



North Carolina Department of Health and Human Services
Division of Health Service Regulation

Pat McCrory
Governor

Richard O. Brajer
Secretary DHHS

Mark Payne
Assistant Secretary for Audit and
Health Service Regulation

May 25, 2016

Kenneth Burgess and Matthew Fisher
Poyner Spruill
P.O. Box 1801
Raleigh NC 27602-1801

Exempt from Review – Replacement Equipment

Record #: 1941
Facility Name: The Bone and Joint Surgery Clinic
FID #: 060621
Business Name: Raleigh Community Office Building, LLC
Business #: 1504
Project Description: Replace a fixed extremity MRI scanner with a fixed extremity MRI scanner
County: Wake

Dear Messrs. Burgess and Fisher:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of May 4, 2016, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(a)(7). Therefore, you may proceed to acquire, without a certificate of need, the fixed extremity MRI scanner. 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.

It should be noted that the 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 office 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

Martha J. Frisone,
Assistant Chief, Certificate of Need

cc: Kelli Fisk, Program Assistant, Healthcare Planning, DHSR



Healthcare Planning and Certificate of Need Section

www.ncdhhs.gov

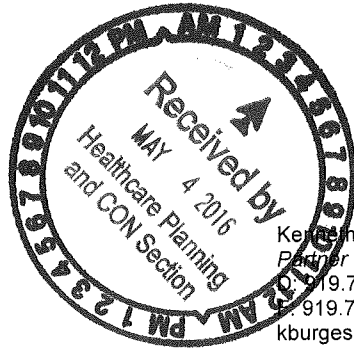
Telephone: 919-855-3873 • Fax: 919-715-4413

Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

An Equal Opportunity/ Affirmative Action Employer





04 May 2016

VIA HAND DELIVERY

Kerstin L. Burgess
Partner
P: 919.783.2917
F: 919.783.1075
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Matthew A. Fisher
Partner
D: 919.783.2924
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mfisher@poynerspruill.com

Martha Frisone
Assistant Chief
HEALTH PLANNING AND CERTIFICATE OF NEED SECTION
N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES
809 Ruggles Drive
Raleigh, N.C. 27603

RE: ***The Bone and Joint Surgery Clinic, LLP • Fixed Extremity MRI Replacement Exemption Notice***
• Project ID No: J-7605-06 • FID: 060621

Dear Martha:

Our client, Bone and Joint Surgery Clinic, LLP (“BJSC” or the “Practice”), located in Raleigh, North Carolina, is preparing to replace its existing fixed extremity MRI which has been in use at its Raleigh office since approximately 2007. The replacement of the existing MRI falls within the definition of “replacement equipment” as that term is defined in the N.C. Certificate of Need (“CON”) Statute. See N.C. Gen. Stat. § 131E-184(a)(7).

The purpose of this correspondence is to provide the N.C. Department of Health and Human Services, Health Planning and Certificate of Need Section (“the Agency”) with the prior written notice required by N.C. Gen. Stat. § 131E-184(a)(7) which notice renders the replacement of the existing extremity MRI exempt from further review by the Agency and from the necessity of obtaining a CON for the project.

We discuss the CON exemption first. We then address the particulars of the replacement equipment.

Applicable CON Replacement Equipment Exemption

As you know, the N.C. General Assembly has chosen to exempt from CON review certain capital expenditures which may otherwise qualify as a “new institutional health service” as that term is defined at N.C. Gen. Stat. § 131E-176(16). N.C. Gen. Stat. § 131E-176(16)(f1)(7) categorically defines Magnetic Resonance Imaging scanners (“MRIs”) as a new institutional health service. Yet capital expenditures covered by a CON exemption are exempt from CON Section review, and do not require issuance of a CON, upon prior written notice to the Agency, explaining why such expenditures fit within a designated statutory exemption.

Among those exemptions is one for the acquisition of replacement equipment as set forth in N.C. Gen. Stat. § 131E-184(a)(7). The term “replacement equipment” is defined, in pertinent part, in the CON Statute as “equipment that . . . is purchased for the sole purpose of replacing comparable medical equipment currently in use and which will be sold or otherwise disposed of when replaced.” See N.C. Gen. Stat. § 131E-176(22).

The term “comparable equipment” for purposes of this definition is itself defined in regulation at 10A N.C. Admin. Code 14C .0303 as follows:

Martha Frisone
04 May 2016
Page 2

- (c) "Comparable medical equipment" means equipment which is functionally similar and which is used for the same diagnostic or treatment purposes.
- (d) Replacement equipment is comparable to the equipment being replaced if:
 - (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.

The Replacement Extremity MRI Equipment

In 2007, BJSC obtained a CON for the development and operation of a fixed extremity MRI scanner resulting in the establishment of a diagnostic center. A copy of this CON is attached hereto as EXHIBIT 1. Since that time, BJSC has operated a 0.22 Tesla MRJ Extremity MRI, manufactured in 2005 and bearing serial number 1028 at its Raleigh offices. The specifications for this MRI that were included in the original CON application are attached hereto as EXHIBIT 2. The executed purchase agreement for the MRJ Extremity MRI is attached hereto as EXHIBIT 3.

BJSC proposes to replace the existing equipment with a new 0.25 Tesla Esaote S-Scan Dedicated MRI System, bearing serial number 7485. The specifications for this replacement equipment are reflected in the quote from Esaote North America, Inc, attached hereto as EXHIBIT 4. This replacement is being made due to the age and wear on the existing equipment, and advances in technology. The replacement equipment is functionally the same as the existing equipment and will not add any additional services. Furthermore, the replacement serves to ensure that all of the imaging equipment will interface properly with electronic patient records.

The replacement equipment project involves a total of \$ 550,000.00 in fixed MRI replacement equipment costs. See EXHIBIT 4. This quote includes installation, rigging, and calibration of the replacement equipment as well as the removal and disposal of the existing equipment.

In addition to the purchase of the new Extremity MRI equipment, BJSC may enter into a service contract for the replacement equipment. This service contract, however, is not regulated by the CON law.

The existing MRJ Extremity MRI along with the ancillary equipment related thereto will be taken out of service and traded-in to the vendor of the new equipment and will not remain in service in the State of North Carolina.

This project does not include the construction, development or other establishment of a new health service facility as that term is used at N.C. Gen. Stat. § 131E-176(16)a or the development or offering of a new health service designated in N.C. Gen. Stat. § 131E-176(16)f. Thus, as comparable equipment

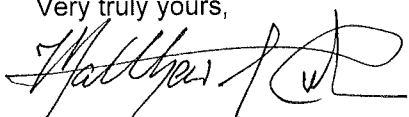
Martha Frisone
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replacing the existing Extremity MRI scanner in operation at BJSC, this proposal is exempt from CON review pursuant to N.C. Gen. Stat. § 131E-184(a)(7).

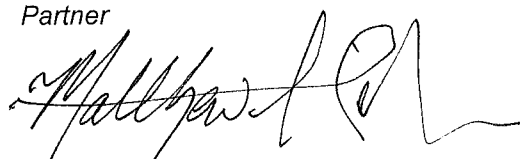
Conclusion

We would appreciate written confirmation from the Agency that the replacement of the existing Extremity MRI, as we have described it herein, is exempt from further review by the CON Section. Please let me know if you have questions or need additional information.

Very truly yours,



for **Kenneth L. Burgess**
Partner



Matthew A. Fisher
Partner

cc: Paul Burroughs, M.D.

Attachments



STATE OF NORTH CAROLINA

Department of Health and Human Services

Division of Facility Services

CERTIFICATE OF NEED

for

Project Identification Number J-7605-06

FID#060621

ISSUED TO: The Bone and Joint Surgery Clinic, LLP
3410 Executive Drive, Suite 103
Raleigh, NC 28609

Pursuant to N.C. Gen. Stat. § 131E-175, et. seq., the North Carolina Department of Health and Human Services hereby authorizes the person or persons named above (the "certificate holder") to develop the certificate of need project identified above. The certificate holder shall develop the project in a manner consistent with the representations in the project application and with the conditions contained herein and shall make good faith efforts to meet the timetable contained herein. The certificate holder shall not exceed the maximum capital expenditure amount specified herein during the development of this project, except as provided by N.C. Gen. Stat. § 131E-176(16)e. The certificate holder shall not transfer or assign this certificate to any other person except as provided in N.C. Gen. Stat. § 131E-189(c). This certificate is valid only for the scope, physical location, and person(s) described herein. The Department may withdraw this certificate pursuant to N.C. Gen. Stat. § 131E-189 for any of the reasons provided in that law.

SCOPE: Acquire a fixed extremity MRI scanner resulting in the establishment of a diagnostic center/Wake County

CONDITIONS: See Reverse Side

PHYSICAL LOCATION: The Bone and Joint Surgery Clinic, LLP
3410 Executive Drive, Suite 103

MAXIMUM CAPITAL EXPENDITURE: \$654,895

TIMETABLE: See Reverse Side

FIRST PROGRESS REPORT DUE: January 30, 2008

This certificate is effective as of the 28th day of March, 2007.

Lee B. Hoffner
Chief, Certificate of Need Section
Division of Facility Services



CONDITIONS

1. Bone and Joint Surgery Clinic, LLC shall materially comply with all representations made in its certificate of need application.
2. Bone and Joint Surgery Clinic, LLC shall not perform whole body scans on the extremity MRI scanner.
3. Bone and Joint Surgery Clinic, LLC shall provide annual reports to the Certificate of Need Section and the State Health Coordinating Council demonstrating cost savings to the patient or third party payor based on use of an extremity MRI scanner for a 3-year reporting period from the date of installation.
4. Bone and Joint Surgery Clinic, LLC shall conduct an organized research study to determine the convenience, cost effectiveness and improved access provided by a fixed extremity MRI scanner.
5. Bone and Joint Surgery Clinic, LLC shall not acquire, as part of this project, any equipment that is not included in the project's proposed capital expenditure in Section VIII of the application or that would otherwise require a certificate of need.
6. Bone and Joint Surgery Clinic, LLC shall acknowledge acceptance and agree to comply with all conditions states herein to the Certificate of Need Section in writing prior to issuance of the certificate of need.

TIMETABLE

Obtaining funds Necessary to Undertake Project _____	10/30/2007
Order Equipment _____	11/15/2007
Operation of Equipment _____	12/15/2007

J

The Superior Choice in Dedicated Orthopedic MRI

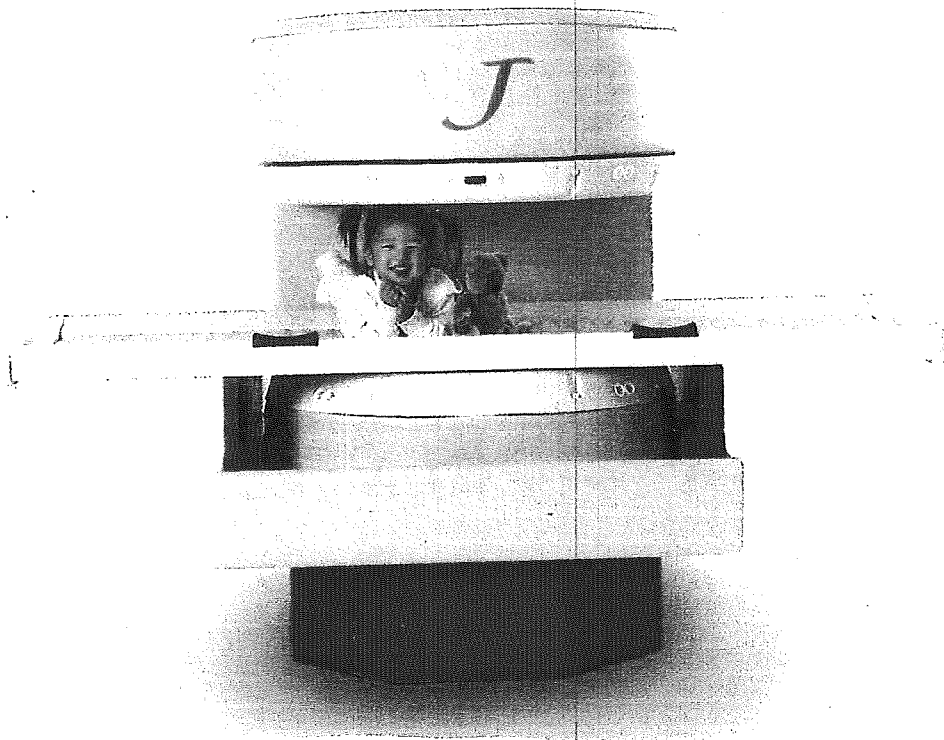


EXHIBIT
2

EIP MRI
 EIP Plaza
 4500 Brooktree Road
 Wexford, PA 15090
 Phone 724.933.0040
 Fax 724.933.3373



MRJ — *“The New Standard in Orthopedic MRI”*

Quotation #: Quote # MRJ- 168 rev. 4
Quotation Date: May 3, 2006
Customer: The Bone and Joint Surgery Clinic
Address: 3410 Executive Drive, Suite 103
 Raleigh, NC 27609
Attn: Paul L. Burroughs, III, MD

Extremity Imaging Partners, Inc. (“EIP”) is pleased to offer the new standard in orthopedic MRI, the **MRJ**

<u>QTY</u>	<u>EQUIPMENT DESCRIPTION</u>	<u>PRICE</u>
1	MRJ Extremity MRI System	\$639,600.00
1	ITEL Modular RF Screened Pavilion	\$41,000.00
1	Powerware 9120 UPS System	\$4,000.00
Total Price for Above Items:		\$684,600.00
Discount:		\$157,000.00
Final Price:		\$527,600.00

Purchase price includes delivery and installation exclusive of rigging costs.

Check appropriate box to select option	<u>OPTIONS AVAILABLE AT ADDITIONAL COST</u>	
<input checked="" type="checkbox"/>	Pavilion MRI Room lighting exclusively from EIP – <i>NO Extra Charge</i>	\$6,750.00
<input type="checkbox"/>	MRJ – Remote Assistance System (Years 2-5) – <i>Included with service contract at no extra charge</i>	\$25,000.00
<input checked="" type="checkbox"/>	MAX Shoulder Coil - <i>NO Extra Charge</i>	\$20,000.00
<input type="checkbox"/>	CODONICS Horizon GS Multi-media Dry Imager	\$32,500.00
<input type="checkbox"/>	Service Contract (60 month pass through)	\$50,000/yr
<input type="checkbox"/>	Radiology Services (<u>see page 9 for description</u>)	\$75.00/read

See the following MRJ description for a complete review of system components and specifications.

