

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **2017-03-14** | Period of Report: **2016-12-31**
SEC Accession No. [0001628280-17-002570](#)

([HTML Version](#) on [secdatabase.com](#))

FILER

Nobilis Health Corp.

CIK: **1409916** | IRS No.: **000000000** | State of Incorporation: **A1**
Type: **10-K** | Act: **34** | File No.: **001-37349** | Film No.: **17688675**
SIC: **8062** General medical & surgical hospitals, nec

Mailing Address
*11700 KATY FREEWAY
SUITE 300
HOUSTON TX 77079*

Business Address
*11700 KATY FREEWAY
SUITE 300
HOUSTON TX 77079
713-355-8614*

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from [] to []

Commission file number **001-37349**

NOBILIS HEALTH CORP.

(Exact name of registrant as specified in its charter)

British Columbia

(State or other jurisdiction of incorporation or
organization)

98-1188172

(I.R.S. Employer Identification No.)

11700 Katy Freeway, Suite 300, Houston, Texas

(Address of principal executive offices)

77079

(Zip Code)

Registrant's telephone number, including area code: **(713) 355-8614**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Name of Each Exchange On Which Registered

Common shares, no par value

NYSE MKT

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 the Securities Act.

Yes [] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act

Yes [] No [X]

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the last 90 days.

Yes [X] No []

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-K (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes [X] No []

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer []

Accelerated filer [X]

Non-accelerated filer []

Smaller reporting company []

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [] No [X]

The aggregate market value of Common Shares held by non-affiliates of the Registrant as of June 30, 2016, based on the closing price of \$2.23 per share on the NYSE MKT on such date, was approximately \$115,150,423.

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date.

77,827,013 common shares as of February 14, 2017.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement for its Annual Meeting of Shareholders to be held in 2017 are incorporated by reference into Part III of this Annual Report.

EXPLANATORY NOTE

The registrant was previously a “smaller reporting company” under applicable Securities and Exchange Commission rules and regulations and determined pursuant to such rules and regulations that it no longer qualified as a smaller reporting company as of its June 30, 2015 determination date, at which time the registrant met the definition of an “accelerated filer.” In accordance with Item 10(f)(2)(i) of Regulation S-K, the registrant is permitted to use the scaled disclosure requirements applicable to smaller reporting companies in this Annual Report on Form 10-K. The registrant transitioned to the disclosure requirements applicable to emerging growth companies filing as accelerated filers beginning with the registrant’s Quarterly Report on Form 10-Q for the quarterly period ending March 31, 2016.

TABLE OF CONTENTS

PART I

Item 1.	Business	7
Item 1A.	Risk Factors	13
Item 1B.	Unresolved Staff Comments	24
Item 2.	Properties	25
Item 3.	Legal Proceedings	26
Item 4.	Mine Safety Disclosures	26

PART II

Item 5.	Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	26
Item 6.	Selected Financial Data	28
Item 7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	29
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	45
Item 8.	Financial Statements and Supplementary Data	46
Item 9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	90
Item 9A.	Controls and Procedures	90
Item 9B.	Other Information	91

PART III

Item 10.	Directors, Executive Officers and Corporate Governance	91
Item 11.	Executive Compensation	91
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	91
Item 13.	Certain Relationships and Related Transactions, and Director Independence	91
Item 14.	Principal Accounting Fees and Services	92

PART IV

Item 15.	Exhibits, Financial Statement Schedules	92
SIGNATURES		98

FORWARD-LOOKING STATEMENTS

This Annual Report and the documents that are incorporated herein by reference contain certain forward-looking statements within the meaning of Canadian and United States securities laws, including the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements include all statements that do not relate solely to historical or current facts and may be identified by the use of words including, but not limited to the following; “may,” “believe,” “will,” “expect,” “project,” “estimate,” “anticipate,” “plan,” “continue,” or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy. These forward-looking statements are based on the Company's current plans and expectations and are subject to a number of risks, uncertainties and other factors which could significantly affect current plans and expectations and our future financial condition and results. These factors, which could cause actual results, performance and achievements to differ materially from those anticipated, include, but are not limited to the following:

- our ability to successfully maintain effective internal controls over financial reporting, including the impact of material weaknesses identified by management and our ability to remediate such control deficiencies;
- our ability to implement our business strategy, manage the growth in our business, and integrate acquired businesses;
- the risk of litigation and investigations, and liability claims for damages and other expenses not covered by insurance;
- the risk that payments from third-party payors, including government healthcare programs, may decrease or not increase as costs increase;
- adverse developments affecting the medical practices of our physician limited partners;
- our ability to maintain favorable relations with our physician limited partners;
- our ability to grow revenues by increasing case and procedure volume while maintaining profitability;
- failure to timely or accurately bill for services;
- our ability to compete for physician partners, patients and strategic relationships;
- the risk of changes in patient volume and patient mix;
- the risk that laws and regulations that regulate payments for medical services made by government healthcare programs could cause our revenues to decrease;
- the risk that contracts are canceled or not renewed or that we are not able to enter into additional contracts under terms that are acceptable to us; and
- the risk of potential decreases in our reimbursement rates.

The foregoing are significant factors we think could cause our actual results to differ materially from expected results. However, there could be additional factors besides those listed herein that also could affect us in an adverse manner.

You should read this Annual Report completely and with the understanding that actual future results may materially differ from expectations. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof, when evaluating the information presented in this Annual Report or our other disclosures because current plans, anticipated actions, and future financial conditions and results may differ from those expressed in any forward-looking statements made by or on behalf of the Company.

We have not undertaken any obligation to publicly update or revise any forward-looking statements. All of our forward-looking statements speak only as of the date of the document in which they are made or, if a date is specified, as of such date. Subject to mandatory requirements of applicable law, we disclaim any obligation or undertaking to provide any updates or revisions to any forward-looking statement to reflect any change in expectations or any changes in events, conditions, circumstances or information on which the forward-looking statement is based. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing factors and the risk factors set forth in Part I, Item 1A. - Risk Factors in this Annual Report.

PART I

Item 1. Business

General Overview

We were incorporated on March 16, 2007 under the name "Northstar Healthcare Inc." pursuant to the provisions of the British Columbia Business Corporations Act (BCBCA). On December 5, 2014, Northstar Healthcare Inc. changed its name to Nobilis Health Corp. ("Nobilis" or the "Company"). Prior to December 1, 2014, our business was solely the ownership, operation and management of outpatient surgery centers and surgical hospitals (the "Medical Segment"). On December 1, 2014, we completed the acquisition of Athas Health, LLC ("Athas"). This acquisition added marketing services as a stand-alone business line, which is now a separate reportable business segment (the "Marketing Segment"). In addition to providing services to third parties, our unique direct-to-patient marketing and proprietary technology serves our own healthcare facilities.

Our portfolio of ambulatory surgical centers (ASCs), surgical hospitals and clinics is complemented by our Marketing Segment, which allows us to operate those facilities in many instances with few, if any, physician partners. Our differentiated business strategy provides value to patients, physicians and payors, and enables us to capitalize on recent trends in the healthcare industry, particularly with regard to increased consumerism in the healthcare space. As a result, we believe we are positioned for continued growth.

As of December 31, 2016, there are 10 ASCs, 4 surgical hospitals and 5 clinics (the "Nobilis Facilities"), partnered with 38 facilities and marketed 8 brands. We provide care across a variety of specialties in our facilities, including orthopedic surgery, podiatric surgery, vein and vascular, ear nose and throat, (ENT), pain management, gastro- intestinal, gynecology, and general surgery. Many of our surgical patients require additional complementary healthcare services, and our suite of ancillary services, currently including surgical assist, intraoperative neuromonitoring ("IOM") and anesthesia, aims to address the needs of patients and physicians through the provision of these services in a high quality, cost effective manner. We began implementing this approach across our operations in 2015, and in 2016 we expanded the scope of our ancillary services by providing clinical lab testing at our Hermann Drive Surgical Hospital location in Houston, Texas. The addition of the clinical lab testing modality, which currently consists solely of blood testing, has helped us successfully expand our continuum of care as well as increase facility efficiency. We believe offering a full suite of ancillary services provides numerous benefits to patients and physicians as it improves our coordination of the various services they require, and enhances the quality of our patients' clinical outcomes as well as their overall experience.

On October 28, 2016, we purchased the Arizona Vein and Vascular Center, LLC (AVVC) brand and associated assets, thereby expanding our specialty mix to include the treatment of venous diseases with little modification to our existing infrastructure of ASCs, surgical hospitals and clinics. All of our facilities will be able to offer a range of treatments, both surgical and non-surgical, for those patients suffering from venous diseases, which today affect more than 30 million Americans.

Our growth strategy focuses on:

- Driving organic growth in facilities that we own and operate; and
- Executing a disciplined acquisition strategy that results in accretive acquisitions.

Recent Developments

- *Arizona Vein and Vascular Acquisition.* In October 2016, we closed and acquired AVVC and its four affiliated surgery centers operating as Arizona Center for Minimally Invasive Surgery LLC (ACMIS) (collectively "AZ Vein"). For more information on this acquisition, see Note 3 - Acquisitions of Part II, Item 8. - Financial Statements and Supplementary Data.
- *BBVA Financing.* In October 2016, we closed an \$82.5 million credit facility with BBVA Compass Bank (the "BBVA Credit Agreement") consisting of a \$52.5 million term loan and a \$30.0 million revolving credit facility. The BBVA Credit Agreement is led by Compass Bank as administrative agent with BBVA Compass as sole lead arranger and book runner, and Legacy Texas Bank as documentation agent. Four other banks participated in the new facility. The BBVA Credit Agreement refinanced all previously held debt and lines of credit previously held under Healthcare Financial Solutions, LLC (formerly known as GE Capital Corporation), and proceeds were used in part to fund the acquisition of AZ Vein and its affiliated surgery centers.
- *Diagnostic Laboratory Testing.* In September 2016, we expanded our portfolio of ancillary services to include diagnostic lab testing services for patients through Hermann Drive Surgical Hospital (HDSH).

- *Group Purchasing Organization (GPO)*. In October 2016, we partnered with a GPO who maintains over \$28.5 billion purchasing power and provides us access to the highest quality of products and industry leading contract pricing from suppliers. The GPO will partner with us to drive best operating and clinical practices, and accelerate cost savings across the Nobilis Facilities. The agreement contemplates immediate contract value from the GPO's committed portfolio as well as access to clinical and sourcing experts that will be closely integrated with the our service lines, operations and supply chain leadership.

Government Regulation

We are subject to numerous federal, state and local laws, rules and regulations. Government regulation affects our business by controlling our growth, requiring licensure and certification for our facilities and the physicians and other healthcare personnel who provide services in our facilities and regulating the use of our properties.

Licensure and Accreditation

Our healthcare facilities are subject to professional and private licensing, certification and accreditation requirements. These include, but are not limited to, requirements imposed by Medicare, Medicaid, state licensing authorities, voluntary accrediting organizations and third-party private payors. Receipt and renewal of such licenses, certifications and accreditations are often based on inspections, surveys, audits, investigations or other reviews, some of which may require affirmative compliance actions by us that could be burdensome and expensive.

The applicable standards may change in the future. There can be no assurance that we will be able to maintain all necessary licenses or certifications in good standing or that they will not be required to incur substantial costs in doing so. The failure to maintain all necessary licenses, certifications and accreditations in good standing, or the expenditure of substantial funds to maintain them, could have an adverse effect on our business.

Anti-Kickback Statute

The United States Medicare/Medicaid Fraud and Abuse Anti-kickback Statute (the "Anti-Kickback Statute") prohibits "knowingly or willfully" paying money or providing remuneration of any sort in exchange for federally-funded referrals. Because the physician partners that have ownership interests in certain of the Nobilis Facilities (the "Physician Limited Partners") are in a position to generate referrals to the Nobilis Facilities, distributions of profits to these Physician Limited Partners could come under scrutiny under the Anti-Kickback Statute. While the Department of Health and Human Services has issued regulations containing "safe harbors" to the Anti-Kickback Statute, including those specifically applicable to ASCs, our operations and arrangements do not comply with all of the requirements. As we do not have the benefit of the safe harbors, we are not immune from government review or prosecution. However, we believe that our operations are structured to substantially comply with applicable anti-kickback laws. To the extent safe harbor protection is not available, the agreements governing the structure and operations of our facilities include provisions to mitigate against alleged kickbacks or other inducements.

The State of Texas and the State of Arizona each maintain its own version of the Anti-Kickback Statute (the "Non-solicitation Laws"). In Texas, the relevant law is called the Texas Patient Solicitation Act (TPSA). The TPSA prohibits payment of remuneration for referrals and violations can result in state criminal and civil penalties. Because the TPSA is based on the federal Anti-Kickback Statute, the risks described above also arise under this state law except that the TPSA arguably is not limited to claims for treatment of federal program beneficiaries. In Arizona, A.R.S §13-3713 makes it unlawful for a person to knowingly offer, deliver, receive, or accept any rebate, refund, commission, preference or other consideration in exchange for a patient, client or customer referral to any individual, pharmacy, laboratory, clinic or health care institution providing medical or health-related services or items under A.R.S. § 11-291 et seq., providing for indigent care, or A.R.S. § 36-2901 et seq., or providing for the Arizona Health Care Cost Containment System, other than specifically provided under those sections. A violator of the relevant Arizona laws is guilty of: a class 3 felony for payment of \$1,000 or more; a class 4 felony for payment of more than \$100 but less than \$1,000; or a class 6 felony for payment of \$100 or less.

The Non-solicitation Laws parallel in many respects the federal Anti-Kickback Statute, but they apply more broadly because they are not limited only to providers participating in federal and state health care programs. The Texas statute specifically provides that it permits any payment, business arrangement or payment practice that is permitted under the federal Anti-Kickback Statute and regulations promulgated under that law, although failure to fall within a safe harbor does not mean that the arrangement necessarily violates Texas law. Arizona takes the same approach.

Some of the various arrangements that we enter into with providers may not fit into a safe harbor to the federal Anti-Kickback Statute and thus may not be exempt from scrutiny under the Non-solicitation Laws. Although an arrangement that fits a federal safe harbor may also be exempt from the prohibitions of the Non-solicitation Laws, the burden is on the medical provider to prove that the questioned arrangement fits one of the federal safe harbors. Additionally, even if that burden is met, the provider must

still comply with the law's requirements to disclose to the patient the financial relationship involved. A failure by us to comply with the Anti-Kickback Statute, TPSA or Arizona laws could have an adverse effect on our business.

Corporate Practice of Medicine

Texas law generally does not permit business corporations to practice medicine, exercise control over the professional decisions of physicians who practice medicine or engage in various business practices, such as employing physicians. A widely used statutory exception in Texas is for the employment of physicians by non-profit health corporations that are certified by the Texas Medical Board under Section 162.001(b) of the Texas Occupations Code. We contract some professional services through this structure. Similarly, Texas and Arizona prohibit fee-splitting arrangements with physicians where professional fees of physicians are shared with non-physician persons or non-physician owned entities. The physicians who perform procedures at our facilities or who perform contracted physician services are individually licensed to practice medicine. In most instances within our Medical Segment, the physicians are not affiliated with us other than through the physicians' ownership in the limited partnerships and limited liability companies that own certain of our facilities and through the service agreements we have with some physicians. The laws in many states regarding the corporate practice of medicine have been subjected to limited judicial and regulatory interpretation, and interpretation and enforcement of these laws vary significantly from state to state. Therefore, we cannot provide assurances that our activities, if challenged, will be found to be in compliance with these laws.

