and line conditions; which are defective due to unauthorized attempts to repair, relocate, maintain, service, add to or modify the Products by the Purchaser or any third party or due to the attachment and/or use of non-Seller supplied equipment , parts or software, without Seller's prior written approval; which failed due to causes from within non-Seller supplied equipment, parts or software; which have been damaged from the use of operating supplies or consumable parts not approved by Seller. In addition, no warranty extended by Seller shall apply to any transducer or probe failure due to events such as cracking from high impact drops, cable rupture from rolling equipment over the cable, or delamination from cleaning

with inappropriate solutions. Seller's obligation under this warranty is limited to the repair or replacement, at Seller's option, of defective parts. Seller may effectuate such repair at Purchaser's facility, and Purchaser shall furnish Seller safe and sufficient access for such repair. Repair or replacement may be with parts or products that are new, used or refurbished. Repairs or replacements shall not interrupt, extend or prolong the term of the warranty. Purchaser shall, upon Seller's request, return the noncomplying Product or part to Seller with all transportation charges prepaid, but shall not return any Product or part to Seller without Seller's prior written authorization. Purchaser shall pay Seller its normal charges for service and parts for any inspection, repair or replacement that is not, in Seller's sole judgment, required by noncompliance with the warranty set forth in Section 10.1. Seller's warranty does not apply to consumable materials, disposables, supplies, accessories and collateral equipment, except as specifically stated in writing or as otherwise set forth in the Product Warranty attached hereto and incorporated herein by reference, nor to products or parts thereof supplied by Purchaser.

10.3 This warranty is made on condition that immediate written notice of any noncompliance be given to Seller and Seller's inspection reveals that the Purchaser's claim is valid under the terms of the warranty (i.e., that the noncompliance is due to traceable defects in original materials and/or workmanship).

10.4 Purchaser shall provide Seller with full and free access to the Products, network cabling and communication equipment as is reasonably necessary for Seller to provide warranty service. This access includes establishing and maintaining connectivity to the Products via VPN IPsec Tunneling (non-client) Peer-to-Peer connection, modem line, internet connection, broadband internet connection or other secure remote access reasonably required by Seller, in order for Seller to provide warranty service, including remote diagnostics, monitoring and repair services.

10.5 Warranty service will be provided without charge during Seller's regular working hours (8:30-5:00), Monday through Friday, except Seller's recognized holidays. If Purchaser requires that service be performed other than during these times, such service can be made available at an additional charge, at Seller's then current rates. The obligations of Seller described in this section are Seller's only obligations and Purchaser's sole and exclusive remedy for a breach of product warranty.

10.6 SELLER MAKES NO WARRANTY OTHER THAN THE ONE SET FORTH HEREIN AND IN THE ATTACHED PRODUCT WARRANTY COVERING THE APPLICABLE PRODUCT CATEGORY. SUCH WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY EXPRESS OR IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSES, AND SUCH CONSTITUTES THE ONLY WARRANTY MADE WITH RESPECT TO THE PRODUCTS AND ANY DEFECT, DEFICIENCY OR NONCONFORMITY IN ANY PRODUCT, SERVICE OR OTHER ITEM FURNISHED UNDER THIS AGREEMENT.

10.7 In the event of any inconsistencies between the terms of this Section 10 and the terms of the attached Product Warranty, the terms of the attached Product Warranty shall prevail.

11. LIMITATION OF LIABILITY

11.1 In no event shall Seller's liability hereunder exceed the actual loss or damage sustained by Purchaser, up to the purchase price of the Products. The foregoing limitation of liability shall not apply to claims for bodily injury or damages to real property or tangible personal property arising as a result of Seller's negligence or a product defect.

11.2 SELLER SHALL NOT BE LIABLE FOR ANY LOSS OF USE, REVENUE OR ANTICIPATED PROFITS, COST OF SUBSTITUTE PRODUCTS OR SERVICES, LOSS OF STORED, TRANSMITTED OR RECORDED DATA, OR FOR ANY INDIRECT, INCIDENTAL, UNFORESEEN, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES WHETHER BASED ON CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR ANY OTHER THEORY OR FORM OF ACTION, EVEN IF SELLER HAS BEEN ADVISED OF THE POSSIBILITY THEREOF, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SALE OR USE OF THE PRODUCTS. THE FOREGOING IS A SEPARATE, ESSENTIAL TERM OF THIS AGREEMENT AND SHALL BE EFFECTIVE UPON THE FAILURE OF ANY REMEDY, EXCLUSIVE OR NOT.