Quotation #: Quote # MRJ- 168 rev. 4

Quotation Date: May 3, 2006

<u>QTY</u>	<u>EQUIPMENT DESCRIPTION</u>	<u>PRICE</u>
1	MRJ Extremity MRI Unit <p>The MRJ Magnetic Resonance Imaging unit features a C-arm magnet system designed specifically for enhanced imaging of the extremities and joints (knee, lower leg, ankle, foot, hand, wrist, forearm, and elbow). In addition, the MRJ is designed for imaging hips and shoulders.</p> <p>The MRJ system is composed of three (3) separate components: magnet with patient support, electronics cabinet and operator's console. The unique design of the MRJ allows placement of the magnet in as little as 144 sq. ft. with minimal site preparation required.</p>	Included
	MRJ Magnet <p>The open, C-arm magnet design is based on many years of advanced research and clinical feedback in the area of extremity imaging. The result is a high resolution, wide field of view magnet optimized to image extremities and joints.</p> <ul style="list-style-type: none">o Field Strength: 0.22T ±5%o Type: Permanento Field Orientation: Verticalo Weight: 9,259 lbs.o Gradient Strength: 15 mT/mo Slew Rate: 25 mT/m/ms.o Gradient Rise Time: 0.6 msec. from 0 to +15 mT/mo 5G Line: Maximum 4'-3" (from Isocenter)o Environmental: Internal Thermostatic Control System	Included
	MRJ RF System <p>Coil Design: Dual Phased Array: Knee, Hand and Wrist Solenoidal: Shoulder and Hip</p> <p>RF Coils: Shoulder Knee Hand and Wrist Hip</p> <p>Max. RF Power: 2.5kW</p> <p>Preamplifiers: Fixed inside magnet</p> <p>Positioning: Padding set included providing comfortable patient positioning and restricting movement.</p>	Included

Quotation #: Quote # MRJ- 168 rev. 4

Quotation Date: May 3, 2006

<u>QTY</u>	<u>EQUIPMENT DESCRIPTION</u>	<u>PRICE</u>
	Large Shoulder Coil The advanced shoulder coil features an advanced ergonomic design, maximizing patient comfort and positioning as well as better sensitivity for patients with smaller shoulders. Coil Design: Solenoidal Positioning: Padding set included providing comfortable patient positioning and restricting movement	Included
	Surface Flexible Coil – Hip The general purpose flexible coil can be used when positioning with the standard coils is difficult due to inability of the patient to maintain a certain position. Coil Design: Linear	Included
	MRJ Patient Handling The patient handling characteristics of the MRJ unit is unparalleled. The unit features an orthopedically designed patient support that is rail mounted to accommodate imaging from either side of the magnet. The support translates away from the magnet to accommodate coil insertion and patient setup. o Patient Gap: 34 cm o Support Width: 60 cm o Max. Patient Weight: 441 lb. o Accessories: Positioning pads	Included

Quotation #: Quote # MRJ- 168 rev. 4
 Quotation Date: May 3, 2006

<u>QTY</u>	<u>EQUIPMENT DESCRIPTION</u>	<u>PRICE</u>
	<u>MRJ Image Display System</u>	Included

The advanced technology platform uses the Windows® XP operating system. The user interface is extremely easy to use, allowing current Windows users to learn the system quickly.

- CPU: Pentium IV
 - Memory (RAM): 512 Mbyte
 - Hard Disk: 80 GB - stores up to 130,000, 256² images
 - Image Archiving: Re-writable CD ROM unit (standard 5 ¼" Disks) – (stores up to 5,000, 256² images)
 - Patient Mgmt: Patient database system tracks previous patient scans by disk number
 - Monitor: 18" diag., Color High Contrast, High Definition, slim line LCD monitor
 - User Interface: Keyboard and Mouse
 - Operating System: Windows® XP
 - Graphical Interface: Windows
 - Reconstruction: 0.6 sec. (per 256² image)
 - Networking: DICOM 3.0 Storage, Media Exchange, Print and Worklist Management
- NOTE: Customer will be required to provide cabling, appropriate interface devices, and network connection from the MRJ operator console to the teleradiology/viewing location. Customer is also responsible for all telephone, network and/or internet service provider charges. Contact EIP for specific requirements and recommendations.

Quotation #: Quote # MRJ- 168 rev. 4

Quotation Date: May 3, 2006

<u>QTY</u>	<u>EQUIPMENT DESCRIPTION</u>	<u>PRICE</u>
	MRJ Imaging Parameters	Included
	MRJ has been developed for enhanced imaging of extremities and joints. By using standard MR imaging sequences, patient throughput is fast and efficient.	
	Pulse Sequences: <ul style="list-style-type: none">Spin Echo (SE)Dual Echo Spin Echo (DE)Gradient Field Echo (GFE)Inversion Recovery (IR),Short Tau Inversion Recovery (STIR)Stir Gradient Field Echo (STIR-GFE)Echo Reduced Acquisition Spin Echo (E-RASE)Rapid Imaging Spin Echo (RISE)Rapid Imaging Dual Echo (RIDE)3D Gradient Field Echo (Variable contrast) (3D-GFE)3D Time Reversed Gradient Echo (T2 weighted) (3D-EMIT)3D Spoiled Gradient Field Echo (T1 weighted) (3D-SPGFE)	
	Image Reconstruction: 2D Fourier Transform 3D Fourier Transform Half Scan	
	Slice Thickness: 2-D: From 2.0 mm to 10 mm, 0.5 mm increments 3-D: From 0.7 mm to 10 mm, 0.1 mm increments	
	Interslice Spacing: Contiguous slices available, system default is 10% slice gap	
	Slice Orientation: Transverse Sagittal Coronal Oblique and double oblique	
	Acquisition Matrix: 2-D: from 128 x 128 to 512 x 512 3-D: from 128 x 128 x 24 to 256 x 256 x 128	
	Resolution Min.: 0.24 mm	
	Field of View: 80 mm to 300 mm, 10 mm increments Displayed FOV: 22 cm	
	Number of Slices: 1 - 64	

Quotation #: Quote # MRJ- 168 rev. 4
 Quotation Date: May 3, 2006

<u>QTY</u>	<u>EQUIPMENT DESCRIPTION</u>	<u>PRICE</u>
	MRJ Imaging Processing and Manipulation	Included
	The MRJ provides powerful and easy to use image manipulation tools.	
	Help: Tutorial on-line	
	Multi-tasking: - All operations can be performed in parallel. - Indicator of background task (format, archive, etc)	
	Exam Queue: - Management and planning of scan queue for a complete examination - Customization of protocols with archiving	
	Positioning: a) Visualize current image with geometrical references on the scout image b) Graphic positioning by using the mouse	
	Follow-up Studies: Retrieval from archive of complete patient data including scan parameters	
	<ul style="list-style-type: none"> • Data display: • Image code • Name of the site • Anatomical region • Patient ID • Scan parameters • Visualization parameters • Date and time of examination 	
	Image Tools: On single image or complete series:	
	<ul style="list-style-type: none"> • Window width/level • Zoom • Pan • Rotate • Mirror • Measurements • Distances • ROI (manual, rectangular, oval), size, media, standard deviation • Annotation on images 	
	Database Functions:	
	<ul style="list-style-type: none"> • Search (alphabetic, chronological, patient ID) • Sort • Archiving and export functions for CD-ROM 	

Quotation #: Quote # MRJ- 168 rev. 4
 Quotation Date: May 3, 2006

<u>QTY</u>	<u>EQUIPMENT DESCRIPTION</u>	<u>PRICE</u>
	MRJ Siting Requirements	Included
	<p>The MRJ design makes the siting of the system cost effective and very simple. Requiring no special power or air conditioning the MRJ can typically be placed in a room as small as 144 sq. ft. Custom site layouts, RF shielding solutions and site planning support is provided through EIP.</p> <ul style="list-style-type: none"> o Weights: Magnet & table weight: 9,259 lbs. Electronics Cabinet: 500 lbs. o RF Shielding: Required o Power Requirement: 208 VAC single phase, ±10%, 6 Amp Service o Power Consumption: 6 KVA (0.8 KVA on stand-by) o Internet: A customer supplied and maintained dedicated high speed internet connection (DSL or cable modem) is required for Remote Diagnostics Assistance. 	
	MRJ Operator Training	Included
	<p>EIP will train up to three (3) qualified MR Technologists in the use and operation of the MRJ at your office for a period of four (4) days (8 hours per day, Tuesday 8:00 a.m. through Friday 5:00 pm). This uninterrupted training provides hands-on scanning on your MRJ system. Reasonable travel and living costs are included. If desired, an on-site follow-up visit may be arranged after the original training at an additional cost. Operator manuals are included with the system. Periodically, additional Operator training is available at our corporate training center at an additional cost. These trainings sessions are ideal for new users or as a refresher course for part time users.</p>	
	Powerware 9120 Uninterruptible Power Supply	Included
	<p>The Model 9120 Uninterruptible Power Supply provides voltage regulation, isolation, noise/surge protection and immediate battery backup for the MRJ unit. The unit will provide typically 15 minutes of backup power allowing proper shutdown of the MRJ system in the event of sudden power loss.</p>	

Quotation #: Quote # MRJ- 168 rev. 4

Quotation Date: May 3, 2006

<u>QTY</u>	<u>EQUIPMENT DESCRIPTION</u>	<u>PRICE</u>
1	<u>Modular RF Screened Pavilion</u>	Included

The pavilion is a modular RF enclosure assembled on-site. This "room within a room" features an aluminum frame and wall panels with dual sliding access doors. The pavilion weighs approximately 992 lbs. completed and provides 70 dB of RF attenuation. It is appropriate for sites with ample space (system is 12'6" w x 12'6" d x 8"h) and low RF profiles (maximum RF 70 dB μ V/m). The floor holding the pavilion should be finished to a flatness of 1/4" over 10 feet.

The pavilion may be customized to accommodate your specific space needs at an additional cost.

Includes installation and delivery.

Buyer accepts responsibility for all site modifications, permits and approvals.

EIP will provide complete details to your architect or builder.

Options Available at Additional Cost

1	<u>CODONICS Horizon GS Multi-media Dry Imager</u>	\$32,500.00
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The Horizon GS is an intelligent, desktop dry film imager that produces superior diagnostic quality medical films as well as grayscale paper images fast, conveniently and affordably. The Horizon GS features:

- o DICOM and Windows network printing compatible
- o 110VAC Power Requirements
- o 20.5" w. x 14.5" h. x 24.0" l. Footprint
- o 100 films per hour print time
- o 8 x 10 inch and 14 x 17 inch, A, A4 film and paper compatibility

Price includes installation, and first year parts and labor warranty.

NOTE: It is the customer's responsibility to provide a cart or tabletop surface to accommodate the printer.

Quotation #: Quote # MRJ- 168 rev. 4

Quotation Date: May 3, 2006

<u>QTY</u>	<u>EQUIPMENT DESCRIPTION</u>	<u>PRICE</u>
1	Yearly Service Contract See the EIP Service Agreement for a complete description of services offered.	\$50,000/yr
	MRJ Remote Assistance System (Years 2-5) The MRJ Remote Assistance System (RAS) is a productivity enhancement system designed to minimize system downtime and lost revenues thereby ensuring higher system productivity. The MRI RAS permits EIP to monitor the performance of your MRJ system from our Central Service Office utilizing a high speed internet connection. EIP is able to provide remote clinical applications support and service including software updates, retrieval of data files and images for system diagnostics and system trouble shooting.	\$25,000.00
	Radiology Services Professional interpretation services for Customer's MRI studies are available through American Radiologic Technologies, P.C. ("ART") by board certified, fellowship trained MSK radiologists with extensive experience providing radiology services to orthopedic practices. ART radiologists are very approachable and encourage clinician interaction. ART's services are provided via teleradiology. Report turnaround time is within 24-36 hours after receipt of the study with stat reports available immediately. The reports are accurate, clear, concise and complete. Sample interpretations are available upon request. ART also provides the IT networking services and support necessary for Customer to transmit the MRI studies to ART for interpretation at no cost. The Customer is responsible for any related hardware or internet access charges.	\$75.00/read

EIP MRI
EIP Plaza
4500 Brooktree Road
Wexford, PA 15090
Phone 724.933.0040
Fax 724.933.3373



MRJ — “The New Standard in Orthopedic MRI”

Quotation #: Quote # MRJ-168 rev. 4
Quotation Date: May 3, 2006
Customer: The Bone and Joint Surgery Clinic
Address: 3410 Executive Drive, Suite 103
Raleigh, NC 27609
Attn: Paul L. Burroughs, III, MD

EIP is pleased to submit to you this quotation for the new standard in orthopedic MRI, the **MRJ**, subject to the enclosed Standard Terms and Conditions of Sale and the following:

- License Agreement – Operating Software (attached)
- One Year Warranty (attached)
- Special Terms – Magnetic Resonance Imaging (attached)
- Terms of Payment: 20% with customer acceptance of quotation, 60% on date of availability of delivery, 20% on date of completion of installation or when the product is available for first patient use, whichever occurs first.
- Estimated Delivery Date: 90 days from date of signed quote and receipt of deposit

This contract is expressly contingent upon the Customer receiving a Certificate of Need approval from the North Carolina Division of Facility Services.

Extremity Imaging Partners, Inc.
d/b/a EIP MRI
Submitted By:

Richard P. Olson
Vice President - Sales
Extremity Imaging Partners, Inc.
4500 Brooktree Road, Suite 300
Wexford, PA 15090

BUYER:
The Bone and Joint Surgery Clinic
Accepted By:

Authorized Signer _____ Date _____

Print Name _____

Title _____

Quotation #: MRJ-168 rev. 4

Quotation Date: May 3, 2006

STANDARD TERMS AND CONDITIONS OF SALE

The products and services listed on the face of this quotation are offered by Extremity Imaging Partners, Inc. ("EIP") only under the terms and conditions described below and any applicable warranties and special terms given by EIP.

Formation of Contract: The quotation is a request for an offer to purchase from you. By signing and returning the quotation to EIP, you make an offer to purchase under the terms and conditions specified in the quotation. We accept your offer by the signature of our Vice President of Sales. The quotation is intended to be the complete and exclusive statement of the terms and conditions of the contract between you and EIP. Our acceptance of your offer is expressly made conditional on your assent to all of our terms. No prior proposals, statements or course of dealing will be part of the contract. After the contract has been formed, it may be modified only in writing signed by authorized representatives of both parties.

Prices. This quotation is subject to change or withdrawal prior to written acceptance by the Customer. The purchase price does not include applicable sales, excise, use, or other taxes in effect or later levied. Unless the Customer provides EIP with an appropriate exemption certificate reasonably in advance of the date the product is available for delivery, EIP shall invoice the Customer for those taxes, and the Customer shall pay those taxes in accordance with the terms of the invoice.