False Claims Legislation

Under the United States Criminal False Claims Act, individuals or entities that knowingly file false or fraudulent claims that are payable by the Medicare or Medicaid programs are subject to both criminal and civil liability. While we have a compliance program and policies to create a corporate culture of compliance with these laws, failure to comply could result in monetary penalties (up to three times the amount of damages), fines and/or imprisonment, which could have an adverse effect on our business, results of operations and financial condition.

HIPAA

We are subject to the Health Insurance Portability and Accountability Act (HIPAA), which mandates industry standards for the exchange of protected health information, including electronic health information. While we believe that we have implemented privacy and security systems to bring us into material compliance with HIPAA, we cannot ensure that the business associates to whom we provide information will comply with HIPAA standards. If we, for whatever reasons, fail to comply with the standards, or any state statute that governs an individual's right to privacy that are not pre-empted by HIPAA, we could be subject to criminal penalties and civil sanctions, which could have an adverse effect on our business.

Patient Protection and Affordable Care Act

We may be affected by the Patient Protection and Affordable Care Act (PPACA), which began taking effect in 2010. The impact on us remains uncertain. By mandating that residents obtain minimum levels of health insurance coverage, the PPACA has expanded the overall number of insured patients. However, it remains to be seen whether the cost born by employers of providing insurance coverage will result in a shift away from the types of policies that have historically provided the coverage that we have relied upon in the past. Further, as discussed above, the impact that value-based purchasing initiatives could have on our revenues remains unclear. We continue to review the potential impact of the PPACA's provisions on its business as the out-of-network reimbursement under the policies issued by the state exchange might be substantially lower than those by the employer-sponsored policies.

Antitrust

Federal and state antitrust laws restrict the ability of competitors, including physicians and other providers, to act in concert in restraint of trade, to fix prices for services, to allocate territories, to tie the purchase of one product to the purchase of another product or to attempt to monopolize a market for services.

Notwithstanding our efforts to fully comply with all antitrust laws, a significant amount of ambiguity exists with respect to the application of these laws to healthcare activities. Thus, no assurance can be provided that an enforcement action or judicial proceeding will not be brought against us or that we will not be liable for substantial penalties, fines and legal expenses.

Environmental Laws and Regulations

Typical health care provider operations include, but are not limited to, in various combinations, the handling, use, treatment, storage, transportation, disposal and/or discharge of hazardous, infectious, toxic, radioactive and flammable materials, wastes, pollutants or contaminants. As such, health care provider operations are particularly susceptible to the practical, financial, and legal risks associated with the obligations imposed by applicable environment laws and regulations. Such risks may (i) result in damage to individuals, property, or the environment; (ii) interrupt operations and/or increase their cost; (iii) result in legal liability, damages, injunctions, or fines; (iv) result in investigations, administrative proceedings, civil litigation, criminal prosecution,

penalties or other governmental agency actions; and (v) may not be covered by insurance. There can be no assurance that we will not encounter such risks in the future, and such risks may result in material adverse consequences to our operations or financial results.

Consumer Protection Laws and Regulations

Our business, in particular our Marketing Segment, is affected by consumer protection laws and regulations. Government regulations may directly or indirectly affect or attempt to affect the scope, content and manner of presentation of health services, advertising and marketing services we provide. Such regulation may seek, among other things, to limit our ability to advertise for certain products and services. In addition, there has been a tendency on the part of businesses to resort to the judicial system to challenge advertising practices, which could cause our clients affected by such actions to reduce their spending on our services. Any limitation or judicial action that effects our ability to meet our clients' needs or reduces client spending on our services could affect our business.

Most states regulate advertising related to healthcare. Most of these laws and regulations address the obligations of a licensed professional to accurately describe his or her credentials, the efficacy of treatments offered by the professional and the risks to a potential patient of such treatments. In some states it is unclear what rules apply to advertisers of healthcare services who are not licensed professionals. If we determine that regulatory requirements in a given state prevent one or more of our Marketing Segment programs, we may be required to cease contracting with physicians and healthcare facilities in that state and to cease marketing services to citizens of that state. However, if advertising requirements on the whole become overly burdensome, we may elect to terminate operations or particular marketing services programs entirely or avoid introducing particular Marketing Segment programs. In some states we have modified the compensation structure of our Marketing Segment programs to reduce uncertainty regarding our compliance with state laws.

The Federal Trade Commission enforces Section 5 of the Federal Trade Commission Act (FTC), which prohibits deceptive or unfair practices in or affecting commerce, and Section 12 of the FTC Act, which prohibits the dissemination of any false advertisement to induce the purchase of any food, drug, device, or service. An ad is deceptive under Section 5 of the FTC Act if it has a statement – or omits information – that: 1) is likely to mislead consumers acting reasonably under the circumstances; and 2) is “material” – that is, important to a consumer’s decision to buy or use the product. An ad or business practice is unfair if: 1) it causes or is likely to cause substantial consumer injury that a consumer could not reasonably avoid; and 2) the injury is not outweighed by any benefit the practice provides to consumers or competition. These consumer protection laws apply equally to marketers across all mediums, whether delivered on a desktop computer, a mobile device, or more traditional media such as television, radio, or print. If a disclosure is needed to prevent an online ad claim from being deceptive or unfair, it must be clear and conspicuous. Under the FTC guidance, this means advertisers should ensure that the disclosure is clear and conspicuous on all devices and platforms that consumers may use to view the ad. FTC guidance also explains that if an advertisement without a disclosure would be deceptive or unfair, or would otherwise violate a rule, and the disclosure cannot be made clearly and conspicuously on a device or platform, then that device or platform should not be used. It may be difficult or impossible for us to know precisely how clearly a disclosure appears on a particular platform which may cause our disclosures to be inadequate. This may subject us to significant penalties, including statutory damages.

Under the FTC Act, ads, promotional brochures, informational tapes, seminars and other forms of marketing of surgical services to consumers should not have express or implied claims that are false or unsubstantiated, or that omit material information. In particular, claims that convey an inaccurate impression about the safety, efficacy, success or other benefits of any form of surgery would raise concerns about deception. Claims about success rates, long-term stability, or predictability of outcome must be substantiated by competent and reliable scientific evidence. The standard of review of these disclosures is viewed from the perspective of the “reasonable person”. However, this standard can be difficult to apply when promoting new and innovative surgical procedures and techniques such as the ones we promote. A failure on our part to fully describe risk factors or to make assertions that are alleged to be lacking in scientific support could subject us to litigation or regulatory enforcement actions and associated reputational harm.

Our business could be adversely affected by newly-adopted or amended laws, rules, regulations and orders relating to telemarketing and increased enforcement of such laws, rules, regulations or orders by governmental agencies or by private litigants. One example of recent regulatory changes that may affect our business is the Telephone Consumer Protection Act (TCPA). Regulations adopted by the Federal Communications Commission under the TCPA that became effective October 16, 2013 require the prior express written consent of the called party before a caller can initiate telemarketing calls (i) to wireless numbers (including text messaging) using an automatic telephone dialing system or an artificial or prerecorded voice; or (ii) to residential lines using an artificial or prerecorded voice. Failure to comply with the TCPA can result in significant penalties, including statutory damages. Our efforts to comply with these regulations may negatively affect conversion rates of leads.

Other Regulations

In addition to the regulatory initiatives described above, healthcare facilities, including the Nobilis Facilities, are subject to a wide variety of federal, state, and local environmental and occupational health and safety laws and regulations that may affect their operations, facilities, and properties. Violations of these laws could subject us to civil penalties and fines for not investigating and remediating any contamination by hazardous substances, as well as other liability from third parties.

Federal Stark Law

The Federal Stark Law, also known as the physician self-referral law, prohibits a physician from referring Medicare patients to an entity (including hospitals) for the furnishing of “designated health services,” if the physician or a member of the physician’s immediate family has a direct or indirect “financial relationship” with the entity, unless a specific exception applies, and further prohibits the entity from billing for any services that arise out of such prohibited referrals. Certain of these provisions are applicable to the referral of Medicaid patients as well. Designated health services include the following services when they may be paid for by the Medicare program: inpatient and outpatient hospital services; clinical laboratory services; radiology and certain other imaging services; physical therapy services, occupational therapy services, and outpatient speech-language pathology services; durable medical equipment and supplies; outpatient prescription drugs; home health services; radiation services and supplies; parental and enteral nutrients, equipment and supplies; and prosthetics, orthotics, and prosthetic devices and supplies, all of which are services that our affiliated physicians may order. The prohibition applies regardless of the rationale for the financial relationship and the reason for ordering the service. Therefore, intent to commit an illegal act is not required in order for the government to prove that a physician has violated the Stark Law. Like the Anti-Kickback Statute, the Stark Law contains a number of statutory and regulatory exceptions that protect certain types of transactions and business arrangements from penalty. When the Stark Law applies to a referral, compliance with all elements of an applicable Stark Law exception is necessary in order to avoid violation of the statute.

The penalties for violating the Stark Law include the denial of payment for services ordered in violation of the statute, mandatory refunds of any sums paid for such services, civil penalties of up to \$15,000 for each violation, assessments up to three times the amount of each claim for Medicare reimbursement knowingly made for services ordered in violation of the statute, and possible exclusion from future participation in governmental healthcare programs. A physician or an entity that engages in a scheme to circumvent the Stark Law’s prohibitions may be fined up to \$100,000 for each applicable arrangement or scheme. Knowing submission of a claim in violation of the Stark Law may also result in a False Claims Act allegation.

Some states have enacted statutes and regulations similar to the Stark Law, but which may be applicable to the referral of patients regardless of their payor source and which may apply to different types of services. These state laws may contain statutory and regulatory exceptions that are different from those of the federal law and that may vary from state to state.

Competition

Within the Texas and Arizona markets, we currently compete with traditional hospitals, specialty hospitals and other ASCs to attract both physicians and patients. Hospitals generally have an advantage over ASCs with respect to the negotiation of insurance contracts and competition for physicians’ inpatient and outpatient practices. Hospitals also offer a much broader and specialized range of medical services (enabling them to service a broader patient population) and generally have longer operating histories and greater financial resources, and are better known in the general community.

The competition among ASCs and hospitals for physicians and patients has intensified in recent years. As a result, some hospitals have been acquiring physician practices and employing the physicians to work for the hospital. These hospitals incentivize physicians to utilize the hospitals’ facilities. Further, some traditional hospitals have recently formed joint ventures with physicians whereby the hospital manages, but the hospital and physicians jointly own, an ASC.

In addition, there are several large, publicly traded companies, divisions or subsidiaries of large publicly traded companies, and several private companies that develop and acquire ASCs and hospitals. These companies may compete with us in the acquisition of additional ASCs and hospitals. For instance, publicly-traded Envision Healthcare (NYSE: EVHC), who completed their merger with former ASC market leader Amsurg in December of 2016, owns 260 ASCs and employs over 19,000 physician partners and APP’s across 47 states. Other leaders in our market include Tenet Healthcare (NYSE: THC), Surgical Care Affiliates (NASDAQ: SCAI), Surgery Partners (NYSE: SGRY) and Hospital Corporation of America (NYSE: HCA).

Further, many physician groups develop ASCs without a corporate partner, using consultants who typically perform corporate services for a fee and who may take a small equity interest in the ongoing operations of such ASCs. See "Risk Factors – Risks Relating to Our Business – We Face Significant Competition From Other Healthcare Providers."

Based on our innovative approach, we believe we are well positioned in our current markets as a surgical services and marketing services platform of choice for patients and physicians. Our focus on providing care, complemented by our unique Marketing

Segment offerings, is a key differentiating factor of our strategy. We believe this approach drives physician engagement, better coordination of care with patients, continuous clinical and administrative improvement and enhanced efficiency, all while reducing costs.

Seasonality

The surgical segment of the healthcare industry tends to be impacted by seasonality due to the nature of most benefit plans resetting on a calendar year basis. As patients utilize and reduce their remaining deductible throughout the year, ASCs and surgical hospitals typically see an increase in volume throughout the year with the biggest impact coming in the fourth quarter. Historically, approximately 40% of our annual revenues have been recognized in the fourth quarter.

Facility Operations

See Part I. Item 2. Properties for details on the Company's facilities.

Employees

As of February 14, 2017, we had approximately 900 employees, of which 700 are full time.

Intellectual Property

We own intellectual property including service marks, trade secrets and other proprietary information. Depending on the jurisdiction, service marks generally are valid as long as they are used and/or registered.

Emerging Growth Company

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012. As such, we are eligible for exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and reduced disclosure obligations regarding executive compensation. We will remain an emerging growth company until the earliest of (1) the last day of the fiscal year following the fifth anniversary of the effectiveness of our first registration statement pursuant to the Securities Act of 1933, as amended, which was June 4, 2015 (2) the last day of the fiscal year in which we have total annual gross revenue of at least \$1.0 billion, (3) the date on which we are deemed to be a large accelerated filer, which means the market value of common shares that is held by non-affiliates exceeds \$700.0 million as of the prior June 30th, and (4) the date on which we have issued more than \$1.0 billion in non-convertible debt securities during the prior three-year period. We have elected not to opt out of the extended transition period for complying with any new or revised accounting standards pursuant to Section 107(b) of the JOBS Act.

Available Information

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's web site at www.sec.gov. You may also read and copy any document we file at the SEC's public reference room in Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information on their public reference room. Our SEC filings are also available to the public on our website at www.nobilishealth.com. Please note that information contained on our website, whether currently posted or posted in the future, is not a part of this Annual Report or the documents incorporated by reference in this Annual Report. This Annual Report also contains summaries of the terms of certain agreements that we have entered into that are filed as exhibits to this Annual Report or other reports that we have filed with the SEC. The descriptions contained in this Annual Report of those agreements do not purport to be complete and are subject to, and qualified in their entirety by reference to, the definitive agreements. You may request a copy of the agreements described herein at no cost by writing or telephoning us at the following address: Nobilis Health Corp., Attention: General Counsel, 11700 Katy Freeway, Suite 300, Houston, Texas 77079, phone number (713) 355-8614.

Item 1A. Risk Factors

Our business operations are subject to a number of risks and uncertainties, including, but not limited to those set forth below:

Our business is not highly diversified.

Until 2014, our only business was the ownership and operation of three ASCs located in Texas. During 2014, we started operations at a facility in Scottsdale, Arizona and at two facilities in Houston, Texas. During 2015, we initiated operations at three new facilities in Texas and Arizona and initiated our neuromonitoring and first assist ancillary service lines. These developments have provided some degree of diversification to our business. However, investors will not have the benefit of further diversification of operations or risk until such time, if ever, that we acquire or develop additional facilities, manage additional facilities, or undertake other related business opportunities. As a result of our geographic concentration in Texas and Arizona, we are particularly susceptible to downturns in the local and regional economies, regional inclement weather, or changes in local or state regulation.

As of December 2014, we became a provider of marketing services to our own affiliated entities as well as to third parties which added some degree of diversification to our business. Five facilities represent approximately 96% of our contracted marketing revenue for the year-ended December 31, 2016, and four facilities represent approximately 89% of our contracted marketing accounts receivable as of December 31, 2016. As a result, our Marketing Segment is subject to a certain degree of revenue concentration. Because of this concentration among these facilities, if an event were to adversely affect one of these facilities, it may have a material impact on our business.

In addition, approximately 96.6% of the revenues from cases performed at our facilities in 2016 were concentrated among four major private insurance companies and workers' compensation payors. The loss of any one of these payors could have an adverse effect on our business, results of operations and financial condition.

We face significant competition from other healthcare providers.