12. INSTALLATION - ADDITIONAL CHARGES

12.1 General. Unless otherwise expressly stipulated in writing, the Products covered hereby shall be installed by and at the expense of Seller except that Seller shall not provide rigging or site preparation services unless otherwise agreed to in writing by Seller for an additional charge. Seller will not install accessory items such as cabinets, illuminators, darkroom equipment or processors for X-Ray and CT equipment, unless otherwise agreed to in writing by Seller.

12.2 Installation by Seller. If Seller specifies it will install the Products, the following applies: subject to fulfillment of the obligations set forth in 12.4 below, Seller shall install the Products covered hereby and connect same to the requisite safety switches and power lines to be installed by Purchaser. Except as otherwise specified below, if such installation and connection are performed by Seller's technical personnel, prices shown include the cost thereof, provided that the installation and connection can be performed within the Continental United States or Puerto Rico and during normal business hours. Any overtime charges or other special expenses shall be additional charges to the prices shown.

12.3 Trade Unions. In the event that a trade union, or unions, or other local labor conditions prevent Seller from performing the above work with its own employees or contractors, then Purchaser shall either make all required arrangements with the trade union, or unions, to permit Seller's completion of said work or shall provide the personnel, at Purchaser's sole cost and expense. Moreover, any additional cost incurred by Seller and related to such labor disputes shall be paid by the Purchaser and Seller's obligations under such circumstances will be limited to providing engineering supervision of installation and connection of Seller equipment to existing wiring.

12.4 Purchaser's Obligations. Purchaser shall, at its expense, provide all proper and necessary labor and materials for plumbing service, carpentry work, conduit wiring, and other preparations required for such installation and connection. All such labor and materials shall be completed and available at the time of delivery of the Products by Seller. Additionally, the Purchaser shall provide free access to the premises of installation and, if necessary, safe and secure space thereon for storage of Products and equipment prior to installation by Seller. Purchaser shall be responsible, at its sole cost and expense, for obtaining all permits, licenses and approvals required by any federal, sate or local authorities in connection with the installation and operation of the Products, including but not limited to any certificate of need and zoning variances. Purchaser shall provide a suitable environment for the Products and shall ensure, at its sole cost and expense, that its premises are free of asbestos, hazardous conditions and any concealed, unknown or dangerous conditions and that all site requirements are met. Seller shall delay its work until Purchaser has completed the removal of the asbestos or other hazardous materials or has taken any other precautions and completed any other work required by applicable regulations. Purchaser shall reimburse Seller for any increased costs and expenses incurred by Seller that are the result of or are caused by any such delay. In the event that Seller is requested to supervise the installation of the Products, it remains the Purchaser's responsibility to comply with local regulations. Seller is not an architect and all drawings furnished by Seller are not construction drawings.

12.5 Regulatory Reporting. In the event that any regulatory activity is performed by other than Seller authorized personnel, Purchaser shall be responsible for fulfilling any and all reporting requirements.

12.6 Completion of Installation. Installation shall be complete upon the conclusion of final calibration and checkout under Seller's standard procedures to verify that the Products meet applicable written performance specifications. Notwithstanding the foregoing, first use of the Products by Purchaser, its agents or employees for any purpose after delivery shall constitute completion of installation.

13. PATENT, TRADEMARK AND OTHER INFRINGEMENT CLAIMS

13.1 Infringement by Seller. Seller warrants that the Products manufactured by Seller and sold hereunder do not infringe any U.S. patent or copyright. If Purchaser receives a claim that any such Product, or parts thereof, infringe upon the rights of others under any U.S. patent or copyright, Purchaser shall notify Seller immediately in writing. As to all infringement claims relating to Products or parts manufactured by Seller or one of its affiliates:

(a) Purchaser shall give Seller information, assistance and exclusive authority to evaluate, defend and settle such claims.