Cancellation. All purchase orders issued by the Customer are subject to acceptance by EIP. If the Customer cancels an order prior to the product delivery, the Customer shall pay the costs incurred by EIP to the date of cancellation including, but not limited to, the costs to manufacture the product, the costs to provide any training, educational, or other services to the Customer in connection with the order, a nominal restocking fee, and the costs to return or cancel any product ordered from a third party on the Customer's behalf.

Payment Terms. Unless otherwise specified on the face of this quotation, the purchase price for each product shall be due as follows:

- (a) 20% of the purchase price shall be due with the Customer's acceptance of this quotation.
- (b) 60% of the purchase price shall be due on the date of the availability for delivery of the product. Product installation will not begin until the Customer has paid this portion of the purchase price.
- (c) 20% of the purchase price shall be due when the product is installed or when the product is available for first patient use, whichever occurs first. If the start of the installation is delayed for any reason beyond the control of EIP for more than thirty days following the date of the availability for delivery of the product, the unpaid portion of the purchase price shall be due on the thirty-first day following such date.

If any payment depends on an event (e.g., delivery or installation) which is delayed for a reason for which the Customer is responsible, Customer will make the payment when the event was first scheduled to occur.

The Customer shall pay interest on any amount not paid when due at the maximum rate provided by applicable law. If the Customer fails to pay any amount when due, in addition to any other rights or remedies available to EIP at law or in equity, EIP may discontinue the performance of services, discontinue the delivery of the product, or deduct the unpaid amount from any amounts otherwise owed to the Customer by EIP under any agreement with the Customer. In any action initiated to enforce the terms of this quotation following a Customer default, EIP shall be entitled to recover as part of its damages all costs and expenses, including reasonable attorney's fees, in connection with such action.

Leases. In the event the Customer desires to convert the purchase of any product to a lease, the Customer will arrange for the lease agreement and all related documentation to be reviewed and approved by EIP not later than ninety days prior to the date of the availability for delivery of the product. The Customer is responsible to convert the transaction to a lease, and is required to secure the leasing company's approval of all of the terms and conditions in this quotation without modification. No product will be delivered to the Customer until EIP has received copies of the fully executed lease documents and has approved the same.

Security Interest. The Customer hereby grants to EIP a purchase money security interest in the products until all payments have been made. The Customer shall sign any financing statements or other documents to perfect EIP's security interest in the products. Customer irrevocably appoints EIP or its designee to execute and file any and all financing statements or other applicable documents on Customer's behalf as necessary to perfect EIP's security interest in or to realize upon the collateral.

When permitted by applicable law, the Customer's signature on this quotation or on a purchase order issued as a result of this quotation gives EIP the right to sign on the Customer's behalf and file any financing statement or other documents to perfect EIP's security interest in the product(s). In the event the Customer is in default under the terms of this quotation, EIP shall have all rights and remedies of a secured creditor under the Uniform Commercial Code.

Shipment and Risk of Loss. Delivery dates are approximate. EIP is not liable for delays in performance or delivery due to a cause beyond its reasonable control. If such a delay occurs, EIP may extend the performance or delivery date for a period of time equal to the delay. EIP will use reasonable efforts to ship the product to the Customer by the date specified in this quotation, or as otherwise agreed in writing with the Customer. EIP will ship the product according to EIP's standard commercial practices. EIP shall have the right to make partial shipments. If shipping costs are not included in the purchase price, such costs will be prepaid by EIP and billed to Customer. Prior to the shipment of any product, EIP may change the construction or the design of the product without notice to the Customer as long as the function and the performance of the product is not substantially altered.

Title to any product, and the risk of loss or damage to any product shall pass to the Customer F.O.B. place of shipment. The Customer shall obtain insurance covering such risks.

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If the Customer requests a delay in the date the product is available for delivery, the product will be placed in storage by EIP and the unpaid portion of the purchase price shall be due. All storage fees shall be paid by EIP and billed to the Customer.

Installation. The Customer shall provide EIP full and free access to the installation site, and suitable and safe space for the storage of the products before installation. The products will be installed during normal working hours. EIP will unpack the product and calibrate and test the product. The Customer shall provide any and all site planning, carpentry work, conduit wiring including communications and/or computer wiring, network equipment, power supply, surge suppression and power conditioning (except to the extent they are expressly included in this quotation), ground fault, and other fixtures and utilities required to properly attach, install, and use the product. In the event local labor conditions make it impracticable for EIP to use its employees for the installation, the installation shall be performed by personnel supplied by the Customer, or by an independent contractor chosen by the Customer at the Customer's expense. In each such case, EIP will provide engineering supervision during the installation.

The Customer shall be responsible, at its expense, for the preparation of the installation site where the product will be installed, including any required structural alterations. The site preparation shall be in compliance with all safety, electrical, and building codes relevant to the product and its installation and use and in compliance with any written specifications provided by EIP. The sufficiency of any installation site plans shall be the responsibility of the Customer. The Customer shall advise EIP of conditions at or near the site which could adversely affect the installation, and shall ensure that these conditions are corrected and that the site is fully prepared and available to EIP before the installation work begins. The Customer, at its expense, shall obtain all permits and licenses required by federal, state, or local authorities in connection with the installation and operation of the product, including any certificate of need and zoning variances.

EIP MAKES NO WARRANTY AND ASSUMES NO LIABILITY FOR THE FITNESS OR ADEQUACY OF THE SITE IN WHICH THE PRODUCT IS TO BE INSTALLED OR USED OR THE FITNESS OR ADEQUACY OF ANY DRAWINGS FURNISHED BY EIP.

The Customer shall assist EIP, at no charge to EIP, with moving the product from the entrance of the Customer's premises to the installation site. The Customer shall be responsible, at its expense, for rigging, the removal of partitions or other obstacles, and restoration work. EIP assumes that no hazardous material exists at the installation site. If any such material exists, the Customer shall be responsible for the proper removal and disposal of the material at the Customer's expense.

Acceptance of Products: Customer accepts the products listed in the quotation on the earlier of (1) five days after the date EIP notifies Customer that installation has been completed and the products are operating in accordance with EIP's published performance specifications or (2) the date Customer first uses the products for patient use.

Service Material Use and Data Access: In connection with the installation, configuration, maintenance, repair and/or de-installation of the products, EIP might deliver to the installation site, along with the products or separately, and store at the installation site, attach to or install on the products, and use, materials that have not been purchased or licensed by Customer. Customer hereby consents to (a) this delivery, storage, attachment, installation and use, (b) to the presence of EIP's locked cabinet or box on the installation site for storage of this property, and (c) to EIP's removal of all or any part of this property at any reasonable time, all without charge to EIP. The presence of this property within the installation site will not give Customer any right or title to this property or any license or other right-to-access, use, or decompile this property. Any access to or use of this property (except in compliance with EIP's written direction to you to determine product performance on EIP's behalf) and any decompilation of this property by anyone other than EIP's personnel is prohibited. Customer agrees that it will use reasonable efforts to protect this property against damage or loss and to prevent any access to or use or decompilation of this property contrary to this prohibition. Customer agrees to permit EIP to connect to the products, or to otherwise access data related to the products, to allow EIP to gather, aggregate, compile, and use product and resource usage data in various ways including quality initiatives, benchmarking, and reporting services.

Product Warranty. Warranties for the products purchased by Customer are set forth in the warranty form(s) referenced in this quotation. No warranty is furnished for anything excluded from the warranty form(s). Customer agrees not to ship the products outside of the United States. The warranty period begins at the completion of installation or first patient use, whichever occurs first. If the start of the installation is delayed for any reason beyond the control of EIP for more than thirty days following the date of the availability for delivery of the product, the warranty period begins on the thirty-first day following that date.

EIP's obligations under any product warranty are limited, at EIP's option, to the repair or the replacement of the product or a portion thereof, or to a refund of a portion of the purchase price paid by the Customer. Any refund will be paid to the Customer when the product is returned to EIP. Any product warranty is made on condition that EIP receives written notice of a product defect during the warranty period, and within thirty days following the discovery of the defect by the Customer. EIP's obligations under any product warranty do not apply to any product defects resulting from improper or inadequate maintenance or calibration by the Customer or its agents; Customer or third party supplied software, interfaces, or supplies; use or operation of the product other than in accordance with EIP's applicable product specifications and written instructions; abuse, negligence, accident, loss, or damage in transit; improper site preparation; unauthorized maintenance or modifications of the product; or, to viruses or similar software interference resulting from the connection of the product to a network. EIP does not provide a warranty for any such third party products furnished to the Customer by EIP under this quotation; however, EIP shall use reasonable efforts to extend to the Customer the third party warranty for the product. The obligations of EIP described above are EIP's only obligations and the Customer's sole and exclusive remedy for a breach of a product warranty.

THE WARRANTIES SET FORTH IN EIP'S WARRANTY DOCUMENT WITH RESPECT TO A PRODUCT (INCLUDING THE SOFTWARE PROVIDED WITH THE PRODUCT) ARE THE ONLY WARRANTIES MADE BY EIP IN CONNECTION WITH THE PRODUCT, THE SOFTWARE, AND THE TRANSACTIONS CONTEMPLATED BY THIS QUOTATION, AND ARE EXPRESSLY IN LIEU OF ANY OTHER WARRANTIES, EXPRESSED OR IMPLIED INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

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Software and Licenses. All software is and shall remain the sole property of EIP or its software suppliers. Use of the software is subject to the terms of separate software license agreements. The license agreements applicable to the products listed on the face of this quotation are attached. All such license agreements must be signed by the Customer prior to or upon the delivery of the product. No license or other right is granted to the Customer or to any other party to use the software except as set forth in the license agreements. Upon the Customer's execution of the license agreements and the payment of any license fees in connection therewith as set forth in this quotation, EIP grants to the Customer a non-exclusive and paid-up right and license to use the software for the Customer's personal use in connection with the operation of the product for as long as the Customer may own the product. The right and license does not include any right to copy, reproduce, sell, assign, transfer, or sublicense the software, and does not include any rights or licenses in any maintenance or service software and related documentation.

Any EIP maintenance or service software and documentation provided with the product and/or located at the Customer's premises is intended solely to assist EIP and its authorized agents to install and to test the products, or to assist EIP and its authorized agents to maintain and to service the products under a separate support agreement with the Customer. The Customer agrees to restrict the access to such software and documentation to EIP's employees and those of its authorized agents only.

Patent Infringement Claims. EIP shall defend or settle any claim against the Customer that an EIP product provided in this quotation infringes a valid claim under a United States patent provided that the Customer (i) provides EIP prompt written notice of the claim, (ii) grants EIP full and complete information and assistance necessary for EIP to defend, settle, or avoid the claim, and (iii) gives EIP sole control of the defense or settlement of the claim. The provisions of this section shall not apply in the event of any sale or other transfer of the product by the Customer.

In the event the products are found or believed by EIP to infringe such a claim, EIP may, at its sole option, (i) procure the right for the Customer to use the product, (ii) replace or modify the product to avoid infringement, or (iii) refund to the Customer a portion of the product purchase price upon the return of the original product. EIP shall have no obligation for any claim of infringement arising from EIP's compliance with the Customer's designs, specifications, or instructions; EIP's use of technical information or technology supplied by the Customer; modifications to the product by the Customer or its agents; use of the product other than in accordance with the product specifications or applicable written product instructions; use of the product with products not manufactured by EIP if infringement would have been avoided by the use of a current unaltered release of the products; or use of the products after EIP has offered the Customer one of the options described in this section. EIP will not be liable for any claim where the damages sought are based directly or indirectly upon the quantity or value of products manufactured by means of the products purchased under the quotation, or based upon the amount of use of the product regardless of whether such claim alleges the product or its use infringes or contributes to the infringement of such claim. The terms in this section states EIP's entire obligation and liability for claims of infringement, and the Customer's sole remedy in the event of a claim of infringement.

Limitation of Liability. Customer agrees that EIP and its representatives have no liability to Customer for (1) any punitive, incidental or consequential damages such as lost profit or revenue, (2) any assistance not required under the quotation, or (3) any claims related to the quotation which arises after the warranty period ends. This is a commercial transaction. Any claim related to this contract will be covered solely by commercial legal principles. The liability, if any, of EIP for damages whether arising from breach of the terms in this quotation, breach of warranty, negligence, indemnity, strict liability or other tort, or otherwise with respect to the products and services is limited to an amount not to exceed the price of the product or service giving rise to the liability.

DISCLAIMER. IN NO EVENT SHALL EIP BE LIABLE FOR ANY INDIRECT, PUNITIVE, INCIDENTAL, CONSEQUENTIAL, OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION, LOST REVENUES OR PROFITS, OR THE COST OF SUBSTITUTE PRODUCTS OR SERVICES WHETHER ARISING FROM BREACH OF THE TERMS IN THIS QUOTATION, BREACH OF WARRANTY, NEGLIGENCE, INDEMNITY, STRICT LIABILITY OR OTHER TORT. EIP SHALL HAVE NO LIABILITY FOR ANY GRATUITOUS ADVICE PROVIDED TO THE CUSTOMER.

Non-Listed Products: EIP does not install, test, certify or provide its own software license or warranty for products which are not listed in the quotation at the time of sale.

Confidentiality. Each party shall maintain as confidential any information furnished or disclosed to one party by the other party, whether disclosed in writing or disclosed orally, relating to the business of the disclosing party, its customers and/or its patients, and this quotation and its terms, including the pricing terms under which the Customer has agreed to purchase the products. Each party shall use the same degree of care to protect the confidentiality of the disclosed information as that party uses to protect the confidentiality of its own information, but not less than reasonable care. Each party shall disclose such information only to its employees having a need to know such information to perform the transactions contemplated by this quotation. The obligation to maintain the confidentiality of such information shall not extend to information in the public domain at the time of disclosure, and/or information that is required to be disclosed by law or by court order.

Compliance with Laws. Each party shall comply with all laws, rules, and regulations applicable to the party in connection with the performance of its obligations in connection with the transactions contemplated by this quotation, including, but not limited to, those relating to affirmative action, fair employment practices, and Medicare fraud and abuse. If EIP's services require disclosure to EIP of "Protected Health Information", and the Customer is a "Covered Entity" (as those terms are defined in privacy regulations promulgated under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA")), EIP shall take reasonable steps to assure that its handling of such information does not result in a violation of those regulations.