We compete with other facilities and hospitals for patients, physicians, nurses and technical staff. Some of our competitors have longstanding and well-established relationships with physicians and third-party payors in the community. Some of our competitors are also significantly larger than us, may have access to greater marketing, financial and other resources and may be better known in the general community. The competition among facilities and hospitals for physicians and patients has intensified in recent years. Some hospitals have imposed restrictions on the credentials of their medical staff (called conflict of interest credentialing) where these physicians hold an ownership in a competing facility. We face competition from other facilities and from hospitals that perform similar outpatient services, both inside and outside of our primary service areas. Further, some traditional hospitals have recently begun forming joint ventures with physicians whereby the hospital manages and the hospital and physicians jointly own the facility. Patients may travel to other facilities for a variety of reasons. These reasons include physician referrals or the need for services that we do not offer.

Some of these competing facilities offer a broader array of outpatient surgery services than those available at our facilities. In addition, some of our direct competitors are owned by non-profit or governmental entities, which may be supported by endowments and charitable contributions or by public or governmental support. These hospitals can make capital expenditures without paying sales tax, may hold the property without paying property taxes and may pay for the equipment out of earnings not burdened by income taxes.

This competitive advantage may affect our ability to compete effectively with these non-profit or governmental entities. There are several large, publicly traded companies, divisions or subsidiaries of large publicly held companies, and several private companies that develop and acquire multi-specialty facilities, and these companies compete with us in the acquisition of additional facilities. Further, many physician groups develop facilities without a corporate partner, using consultants who typically perform these services for a fee and who may take a small equity interest in the ongoing operations of a facility. We can give no assurances that we can compete effectively in these areas. If we are unable to compete effectively to recruit new physicians, attract patients, enter into arrangements with managed care payors or acquire new facilities, our ability to implement our growth strategies successfully could be impaired. This may have an adverse effect on our business, results of operations and financial condition.

The industry trend toward value-based purchasing may negatively impact our revenues.

We believe that value-based purchasing initiatives of both governmental and private payors tying financial incentives to quality and efficiency of care will increasingly affect the results of operations of our hospitals and other health care facilities and may negatively impact our revenues if we are unable to meet expected quality standards. The PPACA contains a number of provisions intended to promote value-based purchasing in federal health care programs. Medicare now requires providers to report certain quality measures in order to receive full reimbursement increases for inpatient and outpatient procedures that were previously awarded automatically. In addition, hospitals that meet or exceed certain quality performance standards will receive increased

reimbursement payments, while hospitals that have “excess readmissions” for specified conditions will receive reduced reimbursement.

There is a trend among private payors toward value-based purchasing of health care services, as well. Many large commercial payors require hospitals to report quality data, and several of these payors will not reimburse hospitals for certain preventable adverse events. We expect value-based purchasing programs, including programs that condition reimbursement on patient outcome measures, to become more common, to involve a higher percentage of reimbursement amounts and to spread to reimbursement for ASCs and other ancillary services. Although we are unable to predict how this trend will affect our future results of operations, it could negatively impact our revenues if we are unable to meet quality standards established by both governmental and private payors.

We are subject to fluctuations in revenues and payor mix.

We depend on payments from third-party payors, including private insurers, managed care organizations and government healthcare programs. We are dependent on private and, to a lesser extent, governmental third-party sources of payment for the procedures performed in our facilities. Our competitive position has been, and will continue to be, affected by reimbursement and co-payment initiatives undertaken by third-party payors, including insurance companies, and, to a lesser extent, employers, and Medicare and Medicaid.

As an increasing percentage of patients become subject to healthcare coverage arrangements with managed care payors, our success may depend in part on our ability to negotiate favorable contracts on behalf of our facilities with managed care organizations, employer groups and other private third-party payors. There can be no assurances that we will be able to enter into these arrangements on satisfactory terms in the future. Also, to the extent that our facilities have managed care contracts currently in place, there can be no assurance that such contracts will be renewed or the rates of reimbursement held at current levels.

Managed care plans often set their reimbursement rates based on Medicare and Medicaid rates and consequently, although only a small portion of our revenues are from Medicare and Medicaid, the rates established by these payors may influence our revenues from private payors.

As with most government reimbursement programs, the Medicare and Medicaid programs are subject to statutory and regulatory changes, possible retroactive and prospective rate adjustments, administrative rulings, freezes and funding reductions, all of which may adversely affect our revenues and results of operations. The Centers for Medicare and Medicaid Services (“CMS”) introduced substantial changes to reimbursement and coverage in early 2007. While the ASC final rule expanded the types of procedures eligible for payment in the ASC setting and excluded from eligibility only those procedures that pose a significant safety risk to patients or are expected to require active medical monitoring at midnight when furnished in an ASC, the ASC final rule also provided a 4-year transition to the fully implemented revised ASC payment rates. Beginning with the November 2007 OPPS/ASC final rule with comment period (CMS-1392-FC), the annual update OPPS/ASC final rule with comment period provides the ASC payment rates and lists the surgical procedures and services that qualify for separate payment under the revised ASC payment system. As a result, reimbursement levels decreased but coverage expanded. These rates remain subject to change, thus our operating margins may continue to be under pressure as a result of changes in payor mix and growth in operating expenses in excess of increases in payments by third-party payors. In addition, as a result of competitive pressures, our ability to maintain operating margins through price increases to privately insured patients is limited. This could have a material adverse effect on our business, operating results and financial condition.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered and is recognized upon performance of the patient service. In determining net patient service revenue, management periodically reviews and evaluates historical payment data, payor mix and current economic conditions and adjusts, as required, the estimated collections as a percentage of gross billings in subsequent periods based on final settlements and collections.

Management continues to monitor historical collections and market conditions to manage and report the effects of a change in estimates. While we believe that the current reporting and trending software provides us with an accurate estimate of net patient service revenues, any changes in collections or market conditions that we fail to accurately estimate or predict could have a material adverse effect on our operating results and financial condition.

Our performance is greatly dependent on decisions that Third Party Payors make regarding their out-of-network benefits and alternatively, our ability to negotiate profitable contracts with Third Party Payors.

One of the complexities of our business is navigating the increasingly hostile environment for entities that are not participants in the health insurance companies' ("Third Party Payors") provider networks (also referred to as an out-of-network provider or facility). Third Party Payors negotiate discounted fees with providers and facilities in return for access to the patient populations

which those Third Party Payors cover. The providers and facilities that contractually agree to these rates become part of the Third Party Payor's "network". We are currently out-of-network as to most Third Party Payors.

There are several risks associated with not participating in Third Party Payor networks. First, not all Third Party Payors offer coverage to their patients for services rendered by non-participants in that Third Party Payor's network. Further, it is typically the case that patients with so-called "out-of-network benefits" will be obliged to pay higher co-pays, higher deductibles, and a larger percentage of co-insurance payments. In addition, because the out-of-network coverage often mandates payment at a "usual and customary rate", the determination of the amounts payable by the Third Party Payor can fluctuate. Healthcare providers and facilities that choose not to participate in a Third Party Payor's network often face longer times for their claims to be processed and paid. Further, many Third Party Payors aggressively audit claims from out-of-network providers and facilities and continuously change their benefit policies in various ways that restrict the ability of beneficiaries to access out-of-network benefits, and to restrict out-of-network providers from treating their beneficiaries.

Consequently, it may become necessary for us to change their out-of-network strategy and join Third Party Payor networks. This may require us to negotiate and maintain numerous contracts with various Third Party Payors. In either case, our performance is greatly dependent upon decisions that Third Party Payors make regarding their out-of-network benefits and alternatively, our ability to negotiate profitable contracts with Third Party Payors. If it becomes necessary for us to become in-network facilities, there is no guarantee that we will be able to successfully negotiate these contracts. Further, we may experience difficulty in establishing and maintaining relationships with health maintenance organizations, preferred provider organizations, and other Third Party Payors. Out-of-network reimbursement rates are typically higher than in-network reimbursement rates, so our revenue would likely decline if we move to an in-network provider strategy and fail to increase our volume of business sufficiently to offset reduced in-network reimbursement rates. These factors could adversely affect our revenues and our business.

At December 31, 2016, approximately 83.8% of our cases were on an "out of network" basis, without any reimbursement rate protection or consistent in-network patient enrollments typically seen from an in-network agreement. Accordingly, we are susceptible to changes in reimbursement policies and procedures by third-party insurers and patients' preference of using their out of network benefits which could have an adverse effect on our business, results of operations and financial condition.

We depend on our physicians and other key personnel.

Our success depends, in part, on our ability to attract and retain quality physicians. There can be no assurance that we can continue to attract high quality physicians, facility staff and technical staff to our facilities. In addition, notwithstanding contractual commitments given by certain of our physicians to maintain certain specified volume levels at our facilities, there can be no assurances that our current physicians will continue to practice at our facilities at their current levels, if at all. An inability to attract and retain physicians may adversely affect our business, results of operations and financial condition.

Our success also depends on the efforts and abilities of our management, as well as our ability to attract additional qualified personnel to manage operations and future growth. Although we have entered into employment agreements with certain of our key employees, we cannot be certain that any of these employees will not voluntarily terminate their employment. Also, at this time, we do not maintain any key employee life insurance policies on any management personnel or Physician Limited Partners, but may do so in the future. The loss of a member of management, other key employee, Physician Limited Partner or other physician using our facilities could have an adverse effect on our business, operating results and financial condition.

We may be unable to implement our acquisition strategy.

Our efforts to execute our acquisition strategy may be affected by our ability to identify suitable candidates and negotiate and close acquisition transactions. We may encounter numerous business risks in acquiring additional facilities, and may have difficulty operating and integrating these facilities. Further, the companies or assets we acquire in the future may not ultimately produce returns that justify our investment. If we are not able to execute our acquisition strategy, our ability to increase revenues and earnings through external growth will be impaired.

In addition, we will need capital to acquire other centers, integrate and expand our operations. We may finance future acquisition and development projects through debt or equity financings and may use our common shares for all or a portion of the consideration to be

paid in future acquisitions. To the extent that we undertake these financings or use our common shares as consideration, our shareholders may experience future ownership dilution. Our loan agreement subjects us to covenants that affect the conduct of business. In the event that our common shares do not maintain a sufficient valuation, or potential acquisition candidates are unwilling to accept our common shares as all or part of the consideration, we may be required to use more of our cash resources, if available, or to rely solely on additional financing arrangements to pursue our acquisition and development strategy. However, we may not have sufficient capital resources or be able to obtain financing on terms acceptable to us for our acquisition and development strategy, which would limit our growth. Without sufficient capital resources to implement this strategy, our future growth could be limited and operations impaired. There can be no assurance that additional financing will be available to fund this growth strategy or that, if available, the financing will be on terms that are acceptable to us.

We do not have control of the day-to-day medical affairs and certain other affairs of the Nobilis Facilities.

Although we indirectly manage the day-to-day business affairs of all Nobilis Facilities under a management agreement, we only have the right to attend and observe at meetings of each Nobilis Facility's Medical Board. As such, we do not have the ability to direct day-to-day medical affairs of the Nobilis Facilities, but rather only its business and commercial affairs, all as set forth in the respective governance documents of each Nobilis Facility. In addition, certain actions are subject to a veto by a written vote of a majority in interest of the Physician Limited Partners, including the approval of the annual budget and annual plan (subject to the right of the Nobilis party to continue to operate the Nobilis Facilities in a manner that preserves its business and goodwill, business relationships and physical plant).

The non-solicitation, non-competition, transfer and other covenants of the Physician Limited Partners and others may not be enforceable.

Under the Kirby Partnership Agreement (subject to certain limited exceptions) during the time that a Physician Limited Partner is a Partner and for two years thereafter, the Physician Limited Partner may not directly or indirectly own, control, finance or participate in the profits or revenues of any business that engages in competition with Kirby anywhere within a 20-mile radius of the facility; provided, however, that a Physician Limited Partner may perform surgery at another facility or otherwise practice medicine in a private practice that uses such competing facility.

In addition, we are party to several contracts containing non-competition provisions purporting to bind physicians to whom we provide marketing services.

Because non-competition provisions are enforced not as a matter of contractual law but as a matter of equity, a court asked to enforce a non-competition provision with a Physician Limited Partner or other physicians will have broad discretion over enforcement, non-enforcement or the fashioning of relief different from that contractually agreed to by the parties. While no single physician's non-competition provision is material to our business, a court decision to not enforce a physician's non-competition covenant could set a precedent with respect to physicians bound by the same or similar provisions, such that, in the aggregate, there results a detrimental impact on our revenues.

We may not be able to effectively manage information security risks.

If we are unable to effectively manage information security risks, or the security measures protecting our information technology systems are breached, we could suffer a loss of confidential data, which may subject us to liability, or a disruption of our operations. We rely on our information systems to securely transmit, store, and manage confidential data. A failure in or breach of our operational or information security systems as a result of cyber-attacks or information security breaches could disrupt our business, result in the disclosure or misuse of confidential or proprietary information, damage our reputation, increase our costs or lead to liability under privacy and security laws (including the Health Insurance Portability and Accountability Act), litigation, governmental inquiries, fines and financial losses. As a result, cyber security and the continued development and enhancement of the controls and processes designed to protect our systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority for us, and we must continue to focus on any security risks in connection with the transition and integration of information systems as we pursue our growth and acquisition strategy. Although we believe that we have appropriate information security procedures and other safeguards in place, there can be no assurance that we will not be subject to a cyber-attack. We continue to prioritize the security of our information technology systems and the continued development and enhancement of our controls, processes and practices designed to protect our systems, computers, software, data and networks from cyber-attack, damage or unauthorized access. As cyber threats continue to evolve due to the proliferation of new technologies and the increased activities by perpetrators of such attacks, we may be required to expend additional resources to continue to enhance our information security measures or to investigate and remediate any information security vulnerabilities or breaches.

We may become involved in litigation which could harm the value of our business.

From time to time, we are involved in lawsuits, claims, audits and investigations, including those arising out of services provided, personal injury claims, professional liability claims, billing and marketing practices, employment disputes and contractual claims. We may become subject to future lawsuits, claims, audits and investigations that could result in substantial costs and divert our attention and resources and adversely affect our business condition. In addition, since our current growth strategy includes acquisitions, among other

things, we may become exposed to legal claims for the activities of an acquired business prior to the acquisition. These lawsuits, claims, audits or investigations, regardless of their merit or outcome, may also adversely affect our reputation and ability to expand our business.

In addition, from time to time we have received, and expect to continue to receive, correspondence from former employees terminated by us who threaten to bring claims against us alleging that we have violated one or more labor and employment regulations. In certain instances former employees have brought claims against us and we expect that we will encounter similar

actions against us in the future. An adverse outcome in any such litigation could require us to pay contractual damages, compensatory damages, punitive damages, attorneys' fees and costs.

We may be subject to liability claims for damages and other expenses not covered by insurance that could reduce our earnings and cash flows.

Our operations may subject us, as well as our officers and directors to whom we owe certain defense and indemnity obligations, to litigation and liability for damages. Our business, profitability and growth prospects could suffer if we face negative publicity or we pay damages or defense costs in connection with a claim that is outside the scope or limits of coverage of any applicable insurance coverage, including claims related to adverse patient events, contractual disputes, professional and general liability, and directors' and officers' duties. We currently maintain insurance coverage for those risks we deem are appropriate. However, a successful claim, including a professional liability, malpractice or negligence claim which is in excess of any applicable insurance coverage, or not covered by insurance, could have a material adverse effect on our earnings and cash flows.

In addition, if our costs of insurance and claims increase, then our earnings could decline. Market rates for insurance premiums and deductibles have been steadily increasing. Our earnings and cash flows could be materially and adversely affected by any of the following:

- the collapse or insolvency of our insurance carriers;
- further increases in premiums and deductibles;
- increases in the number of liability claims against us or the cost of settling or trying cases related to those claims;
- an inability to obtain one or more types of insurance on acceptable terms, if at all;
- insurance carriers deny coverage of our claims; or
- our insurance coverage is not adequate.