(b) Seller shall then, at its own expense, defend or settle such claims, procure for the Purchaser the right to use the Products, or remove or modify them to avoid infringement. If none of these alternatives is available on terms reasonable to Seller, then Purchaser shall return the Products to Seller and Seller shall refund to Purchaser the purchase price paid by the Purchaser less reasonable depreciation for Purchaser's use of the Products. The foregoing states Seller's entire obligation and liability, and the Purchaser's sole remedy, for claims of infringement.

13.2 Infringement by Purchaser. If some or all of the Products sold hereunder are made by Seller pursuant to drawings or specifications furnished by the Purchaser, or if Purchaser modifies or combines, operates or uses the Products other than as specified by Seller or with any product, data, software, apparatus or program not provided or approved by Seller, then the indemnity obligation of Seller under Section 13.1 shall be null and void and should a claim be made that such Products infringe the rights of any third party under patent, trademark or otherwise, then Purchaser shall indemnify and hold Seller

harmless against any liability or expense, including reasonable attorneys' fees, incurred by Seller in connection therewith.

14. DESIGNS AND TRADE SECRETS; LICENSE; CONFIDENTIALITY

14.1 Any drawings, data, designs, software programs or other technical information supplied by Seller to Purchaser in connection with the sale of the Products are not included in the sale of the Products to Purchaser, shall remain Seller's property and shall at all times be held in confidence by Purchaser. Such information shall not be reproduced or disclosed to others without Seller's prior written consent.

14.2 For all goods purchased hereunder which utilize software for their operation, such "Applications Software" shall be licensed to Purchaser under the terms of Seller's Software License Schedule as attached hereto.

14.3 Diagnostic/Maintenance Software is not included under 14.2 above, is available only as a special option under a separate Diagnostic Materials License Agreement and may be subject to a separate licensing fee.

14.4 Seller and Purchaser shall maintain the confidentiality of any information provided or disclosed to the other party relating to the business, customers and/or patients of the disclosing party, as well as this Agreement and its terms (including the pricing and other financial terms under which the Purchaser will be purchasing the Products hereunder). Each party shall use reasonable care to protect the confidentiality of the information disclosed, but no less than the degree of care it would use to protect its own confidential information, and shall only disclose the other party's confidential information to its employees and agents having a need to know this information. The obligations of confidentiality set forth herein shall not apply to any information in the public domain at the time of disclosure or that is required to be disclosed by court order or by law.

15. ENGINEERING CHANGES

15.1 Seller makes no representation that engineering changes which may be announced in the future will be suitable for use on, or in connection with, the Products.

16. ASSIGNMENT

16.1 Neither party may assign any rights or obligations under this Agreement without the written consent of the other and any attempt to do so shall be void, except that Seller may assign this Agreement without consent to any subsidiary or affiliated company, and may delegate to authorized subcontractors or service suppliers any work to be performed under this Agreement so long as Seller remains liable for the performance of its obligations under this Agreement. This Agreement shall inure to and be binding upon the parties and their respective successors, permitted assigns and legal representatives. Seller shall have no obligations under this Agreement to any assignee of Purchaser that is not approved by Seller in advance.

17. DAMAGES, COSTS AND FEES

17.1 In the event that any dispute or difference is brought arising from or relating to this Agreement or the breach, termination or validity thereof, the prevailing party shall NOT be entitled to recover from the other party any punitive damages. The prevailing party shall be entitled to recover from the other party all reasonable attorneys' fees incurred, together with such other expenses, costs and disbursements as may be allowed by law.

18. MODIFICATION

18.1 This Agreement may not be changed, modified or amended except in writing signed by duly authorized representatives of the parties.

19. GOVERNING LAW; WAIVER OF JURY TRIAL

19.1 This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania.

19.2 EACH OF THE PARTIES EXPRESSLY WAIVES ALL RIGHTS TO A JURY TRIAL IN CONNECTION WITH ANY DISPUTE UNDER THIS AGREEMENT.