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General Terms. The following additional terms shall be applicable to the purchase of a product:

- (a) Each party shall be excused from performing its obligations arising from any delay or default caused by events beyond its reasonable control including, but not limited to, acts of God, acts of third parties, acts of the other party, acts of any civil or military authority, fire, floods, war, embargoes, labor disputes, acts of sabotage, riots, accidents, delays of carriers, subcontractors or suppliers, voluntary or mandatory compliance with any government act, regulation or request, shortage of labor, materials or manufacturing facilities.
- (b) If the Customer becomes insolvent, is unable to pay its debts when due, files for bankruptcy, is the subject of involuntary bankruptcy, has a receiver appointed, or has its assets assigned, EIP may cancel any unfulfilled obligations, or suspend performance; however, the Customer's financial obligations to EIP shall remain in effect.
- (c) The Customer may not assign any rights or obligations in connection with the transaction contemplated by this quotation without the prior written consent of EIP, and any attempted assignment without such consent shall be of no force or effect.
- (d) Any controversy or claim arising out of or relating to this agreement, or the breach thereof, shall be settled by binding arbitration in accordance with the rules of the American Arbitration Association, and the parties agree that the forum for the dispute will be Allegheny County, Pennsylvania. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.
- (e) This agreement shall be governed by, and construed under, the laws of the Commonwealth of Pennsylvania, all rights and remedies being governed by said laws.
- (f) The terms and conditions in this quotation constitute the entire understanding and agreement by and between the parties with respect to the transactions contemplated by this quotation, and supersede any previous understandings or agreements between the parties whether written or oral regarding the transactions contemplated by this quotation. The pricing in this quotation is based upon the terms and conditions in this quotation. No additional terms, conditions, consents, waivers, alterations, or modifications shall be binding unless in writing and signed by the parties. The Customer's additional or different terms whether stated in a purchase order or other document issued by Customer are specifically rejected and will not apply to the transactions contemplated by this quotation. The Customer's submission of a purchase order shall evidence the Customer's agreement that these terms and conditions may not be changed except in a writing signed by the parties.
- (g) The headings in this quotation are intended for convenience only, and shall not be used to interpret this quotation.
- (h) If any provision of this quotation is deemed to be illegal, unenforceable, or invalid, in whole or in part, the validity and enforceability of the remaining provisions shall not be affected or impaired, and shall continue in full force and effect.
- (i) Notices or other communications shall be in writing, and shall be deemed served if delivered personally, or if sent by facsimile transmission, by overnight mail or courier, or by certified mail, return receipt requested and addressed to the party at the address set forth on the face of this quotation.
- (j) The failure of the Customer or of EIP at any time to require the performance of any obligation will not affect the right to require such performance at any time thereafter. The course of dealing, course of performance, course of conduct, prior dealings, usage of trade, community standards, industry standards, and customary standards and customary practice or interpretation in matters involving the sale, delivery, installation, use, or service of similar or dissimilar products or services shall not serve as references in interpreting the terms and conditions of this quotation.
- (k) The Customer's obligations are independent of any other obligations the Customer may have under any other agreement, contract, or account with EIP. The Customer will not exercise any right of offset in connection with the terms and conditions in this quotation, or in connection with any other agreement, contract, or account with EIP.

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LICENSE AGREEMENT – OPERATING SOFTWARE

This license agreement (the "License Agreement") is by and between Extremity Imaging Partners, Inc. ("EIP") and the Customer identified below, and is entered into as part of the sale of certain products identified on the face of the quotation attached to this License Agreement. This License Agreement does not supersede or replace any terms of the quotation and any document attached to or a part of the quotation, or support agreements applicable to the products.

Upon the execution of this License Agreement and the payment of the license fees describe on the face of the quotation, EIP grants to the Customer a non-exclusive and non-transferable right and license to use the computer software package (the "Software") necessary for the operation of the product on the terms and condition in this License Agreement. The license shall continue for as long as the Customer continues to own the product, except that EIP may terminate the license in the event of any default by the Customer. The Customer shall return the Software and any authorized copies thereof to EIP immediately upon expiration or termination of this license.

The license does not extend to any EIP maintenance or service software and documentation provided with the product and/or located at the Customer's premises. Such software and documentation is intended solely to assist EIP and its authorized agents to install and to test the products, or to assist EIP and its authorized agents to maintain and to service the products under a separate support agreement with the Customer. The Customer agrees to restrict the access to such software and documentation to EIP's employees and those of its authorized agents only.

The license granted to the Customer does not include any right to use the Software for purposes other than the operation of the product. The Customer may not copy, reproduce, sell, assign, transfer, or sublicense the Software for any purpose without the prior written consent of EIP.

The license granted to the Customer shall not affect the exclusive ownership by EIP of the Software or of any trademarks, copyrights, patents, trade secrets, or other property rights of EIP (or any of EIP's suppliers) relating to the Software.

The Customer agrees that only authorized officers, employees, and agents of Customer will use the Software or have access to the Software (or to any part thereof), and that none of Customer's officers, employees, or agents will disclose any part or all of the Software, or permit any part or all of the Software to be used by any person or entity other than those identified in the License Agreement. The Customer acknowledges that certain of EIP's rights may be derived from license agreements with third parties, and the Customer agrees to preserve the confidentiality of information provided to EIP under such third party license agreements.

If the Customer modifies the Software in any manner, all warranties associated with the Software and the products shall become null and void. If the Customer or any of its officers, employees, or agents should devise any revisions, enhancements, additions, modifications, or improvements in the Software, the Customer shall disclose them to EIP, and EIP shall have a non-exclusive royalty-free license to use and to sublicense them.

The Software is licensed to the Customer on the basis that (a) the Customer shall maintain the configuration of the products as they were originally designed and manufactured and (b) the product includes only those subsystems and components supported by EIP. The Software may not perform as intended on systems modified by other than EIP or its authorized agents, or on systems which include subsystems or components not supported by EIP. EIP does not assume any responsibility or liability with respect to unauthorized modifications or substitution of subsystems or components.

The liability, if any, of EIP for damages whether arising from breach of the terms in this license, breach of warranty, negligence, indemnity, strict liability or other tort, or otherwise with respect to the Software, the products, and services is limited to an amount not to exceed the license fee applicable to the Software.

THE WARRANTIES SET FORTH IN EIP'S WARRANTY DOCUMENT WITH RESPECT TO A PRODUCT (INCLUDING THE SOFTWARE PROVIDED WITH THE PRODUCT) ARE THE ONLY WARRANTIES MADE BY EIP IN CONNECTION WITH THE PRODUCT AND THE SOFTWARE AND THE TRANSACTIONS CONTEMPLATED BY THE QUOTATION ATTACHED TO THIS LICENSE AGREEMENT, AND ARE EXPRESSLY IN LIEU OF ANY OTHER WARRANTIES, EXPRESSED OR IMPLIED INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

IN NO EVENT SHALL EIP BE LIABLE FOR ANY INDIRECT, PUNITIVE, INCIDENTAL, CONSEQUENTIAL, OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION, LOST REVENUES OR PROFITS, OR THE COST OF SUBSTITUTE PRODUCTS (INCLUDING THE SOFTWARE), OR SERVICES WHETHER ARISING FROM BREACH OF THE TERMS IN THIS LICENSE AGREEMENT, BREACH OF WARRANTY, NEGLIGENCE, INDEMNITY, STRICT LIABILITY OR OTHER TORT. EIP SHALL HAVE NO LIABILITY FOR ANY GRATUITOUS ADVICE PROVIDED TO THE CUSTOMER.

The Software shall be used only on the following product, and only at the following location:

Product Serial Number: # TBD

Product Location: 3410 Executive Drive, Suite 103
Raleigh, NC 27609

Agreed and Accepted By:

Customer: **The Bone and Joint Surgery Clinic**

Name: _____

Title: _____

Date: _____

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WARRANTY

Scope and Duration of Warranty

Product Warranty: We warrant to you that the EIP products listed in our Quotation (the "Products") will be free from defects in materials and workmanship.

Patent and Copyright Warranty: We warrant to you that when they are delivered, to our knowledge, the Products will not be subject to any valid patent or copyright infringement claim.

The warranty period shall be twelve (12) months beginning on the date the Products are delivered to you unless we install the Products, in which case the warranty period begins on the earlier of (1) five days after the date we notify you that we have completed installation and the Products are operating in accordance with our published Product specifications, or (2) the date you first use the Products for patient use. If installation is delayed for thirty days or more after the date of delivery for a reason beyond our reasonable control, the warranty period will begin on the thirtieth day after the date of delivery.

The warranty period for any Product or part furnished to you to correct a warranty failure will be the unexpired term of the warranty applicable to the repaired or replaced Product.

Warranty Exclusions

These warranties are exclusive and in lieu of all other warranties, whether written, oral, expressed, implied, or statutory. NO EXPRESS OR

IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE APPLIES.

The warranty does not cover:

- A. Any defect or deficiency which results, in whole or in part, from (1) any alteration, improper storage, handling, use or maintenance, or any extraordinary use of the Products by anyone other than us, (2) failure to follow any of our written instructions or recommendations, (3) using or combining the Products with any item or data except as specified in the Product specifications, or using or combining the Products with any item or data that does not properly and unambiguously exchange data with the Products in accordance with the Products' specifications, (4) any of your designs, specifications or instructions, (5) any failure to use the Products in accordance with their specifications, including upper and lower data input limits, (6) any cause external to the Products as furnished by us or beyond our reasonable control;
- B. Any Product if the serial number or other means of its identification shall have been removed, obliterated or altered so as to render unidentifiable the Product;
- C. The payment or reimbursement of any facility costs arising from repair or replacement of the Products or parts; and

- D. Products installed outside the United States and Canada.

Exclusive Warranty Remedies

Product Warranties: If you promptly notify us of your warranty claim and make the Product available for service, we will at our option, repair, adjust, or replace (with new or exchange replacement parts) the non-conforming Product or parts of the Product. Warranty service will be performed without charge from 8:00 am to 5:00 pm, Monday-Friday, excluding our holidays, and outside those hours at our prevailing service rates and subject to the availability of personnel.

Patent and Copyright Warranty: Based on an infringement claim which would be a breach of the Patent and Copyright Warranty, we will obtain a license for you to continue using the infringing Product, provide a non-infringing replacement, alter the Product so that it is non-infringing, or remove the infringing Product and refund the price (less reasonable depreciation) and any return transportation costs paid by you.

The above describes your exclusive remedies and our sole liability for any warranty claims. You agree that we and our representatives have no liability to you for (1) any penal, incidental or consequential damages such as lost profit or revenue, (2) any assistance not required under our Quotation, or (3) anything occurring after the warranty period ends.

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SPECIAL TERMS – MAGNETIC RESONANCE IMAGING

As part of the quoted price (except as otherwise indicated), we will provide the following for the magnetic resonance system (MR System) covered by this Quotation:

SITE EVALUATION ASSISTANCE

We will furnish you with the following site planning information and specifications for one initial site. Testing of additional sites beyond your initial site is available at \$2,500 per site.

- **Site Review:** This review consists of an evaluation of available space, dimensional access for the magnet, anticipated effects of significant identified quantities of ferromagnetic materials, system acoustics, and other environmental concerns related to operation of the MR System. The evaluation will normally be accomplished through an on-site evaluation by one of our service engineers.

In addition, if you request, we will review specific parts of your site planning or construction documents to assist you in ensuring compliance with our current site planning requirements for the MR System.

OPERATION AND APPLICATIONS TRAINING

We also provide many opportunities for training your technical staff through our on-site applications support. A choice of recommended training programs for all imaging systems is available as an option at our then-current standard rates and in accordance with our then-current training program offerings and terms.

CUSTOMER RESPONSIBILITY

All of our site evaluation services rely on and are subject to the completeness and accuracy of information provided by you, your agents or representatives and conditions prevailing at the time of our site evaluation work. Our site evaluation services are intended only to assist you in fulfilling your responsibility to ensure that the site complies with our applicable site specifications.

FINAL INSTALLATION AND SYSTEM CHECKOUT

The final installation process will commence after all pre-installation and site-planning requirements applicable to the MR System are complete. Any rigging required to install the MR System will be at your expense. Upon completion of final installation and prior to turnover to you, we will perform prescribed test(s) to determine that the MR System meets our applicable performance specifications.

We will perform final assembly and system checkout services during our normal forty-hour workweek, excluding our holidays.

THE FOLLOWING PROVISIONS ALSO APPLY:

A. SITE PREPARATION

You are responsible for each of the following:

- Preparing the site(s) in which the MR System is to be installed, in strict accordance with our site planning specifications furnished to you.
- Providing all architectural or seismic preparations, calculations or submittals for state and local approval, if required.

- Magnetic or radio frequency shielding additional to that provided as part of the MR System, whether recommended by us or desired by you.
- Fire protection, air conditioning, site power, power quality maintenance, and all other environmental requirements and concerns to support initial magnet delivery and magnet installation and final assembly of the MR System.
- Providing a site and surroundings suitable for and undisturbed by installation and operation of a magnetic resonance system producing strong magnetic and electric fields.
- If applicable, providing and maintaining an appropriate high speed internet connection at the site for connection to our Remote Diagnostics Assistance, which we use to provide remote diagnostic service and software updates for the MR System.

B. CANCELLATION CHARGES

If you cancel the Quotation within thirty days prior to scheduled delivery of the MR System you will pay us a cancellation charge of fifteen percent of the total MR System price.

We will retain as a credit toward the cancellation charge all payments up to the amount of the cancellation charge that you have already made. If you cancel the Quotation prior to the above thirty-day period, you will pay us a cancellation charge equal to the total amount of the payments that have been made by you or are due from you up to the date of cancellation, but not to exceed fifteen percent of the total MR System price. In the event of any cancellation, you will also pay us our reasonable charges for any site evaluation services conducted prior to the cancellation.

C. MAGNETIC RESONANCE SYSTEM MODIFICATION

Modifications to either the equipment or software comprising the MR System could significantly affect its performance or conformance to applicable EIP specifications. Any modifications of the MR System other than as performed or authorized in writing by us will invalidate and terminate the EIP printed warranty applicable to the MR System, effective on the date of any such modification.

D. SITE ACCESS CONTROL

The MR System utilizes magnets of high field strength as well as radio frequency electromagnetic fields. The magnetic fields of the MR System attract ferromagnetic articles and are capable of rapidly accelerating such articles toward the magnet, creating corresponding physical danger to persons in the vicinity and possible damage to the MR System. In addition, the magnetic and radio frequency fields of the MR System can adversely affect, among other things, the operation of pacemakers, and aneurysm and surgical clips. Because of the foregoing, you are fully responsible for controlling access to the MR System, and for all operations and protocols that use the MR System or are conducted at the site.

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Paramed Medical Systems, Inc
39 High Street
North Andover, MA 01845

Purchaser: The Bone and Joint Surgery Clinic
3410 Executive Drive, Suite 103
Raleigh, NC 27609

Contract Number: _____
SMA Quote Date: May 18, 2008

SERVICE MAINTENANCE AGREEMENT (SMA)

Paramed Medical Systems, Inc. d/b/a PARAMED ("PARAMED") will inspect and maintain the purchaser's medical equipment ("Equipment") for the COVERAGE PERIOD described below, for the charges specified herein, subject to and in accordance with all the terms and conditions set forth herein.