We may write off intangible assets, such as goodwill.

As a result of purchase accounting for our various acquisition transactions, our balance sheet at December 31, 2016 contained intangible assets designated as either goodwill or intangibles totaling approximately \$62.0 million in goodwill and approximately \$19.6 million in intangibles. Additional acquisitions that result in the recognition of additional intangible assets would cause an increase in these intangible assets. On an ongoing basis, we evaluate whether facts and circumstances indicate any impairment of the value of intangible assets. As circumstances change, we cannot assure you that the value of these intangible assets will be realized by us. If we determine that a significant impairment has occurred, we will be required to write-off the impaired portion of goodwill or other intangible assets, which could have a material adverse effect on our results of operations in the period in which the write-off occurs.

If we fail to comply with applicable laws and regulations, we could suffer penalties or be required to make significant changes to our operations.

The health care industry is heavily regulated and we are required to comply with extensive and complex laws and regulations at the federal, state and local government levels relating to among other things:

- billing and coding for services, including documentation of care, appropriate treatment of overpayments and credit balances, and the submission of false statements or claims;
- relationships and arrangements with physicians and other referral sources and referral recipients, including self-referral restrictions, prohibitions on kickbacks and other non-permitted forms of remuneration and prohibitions on the payment of inducements to Medicare and Medicaid beneficiaries in order to influence their selection of a provider;
- licensure, certification, enrollment in government programs and certificate of need approval, including requirements affecting the operation, establishment and addition of services and facilities;
- the necessity, appropriateness, and adequacy of medical care, equipment, and personnel and conditions of coverage and payment for services;
- quality of care and data reporting;
- restrictions on ownership of surgery centers;
- operating policies and procedures;
- qualifications, training and supervision of medical and support personnel;
- fee-splitting and the corporate practice of medicine;
- screening, stabilization and transfer of individuals who have emergency medical conditions;

- workplace health and safety;
- consumer protection;
- anti-competitive conduct;
- confidentiality, maintenance, data breach, identity theft and security issues associated with health-related and other personal information and medical records; and

- environmental protection.

Because of the breadth of these laws and the narrowness of available exceptions and safe harbors, it is possible that some of our business activities could be subject to challenge under one or more of these laws. For example, failure to bill properly for services or return overpayments and violations of other statutes, such as the federal Anti-Kickback Statute or the federal Stark Law, may be the basis for actions under the FCA or similar state laws. Under HIPAA, criminal penalties may be imposed for healthcare fraud offenses involving not just federal healthcare programs but also private health benefit programs.

Enforcement actions under some statutes, including the FCA, may be brought by the government as well as by a private person under a *qui tam* or “whistleblower” lawsuit. Federal enforcement officials have numerous enforcement mechanisms to combat fraud and abuse, including bringing civil actions under the Civil Monetary Penalty Law, which has a lower burden of proof than criminal statutes.

If we fail to comply with applicable laws and regulations, we could suffer civil or criminal penalties, including fines, damages, recoupment of overpayments, loss of licenses needed to operate, and loss of enrollment and approvals necessary to participate in Medicare, Medicaid and other government sponsored and third-party healthcare programs. Federal enforcement officials have the ability to exclude from Medicare and Medicaid any investors, officers and managing employees associated with business entities that have committed healthcare fraud.

Many of these laws and regulations have not been fully interpreted by regulatory authorities or the courts, and their provisions are sometimes open to a variety of interpretations. Different interpretations or enforcement of existing or new laws and regulations could subject our current practices to allegations of impropriety or illegality, or require us to make changes in our operations, facilities, equipment, personnel, services, capital expenditure programs or operating expenses to comply with the evolving rules. Any enforcement action against us, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management’s attention from the operation of our business.

The laws and regulations governing the provision of healthcare services are frequently subject to change and may change significantly in the future. We cannot assure you that current or future legislative initiatives, government regulation or judicial or regulatory interpretations thereof will not have a material adverse effect on us. We cannot assure you that a review of our business by judicial, regulatory or accreditation authorities will not subject us to fines or penalties, require us to expend significant amounts, reduce the demand for our services or otherwise adversely affect our operations.

Our relationships with referral sources and recipients, including healthcare providers, facilities and patients, are subject to the federal Anti-Kickback Statute and similar state laws.

The federal Anti-Kickback Statute prohibits healthcare providers and others from knowingly and willfully soliciting, receiving, offering or paying, directly or indirectly, any remuneration in return for, or to induce, referrals or orders for services or items covered by a federal healthcare program. In addition, many of the states in which we operate also have adopted laws, similar to the Anti-Kickback Statute, that prohibit payments to physicians in exchange for referrals, some of which apply regardless of the source of payment for care. The Anti-Kickback Statute and similar state laws are broad in scope and many of their provisions have not been uniformly or definitively interpreted by case law or regulations. Courts have found a violation of the federal Anti-Kickback Statute if just one purpose of the remuneration is to generate referrals, even if there are other lawful purposes. Furthermore, the Health Reform Law provides that knowledge of the law or intent to violate the law is not required to establish a violation of the Anti-Kickback Statute. Congress and HHS have established narrow safe harbor provisions that outline practices deemed protected from prosecution under the federal Anti-Kickback Statute. While we endeavor to comply with applicable safe harbors, certain of our current arrangements, including the ownership structures of our surgery centers, do not satisfy all of the requirements of a safe harbor. Failure to qualify for a safe harbor does not mean the arrangement necessarily violates the Anti-Kickback Statute, but may subject the arrangement to greater scrutiny. Violations of the Anti-Kickback Statute and similar state laws may result in substantial civil or criminal penalties and loss of licensure, which could have a material adverse effect on our business.

Although we believe that we are currently in material compliance with all applicable environmental laws and regulations, and expect such compliance will continue in the future, there can be no assurance that we will not violate the requirements of one or more of these laws or that we will not have to expend significant amounts to remediate or ensure compliance.

We may be subject to changes in current law or the enactment of future legislation.

In recent years, a variety of legislative and regulatory initiatives have occurred on both the federal and state levels concerning physician ownership of healthcare entities to which physicians refer patients, third-party payment programs and other regulatory matters concerning ASCs. We anticipate that federal and state legislatures will continue to review and assess alternative healthcare delivery and payment systems. Potential approaches that have been considered include mandated basic health care benefits, controls on health care spending through limitations on the growth of private health insurance premiums and Medicare and Medicaid spending, the creation of large insurance purchasing groups, pay for performance systems, and other fundamental changes to the

health care delivery system. Private sector providers and payors have embraced certain elements of reform, resulting in increased consolidation of health care providers and payors as those providers and payors seek to form alliances in order to provide cost effective, quality care. Legislative debate is expected to continue in the future, and we cannot predict what impact the adoption of any federal or state health care reform measures or future private sector reform may have on its business.

It is not possible to predict what federal or state initiatives, if any, may be adopted in the future or how such changes might affect us. If a federal or state agency asserts a different position or enacts new legislation regarding ASCs, we may experience a significant reduction in our revenues, be excluded from participation in third-party payor programs, or be subject to future civil and criminal penalties.

If we fail to successfully maintain an effective internal control over financial reporting, the integrity of our financial reporting could be compromised, which could result in a material adverse effect on our reported financial results.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, stockholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our common stock. Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

Technologies, tools, software, and applications could block our advertisements, impair our ability to deliver interest-based advertising, or shift the location in which our advertising appears, which could harm our operating results.

Technologies, tools, software, and applications (including new and enhanced internet web browsers) have been developed and are likely to continue to be developed that can block display, search, and interest-based advertising and content, delete or block the cookies used to deliver such advertising, or shift the location in which advertising appears on pages so that our advertisements do not show up in the most favorable locations or are obscured. Most of our marketing expenditures are fees paid to internet search companies for the display of our graphical advertisements or clicks on search advertisements on internet web pages. As a result, the adoption of such technologies, tools, software, and applications could reduce the frequency with which, or prominence of, our advertisements in search results. Further, we may not be able to continue to procure and/or to afford primary placement in interest-based advertising locations and this, in turn, could reduce our ability to attract prospective patients to our services or to attract or retain customers to whom we provide marketing and advertising services.

We rely on third parties to provide the technologies necessary to deliver content, advertising, and services to our prospective patients, and any change in the service terms, costs, availability, or acceptance of these formats and technologies could adversely affect our business.

We rely on third parties to provide the technologies that we use to deliver our content and our advertising to prospective patients through the use of search engine optimization services. There can be no assurance that these providers will continue to provide us with search engine optimization services on reasonable terms, or at all. Providers may change the fees they charge for these services or otherwise change their business model in a manner that slows the widespread use of their platforms and search engines. In order for our services to be successful, we must procure a prominent place in the search results from major search providers. These providers in turn rely on a large base of users of their technologies necessary to deliver our content and our advertising to prospective patients. We have limited or no control over the availability or acceptance of those providers' technologies, and any change in the terms, costs, availability of search engine optimization services or in end-user utilization of the service providers with whom we have chosen to work could adversely affect our business.

Any failure to scale and adapt our existing technology architecture to manage expansion of user-facing services and to respond to rapid technological change could adversely affect our business.

Our proprietary software for managing patient flow through our system relies on software, networking and telecommunications technologies. Technological changes could require substantial expenditures to modify or adapt our infrastructure. The technology architectures and platforms utilized for our services are highly complex and may not provide satisfactory security features or support in the future, as usage increases and products and services expand, change, and become more complex. In the future, we may make additional changes to our existing, or move to completely new, architectures, platforms and systems, or our prospective patients may

increasingly access our sites through devices that compel us to invest in new architectures, platforms and systems. Such changes may be technologically challenging to develop and implement, may take time to test and deploy, may cause us to incur substantial costs or data loss, and may cause changes, delays or interruptions in service. These changes, delays, or interruptions in our systems may disrupt our business. Also, to the extent that demands for our services increase, we may need to expand our infrastructure, including the capacity of our hardware servers and the sophistication of our software in order to sustain our ability

to manage patient-flow through. This expansion is likely to be expensive and complex and require additional technical expertise. Further, it is costly to retrieve, store, and integrate data that enables us to track our patients through our processes. Any difficulties experienced in adapting our architectures, platforms and infrastructure to accommodate increased patient flow, to store user data, and track patient status preferences, together with the associated costs and potential loss of traffic, could harm our operating results, cash flows from operations, and financial condition.

If our security measures are breached, we may face significant legal and financial exposure. Further, a breach could result in the perception that our technology is insecure or insufficient to protect sensitive patient data, and patients, physicians and healthcare facilities may curtail or stop partnering with us or cease using services, and we may incur significant legal and financial exposure.

Our products and services involve the storage and transmission of patient and potential patient personal and medical information, including “Protected Health Information” that is subject to the security and privacy proprietary information in our facilities and on our equipment, networks and corporate systems. Security breaches expose us to a risk of loss of this information, litigation, remediation costs, increased costs for security measures, loss of revenue, damage to our reputation, and potential liability. Our user data and corporate systems and security measures have been and may in the future be breached due to the actions of outside parties (including cyber-attacks), employee error, malfeasance, a combination of these, or otherwise, allowing an unauthorized party to obtain access to our data or our users’ or customers’ data. Additionally, outside parties may attempt to fraudulently induce employees, users, or customers to disclose sensitive information in order to gain access to our data or our users’ or customers’ data.

Any breach or unauthorized access could result in significant legal and financial exposure, increased remediation and other costs, damage to our reputation and a loss of confidence in the security of our products, services and networks that could potentially have an adverse effect on our business. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be harmed and we could lose users and customers.

In addition, various federal, state and foreign legislative or regulatory bodies may enact new or additional laws and regulations concerning privacy, data-retention and data-protection issues, including laws or regulations mandating disclosure to domestic or international law enforcement bodies, which could adversely impact our business, our brand or our reputation with users. The interpretation and application of privacy, data protection and data retention laws and regulations are often uncertain and in flux in the U.S. and internationally. These laws may be interpreted and applied inconsistently from country to country and inconsistently with our current policies and practices, complicating long-range business planning decisions. If privacy, data protection or data retention laws are interpreted and applied in a manner that is inconsistent with our current policies and practices we may be fined or ordered to change our business practices in a manner that adversely impacts our operating results. Complying with these varying international requirements could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business.

Our business depends on strong brands related to our procedures, and failing to maintain or enhance our brands in a cost-effective manner could harm our operating results.

Maintaining and enhancing our brands is an important aspect of our efforts to attract potential patients. We believe that the importance of brand recognition will increase due to the relatively low barriers to entry in certain portions of the market. Maintaining and enhancing our brands will depend largely on the ability of third parties to perform those surgical services in a safe and effective manner. Given the nature of surgical services and the fact that we do not directly control the physicians performing our procedures, there will always be a significant risk that surgeries may not be successful. We have in the past been negatively impacted by negative reputation of a physician partners, and our brands are susceptible to being negatively impacted in the future by the conduct of third parties, including physicians and healthcare facilities.

Misappropriation or infringement of our intellectual property and proprietary rights, enforcement actions to protect our intellectual property and claims from third parties relating to intellectual property could materially and adversely affect our financial performance.

Litigation regarding intellectual property rights is common in the internet and technology industries. We expect that internet technologies and software products and services may be increasingly subject to third party infringement claims as the number of competitors in our

industry segment grows and the functionality of products in different industry segments overlaps. Our ability to compete depends upon our proprietary systems and technology. While we rely on trademark, trade secret, patent and copyright law, confidentiality agreements and technical measures to protect our proprietary rights, we believe that the technical and creative skills of our personnel, continued development of our proprietary systems and technology, brand name recognition and reliable

website maintenance are more essential in establishing and maintaining a leadership position and strengthening our brands. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our services or to obtain and use information that we regard as proprietary. Policing unauthorized use of our proprietary rights is difficult and may be expensive. We have no assurance that the steps taken by us will prevent misappropriation of technology or that the agreements entered into for that purpose will be enforceable. Effective trademark, service mark, patent, copyright and trade secret protection may not be available when our products and services are made available online. In addition, if litigation becomes necessary to enforce or protect our intellectual property rights or to defend against claims of infringement or invalidity, this litigation, even if successful, could result in substantial costs and diversion of resources and management's attention. We also have no assurances that our products and services do not infringe on the intellectual property rights of third parties. Claims of infringement, even if unsuccessful, could result in substantial costs and diversion of resources and management's attention. If we are not successful, we may be subject to preliminary and permanent injunctive relief and monetary damages which may be trebled in the case willful infringements.

We may be unable to implement our organic growth strategy.

Future growth will place increased demands on our management, operational and financial information systems and other resources. Further expansion of our operations will require substantial financial resources and management resources and attention. To accommodate our anticipated future growth, and to compete effectively, we will need to continue to implement and improve our management, operational, financial and information systems and to expand, train, manage and motivate our workforce. Our personnel, systems, procedures and controls may not be adequate to support our operations in the future. Further, focusing our financial resources and management attention on the expansion of our operations may negatively impact our financial results. Any failure to implement and improve our management, operational, financial and information systems, or to expand, train, manage or motivate our workforce, could reduce or prevent our growth. We can give no assurances that our personnel, systems, procedures and controls will be adequate to support our operations in the future or that our financial resources and management attention on the expansion of our operations will not adversely affect our business, result of operations and financial condition. In addition, direct-to-consumer marketing may not be a suitable means to attract case volume as patients may not directly seek our services, but instead may choose to consult with a non-Nobilis-affiliated physician. We can offer no guarantees that the financial resources expended on direct-to-consumer marketing campaigns will result in the expansion of our business.