20. COST REPORTING

20.1 Purchaser agrees that it will fully and accurately account for and report in all cost reports and otherwise fully and accurately disclose to federal and state health care program payors and fully and accurately reflect where and as appropriate to the applicable reimbursement methodology, all services and other items, including any and all discounts, received from Seller under this Agreement, in compliance with all applicable laws, rules and regulations, including but not limited to the Social Security Act and implementing regulations relating to Medicare, Medicaid and other federal and state health care reimbursement programs

21. INTEGRATION

21.1 These terms and conditions, including any attachments or other documents incorporated by reference herein, constitute the entire agreement and the complete and exclusive statement of agreement with respect to the subject matter hereof, and supersede any and all prior agreements, understandings and communications between the parties with respect to the Products.

22. SEVERABILITY; HEADINGS

22.1 No provision of this Agreement which may be deemed unenforceable will in any way invalidate any other portion or provision of this Agreement. Section headings are for convenience only and will have no substantive effect.

23. WAIVER

23.1 No failure and no delay in exercising, on the part of any party, any right under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any right preclude the further exercise of any other right.

24. NOTICES

24.1 Any notice or other communication under this Agreement shall be deemed properly given if given in writing and delivered in person or mailed, properly addressed and stamped with the required postage, to the intended recipient at its address specified on the face hereof. Either party may from time to time change such address by giving the other party notice of such change in accordance with this section.

25. RIGHTS CUMULATIVE

25.1 The rights and remedies afforded to Seller under this Agreement are in addition to, and do not in anyway limit, any other rights or remedies afforded to Seller by any other agreement, by law or otherwise.

26. END USER CERTIFICATION

26.1 Purchaser represents, warrants and covenants that it is acquiring the Products for its own end use and not for reselling, leasing or transferring to a third party (except for lease-back financings).

SIEMENS
Siemens Medical Solutions USA, Inc.
51 Valley Stream Parkway, Malvern, PA 19355
Fax: (336) 856-9995

SIEMENS REPRESENTATIVE
Edwin Winicki - (336) 688-0978

Software License Schedule to the Siemens Medical Solutions USA, Inc. General Terms and Conditions