INCEPTION DATE: The coverage as described in this Service Maintenance Agreement ("SMA") shall commence upon the completion of the warranty period May 18, 2008

MODEL	EQUIPMENT DESCRIPTION	SERIAL NUMBER	START DATE
IRJ	Paramed Medical Systems dedicated orthopedic MRI	TBD	May 18, 2008

COVERAGE:
8:00 a.m. to 5:00 pm Monday through Friday, excluding PARAMED holidays.

SERVICE AGREEMENT IS PAYABLE IN ADVANCE (Select Method):
Years 2 - 5 (mos. 13-60)

After Hours Preventative Maintenance additional \$2,500/Year N/C

- Annual Payments (\$40,000 / year)
- Semi-Annual Payments (\$40,000 / year)
- Quarterly Payments (\$40,000 / year)

CONTRACT COVERAGE

- A. Preventative Maintenance:** QUARTERLY. PM work must be scheduled for completion by 5:00 p.m.
After Hours PM Option: QUARTERLY. PM work must start by 5:00 p.m. and be scheduled for completion by 9:00 p.m.
- B. Parts:** All parts required to maintain the equipment to manufacturer's specifications, including coils.
NOTE: Excludes abuse, negligence and/or acts of nature.
- C. Product Enhancements:** All authorized Operating Software updates not requiring hardware additions.
All PARAMED authorized software updates and hardware modifications affecting product safety as originally purchased.
- D. Labor:** Remedial maintenance required to maintain the Equipment at manufacturer's specifications during coverage hours. Labor requested outside of coverage will be billed at the current labor rates in effect.

Customer shall be responsible for all reasonable and ordinary travel charges, except as modified in Comments. See Additional Comments below.
- E. Option Discount:** Purchaser will receive a 20% discount of the list price of options, including Operating Software upgrades.
- F. Normal Service Hours:** PARAMED's normal service hours are Monday through Friday 8:00 a.m. to 5:00 p.m., excluding PARAMED holidays.

COVERAGE PERIOD and COST (After Warranty Period)	Annual Payment	Semi-Annual Payments	Quarterly Payments
SMA for 4 Years: \$160,000	4 payments of \$40,000	8 payments of \$20,000	16 payments of \$10,000

Term: May 18, 2008 to May 18, 2012

Additional Comments:

ACCEPTANCES: _____

PURCHASER: The Bone and Joint Surgery Clinic
Date: 12/7/07 By: [Signature]
Title: PAUL BURROUGHS III MD
Managing Partner

PARAMED MEDICAL SYSTEMS, INC.
Date: _____ By: _____
Title: _____



PARAMED MEDICAL SYSTEMS, INC.
MRI SERVICE MAINTENANCE AGREEMENT - TERMS AND CONDITIONS

1. SERVICE

Paramed Medical Systems, Inc. d/b/a PARAMED Service ("PARAMED") agrees to provide service to the Equipment quoted hereunder as indicated on the front of this Agreement.

a. Planned Preventive Maintenance

Including inspection, adjusting, tuning, lubrication, and replacement of non-consumable parts as determined to be necessary by PARAMED. Such inspections to be provided as outlined by the Manufacturers specifications.

b. On Call Remedial Maintenance

Provided as required due to system malfunction. Replacement parts will be furnished in exchange for the part(s) being replaced. Such part(s) shall become the property of PARAMED. Components, parts, and assemblies will be replaced with new or refurbished items at PARAMED's expense. There will be no charge for routine operational software updates as long as Purchaser maintains a PARAMED Service Maintenance Agreement. Service furnished by PARAMED at Purchaser's request in addition to those specified hereunder will be invoiced at PARAMED's applicable time and material rates and terms then in effect. PARAMED has the right to charge extra for service outside the established hours (over-time). Purchaser shall provide at no charge to PARAMED full and free access to the Equipment covered hereunder, working space in accordance with PARAMED site specifications, adequate facilities near the Equipment, and use of any machines, attachments, features, user ports or other materials necessary for the specified maintenance services.

2. DOCUMENTATION AND MAINTENANCE MATERIALS

Purchaser agrees that at all times all right, title and interest in and to all diagnostic maintenance media, including software, shall remain PARAMED's and PARAMED may remove same from the premises of Purchaser, temporarily or permanently, or discontinue usage thereof at any time for any reason. All PARAMED's test, diagnostic and verification information and routines (on PARAMED or Purchaser-owned media), maintenance equipment and maintenance materials, information and documentation are proprietary and confidential; such item(s), whether on Purchaser's site or accessible by remote inquiry, are and shall remain the sole property of PARAMED in any case, and may be removed, or the usage thereof discontinued at any time. Purchaser will destroy same upon written request from PARAMED. Purchaser shall not disclose to any person such confidential items and shall take appropriate action by instruction or agreement with its employees who are permitted access thereto to satisfy its obligation of confidentiality hereunder.

3. SOFTWARE

3.1 Definitions

"Software" means computer instruction or data files, supplied by PARAMED and any improvements or modifications to said computer instructions or data files, whether supplied in machine, assembly or higher level languages and such instructions or data files in all forms of interpretation, compilation, media of expression, fixation and storage. "Operating Software" means Software which is essential for operation of Equipment in the end-use applications of Purchaser which are known to PARAMED as of date of PARAMED's written acceptance hereof. "Maintenance Software" means Software used in or with the Equipment to aid their installation, maintenance or repair and includes the Software other than Operating Software.

3.2 Ownership

All Software shall remain the sole property of PARAMED.

Without limiting the preceding sentence, Purchaser expressly agrees that any Maintenance Software (including without limitation any copy of all or any thereof) shipped to, located on the premises of, or otherwise in the possession of Purchaser remains the sole and exclusive property of PARAMED; the accessing, running, performance, display or any other use of such Maintenance Software shall be limited to PARAMED, its employees and authorized agents.

3.3 License

PARAMED grants to Purchaser, as of the date of installation of Equipment, a nonexclusive and royalty-free license to use the Operating Software. **NO LICENSE IS GRANTED TO PURCHASER WITH RESPECT TO ANY OPERATING SOFTWARE, OR ANY COPIES OF ALL OR ANY PORTION OF THE OPERATING SOFTWARE. PURCHASER ASSUMES FULL RESPONSIBILITY FOR DAMAGES TO PARAMED RESULTING FROM ANY UNAUTHORIZED TRANSFER OF OPERATING SOFTWARE TO A THIRD PARTY.**

3.4 Confidentiality

Purchaser acknowledges that the Software is valuable to PARAMED and agrees to use reasonable care to prevent disclosure to others of Software in Purchaser's possession or on Purchaser's premises. Purchaser agrees to limit access to Software to those of its employees having a need to use the Operating Software in connection with the Equipment. Purchaser agrees not to copy Maintenance Software and to make only the number of copies of Operating Software required for actual use of the Equipment in their intended applications. Purchaser further agrees to ensure that all copies include applicable PARAMED trademark and patent identification notices.

3.5 Modifications

Because of the highly technical nature of the Software and the high probability that any modifications of it, however, minor, could significantly affect the performance of the Equipment to which it applies, Purchaser agrees that it shall not modify, or allow the modification of, the Software in any manner whatsoever other than by, or with the express written consent of PARAMED or its employees. **ANY SUCH MODIFICATIONS OF SOFTWARE IN VIOLATION OF THE FOREGOING COVENANT SHALL CONSTITUTE MISUSE OR NEGLIGENCE AND VOID THIS SERVICE AGREEMENT IMMEDIATELY.** Purchaser agrees to indemnify and hold PARAMED, its employees, agents, subsidiaries and affiliates harmless from any claim or loss, including costs thereof attributable to any such modification of Operating Software violation of the foregoing provision.

4. EXCLUSIONS

The service to Purchaser hereunder does not include electrical work external to the equipment, maintenance of accessories, attachments, machines or other devices not furnished by PARAMED; repair or damage resulting from: accident, transportation, neglect or misuse, failure of electrical power, causes other than ordinary use, or damage caused by catastrophe beyond PARAMED control; maintenance or repair to the equipment other than by PARAMED's employees; an improper environment for the equipment such as lack of air conditioning or electricity; performing services connected with relocation of equipment; adding or removing accessories, attachments, or other devices; service rendered impractical as determined by PARAMED by reason of electrical or mechanical connection to other equipment not supplied by PARAMED. Purchaser agrees that equipment out of warranty prior to the start of this Agreement may be inspected by PARAMED's personnel. Any deficiencies found will be corrected at

Initial Document Here: _____

PARAMED's time and material rates then in effect or excluded from coverage under this Agreement.

5. CHARGES

Charges are payable in advance upon receipt of invoice. If Purchaser requests unscheduled, on call maintenance service other than during PARAMED's normal working hours or the coverage selected on this Service Maintenance Agreement, such service will be furnished at PARAMED's hourly rates in effect at the time service is performed. Purchaser shall pay PARAMED, upon receipt of invoice, all travel and other expenses incurred by PARAMED for service performed at Purchaser's request outside of the coverage selected in this Agreement. Invoices not paid within ten (10) days of the invoice date will have a 1.5 percent per month interest charge, or the highest lawful rate, whichever is less, assessed against the unpaid balance from the date of the invoice until the date of payment. Purchaser shall pay all costs involved in PARAMED's collecting its overdue accounts from Purchaser including reasonable attorney's fees. All invoicing procedures are subject to change by PARAMED at any time upon a minimum of sixty (60) days prior written notice.

6. TAXES

Prices do not include local, state, or federal taxes. Consequently, the amount of any sales, use or similar tax applicable to the sale of the Agreement herein or to the use of such goods by the Purchaser shall be paid by the Purchaser. If PARAMED is required to collect or pay any such tax, Purchaser shall reimburse PARAMED promptly after demand for such tax payment and for any associated expenses.

7. NOTICE

Any notice required or permitted to be given under this Agreement shall be considered sufficient if delivered personally or mailed via certified mail. Such notices directed to PARAMED shall be delivered or sent to its office address set forth on the face hereof to the attention of the President. Notices to the Purchaser shall be sent to the address shown on the front of this Agreement. Notices to either PARAMED or the Purchaser may be sent to such other address as either party may give to the other from time to time pursuant to this provision.

8. TERMINATION

This Agreement shall remain in effect during the entire coverage period provided for on the face hereof, and shall not be cancelable by either party in the absence of a material breach by the other party. In the event PARAMED makes an announcement that it will no longer offer service agreements as a result of factors beyond its reasonable control, then PARAMED may upon no less than six (6) months prior written notice to Customer terminate the Agreement before the stated date of expiration. Upon such termination PARAMED shall refund any amounts paid by Customer through the end of the contract term on a pro rata basis.

9. ASSIGNMENT

Upon execution, this Agreement shall be binding upon PARAMED and the Purchaser and shall inure to their benefit and to their successors and permitted assigns. This Agreement may not be assigned by Purchaser in whole or in part to any third party without the express written consent of PARAMED which will not be unreasonably withheld. PARAMED may, however, require any proposed assignee to reimburse it for any of its reasonable costs associated with such assignment, and to supply it with such information and to make such representations as PARAMED deems appropriate for its protection.

10. CONSTRUCTION; JURISDICTION

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Massachusetts. Headings used herein are for the convenient reference to the parties and are not intended to modify the express terms hereof. Each party

consents to the jurisdiction of the federal and state courts located in Massachusetts, and hereby appoints each officer of PARAMED as its agent for accepting any process in Massachusetts. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by binding arbitration in accordance with the rules of the American Arbitration Association, and the parties agree that the forum for the dispute will be North Andover, Massachusetts. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

11. MISCELLANEOUS

This Service Maintenance Agreement replaces and supersedes any previous Agreement between the parties respecting the subject matter hereof and constitutes the entire agreement between the parties relative to the subject matter hereof. PARAMED's obligations hereunder are subject to delays incident to labor difficulties; fires; casualties and accidents; acts of the elements; acts of public enemies; transportation difficulties; inability to obtain equipment, materials or qualified labor sufficient to fill its orders; governmental interference or regulations; and other causes beyond PARAMED's control. PARAMED's liability arising out of or relating to this Agreement shall not exceed the amounts paid by Purchaser to PARAMED for the Agreement. PARAMED shall not be liable for special, incidental or consequential damages. Consequential damages shall include, without limitation, loss of use, income or profit or loss of or damage to persons or property.

DUE IN PART TO THE COMPLEXITY AND INTERCHANGEABILITY OF THE COMPONENTS OF PARAMED'S EQUIPMENT, SOME PARTS USED IN SERVICING PURCHASER'S EQUIPMENT MAY BE RECONDITIONED. ALL PARTS MEET PARAMED'S SPECIFICATIONS IN FORCE ON THE DATE OF THEIR INSTALLATION IN THE PURCHASER'S EQUIPMENT.

This Service Maintenance Agreement is subject to acceptance by PARAMED at its home office. After acceptance, PARAMED shall mail to Purchaser a signed duplicate copy hereof, and the same shall constitute the entire Service Maintenance Agreement between the parties, which shall be changed only by written agreement of the parties.

Initial Document Here: _____

PARAMED MRJ SMA for The Bone and Joint Surgery Clinic, Raleigh, NC

Page 3 of 3



Esaote North America, Inc.
8000 Castleway Drive
Indianapolis, Indiana 46250

Purchase Agreement (PA) No. MRRSSCANJS20160329

PA Date: March 29, 2016

Customer: **THE BONE AND JOINT SURGERY CLINIC**

Attn: **Cary S. Idler, MD**

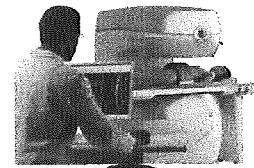
Address: 3410 Executive Drive

Suite 103

Raleigh, NC 27609

Phone: (919) 872-5296

Cell: (919) 215-2148



Esaote, the leading provider of Dedicated MSK MRI systems, is pleased to offer the following system:

Order Contents:

Quantity	Item #	Item Description	List Price	Sales Price
1	9800020015	S-scan Dedicated MRI System	\$725,000.00	\$550,000.00
1	151009500	EVO eXP Package	\$35,000.00	Included
1	229041900	Patient Bed Assembly, Standard	\$16,975.00	Included
1	9101984005	RF Shielding, Standard	\$35,000.00	Included
1	9102908100	Magnetic Compensation Module	\$7,375.00	Included
1	9102607002	Accessory Cupboard	\$1,975.00	Included
1	229021700	Spine Package, Advanced	\$30,250.00	Included
1	9103202000	Spine Package, Standard	\$28,750.00	Included
1	9380020800	UPS, EATON 9PX5K	\$5,625.00	Included
1	9380020300	UPS, PC CP1350AVRLCD	\$250.00	Included
1	Paramed Unit	Rigging; removal/install up to \$20,000		Included
MRI System Total:**			\$886,200.00	\$550,000.00

Service Contract (See Point of Sale Service Addendum) page 16 -18

Check & Initial Acceptance

<input type="checkbox"/>	9102908201	4-Year Service Contract <i>Pricing only valid if included in financing at point of sale</i>	\$180,000.00	\$140,000.00
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See the following S-scan description for a complete review of system components and specifications.