Restrictive covenants in our loan agreement may restrict our ability to pursue our business strategies.

The operating and financial restrictions and covenants in our loan agreement may adversely affect our ability to finance future operations or capital needs or to engage in other business activities. Such agreements limit our ability, among other things, to:

- incur additional indebtedness or issue certain preferred equity;
- pay dividends on, repurchase or make distributions in respect of our common shares, prepay, redeem, or repurchase certain debt or make other restricted payments;
- make certain investments;
- create certain liens;
- enter into agreements restricting our subsidiaries' ability to pay dividends, loan money, or transfer assets to us;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and
- enter into certain transactions with our affiliates.

A breach of any of these covenants could result in a default under our loan agreement and permit the lenders to cease making loans to us. Upon the occurrence of an event of default under the loan agreement, the creditors thereunder could elect to declare all amounts outstanding to be immediately due and payable and, in the case of our revolving credit facility, which is a part of the loan agreement, terminate all commitments to extend further credit.

If our operating performance declines, we may be required to obtain waivers from the lenders under the loan agreement to avoid defaults thereunder. If we are not able to obtain such waivers, our creditors could exercise their rights upon default.

Furthermore, if we were unable to repay the amounts due and payable under our secured obligations, the creditors thereunder could proceed against the collateral granted to them to secure our obligations thereunder. We have pledged a significant portion of our assets, including our ownership interests in certain of our directly owned subsidiaries, as collateral under our loan agreement. If the creditors under our loan agreement accelerate the repayment of our debt obligations, we cannot assure you that we will have sufficient assets to repay our loan agreement, or will have the ability to borrow sufficient funds to refinance such indebtedness. Even if we were able to obtain new financing, it may not be on commercially reasonable terms, or terms that are acceptable to us.

We may incur unexpected, material liabilities as a result of acquisitions.

Although we intend to conduct due diligence on any future acquisition, we may inadvertently invest in acquisitions that have material liabilities arising from, for example, the failure to comply with government regulations or other past activities. Although we have professional and general liability insurance, we do not currently maintain and are unlikely to acquire insurance specifically covering every unknown or contingent liability that may have occurred prior to our investment in our facilities, particularly those involving prior civil or criminal misconduct (for which there is no insurance). Incurring such liabilities as a result of future acquisitions could have an adverse effect on our business, operations and financial condition.

We may be subject to professional liability claims.

As a healthcare provider, we are subject to professional liability claims both directly and vicariously through the malpractice of members of our medical staff. We are responsible for the standard of care provided in our facilities by staff working in those facilities. We have legal responsibility for the physical environment and appropriate operation of equipment used during surgical procedures. In addition, we are subject to various liability for the negligence of its credentialed medical staff under circumstances where we either knew or should have known of a problem leading to a patient injury. The physicians credentialed at our facilities are involved in the delivery of healthcare services to the public and are exposed to the risk of professional liability claims. Although we neither control the practice of medicine by physicians nor have responsibility for compliance with certain regulatory and other requirements directly applicable to physicians and their services, as a result of the relationship between us and the physicians providing services to patients in our facilities, we or our subsidiaries may become subject to medical malpractice claims under various legal theories. Claims of this nature, if successful, could result in damage awards to the claimants in excess of the limits of available insurance coverage. Insurance against losses related to claims of this type can be expensive and varies widely from state to state. We maintain and require the physicians on the medical staff of our facilities to maintain liability insurance in amounts and coverages believed to be adequate, presently \$1 million per claim to an aggregate of \$3 million per year.

In 2003, Texas passed legislation that reformed its laws related to professional liability claims by setting caps on non-economic damages in the amount of \$250,000 per claimant to a per claim aggregate of \$750,000 for physicians and other providers, including ASCs. In Texas, punitive damages awarded against a defendant may not exceed an amount equal to the greater of: (1) (A) two times the amount of economic damages; plus (B) an amount equal to any non-economic damages found by the jury not to exceed \$750,000 or (2) \$200,000.

This tort reform legislation has resulted in a reduction in the cost of malpractice insurance because of the reduction in malpractice claims. However, there can be no assurances that this trend will continue into the future.

Most malpractice liability insurance policies do not extend coverage for punitive damages. While extremely rare in the medical area, punitive damages are those damages assessed by a jury with the intent to “punish” a tortfeasor rather than pay for a material loss resulting from the alleged injury. We cannot assure you that we will not incur liability for punitive damage awards even where adequate insurance limits are maintained. We also believe that there has been, and will continue to be, an increase in governmental investigations of physician-owned facilities, particularly in the area of Medicare/Medicaid false claims, as well as an increase in enforcement actions resulting from these investigations. Investigation activity by private third-party payors has also increased with, in some cases, intervention by the states’ attorneys general. Also possible are potential non-covered claims, or “qui tam” or “whistleblower” suits.

Although exposure to qui tam lawsuits is minimal since Medicare and Medicaid comprise less than 4.0% of our revenue and an even smaller percentage of our profit. Many plaintiffs’ lawyers have refocused their practices on “whistleblower” lawsuits given the reduction in awards from medical malpractice claims. These whistleblower lawsuits are based on alleged violations of government law related to billing practice and kickbacks. Under federal Medicare law, these whistleblowers are entitled to receive a percentage of recoveries made if the federal government takes on the case. However, a whistleblower may pursue direct action against the healthcare entity under the applicable statutes and seek recoveries without federal government intervention. Many malpractice carriers will not insure for violations of the law although they may cover the cost of defense. Any adverse determination in a legal proceeding or governmental investigation, whether currently asserted or arising in the future, could have a material adverse effect on our financial condition.

We may, in the ordinary course of their business, be subject to litigation claims. In particular, we can be subject to claims relating to actions of medical personnel performing services at our facilities. Historically, we have been able to obtain what we believe is adequate insurance to cover these risks. However, the cost of this insurance may increase and there can be no assurance that we will be able to obtain adequate insurance against medical liability claims in the future on economically reasonable terms, or at all. In addition, claims of this nature, if successful, could result in damage awards to the claimants in excess of the limits of any applicable insurance coverage. If the insurance that we have in place from time to time is not sufficient to cover claims that are made, the resulting shortfall could have a material adverse effect on our business and operations.

Our insurance coverage might not cover all claims against us or be available at a reasonable cost, if at all. If we are unable to maintain insurance coverage, if judgments are obtained in excess of the coverage we maintain, or if we are required to pay uninsured punitive damages or pay fines under “qui tam” lawsuits, we would be exposed to substantial additional liabilities. We cannot assure that we will be able to maintain insurance coverage at a reasonable premium, or at all, that coverage will be adequate to satisfy adverse determinations against us, or that the number of claims will not increase.

Malpractice insurance premiums or claims may adversely affect our business.

Should adverse risk management claims arise against us or should the market for medical malpractice dictate a large increase in rates, our business and financial results could be adversely affected.

We rely on technology.

The medical technology used in our facilities is ever changing and represents a significant cost of doing business. There can be no assurance that the equipment purchased or leased by our facilities will not be enhanced or rendered obsolete by advances in medical technology, or that our facilities will be able to finance or lease additional equipment necessary to remain competitive should its medical staff physicians request such modern equipment or its existing equipment become obsolete. This could have an adverse effect on our business, operations and financial condition.

We are subject to rising costs.

The costs of providing our services have been rising and are expected to continue to rise at a rate higher than that anticipated for consumer goods as a whole. As a result, our business, operating results or financial condition could be adversely affected if we are unable to implement annual private pay increases due to changing market conditions or otherwise increase our revenues to cover increases in labor and other costs.

We depend on referrals.

Our success, in large part, is dependent upon referrals to our physicians from other physicians, systems, health plans and others in the communities in which we operate, and upon our medical staff’s ability to maintain good relations with these referral sources. Physicians who use our facilities and those who refer patients are not our employees and, in many cases, most physicians have admitting privileges at other hospitals and (subject to any applicable non-competition arrangements) may refer patients to other providers. If we are unable to successfully cultivate and maintain strong relationships with our physicians and their referral sources, the number of procedures performed at our facilities may decrease and cause revenues to decline. This could adversely affect our business, results of operations and financial condition.

We may face a shortage of nurses.

The United States is currently experiencing a shortage of nursing staff. Our failure to hire and retain qualified nurses could have a material adverse effect on our business operations and financial condition.

We are subject to Canadian tax laws.

Our company’s income and our related entities must be computed in accordance with Canadian and foreign tax laws, as applicable, and we are subject to Canadian tax laws, all of which may be changed in a manner that could adversely affect the amount of distributions to shareholders. There can be no assurance that Canadian federal income tax laws, the judicial interpretation thereof or the administrative and assessing practices and policies of the Canada Revenue Agency and the Department of Finance (Canada) will not be changed in a manner that adversely affects shareholders. In particular, any such change could increase the amount of tax payable by us, reducing the amount available to pay dividends to the holders of our common shares.

We are subject to U.S. tax laws.

There can be no assurance that United States federal income tax laws and Internal Revenue Service and Department of the Treasury administrative and legislative policies respecting the United States federal income tax consequences described herein will not be changed in a manner that adversely affects the holders of our common shares.

Future issuances of our common shares could result in dilution.

Our articles authorize the issuance of an unlimited number of common shares, on terms that the Board of Directors, without approval of any shareholders, establishes. We may issue additional common shares in the future in connection with a future financing or acquisition. The issuance of additional shares may dilute the investment of a shareholder. We also have outstanding warrants to purchase a significant number of common shares as well as a stock option pool available to employees, which if exercised, would cause dilution to our stockholders.

We qualify as an “emerging growth company” under the JOBS Act. As a result, we are permitted to, and intend to, rely on exemptions from certain disclosure requirements. For so long as we are an emerging growth company, we will not be required to:

- have an auditor report on our internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act;

- comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (i.e., an auditor discussion and analysis);
- submit certain executive compensation matters to shareholder advisory votes, such as "say-on-pay" and "say-on- frequency"; and
- disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the Chief Executive's compensation to median employee compensation.

We will remain an "emerging growth company" until the earliest of (i) the last day of the first fiscal year in which our total annual gross revenues exceed \$1 billion, (ii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, which would occur if the market value of our ordinary shares that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter, (iii) the date on which we have issued more than \$1 billion in non-convertible debt during the preceding three year period or (iv) the last day of the fiscal year in which we celebrate the fifth anniversary of our first sale of registered common equity securities pursuant to the Securities Act of 1933, as amended, which occurred on June 4, 2015.

Until such time, however, we cannot predict if investors will find our common shares less attractive because we may rely on these exemptions. If some investors find our common shares less attractive as a result, there may be a less active trading market for our common shares and our stock price may be more volatile.

The price of our common shares is subject to volatility.

Broad market and industry factors may affect the price of our common shares, regardless of our actual operating performance. Factors unrelated to our performance that may have an effect on the price of our securities include the following: the extent of analytical coverage available to investors concerning our business may be limited if investment banks with research capabilities do not follow our securities; speculation about our business in the press or the investment community; lessening in trading volume and general market interest in our securities may affect an investor's ability to trade significant numbers of our securities; additions or departures of key personnel; sales of our common shares, including sales by our directors, officers or significant stockholders; announcements by us or our competitors of significant acquisitions, strategic partnerships or divestitures; and a substantial decline in the price of our securities that persists for a significant period of time could cause our securities to be delisted from an exchange, further reducing market liquidity. If an active market for our securities does not continue, the liquidity of an investor's investment may be limited and the price of our securities may decline. If an active market does not exist, investors may lose their entire investment. As a result of these factors, the market price of our securities at any given point in time may not accurately reflect our long term value. Securities class-action litigation often has been brought against companies in periods of volatility in the market price of their securities, and following major corporate transactions or mergers and acquisitions. We may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our principal executive offices are located in Houston, Texas, which we lease from a third-party pursuant to an agreement with an initial term expiring in October 2020. Our Marketing Segment primarily operates from offices located in Dallas, Texas, which we lease from a third-party pursuant to an agreement in which the initial term expires in April 2017. The Nobilis Facilities, part of our Medical Segment, lease space for the ASCs, hospitals and clinics, as applicable, with expected remaining lease terms ranging from approximately 0.5 to 19 years.

Facility Operations

As of December 31, 2016, unless otherwise indicated, each of our surgical facilities is set forth in the table below. We lease the real property for each of these facilities.

State / Facility	City	Type of Facility	Number of Operating Rooms	Number of Procedure Rooms	Nobilis Percentage Ownership
Texas					
First Nobilis Hospital	Bellaire	Hospital	4	1	51%(1)
First Nobilis Surgical Center	Bellaire	HOPD	4	—	51%(2)
Hermann Drive Surgical Hospital	Houston	Hospital	6	2	54.75%
Kirby Surgical Center	Houston	ASC	4	1	25%
Medical Park Surgery Center	Dickinson	HOPD	1	—	100%
Microsurgery Institute of Dallas	Dallas	ASC	3	1	35%(3)
Northstar Healthcare Surgery Center –Houston	Houston	ASC	3	2	100%
Plano Surgical Hospital	Plano	Hospital	6	2	100%
Arizona					
Chandler Surgery Center	Chandler	ASC	7	—	100%
Chandler Clinic	Chandler	Clinic	—	—	100%
Northstar Healthcare Surgery Center -					
Scottsdale	Scottsdale	ASC	4	1	100%
Surprise Surgery Center	Surprise	ASC	2	—	100%
Surprise Clinic	Surprise	Clinic	—	—	100%
Paradise Valley Clinic	Paradise Valley	Clinic	—	—	100%
Phoenix Surgery Center	Phoenix	ASC	5	—	100%
Phoenix Clinic	Phoenix	Clinic	—	—	100%
Scottsdale Liberty Hospital	Scottsdale	Hospital	2	1	75%
Oracle Surgery Center	Tucson	ASC	1	—	100%
Oracle Clinic	Tucson	Clinic	—	—	100%

(1) First Nobilis Hospital is a wholly owned subsidiary of First Nobilis, LLC, the entity owned 51% by Northstar Healthcare Acquisitions, LLC and 49% by a third party.

(2) First Nobilis Surgical Center is a wholly owned subsidiary of First Nobilis, LLC, the entity owned 51% by Northstar Healthcare Acquisitions, LLC and 49% by a third party.

(3) Microsurgery Institute of Dallas ceased operating as of September 30, 2015.

Item 3. Legal Proceedings

Information relating to legal proceedings is described in Note 25 - Commitments and Contingencies to our consolidated financial statements included in Part II, Item 8. - Financial Statements and Supplementary Data of this Annual Report, and the information discussed therein is incorporated by reference into this Item 3.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Prices and Dividends

The Company's common shares were voluntarily delisted from the Toronto Stock Exchange (TSX) at the close of markets on December 30, 2016 pursuant to the Company's application for voluntary delisting and the satisfaction of the conditions to delist from the TSX. The delisting from the TSX will not affect the Company's listing on the NYSE listing.

Our outstanding common shares, no par value, are on the NYSE MKT under the symbol "HLTH". Our common shares traded on the over the counter (OTC) pink sheets in the United States until April 17, 2015 when it commenced trading on the NYSE MKT. The following table outlines the share price trading range and volume of shares traded by quarter as follows:

	Toronto Stock Exchange		NYSE MKT/OTC Pink Sheets	
	Share Price Trading Range		Share Price Trading Range	
	High	Low	High	Low
	(C\$ per share)		(\$ per share)	
2016				
1st Quarter	4.85	4.44	3.62	1.82
2nd Quarter	6.00	5.67	4.66	4.40
3rd Quarter	4.97	4.84	3.86	3.77
4th Quarter	4.72	4.60	3.65	3.48
2015				
1st Quarter	6.72	3.14	5.24	2.70
2nd Quarter	11.00	6.38	9.34	5.14
3rd Quarter	9.50	5.04	7.80	3.83
4th Quarter	5.50	2.83	5.95	2.15
2014				
1st Quarter	1.28	0.98	1.16	0.90
2nd Quarter	1.22	0.97	1.11	0.92
3rd Quarter	1.58	1.11	1.45	0.96
4th Quarter	3.60	1.11	3.05	1.07

As of February 14, 2017 there were approximately 19 holders of record of our common shares, not including beneficial owners holding shares through nominee names.