1. DEFINITIONS: The following definitions apply to this Schedule:
"**Agreement**" shall mean the attached (i) Quotation for Products and/or Services including the Terms and Conditions of Sale and applicable schedules; and/or (ii) Software License Agreement describing the software licensed herein and the specific system for which the license is issued.
"**Licensor**" shall mean Siemens Medical Solutions USA, Inc.
"**Licensee**" shall mean the end-user to whom Licensor provides Software or Documentation for its internal use under the Agreement.
"**Software**" shall mean the software described in the attached Agreement, including the following as contained therein: (i) software programs consisting of a series of statements or instructions to be used directly or indirectly in a programmable controller or computer to bring about a certain result and (ii) databases consisting of systemized collections of data to be used or referenced directly or indirectly by a programmed controller or computer. Notwithstanding the foregoing, "Software" does not include "firmware" as such term is conventionally understood. Diagnostic/Maintenance Software also is not included within the scope of the Software licensed under this Schedule, and is available only as a special option under a separate Diagnostic Materials License Agreement and may be subject to a separate licensing fee.
"**Documentation**" shall mean the documents and other supporting materials which are intended to support the use of an associated product, including (but not limited to) instructions, descriptions, flow charts, logic diagrams and listings of the Software, in text or graphic form, on machine readable or printed media.
"**Designated Unit**" shall mean a single control unit or computer identified on the first page of the Agreement, on which Software licensed hereunder may be used by Licensee.
2. SCOPE: The following terms and conditions shall apply to all Software and Documentation provided by Licensor to Licensee under the Agreement (whether included with other products listed in the Agreement or listed separately in the Agreement), together with any updates or revisions thereto which Licensor may provide to Licensee, and all copies thereof, except any Software and/or Documentation licensed directly by Licensor's supplier under a separate end-user license agreement accompanying the Software or the Documentation, in which case Licensee agrees to be bound by that license agreement as a condition to using the Software and/or Documentation. Except as expressly provided herein, and provided that in no event shall the warranties or other obligations of Licensor with respect to such Software or Documentation exceed those set forth in this Schedule, this Schedule shall be subject to the liability limitations and exclusions and other terms and conditions set forth in the Agreement. **ANY USE OF THE SOFTWARE, INCLUDING BUT NOT LIMITED TO USE ON THE DESIGNATED UNIT, WILL CONSTITUTE LICENSEE'S AGREEMENT TO THIS SOFTWARE LICENSE SCHEDULE (OR RATIFICATION OF ANY PREVIOUS CONSENT).**
3. SOFTWARE AND DOCUMENTATION LICENSE: Subject to the payment of any applicable annual license fee(s), whether stated separately or included in the purchase price of another product, and to Licensee's acceptance of all of the obligations set forth herein and to the fulfillment of those obligations, Licensor or, if applicable, its licensor or supplier, hereby grants to Licensee a paid-up, nonexclusive and nontransferable (except as expressly provided in this Schedule) limited license to use the Software provided by Licensor under the Agreement solely for Licensee's own use on the Designated Unit and to use the Documentation in support of Licensee's authorized use of the Software, for the purpose of operating the Designated Unit in accordance with the instructions set forth in the user's manual supplied with the Designated Unit and for no other purpose whatsoever. A separate license is required for each Designated Unit on which the Software is to be used. Licensee may obtain from Licensor one copy of the Software licensed hereunder for backup and archival purposes only as is necessary to support Licensee's own authorized use of the Software, provided that Licensee includes on or in all copies (in any form) all copyright, trade secret or other proprietary notices contained on or in the Software as provided by Licensor. Additional copies of the Documentation may be licensed from Licensor at its then applicable charges. Licensee may make the Software and Documentation (including any copies) available only to its employees and other persons on Licensee's premises to whom such disclosure is necessary to enable Licensee to use the Software or Documentation within the scope of the license provided in this Schedule. If the Software is supplied to any unit or agency of the United States Government other than the Department of Defense, the Software and Documentation are classified as "restricted computer software" and the Government's rights in the Software and Documentation shall be as provided in paragraph (c) (2) of the Commercial Computer Software-Restricted Rights clause in FAR 52.227-19 and any successor laws, rules or regulations thereto. If the Software is supplied to the United States Department of Defense, the Software is classified as "commercial computer software" and the Government is furnished the Software and Documentation with "restricted rights" as defined in paragraph (c) (1) of the Rights in Technical Data and Computer Software clause in DFARS 252.227-7013 and any successor laws, rules or regulations thereto.
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Revised 03/15/05

SIEMENS
Siemens Medical Solutions USA, Inc.
51 Valley Stream Parkway, Malvern, PA 19355
Fax: (336) 856-9995

SIEMENS REPRESENTATIVE
Edwin Winicki - (336) 688-0978

CT Warranty Information

Equipment (New Systems and "Proven Excellence" Refurbished Systems Only)	Period of Warranty[1]	Coverage	
CT System (not including consumables)	12 month	Full Warranty (parts & labor, including all tubes)	
Post-Warranty (after expiration of system warranty) – Replacement parts only!			
Straton	Prorated to a maximum of 160,000 scan seconds or 12 month whichever occurs first	Prorated credit given to customer against replacement cost	credit percentage = (160,000 – scan-seconds used) / 160,000 * 100
Single Tank tube with rotating anode (non spiral) (Rotanx)	Prorated to a maximum of 60,000 scans or 12 month whichever occurs first	Prorated credit given to customer against replacement cost	credit percentage = (60,000 – scans used) / 60,000*100
Single Tank tube with rotating anode (spiral) (Rotanx)	Prorated to a maximum of 130,000 scanseconds or 12 months whichever occurs first	Prorated credit given to customer against replacement cost	credit percentage = (130,000 – scanseconds used) / 130,000 * 100
Opti 151 and Opti 157 tube	Prorated to a maximum of 60,000 scans or 12 months whichever occurs first	Prorated credit given to customer against replacement cost	credit percentage = (60,000 – scans used) / 60,000 * 100
All other Dura tubes and Opti 131 tube	Prorated to a maximum of 130,000 scanseconds or 12 months whichever occurs first	Prorated credit given to customer against replacement cost	credit percentage = (130,000 – scanseconds used) / 130,000 * 100
Dura Akron B tubes	Prorated to a maximum of 150,000 scanseconds or 12 months whichever occurs first	Prorated credit given to customer against replacement cost	credit percentage = (150,000 – scanseconds used) / 150,000 * 100
Dura Akron Q tubes	Prorated to a maximum of 120,000 scanseconds or 12 months whichever occurs first	Prorated credit given to customer against replacement cost	credit percentage = (120,000 – scanseconds used) / 120,000 * 100
Cathode-ray tubes (CRT)	12 months		
Spare Parts	6 months	Parts only	
Consumables	Not covered		