Purchaser's Initials _____



Customer: THE BONE AND JOINT SURGERY CLINIC
PA No. MRRISSCANJS20160329
PA Date: March 29, 2016



1 9800020015 S-scan Dedicated MRI Unit

The S-scan magnetic resonance system is a dedicated musculoskeletal scanner, specifically designed for limb, joint and spine examinations. The unique design of the magnet ensures high quality exams and patient comfort. Due to the compact system design, the system sites in as little as 240 square feet (14" x 17').

1 S-Scan Magnet



The S-scan magnet is the result of the latest advances in light-weight, permanent magnet technology. It is based on 30+ years of research and design work by Esaote, coupled with customer feedback from previous magnetic resonance systems. The system includes:

- C-shaped permanent (neodymium) magnet with 0.25 Tesla nominal vertical-field for higher SNR and improved image quality
- Generous opening of 15" to accommodate the large patients
- Fast gradient coils with ± 20 mT/m gradient strength, 0.8 ms rise time (from 0 to +20mT/m), Slew Rate: 56mT/m/ms
- Radio frequency transmission coil
- Internal thermostatic control system
- Real Time Positioning Module with LCD for instant feedback on patient positioning and anatomy of interest.

1 S-scan RF System

The S-scan RF system features a highly uniform and powerful RF system capable of meeting the demands of a busy MRI practice. It has two 1050-watt RF amplifiers and passive receive only coils, which expedite patient positioning and imaging parameter flexibility.

1

S-scan RF Coils

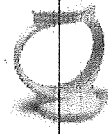
Set of 6 high sensitivity, self-centering receive coils with automatic recognition; most coils are equipped with the Dual Phased Array (DPA) technology, using the advanced multi-receiver phased array techniques for optimal performance. Coils also feature built in preamplifiers and low noise electronics ensuring excellent image quality.

All coils come with a set of dedicated padding cushions, for patient comfort and to reduce patient motion.

- **DPA Shoulder Coil**
Advanced shoulder imaging with ergonomic design for comfort. DPA delivers highest SNR and image quality. (16.8 x 15.4 x 7.9 cm).
- **Standard Shoulder Coil**
Solenoidal coil for maximum positioning flexibility, designed especially for large shoulders and knees (14.5 x 17.5 x 12.6 cm).
- **DPA Knee Coil**
DPA coil for comprehensive views of the knee designed for patient comfort and large coverage area. (14.3 x 16.0 x 18.3 cm)
- **DPA Hand-Wrist Coil**
DPA coil designed for comfortable, high resolution imaging of the wrist and hand. (11.9 x 7.2 x 20.0 cm)
- **DPA Foot and Ankle Coil**
DPA coil designed for optimized and natural positioning of the foot and ankle and elbow (14.5 x 10.0 x 28.5 cm).
- **Flexible Multi-Purpose Coil**
The flexible coil is a general-purpose coil. It is used when positioning with the standard coils is difficult due to patient limitations. (Painful joint, inability to assume a certain position). Includes Velcro positioning strap. (4 x 34 x 28 cm).



DPA Shoulder Coil



Shoulder Coil



DPA Knee Coil



DPA Hand/Wrist Coil



DPA Ankle/Foot Coil



Flex Coil

1 229021700 **Spine Package, Advanced**

The S-scan Advanced Spine Package consists of 3 spine coils providing higher signal uniformity and increased signal to noise.



- **4-Channel Lumbar Spine Coils (2)**

The coils feature a 20% increase in signal to noise ratio and the two different sizes (small/medium & large) accommodate a larger patient population. The coils can also be used for imaging of the hip joint, providing a 40% jump in SNR and uniformity over the flexible multi-purpose coil. Included in the package are a set of cushions and bolsters for stable and comfortable positioning of the patient during the exam.



- **Dual Phased Array Cervical Spine Coil**

The DPA C-spine coil is designed for imaging larger patients. The coil provides better signal homogeneity at the boundary of the image field of view. A set of cushions is included in the package to ensure better and more comfortable patient positioning during the exam.

1

S-scan Image Display System

The advanced technology platform uses an industry standard Medical Windows® 7 operating system. The Windows user interface is extremely easy to use, yet fully featured, featuring fast image reconstruction and powerful display functions.

- **CPU:** Intel Core I5 processor (3.3 GHz or better)
- **Memory:** 16 GB
- **Hard Disk:** 1 TB drive (stores up to 500,000, 256² images)
- **Image Archiving:** DVD
- **User Interface:** Keyboard and Mouse
- **Operating System:** Windows® 7 – 64 bit
- **Reconstruction:** 0.1 sec. (per 256² image)
- **Networking:** Ethernet integrated controller 10/100/1000 Mbps
- **Image Format:** DICOM, JPEG or TIFF
- **Monitor:** 24", LCD super high resolution, high contrast



1

S-scan Imaging Sequences – Release 4.1

The S-scan has been designed to provide high quality imaging of the cervical and lumbar spine, shoulder, hip and extremities using standard and advanced MRI pulse sequences. Patient imaging times and throughput are optimized.

Imaging Parameters

- **Scoutview:** Multiplanar orthogonal real time displayed on gantry LCD panel.
- **Acquisition Matrix Max:** 2D & 3D: 512²
- **Slice Thickness (Min):** 2D: 2mm, 3D: 0.6 mm
- **FOV:** 10 cm - 27 cm, .1 cm steps
- **Number of Slices:** 1 - 256
- **Saturation slabs:** for artifact reduction with graphic positioning
- **Multi-Pack and Multi angle**

Pulse Sequences Included

- Multi-planar scout
- Spin Echo T1 (SET1)
- Spin Echo T2 (SET2, SET2 SA)
- Multi Echo (SE_PD_T2)
- Inversion Recovery (IR)
- Short T1 Inversion Recovery (STIR, STIR T2 S, STIR T2 A)
- Spin Echo Half Echo (SET1HE)
- Spin Echo Half Scan (SET1HF)
- Turbo SE T2 (TSE, TSE S)
- Turbo ME (TME)
- Gradient Echo (GE, GE T2, GE T2 FC)
- Short Time Inversion Recovery Gradient Echo (GE-STIR)
- Gradient Echo 3D (T3D_T1)
- Speed Spin Echo T2 (SSE-SET2, SSWE-SET2 SA, SSE-SET2 SP)
- Fast FLAIR
- XBone (fat-water separation technique)
- 2D & 3D HYCE (maximizes contrast between CSF, spinal cord and nerve roots)
- FSE STIR (fat suppression for spine exams)
- STIR T2 weighted (highest sensitivity to bone edema)
- Fast Spin Echo PD/T2 (cuts imaging time by 40%)
- 3D Steady State: SHARC, SS T1 SS T2
- Real Time Positioning Sequence

See additional eXP Package sequences on the next page



1 151009500 **EVO eXP Package**

The eXP Package is a combination of hardware and software that improves the S-scan Brio system performance by improving image acquisition speed and image quality. It is comprised of a special GPU card for faster reconstruction and sophisticated imaging sequences like Speed-Up, MAR and True Motion for advanced image acquisition. An EVO eXP system is recognizable by the eXP logo on the front cover.

Contents:

- Advanced GPU board
- 2D Speed-Up technology
- 3D Speed-Up technology
- True Motion
- Metal Artifact Reduction
- eXP cover logo

Advanced GPU Based Image Reconstruction

The special GPU board included in the eXP package makes it possible to use new and sophisticated multi-threading reconstruction algorithms, providing a faster overall system response. The combination of GPU hardware and eXP software enables the implementation of the sophisticated 2D and 3D Speed-Up sequences.

2D and 3D Speed-Up Technology.

Speed-Up is an advanced acquisition/reconstruction method (patent pending) that reduces the scan time of 2D and 3D pulse sequences up to 30%. Speed-Up applies sophisticated mathematics algorithms that take advantage of intrinsic K-space redundancy to properly manage the amount of acquisition data and consequently to reduce the acquisition time.

True Motion

True Motion imaging uses a 2DHYCE high frame rate of the acquisition sequence with streaming technique to scan and visualize a joint in motion. The movie is created in real time while the patient slowly moves the joint and the images are stored in movie format.

Metal Artifact Reduction (MAR)

This technique is applied on FSE family sequences will reduce the susceptibility artifacts caused by metal implants. Systems equipped with MAR technology makes them the ideal system for post-operative imaging of the joints.

1 **Viewer Lite Package**

The Viewer Light is a simple PC compatible DICOM reader that is copied onto the CD when using the export function to write images to a CD. Images on the CD can be viewed on any Windows® based PC by simply clicking the Viewer Lite icon.

1 **S-scan Operator Training-On Site Applications Training**

Esaote provides on-site applications training for up to three operators in the operation and use of the S-scan system for a period of four (4) consecutive days with a one-day follow up visit typically within 4-6 weeks of startup. Additional follow up visits or operator training are available at additional cost.





1 **Calibration Tools and Esaote Phantom Set**

Complete set of calibration tools and phantoms included to provide daily quality assurance testing by S-scan operators.

1 **DICOM Printing Interface.**

The S-scan can be connected to a Windows printer via a USB port or to a DICOM printer via Ethernet.

1 **DICOM® Functionality**

S-scan features full DICOM® capabilities:

- **Storage:** transmission of images to other modalities (workstations, PACS). Enabling the "Auto send" (also called "Auto-push") function will automatically send all the images to the destination of choice without the need for operator interaction. Transmission rate depends on the Workstation type and Network speed
- **Media Exchange:** for archiving images on a removable media (CD Rom or DVD), in DicomDir modality ("export" function)
- **Print management SCU:** (for Dicom print)
- **Worklist Management:** (S-scan accepts DICOM patient list directly from HIS/RIS).

1 **S-scan Remote Assistance System (ARAS)**

The S-scan Remote Assistance System allows the Esaote Service group to monitor the performance of your S-scan system remotely. The system allows Esaote Technical Service to retrieve data files, images, troubleshoot and provide software updates, without having a Service Engineer on site.

1 **S-scan Marketing Support**

To assist in introducing the S-scan to the local community and increase referrals, Esaote will provide fifty (50) S-scan patient information brochures at no charge to the customer.

1 **ICAMRL/ACR Accreditation Support**

Esaote is committed to provide customer support to meet all accreditation requirements. We have designed our applications and service engineering documents for easy access to information needed to complete ICAMRL and ACR applications. In addition, we will provide:

- Access to installation and service/pm records
- Copies of all technical documents indicating software and hardware levels and revs
- Access to applications/training records and ASRT CME credits for attendance at our on-site or education center training courses
- MRI application support for protocol selection and phantom scanning
- Application review of cases selected for application submission

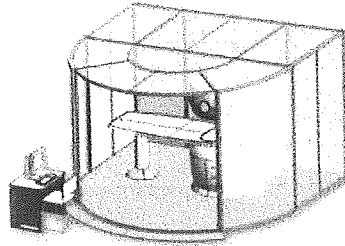
Please note: Customer is responsible for all costs incurred to rent phantom, retain physicist and other costs outside the scope of the description above. If the customer require Esaote applications on site, such arrangements may be at a charge to the customer for travel and expenses.

1 229041900 Patient Bed Assembly , Standard



The Unique swivel design patient table ensures maximum patient comfort with a wide top and an easy to move system for fast positioning. The table features fixed location points for easy positioning of RF coils and flexible patient positioning. A custom set of cushions are provided to maximize patient comfort. Maximum patient weight is 440 lbs.

1 9101984005 RF Shielding, Standard



Special lightweight, free standing, RF shielding solution made of innovative materials. The open structure design allows the use of existing lighting and air-conditioning system thus reducing installation costs and time. The pavilion is installed by Esaote engineers in typically one day.

- Attenuation: 70 dB

1 9102908100 Magnetic Compensation Module

Special device that may allow the installation of S-scan in sites where there are variations in the external magnetic field caused, for example, by metal masses moving nearby the magnet, such as an elevator or a train or by AC magnetic disturbances. The compensation module, which avoids the installation of an expensive magnetic shielding, is composed of probes that measure the external magnetic field variations and compensates these magnetic fluctuations.

1 9380020300 CyberPower Uninterruptible Power Supply – Operator Console



The CyberPower Uninterruptible Power Supply (UPS) provides voltage regulation, isolation, noise/surge protection and immediate battery backup for the S-scan operator's console. The unit will provide backup power allowing proper shutdown of the S-scan operator's console in the event of sudden power loss.

1 9380020800 Eaton Uninterruptible Power Supply – MRI System



The Eaton Uninterruptible Power Supply provides voltage regulation, isolation, noise/surge protection and immediate battery backup for the S-scan unit. The unit will provide backup power allowing proper shutdown of the S-scan system in the event of sudden power loss.

1 9102607002 Accessory Cupboard

The accessory cupboard for the S-scan system provides the user a suitable place for all the objects used during the normal activity: coils, cushions, manuals, phantoms, etc. The cupboard can be placed inside the Esaote RF pavilion.

Customer: THE BONE AND JOINT SURGERY CLINIC
PA No. MRRISSCANJS20160329
PA Date: March 29, 2016



****Rigging Charges to be Considered when Financing**

Level 1: \$5,000-\$15,000

This level includes delivery of the MRI system and Pavilion crates to the facility parking lot, unloading of materials and staging for delivery inside the facility plus unpacking at the site. It also includes removal of crates and disposal of packing materials. Rigging across normal sidewalks, doorways designed to accommodate the magnet and setting the system inside the Pavilion. Also includes placing the operator's console and system electronics cabinets in their designated positions. This level does not include rigging up or down stairwells, or other special situations.

Level 2: \$15,000-\$25,000

All items as listed in Level 1 rigging above as well as a small crane or heavy duty fork lift for installation into a multi-story facility. This does not include any special permits that may be required by local municipalities.

Level 3: \$25,000+

All items included in Level 1 rigging above, including specialty cranes, multiple lifts, platform jacks, or special rigging for elevator shafts, over buildings, through roof hatches or other highly specialized rigging as required. This does not include any special permits that may be required by local municipalities.