We have not declared or paid any cash dividends on our common shares for over five years and we do not anticipate paying any dividends in the foreseeable future. We expect to retain any future earnings to finance our operations and expansion. The payment of cash dividends

in the future will depend upon our future revenues, earnings and capital requirements and other factors the Board of Directors consider relevant.

Equity Compensation Plan Information

The following table summarizes certain information regarding our equity compensation plans as of December 31, 2016:

Equity Compensation Plan Information			
Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights ⁽¹⁾	Weighted-average exercise price of outstanding options, warrants and rights (C\$)	Number of securities remaining available for future issuance under equity compensation plans ^{(1) (2)}
Equity compensation plans approved by security holders (aggregated)	7,544,025	\$2.61	8,016,978
Equity compensation plans not approved by security holders (aggregated)	392,383 ⁽³⁾	\$9.00	—

Notes:

- (1) Includes securities issued under our Fourth Amended and Restated Restricted Share Unit Plan and First Amended Stock Option Plan (the "Stock Option Plan") up to December 31, 2016.
- (2) Excludes securities reflected in column entitled "Number of securities to be issued upon exercise of outstanding options, warrants and rights"
- (3) Issued in the 2015 Private Placement.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

The company issued 750,000 unregistered common shares in conjunction with the acquisition of AZ Vein.

Purchase of Equity Securities by the Issuer and Affiliated Purchasers

Not applicable.

Performance Graph

The information required by this item is incorporated by reference to our definitive proxy statement for our 2016 Annual Meeting of Shareholders pursuant to Regulation 14A under the Exchange Act, which we expect to file with the SEC within 120 days after the close of the year ended December 31, 2016.

Exchange Controls

There are no governmental laws, decrees or regulations in Canada that restrict the export or import of capital, including foreign exchange controls, or that affect the remittance of dividends, interest or other payments to non-resident holders of the securities of Nobilis, other than Canadian withholding tax. See "Certain Canadian Federal Income Tax Considerations for Non-Resident Holders" below.

Certain Canadian Federal Income Tax Considerations for Non-Resident Holders

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable under the *Income Tax Act* (Canada) and the regulations promulgated thereunder (the "Tax Act") to a holder who acquires, as beneficial owner, our common shares, and who, for purposes of the Tax Act and at all relevant times: (i) holds the common shares as capital property; (ii) deals at arm's length with, and is not affiliated with, us or the underwriters; (iii) is not, and is not deemed to be resident in Canada; and (iv) does not use or hold and will not be deemed to use or hold, our common shares in a business carried on in Canada, or a "Non-Resident Holder." Generally, our common shares will be considered to be capital property to a Non-Resident Holder provided the Non-Resident Holder does not hold our common shares in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer that carries on an insurance business in Canada and elsewhere.

Such Non-Resident Holders should seek advice from their own tax advisors.

This summary is based upon the provisions of the Tax Act in force as of the date hereof, all specific proposals (the “Proposed Amendments”), to amend the Tax Act that have been publicly and officially announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and management’s understanding of the current administrative policies and practices of the Canada Revenue Agency (the CRA), published in writing by it prior to the date hereof. This summary assumes the Proposed

Amendments will be enacted in the form proposed. However, no assurance can be given that the Proposed Amendments will be enacted in their current form, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law or any changes in the CRA's administrative policies or practices, whether by legislative, governmental or judicial action or decision, nor does it take into account or anticipate any other federal or any provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

Non-Resident Holders should consult their own tax advisors with respect to an investment in our common shares. This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any prospective purchaser or holder of our common shares, and no representations with respect to the income tax consequences to any prospective purchaser or holder are made. Consequently, prospective purchasers or holders of our common shares should consult their own tax advisors with respect to their particular circumstances.

Currency Conversion

Generally, for purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of our common shares must be converted into Canadian dollars based on the exchange rates as determined in accordance with the Tax Act. The amounts subject to withholding tax and any capital gains or capital losses realized by a Non-Resident Holder may be affected by fluctuations in the Canadian-U.S. dollar exchange rate.

Disposition of Common Shares

A Non-Resident Holder will not generally be subject to tax under the Tax Act on a disposition of a common share, unless the common share constitutes "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention.

Provided the common shares are listed on a "designated stock exchange", as defined in the Tax Act (which currently includes the TSX and NYSE MKT) at the time of disposition, the common shares will generally not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any time during the 60-month period immediately preceding the disposition the following two conditions are satisfied concurrently: (i) (a) the Non-Resident Holder; (b) persons with whom the Non-Resident Holder did not deal at arm's length; (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; or (d) any combination of the persons and partnerships described in (a) through (c), owned 25% or more of the issued shares of any class or series of our shares; and (ii) more than 50% of the fair market value of our shares was derived directly or indirectly from one or any combination of: real or immovable property situated in Canada, "Canadian resource properties", "timber resource properties" (each as defined in the Tax Act), and options in respect of, or interests in or for civil law rights in, such properties. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, the common shares could be deemed to be taxable Canadian property. Even if the common shares are taxable Canadian property to a Non-Resident Holder, such Non-Resident Holder may be exempt from tax under the Tax Act on the disposition of such common shares by virtue of an applicable income tax treaty or convention.

A Non-Resident Holder contemplating a disposition of common shares that may constitute taxable Canadian property should consult a tax advisor prior to such disposition.

Receipt of Dividends

Dividends received or deemed to be received by a Non-Resident Holder on our common shares will be subject to Canadian withholding tax under the Tax Act. The general rate of withholding tax is 25%, although such rate may be reduced under the provisions of an applicable income tax convention between Canada and the Non-Resident Holder's country of residence. For example, under the *Canada-United States Income Tax Convention (1980)* as amended, or the Treaty, the rate is generally reduced to 15% where the Non-Resident Holder is a resident of the United States for the purposes of, and is entitled to the benefits of, the Treaty.

Item 6. Selected Financial Data

This section presents our selected consolidated financial data for the periods and as of the dates indicated. The selected historical consolidated financial data presented below is not intended to replace our historical consolidated financial statements. The following selected consolidated financial data should be read in conjunction with both Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and Part II, Item 8. Financial Statements and Supplementary Data of this Annual Report in order to understand those factors, such as the acquisition of AZ Vein, which may affect the comparability of the Selected Financial Data (*in thousands, except per share data*):

	Year ended December 31,				
	2016	2015	2014	2013	2012
Revenues	\$ 285,744	\$ 229,216	\$ 84,029	\$ 31,128	\$ 20,897
Net income	\$ 7,102	\$ 63,933	\$ 15,970	\$ 6,674	\$ 5,240
Net income attributable to noncontrolling interests	\$ 653	\$ 13,093	\$ 13,077	\$ 5,476	\$ 4,042
Net income attributable to Nobilis Health Corp.	\$ 6,449	\$ 50,840	\$ 2,893	\$ 1,198	\$ 1,198
Net income per common share					
Basic	\$ 0.08	\$ 0.76	\$ 0.06	\$ 0.03	\$ 0.03
Diluted	\$ 0.08	\$ 0.68	\$ 0.06	\$ 0.03	\$ 0.03
Total Assets	\$ 305,435	\$ 242,027	\$ 105,332	\$ 22,639	\$ 12,871
Total long-term debt and capital lease obligations	\$ 62,960	\$ 35,123	\$ 20,269	\$ 1,905	\$ —

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following MD&A is intended to help the reader understand our operations and our present business environment. MD&A is provided as a supplement to - and should be read in conjunction with - our consolidated financial statements and the accompanying footnotes included in Part II, Item 8 - Financial Statements and Supplementary Data included in this Annual Report. Our MD&A includes forward-looking statements that are subject to risks and uncertainties that may result in actual results differing from the statements we make. These risks and uncertainties are discussed further in Part I, Item 1A - Risk Factors included in this Annual Report. Forward-looking statements include all statements that do not relate solely to historical or current facts and may be identified by the use of words including, but not limited to the following: "may," "believe," "will," "expect," "project," "estimate," "anticipate," "plan," "continue" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy. These forward-looking statements are based on the Company's current plans and expectations and are subject to a number of risks, uncertainties and other factors which could significantly affect current plans and expectations and our future financial condition and results. These factors, which could cause actual results, performance and achievements to differ materially from those anticipated, include, but are not limited to the following:

- our ability to successfully maintain effective internal controls over financial reporting, including the impact of material weaknesses identified by management and our ability to remediate such control deficiencies;
- our ability to implement our business strategy, manage the growth in our business, and integrate acquired businesses;
- the risk of litigation and investigations, and liability claims for damages and other expenses not covered by insurance;
- the risk that payments from third-party payers, including government healthcare programs, may decrease or not increase as costs increase;
- adverse developments affecting the medical practices of our physician limited partners;
- our ability to maintain favorable relations with our physician limited partners;
- our ability to grow revenues by increasing case and procedure volume while maintaining profitability;
- failure to timely or accurately bill for services;
- our ability to compete for physician partners, patients and strategic relationships;
- the risk of changes in patient volume and patient mix;
- the risk that laws and regulations that regulate payments for medical services made by government healthcare programs could cause our revenues to decrease;

- the risk that contracts are canceled or not renewed or that we are not able to enter into additional contracts under terms that are acceptable to us; and
- the risk of potential decreases in our reimbursement rates.

The foregoing are significant factors we think could cause our actual results to differ materially from expected results. There could be additional factors besides those listed herein that also could affect us in an adverse manner.

This Annual Report should be read completely and with the understanding that actual future results may be materially different from what we may expect. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof, when evaluating the information presented in this Annual Report or other disclosures because current plans, anticipated actions, and future financial conditions and results may differ from those expressed in any forward-looking statements made by or on behalf of the Company.

The following discussion relates to the Company and its consolidated subsidiaries and should be read in conjunction with our consolidated financial statements and accompanying notes included under Part II, Item 8 - Financial Statements.

Executive Overview

Our operations consist of two reportable business segments, the Medical Segment and the Marketing Segment, each of which is described in more detail in the following paragraphs. Our Medical Segment owns and/or manages outpatient surgery centers, surgical hospitals and clinics. It focuses on improving patient outcomes by providing minimally invasive procedures that can be performed in low-cost, outpatient settings. Our business also utilizes innovative direct-to-patient marketing and proprietary technologies to drive patient engagement and education. Our Marketing Segment provides these services to the facilities that comprise our Medical Segment; we also provide these services to third parties as a stand-alone service.

Our portfolio of ambulatory surgical centers (ASCs), surgical hospitals and clinics is complemented by our Marketing Segment, which allows us to operate those facilities in many instances with few, if any, physician partners. Our differentiated business strategy provides value to patients, physicians and payors, and enables us to capitalize on recent trends in the healthcare industry, particularly with regard to increased consumerism in the healthcare space. As a result, we believe we are positioned for continued growth.

On October 28, 2016, we purchased the Arizona Vein and Vascular Center, LLC (AVVC) brand and associated assets, thereby expanding our specialty mix to include the treatment of venous diseases with little modification to our existing infrastructure of ASCs, surgical hospitals and clinics. Our facilities will be able to offer a range of treatments, both surgical and non-surgical, for those patients suffering from venous diseases, which today affect more than 30 million Americans.

Our growth strategy focuses on:

- Driving organic growth in facilities that we own and operate; and
- Executing a disciplined acquisition strategy that results in accretive acquisitions.

Medical Segment

Our Medical Segment broadly includes our ownership and operation of healthcare facilities (the “Nobilis Facilities”) (which include outpatient surgery centers, hospitals and clinics) and ancillary service providers (“Nobilis Ancillary Service Lines”).

As of December 31, 2016, there are 19 Nobilis facilities, consisting of 4 hospitals (3 in Texas and 1 in Arizona), 10 ambulatory surgery centers (5 in Texas and 5 in Arizona) and 5 clinics in Arizona, partnered with 38 facilities and marketed 8 brands. We earn revenue in our Medical Segment from the “facility fees” or “technical fees” from third party payors or patients for the services rendered at the Nobilis Facilities. The Nobilis Facilities are each licensed in the state where they are located and provide surgical procedures in a limited number of clinical specialties, which enables them to develop routines, procedures and protocols to maximize operating efficiency and productivity while offering an enhanced healthcare experience for both physicians and patients.

These clinical specialties include orthopedic surgery, podiatric surgery, vein and vascular, ear nose and throat (ENT) surgery, pain management, gastro-intestinal surgery, gynecology and general surgery. The Nobilis ASCs do not offer the full range of services typically found in traditional hospitals. Many of our surgical patients require additional complementary healthcare services, and our suite of ancillary services, currently including surgical assist, intraoperative neuromonitoring (“IOM”) and anesthesia, aims to address the needs

of patients and physicians through the provision of these services in a high quality, cost effective manner. We began implementing this approach across our operations in 2015, and in 2016 we expanded the scope of our ancillary services by providing clinical lab testing through our Hermann Drive Surgical Hospital location. The addition of the clinical lab testing modality, which currently consists solely of blood testing, has helped us successfully expand our continuum of care as well as

increase facility efficiency. We believe offering a full suite of ancillary services provides numerous benefits to patients and physicians as it improves our coordination of the various services they require, and enhances the quality of patients' clinical outcomes as well as their overall experience. The Nobilis Hospitals do offer the services typically found in traditional hospitals and, as a result, have ability to take on more complex cases and cases that may require an overnight stay.

Marketing Segment

Our Marketing Segment provides marketing services, patient education services and patient care coordination management services to the Nobilis Facilities, to third party facilities in states where we currently do not operate, and to physicians. We market several minimally-invasive medical procedures and brands, which include the following:

- North American Spine: promotion of minimally invasive spine procedures (pain management, musculoskeletal and spine);
- Migraine Treatment Centers of America: promotion of procedures related to chronic migraine pain (interventional headache procedure);
- NueStep: promotion of surgical procedures designed to treat pain in the foot, ankle and leg (podiatry);
- Evolve: The Experts in Weight Loss Surgery: promotion of surgical weight loss procedures (bariatrics);
- Minimally Invasive Reproductive Surgery Institute ("MIRI"): promotion of women's health related procedures;
- Onward Orthopedics: promotion of general orthopedics, sports medicine related to orthopedics (orthopedics and pain management interventions);
- Clarity Vein and Vascular: promotion of cosmetic and medical vein and vascular treatments; and
- Arizona Vein and Vascular: promotion of cosmetic and medical vein and vascular treatments.

Our Marketing Segment does not directly provide medical services to patients; rather, we identify candidates for our branded procedures, educate these potential patients about the relevant procedure and direct those patients to affiliated physicians who diagnose and treat those patients at affiliated facilities. Through our Marketing Segment, we have contractual relationships with facilities and physicians in several states.

We earn service fees from our partner facilities that, depending on the laws of the state in which a partner facility is located, are either charged as a flat monthly fee or are calculated based on a portion of the "facility fee" revenue generated by the partner facility for a given procedure.