Note: Optional extended warranty coverage can be obtained by purchase of a service agreement.

[1] Period of warranty commences from the date of first use or completion of installation, whichever occurs first. In the event the completion of installation is delayed for reasons beyond Siemens' control, the stated warranty period shall commence 60 days after delivery of equipment.

PROPOSED TOTAL CAPITAL COST OF PROJECT

Project Name: CT Scanner Replacement

Provider/Company: Rex Hospital, Inc.

A. **Site Costs**

(1) Full purchase price of land.....			$_____
Acres _____ Price per Acre	$_____		
(2) Closing costs.....			$_____
(3) Site Inspection and Survey.....			$_____
(4) Legal fees and subsoil investigation		$_____	
(5) Site Preparation Costs			
Soil Borings.....	$_____		
Clearing-Earthwork...	$_____		
Fine Grade For Slab...	$_____		
Roads-Paving.....	$_____		
Concrete Sidewalks....	$_____		
Water and Sewer.....	$_____		
Footing Excavation....	$_____		
Footing Backfill.....	$_____		
Termite Treatment....	$_____		
Other (Specify).....	$_____		
Sub-Total Site Preparation Costs		$_____	
(6) Other (Specify)		$_____	
(7) **Sub-Total Site Costs**			$_____

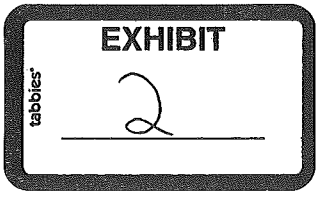
B. **Construction Contract**

(8) Cost of Materials			
General Requirements	$11,535.00		
Concrete/Masonry	$_____		
Woods/Doors & Windows/Finishes	$ 7,690.00		
Thermal & Moisture Protection	$_____		
Equipment/Specialty Items	$_____		
Mechanical/Electrical	$57,675.00		
Other (Specify)	$_____		
Sub-Total Cost of Materials.....		$ 76,900.00	
(9) Cost of Labor.....		$122,100.00	
(10) Other (Specify)		$ 4,500.00 - Demolition	
(11) **Sub-Total Construction Contract**			$ 203,500.00 *See attached certified cost estimate

C. **Miscellaneous Project Costs**

(12) Building Purchase.....		$_____	
(13) Fixed Equipment Purchase/Lease		$769,336.00	
(14) Movable Equipment Purchase/Lease		$_____	
(15) Furniture		$ 15,000.00	
(16) Landscaping		$_____	
(17) Consultant Fees			
Architect and Engineering Fees	$ 37,400.00		
Legal Fees.....	$_____		
Market Analysis.....	$_____		
Other (Specify) (Staff Costs)	$_____		
Other (Specify).....	$ 3,000.00 – Express review		
	$ 1,500.00 – DHSR inspection		
Sub-Total Consultant Fees.....		$ 41,900.00	
(18) Financing Costs (e.g. Bond, Loan, etc.).		$_____	
(19) Interest During Construction.		$_____	
(20) Other (Specify)		$ 5,000.00 - IT	
		$ 225,264.00 - construction contingency	
(21) **Sub-Total Miscellaneous..**			$1,056,500.00

(22) **Total Capital Cost of Project** (Sum A-C above) $1,260,000.00



I certify that, to the best of my knowledge, the above construction related costs of the proposed project named above are complete and correct.* See attached Certified Cost Estimate

(Signature of Licensed Architect or Engineer)

JAMES F. KING, III
REGISTERED ARCHITECT
9024
NORTH CAROLINA
DURHAM, NC

I assure that, to the best of my knowledge, the above capital costs for the proposed project are complete and correct and that it is my intent to carry out the proposed project as described.