Customer: THE BONE AND JOINT SURGERY CLINIC
PA No. MRRISSCANJS20160329
PA Date: March 29, 2016



ESAOTE NORTH AMERICA INC. is pleased to submit this quotation for the products described herein, subject to the enclosed Standard Conditions of Quotation for MR Products and the following:

- **Warranty:** 1 year all parts and labor (refer to section 5 for conditions).
- **Quotation Expiration Date:** 04/29/2016
- **Terms of Payment:** 10% deposit required with order. The remaining balance of the purchase price is due upon delivery and installation of the Equipment (See Terms and Conditions).
- **Rigging:** Any rigging required to install the new Equipment and remove trade-in unit above \$20,000 will be at Buyer's expense. See Section 3d of Terms and Conditions and descriptions above.
- **Special Terms:**

ESAOTE NORTH AMERICA, INC.
8000 Castleway Drive, Indianapolis, Indiana 46250

Accepted By: _____

Date

Printed Name

Corporate Officer/Title

BUYER

By signing below, Buyer expressly agrees that the terms and conditions following hereof are expressly incorporated herein by reference and made a part hereof for all purposes, and Buyer further agrees to the terms and conditions following hereof without objection or modification.

Accepted By: _____

Authorized Customer

Date

Printed Name

Desired Delivery Date: Month: _____,
Year: _____

Customer: THE BONE AND JOINT SURGERY CLINIC
PA No. MRRISSCANJS20160329
PA Date: March 29, 2016



The following Terms and Conditions (4 pages); including disclaimers of warranties and limitations on seller's liability are part of this Agreement:

TERMS AND CONDITIONS

1. Payment:

a. This Quotation/Purchase Agreement ("Purchase Agreement") is valid only for the magnetic resonance equipment as listed on the attached Quotation (the "Equipment") to be located and used within the territory of the fifty states of the United States of America (the "Territory"); price, terms, warranty and all other conditions of this Purchase Agreement are void if the Equipment is located outside the Territory.

b. Qualification for payment terms offered ESAOTE NORTH AMERICA Esaote, Inc. ("Esaote") is conditioned upon the review and credit approval by Esaote.

c. Ten Percent (10%) deposit is required upon execution of this Purchase Agreement by Buyer. The remaining balance of the purchase price is due upon delivery and installation of the Equipment. Past due invoices will be assessed a monthly late payment fee at the lesser of (i) one and one-half percent (1.5%) and (ii) the maximum rate, if any, allowed by law on the outstanding balance and no Equipment requested in outstanding or future purchase agreements of Buyer will be shipped on credit until the past due invoice is paid in full. If any invoice of Buyer is past due, Esaote may, at its discretion, accelerate the terms of any or all outstanding invoices of Buyer. If Buyer elects to finance the Equipment through an intermediary, such financing arrangement, even if agreed to by Esaote, does not relieve Buyer of its obligation for payment to Esaote under this Purchase Agreement.

2. Delivery and Transportation: Esaote will notify Buyer of the approximate delivery date(s) of the Equipment, but Esaote does not guarantee a particular date of delivery. Delivery shall be C.I.P.

3. Installation: As part of the quoted price (except as otherwise indicated), Esaote provides the following for the Equipment covered by this Purchase Agreement.

a. **SITE EVALUATION ASSISTANCE** Esaote will furnish Buyer with the following site planning information and specifications for one initial site. (Testing of additional sites is available at a cost of \$2,500 per site):

S-Scan Site Planning Document

- **Site Review:** This review consists of an evaluation of available space, dimensional access for the magnet, anticipated effects of significant identified quantities of ferromagnetic materials, system acoustics, and other environmental aspects related to operation of the Equipment. The evaluation will normally be accomplished through an on-site evaluation by an Esaote representative.
- **Preliminary Sketch or Drawings:** These consist of a suggested space plan for the department or site showing room sizes, access ways and fringe field distribution. A suggested equipment plan will also be provided (and may be combined with the space plan) showing Equipment placement, floor loading, and heat dissipation for each element of the Equipment including placement of RF enclosure.
- **Equipment Installing Drawings:** These are final drawings consisting of plans approved by Buyer for equipment locations, RF Shielding (if applicable), electrical layout and other relevant MR System planning information. In addition, under Buyer request, Esaote will review specific parts of Buyer's site planning or construction documents to evaluate compliance with the current site requirements for the Equipment.

IMPORTANT: Site Evaluation services rely on and are subject to the completeness and accuracy of information provided by buyer, buyer's agents or representatives and conditions prevailing at the time of the site evaluation. Esaote's site evaluation services are intended only to assist buyer in fulfilling buyers' responsibility to ensure that the site complies with Esaote's applicable site specifications. Esaote expressly disclaims and buyer agrees that Esaote is not responsible to buyer for buyer's compliance with any law, regulation, administrative rule or other requirement related to the site evaluation and/or the placement of the equipment. The sole purpose of Esaote's site evaluation is to advise buyer of compliance with Esaote's site specifications.

b. OPERATION AND APPLICATIONS TRAINING

As an option to the included operator training, Esaote also can provide additional training of the Buyer's technical staff through on site applications support. This additional training is available as an option at our then-current standard rates and in accordance with then-current training program offerings and terms.

c. FINAL INSTALLATION AND SYSTEM CHECKOUT

The final installation process will commence after all pre-installation and site planning requirements. Any rigging required to install the Equipment will be at Buyer's expense. Upon completion of final installation and prior to turnover, Esaote will perform

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prescribed tests to determine that the Equipment meets the applicable performance specifications. These tests will be performed when assembly at the site is completed. Esaote performs final assembly and system checkout services during the hours of 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding holidays.
d. THE FOLLOWING PROVISIONS ALSO APPLY

i. RIGGING

Buyer is responsible for all rigging expenses which include delivery and installation.

ii. SITE PREPARATION

Buyer is responsible for each of the following:

- Preparing the site(s) in which the Equipment is to be installed, in strict accordance with the site planning specifications furnished.
- Providing all architectural or seismic preparations, calculations or submittals for state and local approval, if required.
- Magnetic or radio frequency shielding additional to that provided as part of the Equipment, whether recommended by Esaote or desired by Buyer.
- Fire protection, air conditioning, site power, power quality maintenance, and all other environmental requirements and concerns to support initial magnet delivery and magnet installation and final assembly of the system.
- Providing a site and surroundings suitable for and undisturbed by installation and operation of a magnetic resonance system producing strong magnetic and electric fields.
- If applicable, providing and maintaining an appropriate telephone line at the site for connection to Equipment ARAS Package used to provide remote diagnostic service for the MR System.

iii. MAGNETIC RESONANCE SYSTEM MODIFICATION

Modifications to either the Equipment could significantly affect its performance or conformance to applicable Esaote specifications. Any modifications made to the Equipment, unless authorized in writing by or performed by Esaote will invalidate and terminate the warranty applicable to the Equipment, effective on the date of any such modification.

iv. SITE ACCESS CONTROL

The Equipment utilizes magnets of high field strength as well as radio frequency electromagnetic fields. The magnetic fields of the Equipment attract ferromagnetic articles and are capable of rapidly accelerating such articles toward the magnet, creating corresponding physical danger to persons in the vicinity and possible damage to the Equipment. In addition, the magnetic and radio frequency fields of the Equipment can adversely affect the operation of pacemakers, equipment containing magnetic reed switches, and aneurysm and surgical clips. Because of the foregoing, you are fully responsible for controlling access to the Equipment, and for all operations and protocols that use the Equipment or are conducted at the site.

4. Cancellation: Buyer may not cancel the Purchase Agreement following shipment of any portion of the Equipment. Prior to shipment, Buyer may cancel this Purchase Agreement only upon Esaote's written authorization. Authorized cancellations will incur a cancellation charge equal to ten percent (10%) of the purchase price. Esaote shall have the right to retain and setoff any deposit of Buyer against the cancellation charge or other costs incurred by Esaote as a result of the cancellation. Invoices not paid when due shall be subject to the same late charge as set forth in paragraph 1(payment) above.

5. Warranty:

a. Esaote warrants to Buyer that Esaote Manufactured Equipment shall conform to specifications published therefore, and shall be free of defects in materials and workmanship for a period of one (1) year from the date of installation (unless a different time period is otherwise specified herein) and Non Esaote Equipment (i.e., Codonics), if purchased, will carry the original manufacturer's warranty as a pass through to the customer during warranty period.

b. This warranty shall be void for any Equipment which is modified (except as authorized by Esaote in writing or performed by Esaote), misused, abused, lost, stolen, neglected, tampered with, destroyed or damaged by accident, fire or other peril, subjected to abnormal or unusual electrical stress, improperly operated, improperly installed if installed by other than Esaote, serviced by unauthorized personnel or not maintained in accordance with the routine maintenance schedule set forth in any operating manual(s) for the Equipment.

c. Esaote will repair or, at its sole option, replace using new or reconditioned parts and/or assemblies, all Equipment parts and assemblies which are defective and included under this warranty. Esaote reserves the right to perform such repair at the Buyer's site or an Esaote facility. Buyer shall return any replaced Equipment part to Esaote within ten (10) days of receiving the replacement part. All items of Equipment returned to Esaote for any reason, whether such items are within or without this warranty, must be accompanied by an Esaote Return Material Authorization (or "RMA") number.

d. This warranty is valid only for Equipment located and operated in the Territory. This warranty is immediately void if the Equipment is located or used outside the Territory.

e. Replacement parts for Equipment are warranted for the unexpired portion, if any, of the original warranty period for the part replaced.

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f. Esaote reserves the right to make changes in design and improvements on its products or parts, without assuming any obligation to install such products or parts in previously manufactured products, including Buyer's Equipment. Improvements to operating software will be provided, as available, at no charge provided the Equipment is under warranty or Buyer has purchased an Esaote service contract. Buyer may purchase new application software and hardware improvements for an additional charge.

g. Esaote performs warranty services during the hours of 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding holidays.

h. TO THE MAXIMUM EXTENT PERMITTED BY LAW, ESAOTE SPECIFICALLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY, ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, AND ANY WARRANTY OF TITLE AND AGAINST INFRINGEMENT. ESAOTE SHALL HAVE NO FURTHER OBLIGATION OR LIABILITY WITH RESPECT TO THE EQUIPMENT OR ITS SALE, OPERATION AND USE, AND ESAOTE NEITHER ASSUMES NOR AUTHORIZES THE ASSUMPTION OF ANY OBLIGATION OR LIABILITY IN CONNECTION WITH THE EQUIPMENT.

6. Remedies:

a. The rights and remedies provided to Buyer in this Purchase Agreement shall be the SOLE and EXCLUSIVE rights and remedies of Buyer with respect to the breach of a warranty or other provision of this Purchase Agreement by Esaote, and Buyer hereby waives all other rights and remedies provided by applicable law, including without limitation, incidental, consequential, liquidated, special, punitive or any other money damages, OR ANY CLAIM OR DEMANDS BROUGHT BY OR AGAINST BUYER, HOWEVER CAUSED AND UNDER ANY THEORY OF LIABILITY, EVEN IF ESAOTE WAS ADVISED OF THEIR POSSIBILITY. IN NO EVENT SHALL ESAOTE'S AGGREGATE LIABILITY TO BUYER ARISING OUT OF, RELATED TO, OR IN CONNECTION WITH THE SALE OR USE OF ANY EQUIPMENT UNDER THIS PURCHASE AGREEMENT EXCEED THE PURCHASE PRICE PAID TO ESAOTE BY BUYER FOR SUCH EQUIPMENT, ANY ACTION AGAINST ESAOTE MUST BE BROUGHT WITHIN EIGHTEEN (18) MONTHS AFTER THE CAUSE OF ACTION ACCRUES.

b. BUYER SHALL BE LIABLE TO ESAOTE FOR AND SHALL PAY TO ESAOTE ALL COSTS AND EXPENSES, INCLUDING REASONABLE ATTORNEYS' FEES, INCURRED BY ESAOTE TO COLLECT THE PURCHASE PRICE FROM BUYER OR OTHERWISE TO ENFORCE ANY OF THE TERMS OF THIS PURCHASE AGREEMENT AGAINST BUYER. In the event Buyer breaches this Purchase Agreement, Esaote shall have all remedies available under applicable law.

7. Security Interest: Buyer hereby grants and Esaote hereby reserves a purchase money security interest in each item of Equipment and the proceeds thereof to secure payment of the purchase price. This security interest will be released upon payment in full of the purchase price. A copy of this Purchase Agreement may be filed with appropriate state authorities, at any time after Buyer signs it and Esaote accepts it, as a financing statement in order to perfect Esaote's security interest. On request of Esaote, Buyer will execute financing statements and any other instruments Esaote deems needed to perfect its security interest.

8. Proprietary Information: Buyer agrees that all patents, patents pending copy-rights, trademarks, trade secrets, logos, and all other information, including without limitation, inventions, products, processes, apparatus or designs, whether patentable or unpatentable, that Esaote conceives, invents, originates, owns or otherwise has an interest in at any time prior or subsequent to the date of this Purchase Agreement ("Proprietary Information") shall remain the property of Esaote. Buyer shall maintain the confidentiality of all Proprietary Information which is confidential, shall not disclose or provide any confidential Proprietary Information to others, and shall use best efforts to ensure that the employees, agents and independent contractors of Buyer shall not improperly use, disseminate or disclose any confidential Proprietary Information. Buyer agrees that if Buyer materially breaches a term or condition of this paragraph 8, Esaote's remedies in money or damage will be inadequate and that Esaote shall be entitled to obtain immediate injunctive relief from a court of competent jurisdiction. Such relief shall not limit Esaote's right to seek further remedies. The terms of this paragraph 8 shall survive termination of this Purchase Agreement.

9. Indemnity: Buyer shall and does hereby agree to indemnify and save Esaote, its officers, directors, employees, agents, successors and assigns harmless of and from any and all liability, loss, cost, injury, damage, demand and expense (including, without limitation, reasonable attorney's fees and related costs) of any kind whatsoever arising out of, on account of, or in connection with (i) any use or misuse of the Equipment including, without limitation, use contrary to or different from that prescribed in any operator's manual(s), failure to follow the procedures for operation or maintenance in any operator's manual, failure to satisfy the installation site requirements, operation by other than a trained operator, use of repair parts in an altered condition, use with any power supply contrary to its accompanying instructions, failure to follow any information or directive, representing a test result to be more accurate, precise, or reliable than set forth in the specifications, incorrectly characterizing a test result as normal or abnormal or otherwise incorrectly utilizing a test result, or using any test result which would have appeared incorrect to an operator/physician correctly applying the procedures and techniques taught at educational facilities; and (ii) Esaote's performance of any obligations under this Purchase Agreement; including servicing the Equipment; provided, however, that such indemnification shall not apply to any direct loss or damage caused by the negligence of Esaote or its employees. This indemnity shall survive the termination or satisfaction of this Purchase Agreement.

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10. Non-Waiver: Failure by Esaote to insist upon strict compliance with any of the terms or conditions of this Purchase Agreement shall not be deemed a waiver of such terms or conditions, nor shall any waiver or relinquishment of any right or power hereunder at any one or more times be deemed a waiver or relinquishment of such right or power at any other time or times.