Our revenues from physician-related services are, depending on the laws of the state in which a partner-physician practices, either earned directly from professional fees or through the purchase of accounts receivable. In Texas, we engage physicians through entities exempt from Texas corporate practice of medicine laws that directly earn professional fees for partner-physician services and, in turn, pay partner-physicians a reasonable fee for rendering those professional services. In other states, we manage our partner-physicians' practices and purchase the accounts receivable at a discount of those practices through accounts receivable purchase agreements, consistent with the laws in those states. The revenues generated from certain accounts receivables purchased from third parties in the ordinary course of business represents our factoring revenues.

Operating Environment

The Medical Segment depends primarily upon third-party reimbursement from private insurers to pay for substantially all of the services rendered to our patients. The majority of the revenues attributable to the Medical Segment are from reimbursement to the Nobilis Hospitals and Nobilis ASCs as "out-of-network" providers. This means the Nobilis Facilities are not contracted with a major medical insurer as an "in-network" participant. Participation in such networks offer the benefit of larger patient populations and defined, predictable payment rates. The reimbursement to in-network providers, however, is typically far less than that paid to out of network providers. To a far lesser degree, the Nobilis Facilities earn fees from governmental payor programs such as Medicare. For the twelve months ended December 31, 2016, 2015 and 2014, we derived approximately 0.4%, 0.4% and 0.7% for the respective periods of our Medical Segment's net revenues from governmental healthcare programs, primarily Medicare and managed Medicare programs, and the remainder from a wide mix of commercial payers and patient co-pays, coinsurance, and deductibles.

We receive a relatively small amount of revenue from Medicare. We also receive a relatively small portion of revenue directly from uninsured patients, who pay out of pocket for the services they receive. Insured patients are responsible for services not covered by their

health insurance plans, deductibles, co-payments and co-insurance obligations under their plans. The amount of these deductibles, co-payments and co-insurance obligations has increased in recent years but does not represent a material component of the revenue generated by the Nobilis Facilities. The surgical center fees of the Nobilis Facilities are generated by the physician limited partners and the other physicians who utilize the Nobilis Facilities to provide services.

Revenue Model and Case Mix

Revenues earned by the Nobilis Facilities vary depending on the procedures performed. For every medical procedure performed there are usually three separately invoiced patient billings:

- the surgical center fee for the use of infrastructure, surgical equipment, nursing staff, non-surgical professional services, supplies and other support services, which is earned by the Nobilis Facilities;
- the professional fee, which is separately earned, billed and collected by the physician performing the procedure, separate and apart from the fees charged by the Nobilis Facilities; and
- the anesthesiology fee, which is separately earned, billed and collected by the anesthesia provider, separate and apart from the fees charged by the Nobilis Facilities and the physicians.

Overall facility revenue depends on procedure volume, case mix and payment rates of the respective payors.

In certain instances in this MD&A, we analyze growth and trends by bifurcating our business into “same center facilities” and “new facilities”. “Same center facilities” can be defined as any facility that has been acquired before January 1, 2015. All other facilities are considered to be “new facilities” until the following year.

Recent Developments

- *Arizona Vein and Vascular Acquisition.* In October 2016, we closed the acquired AVVC and its four affiliated surgery centers operating as Arizona Center for Minimally Invasive Surgery, LLC (ACMIS) (collectively "AZ Vein"). For more information on this acquisition, see Note 3 - Acquisitions of Part II, Item 8. - Financial Statements and Supplementary Data.
- *BBVA Financing.* In October 2016, we closed an \$82.5 million credit facility with BBVA Compass Bank (the "BBVA Credit Agreement") consisting of a \$52.5 million term loan and a \$30.0 million revolving credit facility. The BBVA Credit Agreement is led by Compass Bank as administrative agent with BBVA Compass as sole lead arranger and book runner, and Legacy Texas Bank as documentation agent. Four other banks participated in the new facility. The BBVA Credit Agreement refinanced all previously held debt and lines of credit previously held under Healthcare Financial Solutions, LLC (formerly known as GE Capital Corporation), and proceeds were used in part to fund the acquisition of AZ Vein and its affiliated surgery centers.
- *Diagnostic Laboratory Testing.* In September 2016, we expanded our portfolio of ancillary services to include diagnostic lab testing services for patients through Hermann Drive Surgical Hospital (HDSH).
- *Group Purchasing Organization (GPO).* In October 2016, we partnered with a GPO who maintains over \$28.5 billion purchasing power and provides us access to the highest quality of products and industry leading contract pricing from suppliers. The GPO will partner with us to drive best operating and clinical practices, and accelerate cost savings across the Nobilis Facilities. The agreement contemplates immediate contract value from the GPO's committed portfolio as well as access to clinical and sourcing experts that will be closely integrated with the our service lines, operations and supply chain leadership.

Seasonality of the Business

The surgical segment of the healthcare industry tends to be impacted by seasonality due to the nature of most benefit plans resetting on a calendar year basis. As patients utilize and reduce their remaining deductible throughout the year, ASCs and surgical hospitals typically see an increase in volume throughout the year with the biggest impact coming in the fourth quarter. Historically, approximately 40% of our annual revenues have been recognized in the fourth quarter.

Consolidated Statements of Operations
Years-Ended December 31, 2016 and 2015
(in thousands)

	Years ended December 31,	
	2016	2015
Revenues:		
Patient and net professional fees	\$ 264,211	\$ 209,446
Contracted marketing revenues	13,346	13,106
Factoring revenues	8,187	6,664
Total revenues	285,744	229,216
Operating expenses:		
Salaries and benefits	52,774	40,845
Drugs and supplies	57,011	37,365
General and administrative	126,848	79,422
Bad debt (recovery) expense, net	(385)	3,557
Depreciation and amortization	8,539	4,531
Total operating expenses	244,787	165,720
Corporate expenses:		
Salaries and benefits	6,974	6,597
General and administrative	18,897	22,648
Legal expenses	4,755	2,445
Depreciation	293	156
Total corporate expenses	30,919	31,846
Income from operations	10,038	31,650
Other (income) expense:		
Change in fair value of warrant and stock option derivative liabilities	(2,580)	(8,985)
Interest expense	3,999	1,597
Bargain purchase gain	—	(1,733)
Other (income) expense, net	(2,970)	34
Total other (income) expense	(1,551)	(9,087)
Income before income taxes and noncontrolling interests	11,589	40,737
Income tax expense (benefit)	4,487	(23,196)
Net income	\$ 7,102	\$ 63,933

CONSOLIDATED

Revenues

Total revenues for the year ended December 31, 2016, totaled \$285.7 million, an increase of \$56.5 million or 24.7%, compared to \$229.2 million in the prior corresponding period. The Company's consolidated cases increased 2,127 or 11.9% versus the prior corresponding period. Medical Segment revenues increased by \$58.9 million to \$264.6 million, or 28.6% compared to \$205.7 million from the prior corresponding period, while the Marketing Segment offset this increase by \$2.4 million.

Salaries and Benefits

Operating salaries and benefits for the year ended December 31, 2016, totaled \$52.8 million, an increase of \$11.9 million, or 29.2%, compared to \$40.8 million in the prior corresponding period. The Medical Segment increased by \$12.2 million, or 39.7%, and the Marketing Segment decreased \$0.3 million period over period.

Drugs and Supplies

Drugs and supplies expense for the year ended December 31, 2016, totaled \$57.0 million, an increase of \$19.6 million or 52.6% compared to \$37.4 million in the prior corresponding period. The Medical Segment increased by \$18.1 million or 50.4%, while the Marketing Segment increased \$1.5 million period over period.

General and Administrative

Operating general and administrative expense for year ended December 31, 2016, totaled \$126.8 million, an increase of \$47.4 million, or 59.7%, compared to \$79.4 million in the prior corresponding period. The Medical Segment accounted for \$48.6 million of the increase, offset by a decrease of \$1.2 million in the Marketing Segment.

Depreciation and Amortization

Operating depreciation for the year ended December 31, 2016, totaled \$8.5 million, an increase of \$4.0 million or 88.5%, compared to \$4.5 million the prior corresponding period. This increase is primarily due to an increase in property and equipment acquired through our purchase of three hospitals and AZ Vein, which included 4 ASCs and 5 clinics.

Total Corporate Costs

Corporate costs totaled \$30.9 million, a decrease of \$0.9 million or 2.9%, compared to \$31.8 million in the prior corresponding period. Salaries and benefits for the year ended December 31, 2016, totaled \$7.0 million, an increase of \$0.4 million or 5.7%, compared to \$6.6 million from the prior corresponding period. The \$0.4 million increase is due to the hiring of additional corporate staff in 2016 related to accounting, finance and information technology. Legal expenses for the year ended December 31, 2016, totaled \$4.8 million, an increase of \$2.3 million or 94.5%, compared to \$2.4 million from the prior corresponding period. The increase in legal expenses was attributable to costs related to a legal review of our recent restatements, acquisition and litigation expenses. General and administrative expenses for the year ended December 31, 2016, totaled \$18.9 million, a decrease of \$3.8 million or 16.6%, compared to \$22.6 million in the prior corresponding period. In 2015, an accelerated vesting of senior executive share-based compensation related to a change of positions within the Company and additional stock-based compensation raised prior year corporate general and administrative expenses. The current year decrease in general and administrative expense was primarily attributable to a decline in non-cash compensation expense for the year ended December 31, 2016.

Other Expense (Income)

For the year ended December 31, 2016, the Company recognized \$1.6 million of other income compared to \$9.1 million of other income in prior year. The change primarily related to a change in warrant and stock option derivative liability of \$6.4 million. These warrants and options have exercise prices denominated in Canadian dollars and as such may not be considered indexed to our stock which is valued in U.S. dollars and therefore recorded as derivative liabilities. Change in fair value of warrant and stock option derivative liabilities are a result of adjusting the estimated fair value at the end of the period, using the Black-Scholes Model.

There was a \$1.7 million bargain purchase gain in the prior period related the acquisition of one of our facilities.

Lastly, interest expense increased \$2.4 million as a result of average increase in borrowings, amortization of debt issuance costs and \$0.8 million write off of deferred financing costs.

Income tax expense

The net tax expense for the year ended December 31, 2016 was \$4.5 million, compared to \$23.2 million benefit from the prior corresponding period. The temporary differences attributable to the projected taxable loss include goodwill amortization, allowance for bad debt and other accrued liabilities. For the year ended December 31, 2016, the effective tax rate differs from the statutory tax rate primarily due to equity compensation, Canada's loss that we do not expect to realize, and noncontrolling interests. The Company's state tax expense was \$0.8 million for the year ended December 31, 2016. Our effective tax rate during the year ended December 31, 2016 was approximately 38.7%.

Net income attributable to noncontrolling interests are based on ownership percentages in the Nobilis Facilities that are owned by third parties.

MEDICAL SEGMENT

REVENUES

The following table sets out our comparable changes in Medical Segment revenue and case volume for our facilities as of the year ended December 31, 2016 and 2015 (*in thousands, except case and per case data*):

	Years ended December 31,					
	Revenue (in thousands)		Number of Cases (1)		Revenue per Case (2)	
	2016	2015	2016	2015	2016	2015
Hospitals	\$ 211,953	\$ 126,567	11,150	5,356	\$ 19,009	\$ 23,631
ASCs	42,670	76,880	7,829	11,225	5,450	6,849
Ancillary services	10,019	2,283	—	—	—	—
Total	\$ 264,642	\$ 205,730	18,979	16,581	\$ 13,944	\$ 12,408

Notes

(1) This table refers to all cases performed, regardless of their contribution to revenue.

(2) Calculated by dividing revenues by the number of cases.

The Company analyzed the past 18 to 24 months of accounts receivable collections from third-party payors used in estimating net patient revenues on a regular basis. Based on the results of this analysis during the fourth quarter of 2016, the Company concluded that the historical estimates used to establish the net patient revenues resulted in, and could continue to result in, an understatement of accounts receivable collections and net patient revenues. As a result, the Company revised the estimates used to establish the net patient revenues effective as of the fourth quarter of 2016. This change in estimate resulted in an increase of approximately \$3.5 million in trade accounts receivable and corresponding increase to patient and net professional fees to the Company's Medical Segment.

CASE MIX

The following table sets forth the combined number of cases by medical specialty performed for year ended December 31, 2016 and 2015:

Specialty	2016		2015	
	Cases	%	Cases	%
Pain Management	6,791	35.8%	4,794	29.0%
Orthopedics	1,670	8.8%	1,210	7.3%
Spine	1,791	9.4%	1,945	11.7%
Podiatry	419	2.2%	552	3.3%
Gastro-intestinal	98	0.5%	273	1.6%
General Surgery	676	3.6%	749	4.5%
Plastic & Reconstructive	1,782	9.4%	1,576	9.5%
Bariatrics	4,053	21.4%	3,925	23.7%
Gynecology	753	4.0%	898	5.4%
Urology	2	—%	19	0.1%
ENT	725	3.8%	640	3.9%
Vascular	219	1.1%	—	—%
TOTAL	18,979	100%	16,581	100%

Notes:

(1) The table listed above is exclusive of ancillary services which include neuromonitoring, surgical assist and anesthesia services.

INN - ONN CONTRACT MIX OF TOTAL MEDICAL CASES PERFORMED

The following table sets out the contract mix of cases performed that were in network (“INN”) compared to cases performed that were out of network (“OON”) at our Medical Segment for the year ended December 31, 2016 and 2015.

Contract Network Type	2016	2015
	Contract Mix	Contract Mix
OON	83.8%	87.2%
INN	16.2%	12.8%
TOTAL	100%	100%

Revenues

Revenues for the Medical Segment increased by \$58.9 million to \$264.6 million, or 28.6% compared to \$205.7 million from the prior corresponding period. Net service patient revenues increased \$1,536 per case period over period. Revenues increased primarily due to a 14.5% increase in the Medical Segment's case volume, and higher acuity cases performed in hospitals receiving larger reimbursements. New center facilities for the Medical Segment increased \$77.3 million or 179.8% and we added 4,553 cases or 158.9% primarily due to the acquisition of three hospitals in 2015 and AZ Vein in 2016. Same center facilities for the Medical Segment decreased \$18.4 million or 11.3% and cases declined by 2,155 cases or 15.7%. Primarily due to a decline in ASC revenue due to the closing of operations of an ASC in Dallas.

Salaries and Benefits

Salaries and Benefits for the Medical Segment increased by \$12.2 million to \$42.9 million, or 39.7% compared to \$30.7 million from the prior corresponding period. The staffing costs for the Medical Segment at new facilities accounted for an increase of \$14.2 million, which was offset by a \$2.0 million decrease attributable to staffing at same center facilities driven by case volume declines due to cases being shifted to one of our new hospitals. Operating salaries and benefits increased primarily due to the acquisition of hospitals in 2015, AZ Vein and the additional facility resources required to accommodate the increase in cases over prior year.

Drugs and Supplies

Drugs and supplies expense for the Medical Segment increased by \$18.1 million to \$54.1 million, or 50.4% compared to \$36.0 million from the prior corresponding period. Medical supplies costs for the Medical Segment at new facilities accounted for \$18.1 million of the increase. Drugs and supplies increased compared to the prior corresponding period primarily due to the acquisition of three hospitals in 2015. Hospitals require higher drugs and supply costs than ASCs as a result of performing more complex and higher acuity cases.

General and Administrative

General and administrative expense for the Medical Segment increased by \$48.6 million to \$123.7 million, or 64.7% compared to \$75.1 million. The Medical Segment new facilities contributed \$29.1 million of the increase while the remaining \$19.5 million increase was attributable to same center facilities. The increase in the Medical Segment is due to an increase in marketing expenses, and operations associated with Medical Segment facilities, primarily due to the acquisition of hospitals in 2015, AZ Vein and expenses associated with our new lab service line. In addition, during 2016 we increased our physician marketing expense by adding several new physicians to our direct-to-consumer marketing program in an effort to drive additional cases.