(Signature of Officer Authorized to Represent Provider/Company)

CFO

(Title of Officer)

RGG ARCHITECTS

May 24, 2012

EXHIBIT
tabbies
3

Will Pittman
Rex Healthcare
4420 Lake Boone Trail
Raleigh, North Carolina 27607

Re: **Cost Certification**
Rex CT 2 Replacement

Dear Mr. Pittman:

At your request, I have reviewed the scope of work for the CT 2 Replacement project proposed for Rex Hospital in Raleigh, NC.

As a licensed architect in the State of North Carolina, I have reviewed the construction costs for this project and hereby certify, to the best of my knowledge, information, and belief, the estimated costs are complete and reasonable. Based on historical cost data, our experience with costs on comparative health care projects, and published construction costing data, the probable cost for the general construction is $203,500.

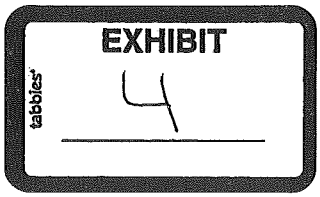
If RGG Architects may assist you further with this project or you need any additional information, please contact me.

Sincerely,
RGG Architects, PLLC

James F. King, III AIA
Project Architect

SIEMENS

March 16, 2012



Rex Hospital
Attn: Steve Finch
Director of Diagnostics Services
Rex Hospital
Raleigh, NC 27607

Dear Steve Finch,

The purpose of this letter is to confirm that Siemens Medical Solutions USA, Inc.(Siemens) will be responsible for removing your Philips Brilliance 16 Channel CT Scanner Serial Number 2073 ("existing equipment") installed at Rex Hospital in Raleigh, NC as part of your purchase of a Siemens Somaton Definition AS 64-slice Excel Edition CT system. The cost for the deinstallation and removal is included in the price quotation for the replacement equipment, which totals $769,336. There are no additional costs for deinstallation and removal. We will work closely with you to ensure proper timing of the deinstallation.

The system will be removed from Service at Rex by a broker designated by Siemens for either re-sale purposes or parts. The system will not be placed into Service by Siemens in North Carolina without proper State Approvals.

Sincerely,

Edwin Winicki
Key Account Executive
Siemens Healthcare, USA

Siemens Healthcare, USA
51 Valley Stream Parkway
Malvern, PA 19351

www.SiemensMedical.com

EQUIPMENT COMPARISON

	EXISTING EQUIPMENT	REPLACEMENT EQUIPMENT
Type of Equipment (List Each Component)	16 Channel CT scanner	64 Channel CT scanner
Manufacturer of Equipment	Philips	Siemens
Tesla Rating for MRIs	NA	NA
Model Number	Brilliance 16 Channel	Somatom Definition AS (64 Excel Edition)
Serial Number	2073	Unknown
Provider's Method of Identifying Equipment	Serial number	Serial number
Specify if Mobile or Fixed	Fixed	Fixed
Mobile Trailer Serial Number/VIN #	NA	NA
Mobile Tractor Serial Number/VIN #	NA	NA
Date of Acquisition of Each Component	1/04/04	Pending Agency Approval
Does Provider Hold Title to Equipment or Have a Capital Lease?	Own	Own
Specify if Equipment was/Is New or Used When Acquired	New	New
Total Capital Cost of Project (Including Construction, etc.) <Use Attached Form>	Unkown	$1,260,000
Total Cost of Equipment		$769,336
Fair Market Value of Equipment	Salvage	$769,336
Locations Where Operated	Rex Hospital Raleigh, NC	Rex Hospital Raleigh, NC
Number of Days in Use/To Be Used in N.C. Per Year	365	365
Percent of Change in Patient Charges (by Procedure)	NA	Less than 10%
Percent of Change in Per Procedure Operating Expenses (by Procedure)	NA	Less than 10%
Type of Procedures Currently Performed on Existing Equipment	CT scans	
Type of Procedures New Equipment is Capable of Performing		CT scans