11. Assignment: Esaote may assign any or all of its rights and/or obligations under this Purchase Agreement. Buyer may not assign its rights or delegate its duties under this Purchase Agreement without the prior written consent of Esaote. If Esaote consents, any assignment by Buyer of the warranty provided in paragraph 6 above will be subject to Esaote's receipt of a two hundred and fifty dollar (\$250.00) warranty transfer fee.

12. Governing Law/Jurisdiction and Venue: The laws of the State of Indiana shall govern this Purchase Agreement in all aspects, including execution, interpretation, performance and enforcement, without regard to principles of conflicts of law. ESAOTE AND BUYER AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING FROM OR RELATED TO THIS PURCHASE AGREEMENT, WHETHER BASED UPON CONTRACT OR OTHERWISE, SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND FEDERAL COURTS LOCATED IN THE STATE OF INDIANA. BUYER HEREBY SUBMITS TO PERSONAL JURISDICTION IN INDIANA AND HEREBY WAIVES THE RIGHT TO A TRIAL BY JURY, ANY RIGHT IT MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE OR PERSONAL JURISDICTION, AND IN THE EVENT OF A COLLECTION ACTION BY ESAOTE, THE RIGHT TO COUNTERCLAIM.

13. General: The captions, headings and arrangements used in this Purchase Agreement are for convenience only and do not in any way affect, limit, amplify or modify the terms and provisions hereof. If any provision of this Purchase Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term of this Purchase Agreement, the legality, validity and enforceability of the remaining provisions of this Purchase Agreement shall not be affected thereby, and in lieu of each such illegal, invalid or unenforceable provision there shall be added automatically as part of this Purchase Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be legal, valid and enforceable. The terms and conditions of this Purchase Agreement shall be binding upon and shall inure to the benefit of Esaote and Buyer and their respective successors, permitted assigns and legal representatives.

14. Entire Agreement/Modification: This Purchase Agreement shall be complete and binding when executed by Buyer and accepted by an Officer of Esaote. THIS PURCHASE AGREEMENT, TOGETHER WITH A VALID ESAOTE TRADE-IN CERTIFICATE, IF ANY, SHALL CONSTITUTE A FINAL, COMPLETE AND EXCLUSIVE WRITTEN EXPRESSION OF ALL TERMS AND CONDITIONS OF ESAOTE'S CONTRACT TO SELL TO BUYER THE EQUIPMENT ORDERED HEREIN, AND SUPERSEDES AND REPLACES ALL PRIOR AGREEMENTS AND UNDERSTANDINGS, WRITTEN OR ORAL, RELATED TO THIS PURCHASE AGREEMENT. ANY REPRESENTATION, WARRANTY, PROMISE OR STATEMENT GIVEN TO BUYER BY ESAOTE OR BY ANY AGENT OF ESAOTE IN ADDITION TO OR CONTRARY TO THE TERMS AND CONDITIONS OF THIS PURCHASE AGREEMENT IS WITHOUT AUTHORITY AND SHALL BE GIVEN NO FORCE OR EFFECT. ESAOTE'S ACCEPTANCE HEREOF IS NOT AN ACCEPTANCE OR WRITTEN CONFIRMATION OF ANY OFFER OR ORDER SUBMITTED BY BUYER, OTHER THAN THAT MADE ON THIS PURCHASE AGREEMENT FORM, AND ANY TERMS OR CONDITIONS OF ANY SUCH OFFER OR ORDER SUBMITTED BY BUYER IN ADDITION TO OR CONTRARY TO THE TERMS AND CONDITIONS OF THIS PURCHASE AGREEMENT ARE REJECTED AND SHALL BE GIVEN NO FORCE OR EFFECT. This Purchase Agreement may not be altered, modified, terminated or discharged, except by a subsequent writing signed by the party against whom such alteration, modification, termination or discharge is sought to be enforced.

15. Notice: Any notice to Esaote under this Purchase Agreement shall be sent either by First Class mail or by facsimile to the Director of Service, Esaote North America, Inc., 8000 Castleway Drive, P.O. Box 50858, Indianapolis, Indiana 46250-0858; fax number (317) 841-8616.

16. Force Majeure: If Esaote's performance of this Purchase Agreement or of any obligation hereunder is prevented, restricted, or interfered with by reason of fire or other casualty or accident, strikes or labor disputes, inability to procure raw materials, delays in transportation, power or supplies, war or other violence, any law, order, proclamation, regulation, ordinance, demand or requirement of any government agency, or any other act or condition whatsoever beyond Esaote's reasonable control, Esaote, upon giving reasonable notice to Buyer, shall be excused from such performance to the extent of such prevention, restriction or interference, provided that Esaote shall use reasonable efforts to avoid or remove such causes of nonperformance and shall continue performance hereunder with reasonable dispatch whenever such causes are removed.

17. Execution Warranty: Buyer warrants, which warranty shall survive this Purchase Agreement, that it has entered into this Purchase Agreement pursuant to proper authorization and that this Purchase Agreement constitutes a valid and binding obligation of Buyer. The person executing this Purchase Agreement for Buyer warrants, which warranty shall survive this Purchase Agreement, that this Purchase Agreement and his/her execution thereof have been duly authorized by Buyer, that it constitutes a valid and binding obligation of Buyer, and that he/she has authority to make such execution for Buyer.

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Point of Sale Service Addendum

4-Year Service Contract (Pricing only valid if included in financing at point of sale)

Initial Acceptance below:

The agreement will commence on warranty expiration

Description of Service	Qty	Annual Service Fee	Contract Term	Contract Total
EsaoteCare GOLD MRI - S-Scan Brio	1	\$35,000.00	4 Years	\$140,000.00
- Esaote Certified Parts for system, workstation and includes shipping - Technical phone support from 8am - 5pm - Remote diagnostics & servicing when available - On-site labor & travel for system repairs - 98% Uptime Guarantee - RF door fingers, collars and bags - Software Upgrades* - Three Quality Assurance visits per year Contract Excludes: - Any new hardware required to run software upgrades - Workstation upgrade not included				
		Price:		\$140,000.00
			Sales Tax:	** TBD
**Applicable Sales Tax will be added to Invoice and is the responsibility of the Buyer.			Total:	** TAX TBD

Select payment option by initialing below:

ANNUAL OPTION _____ <- initial Annual Agreement: \$35,000.00 plus tax	QUARTERLY OPTION _____ <- initial Quarterly basis: \$8,750.00 plus tax
MONTHLY OPTION _____ <- initial Monthly basis: \$2,916.67 plus tax	

Invoices will be sent approximately 30 days prior to the end of the warranty period or start of contract

Service Terms and Conditions

1. Payment Terms: (a) At the commencement of each twelve (12) month period covered by this Agreement ("Agreement Year"), Customer agrees to pay for that Agreement Year the full amount for the selected coverage ("Coverage Price") as initially set forth

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on the cover page or Coverage Price as adjusted in accordance with paragraph b below.; (b) Esaote North America, Inc. ("Esaote") shall invoice Customer according to the terms specified on the front of this Agreement, and invoices shall be due within thirty (30) days of invoice date. Invoices not paid when due shall be subject to a late charge equal to 1 ½ % of the amount of invoice per month, or the highest lawful rate which may be charged to Customer, whichever is less.; (c) Customer shall also pay reasonable fees and expenses (including attorney's fees and expenses) incurred by Esaote in the collection of any amounts due from Customer to Esaote.; (d) Customer shall be responsible for all federal, state and local taxes applicable to this Agreement.; (e) All prices for parts are F.O.B. Esaote's facility currently located at the address listed at the beginning of this Agreement.

2. Repair Service: (a) To the extent covered by this Agreement, following a request for repair service by Customer, if deemed necessary by Esaote, an Esaote Field Service Engineer will travel to the site of the equipment covered by this Agreement (hereafter "Equipment") and perform such repairs, adjustments and replacement of the Equipment or parts of the Equipment as are necessary to cause the Equipment to function in accordance with the manufacturer's specifications for the Equipment, or Equipment may be shipped to Esaote for repair if covered under the factory mail in program. Service covered under this Agreement shall be performed between the hours of 8:00am to 5:00pm, Monday through Friday, but not on National holidays. Arrangements can be made for weekend or evening service; however such services shall be charged at Esaote's after hour billable rates. If at any time after arrival at Customer's facilities, Esaote service representatives are unable to proceed with repair service due to delays caused by Customer, Esaote shall charge Customer for labor and travel expenses resulting from such delays at Esaote's current rates. (b) Customer acknowledges that Esaote's obligations for repair service are on an as-needed basis and that there may be periods of time during the term of this Agreement when no service is actually needed by Customer. (c) Esaote is not responsible for any loss of stored data that may occur when your product is being repaired. Customer is responsible for backing up all data stored on a system and removing it from the system prior to any repairs by Esaote.

3. Preventive Maintenance: To the extent covered by this Agreement, (a) Esaote Field Service Engineer will schedule a visit with the Customer to perform the preventive maintenance service specified in this agreement, at which time he/she will inspect, analyze, adjust, repair and/or, unless this Agreement is for labor only, replace parts as necessary to cause the Equipment to function in accordance with the manufacture's specifications for the Equipment

4. Access to Equipment: Customer agrees to provide Esaote Field Service Engineers free and safe access to the Equipment, as well as a safe and workable space in which to perform any necessary repairs.

5. Replacement Parts: (a) Esaote will repair or, at its option, replace using new or reconditioned parts and/or assemblies, all Equipment parts, and assemblies which are covered in this Agreement. Esaote reserves the right to perform such repair at Customer's site or at an Esaote facility. (b) If Esaote decides to ship to Customer replacement Equipment parts, Customer shall return any replaced Equipment part to Esaote within seven (7) days of receiving any replacement part. Such replacement parts shall belong to Esaote. Customer must follow the procedures contained in paragraph 5 (d) if returning any equipment parts. (c) Should Customer fail to return the replaced Equipment part within the time specified in paragraph 5 (b), Esaote may either invoice Customer for such equipment at full list price or charge customer a reasonable daily rental, at Esaote's option. Such invoice shall be due upon receipt by Customer. Invoice charges not paid when due shall be subject to the same late charges and collection fees set forth in paragraph 1. (d) All Equipment or Equipment parts returned to Esaote for any reason must be accompanied by a Return Material Authorization ("RMA"). Esaote will have no obligation to accept the Equipment or Equipment part from the freight carrier without an RMA.

6. Limitations on Esaote's Service Obligations: (a) Esaote shall not be required to service hereunder any Equipment: (i) where the Equipment has been serviced or modified by persons other than authorized Esaote personnel without Esaote's prior written approval; (ii) where the Equipment has been accidentally damaged, misused, abused, neglected, tampered with or subjected to unusual or abnormal electrical or mechanical stress; (iii) where the Equipment has been interconnected with other Equipment or accessories not expressly provided for in the operator's manual; (iv) where the Equipment has not been maintained by Customer according to Esaote specifications; or (v) where the Equipment has been damaged by fire, flood, water, storm, wind, lightning, or damage from natural causes. (b) Esaote shall not service hereunder any products not listed as Equipment on the quote or contract. This includes ECG cable and lead wires and supplies, consumables, lamps, fuses, and finish. Further, Esaote shall not make service calls (repair service) except to the extent as agreed to herein. (c) Esaote's obligations under this Agreement do not constitute a warranty of any kind and Esaote specifically disclaims all warranties on its service and replacement parts, both expressed or implied, including, but not limited to, any implied warranty of merchantability, any implied warranty of fitness for a particular purpose, and any warranty of title against infringement. (d) Upon termination of this Agreement, Esaote shall have no further obligation or liability with respect to the Equipment or its operation and use.

7. Termination: Customer may terminate this Agreement without cause, with sixty (60) days prior written notice to Esaote. Customer is entitled to a refund of the portion of Coverage Price, if any, for the unexpired term of the Agreement Year, from the effective date of the termination until the end of the Agreement Year, calculated on a pro rata basis less a 20% cancellation fee.

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Esaote has the right to terminate this agreement without cause, with written notice to Customer. Customer shall be entitled to a refund as described in subparagraph b above. If Customer fails to make its payments timely or otherwise defaults in its obligations under this Agreement, Esaote has the right to terminate this Agreement immediately and without prior notice. In such event, Customer shall not be entitled to any refund, but is responsible for any outstanding balance

8. Indemnity: Esaote shall not be liable for, and Customer hereby indemnifies and hold Esaote, its officers, directors, employees and agents harmless from, any and all claims, costs, penalties, fees, losses or damages, direct or consequential, to Customer, its officers, directors, employees, agents and third parties which may arise out of or in connection with: (a) this Agreement; (b) any services performed or parts supplied hereunder; (c) any breach of this Agreement or (d) any delay in maintenance services under this Agreement; provided however, that such indemnification shall not apply to any property damage at Customer's site caused solely by the negligence of Esaote or its employees.

9. Exclusions: (a) If Esaote determines that repair service is required as a result of Customer abuse of Equipment (as determined by an authorized Esaote Field Service Engineer), and Customer requests service for such Equipment, Customer acknowledges that Esaote will charge Customer for such service as its standard billing rates then in effect and Customer agrees to pay such rates as requested. (b) This Agreement shall be assignable by Esaote. This agreement shall be assignable by Customer, provided; (i) Esaote agrees to such transfer in writing; (ii) Customer is not in default under this Agreement; and (iii) Customer pays to Esaote a five hundred dollar (\$500.00) transfer fee. (c) This Agreement shall be construed and enforced in accordance with the laws of the state of Indiana.

10. Complete Statement: This Agreement contains the entire, complete and exclusive Agreement between the parties with respect to servicing the Equipment. Esaote's acceptance hereof is not an acceptance or written confirmation of any offer to order submitted by the Customer other than that made in this Agreement, and any terms and conditions of any such offer or order submitted by Customer in addition to or contrary to the terms and conditions of this Agreement are rejected and shall be given no force or effect. Neither party is relying on any such statement or order. This Agreement may not be modified except by a subsequent writing signed and agreed to by Esaote and Customer

11. Software Maintenance Coverage: Software maintenance includes updates to software version purchased. Software upgrades, when and if available, provide improvements, enhancements, and corrections that enable the software to perform in accordance with the product specifications as defined at the time of equipment purchase. Software upgrades are offered at the sole discretion of Esaote North America. Software upgrades do not include any new software features or new hardware, if additional hardware is required to run the upgrade. If the Equipment and Software Service Agreement is not opted for prior to the expiration of the initial twelve (12) month warranty period, the purchaser will be required to purchase the individual software version(s) for each software upgrade necessary to obtain the latest released software version before purchasing the Equipment and Software Service Agreement including upgrades. Unless safety related, software upgrades will be performed during service repair visit. Technical telephone support will be provided during regular business hours excluding holidays. Remote diagnostics are included for systems that have remote connectivity over the internet.

END