For the year ended December 31, 2016, marketing expenses allocated to the Medical Segment increased by \$8.5 million to \$28.1 million, compared to \$19.6 million for the corresponding period. These marketing cost are allocated from our Marketing Segment for cases performed at Nobilis Facilities. The acquisition of hospitals allows us to send more cases to owned facilities, resulting in larger allocations of marketing expense from our Marketing Segment to our Medical Segment. As a result, there was a decrease in general and administrative costs within our Marketing Segment, discussed later herein.

MARKETING SEGMENT

REVENUES

The following tables set out our comparable changes in Marketing Segment revenue and case volumes for our facilities as of the year ended December 31, 2016 and 2015 (*in thousands, except cases and per case data*):

Years ended December 31,

	Revenues		Number of Cases (1)		Revenues	
	<i>(in thousands)</i>				<i>per Case (2)</i>	
	2016	2015	2016	2015	2016	2015
Marketing	\$ 21,102	\$ 23,486	962	1,233	\$ 21,936	\$ 19,048
Total	\$ 21,102	\$ 23,486	962	1,233	\$ 21,936	\$ 19,048

Notes

(1) This table refers to all cases performed, regardless of their contribution to revenue.

(2) Calculated by dividing revenues by the number of cases.

CASE MIX

The following table sets forth the combined number of marketing cases for year ended December 31, 2016 and 2015:

Specialty	2016		2015	
	Cases	%	Cases	%
Pain Management	551	57.3%	725	58.8%
Orthopedics	2	0.2%	—	—%
Spine	404	42.0%	504	40.9%
Podiatry	4	0.4%	—	—%
Gynecology	—	—%	4	0.3%
Bariatrics	1	0.1%	—	—
TOTAL	962	100%	1,233	100%

Notes:

(1) The table listed above is exclusive of ancillary services which include neuromonitoring, surgical assist and anesthesia services.

INN - ONN CONTRACT MIX OF TOTAL CASES PERFORMED

The following table sets out the contract mix of cases performed that were INN compared to cases performed that were OON at our Marketing Segment for the year ended December 31, 2016 and 2015.

Contract Network Type	2016 Contract Mix	2015 Contract Mix
OON	39.9%	15.4%
INN	60.1%	84.6%
TOTAL	100%	100%

Revenues

Revenues for the Marketing Segment decreased by \$2.4 million to \$21.1 million, or 10.2% compared to \$23.5 million from the prior corresponding period. Marketing Segment revenues decreased primarily due to a decrease of 271 cases. During 2016 management drove more cases to Nobilis owned facilities in the Medical Segment. Revenues increased \$2,888 per case period over period, primarily attributable to higher concentrations of OON cases.

Salaries and Benefits

Salaries and benefits for the Marketing Segment decreased \$0.3 million to \$9.8 million compared to \$10.1 million from the prior period primarily due to certain personnel leaving the Company in 2016.

General and Administrative

General and administrative expense for the Marketing Segment decreased by \$1.6 million compared to \$4.3 million for the corresponding period. Marketing costs are allocated to our Medical Segment for cases performed at Nobilis Facilities. The decrease in the Marketing Segment's general and administrative expense is attributable to driving cases to our Nobilis facilities. The acquisition of hospitals allows us to send more cases to owned facilities, resulting in larger allocations of marketing expense from our Marketing Segment to our Medical Segment. As a result, we see a decrease in general and administrative costs within our Marketing Segment, discussed later herein.

Consolidated Statements of Operations
Years-Ended December 31, 2015 and 2014
(in thousands)

	Years ended December 31,	
	2015	2014
Revenues:		
Patient and net professional fees	\$ 209,446	\$ 80,917
Contracted marketing revenues	13,106	2,171
Factoring revenues	6,664	941
Total revenues	229,216	84,029
Operating expenses:		
Salaries and benefits	40,845	11,933
Drugs and supplies	37,365	11,295
General and administrative	79,422	31,792
Bad debt (recovery) expense, net	3,557	—
Depreciation and amortization	4,531	1,503
Total operating expenses	165,720	56,523
Corporate expenses:		
Salaries and benefits	6,597	2,386
General and administrative	22,648	4,449
Legal expenses	2,445	66
Depreciation	156	114
Total corporate expenses	31,846	7,015
Income from operations	31,650	20,491
Other (income) expense:		
Change in fair value of warrant and stock option derivative liabilities	(8,985)	3,721
Interest expense	1,597	288
Bargain purchase gain	(1,733)	—
Other (income) expense, net	34	32
Total other (income) expense	(9,087)	4,041
Income before income taxes and noncontrolling interests	40,737	16,450
Income tax expense (benefit)	(23,196)	480
Net income	\$ 63,933	\$ 15,970

Revenues

Total revenues for the year ended December 31, 2015, totaled \$229.2 million, an increase of 145.2 million or 172.8%, compared to \$84.0 million in the prior corresponding period. Total cases increased 9,074 or 103.8% versus the prior corresponding period. Medical Segment revenues increased by \$125.1 million to \$205.7 million, or 155.2% compared to \$80.6 million from the prior corresponding period, while the Marketing Segment accounted for \$20.1 million of the increase.

Salaries and Benefits

Operating salaries and benefits for the year ended December 31, 2015, totaled \$40.8 million, an increase of \$28.9 million, or 242.3%, compared to \$11.9 million from the prior corresponding period. The Medical Segment increased by \$18.8 million, or 157.5%, while the Marketing Segment increased \$10.1 million period over period.

Drugs and Supplies

Drugs and supplies expense for the year ended December 31, 2015, totaled \$37.4 million, an increase of \$26.1 million, or 230.8%, compared to \$11.3 million from the prior corresponding period. The Medical Segment increased by \$24.7 million or 218.5%, while the Marketing Segment increased \$1.4 million period over period.

General and Administrative

Operating general and administrative expense for the year ended December 31, 2015, totaled \$79.4 million, an increase of \$47.6 million, or 149.8%, compared to \$31.8 million from the prior corresponding period. The Medical Segment accounted for \$45.1 million of the increase, while the Marketing Segment increased \$2.5 million period over period.

Depreciation and Amortization

Operating depreciation for the year ended December 31, 2015, totaled \$4.5 million, an increase of \$3.0 million or 201.5%, compared to \$1.5 million from the prior corresponding period. This increase is primarily due to an increase in property and equipment acquired through purchase of new facilities in 2015.

Total Corporate Costs

Corporate costs are presented separate of operating expenses of the revenue generating facilities. Corporate costs for the year ended December 31, 2015, totaled \$31.8 million, an increase of \$24.8 million or 354.0%, compared to \$7.0 million from the prior corresponding period. Corporate salaries and benefits for the year ended December 31, 2015, totaled \$6.6 million, an increase of \$4.2 million or 176.5%, compared to \$2.4 million from the prior corresponding period. The increase in salaries and benefits is due to additional staff to support growth related to mergers and acquisitions. Legal expenses for the year ended December 31, 2015, totaled \$2.4 million, an increase of \$2.4 million or 3,604.5%, compared to \$0.1 million from the prior corresponding period. The increase in legal expenses was attributable to increased litigation, acquisition, and financial restatement legal expenses. General and administrative expenses for the year ended December 31, 2015, totaled \$22.6 million, an increase of \$18.2 million or 409.1%, compared to \$4.4 million from the prior corresponding period. The increase in general and administrative expense was primarily due to an increase in non-cash compensation expense attributable to an accelerated vesting of senior executive share-based compensation related to a change of positions with the Company and additional stock based compensation granted to the Company's Chief Executive Officer for the year ended December 31, 2015.

Other (Income) Expense

For the year ended December 31, 2015, the Company recognized \$9.1 million of other income compared to \$4.0 million of other expense from the corresponding prior period. The change primarily related to an increase in warrant and stock option derivative liability of \$12.7 million. These warrants and options have exercise prices denominated in Canadian dollars and as such may not be considered indexed to our stock which is valued in U.S dollars and therefore recorded as derivative liabilities. Change in fair value of warrant and stock option derivative liabilities are a result of adjusting the estimated fair value at the end of the period, using the Black-Scholes Model.

There was a change of \$1.7 million bargain purchase gain in the prior period related to the acquisition of one of our facilities. Other income and a change in warrant and option liability fair value of \$12.7 million for the prior corresponding period.

Lastly, interest expense increased \$1.3 million as a result of average increase in borrowings and amortization of debt issuance costs.

Noncontrolling Interests

Net income attributable to noncontrolling interests are based on ownership percentages in the Nobilis Facilities that are owned by third parties.

MEDICAL SEGMENT

REVENUES

The following table sets out our comparable changes in Medical Segment revenue and case volume for our facilities as of the year ended December 31, 2015 and 2014 (*in thousands, except cases*):

	Years ended December 31,					
	Revenue (in thousands)		Number of Cases (1)		Revenue per Case (2)	
	2015	2014	2015	2014	2015	2014
Hospitals	\$ 126,567	\$ 10,763	5,356	659	\$ 23,631	\$ 16,332
ASCs	76,880	69,848	11,225	7,657	6,849	9,122
Ancillary services	2,283	—	—	—	—	—
Total	\$ 205,730	\$ 80,611	16,581	8,316	\$ 12,408	\$ 9,693

Notes

(1) This table refers to all cases performed, regardless of their contribution to service revenue.

(2) Calculated by dividing service revenues by the number of cases.

CASE MIX

The following table sets forth the combined number of cases by medical specialty performed for the year ended December 31, 2015 and 2014:

Specialty	2015	2015 %	2014	2014 %
	Cases	Cases	Cases	Cases
Pain Management	4,794	28.9%	3,415	41.1%
Orthopedics	1,210	7.3%	985	11.8%
Spine	1,945	11.7%	18	0.2%
Podiatry	552	3.3%	361	4.3%
Gastro-intestinal	273	1.6%	213	2.6%
General Surgery	749	4.5%	550	6.6%
Plastic & Reconstructive	1,576	9.5%	421	5.1%
Bariatrics	3,925	23.7%	1,591	19.1%
Gynecology	898	5.4%	134	1.6%
Urology	19	0.1%	—	—%
ENT	640	4.0%	628	7.6%
TOTAL	16,581	100%	8,316	100%

Notes:

(1) The table listed above is exclusive of ancillary services which include neuromonitoring, surgical assist and anesthesia services.

INN - ONN CONTRACT MIX OF TOTAL MEDICAL CASES PERFORMED

The following table sets out the contract mix of cases performed that were INN compared to cases performed that were OON at our Medical Segment for the year ended December 31, 2015 and 2014.

Contract Network Type	2015 Contract Mix	2014 Contract Mix
OON	83.8%	87.1%
INN	16.2%	12.9%
TOTAL	100%	100%

Revenues

Revenues for the Medical Segment increased by \$125.1 million to \$205.7 million, or 155.2% compared to \$80.6 million from the prior corresponding period. Revenues also increased \$2,715 per case period over period. Revenues increased primarily due to the acquisition of hospitals in 2015. New center facilities for the Medical Segment increased \$121.7 million or 996.8% and we added 5,944 cases or 536.0% primarily due to the acquisition of hospitals in 2015. Same center facilities for the Medical Segment increased \$3.4 million or 5.0% and cases declined by 2,321 or 32.2%.

Salaries and Benefits

Salaries and Benefits for the Medical Segment increased by \$18.8 million to \$30.7 million, or 157.5% compared to \$11.9 million from the prior corresponding period. The staffing costs for the Medical Segment at new facilities accounted for \$17.8 million of the increase, while the remaining \$1.0 million increase is attributable to staffing at same center facilities. Additional staffing costs were a result of acquisition of hospitals in 2015.

Drugs and Supplies

Drugs and supplies expense for the Medical Segment increased by \$24.7 million to \$36.0 million, or 218.5% compared to \$11.3 million from the prior corresponding period. Medical supplies costs for the Medical Segment at new facilities accounted for \$22.4 million of the increase, while the remaining \$2.3 million increase was attributable to same center facilities. Drugs and supplies increased compared to the prior corresponding period primarily due to the acquisition of hospitals in 2015.

General and Administrative

General and administrative expense for the Medical Segment increased by \$45.1 million to \$75.1 million, or 150.3% compared to \$30.0 million from the corresponding period. The Medical Segment new facilities contributed to \$29.0 million of the increase while the remaining \$16.1 million increase was attributable to same center facilities. The \$45.1 million increase in the Medical Services segment is due to an increase in marketing expenses, physician contracting, general infrastructure development, such as rent, telecommunication, travel, and consulting, and an increase in operations associated with the newly acquired and same center medical services facilities. For the year-ended December 31, 2015, marketing expenses allocated to the Medical Services Segment increased by \$21.0 million to \$27.0 million, compared to \$6.0 million from the prior corresponding period. The increase in marketing expenses is related to our purchase of Athas in December 2014, the creation of our Marketing Segment, and strategic growth initiatives including our bariatric, spine, podiatry, and gynecological brands. For the development of the marketing programs, the Company entered into independent contractor agreements with physicians to provide services to the Company. These services include administrative, management, and marketing services. For the year-ended December 31, 2015, this expense increased by \$1.8 million to \$5.8 million, compared to \$4.0 million from the prior corresponding period. Expenses related to general infrastructure development for same center and newly acquired facilities increased by \$4.8 million to \$8.4 million in 2015, compared to \$3.6 million in 2014.

MARKETING SEGMENT

REVENUES

The following table sets out our comparable changes in Marketing Segment revenue and case volumes for our facilities as of the year ended December 31, 2015 and 2014 (*in thousands, except cases*):

	Years ended December 31,					
	Revenue (in thousands)		Number of Cases (1)		Revenue per Case (2)	
	2015	2014	2015	2014	2015	2014
Marketing	\$ 23,486	\$ 3,418	1,233	424	\$ 19,048	\$ 8,061
Total	\$ 23,486	\$ 3,418	\$ 1,233	\$ 424	\$ 19,048	\$ 8,061

Notes

(1) This table refers to all cases performed, regardless of their contribution to service revenue.

(2) Calculated by dividing service revenues by the number of cases.

CASE MIX

The following table sets forth the combined number of marketing cases for the year ended December 31, 2015 and 2014:

Specialty	2015	2015 %	2014	2014 %
	Cases	Cases	Cases	Cases
Pain Management	725	58.8%	218	51.4%
Spine	504	40.9%	206	48.6%
Gynecology	4	0.3%	—	—%
Podiatry	—	—%	—	—%
Bariatrics	—	—%	—	—%
TOTAL	1,233	100%	424	100%

Notes:

(1) The table listed above is exclusive of ancillary services which include neuromonitoring, surgical assist and anesthesia services.

INN - OON CONTRACT MIX OF TOTAL CASES PERFORMED

The following table sets out the contract mix of cases performed that were INN compared to cases performed that were OON at our Marketing Segment for the year ended December 31, 2015 and 2014.

Contract Network Type	2015 Contract Mix	2014 Contract Mix
OON	15.4%	33.9%
INN	84.6%	66.1%
TOTAL	100%	100%

The Company's Marketing Segment started in 2014 following the acquisition of Athas. Prior to the acquisition, the Company operated under the Medical Segment exclusively and therefore, we have not presented a prior period results of operations comparison for the Marketing Segment information.

Liquidity, Capital Resources and Financial Condition

Balance Sheet

The Company experienced material variances in certain balance sheet accounts as discussed herein.

Trade Accounts Receivable, net

Accounts receivable as of December 31, 2016, totaled \$125.0 million, an increase of \$32.4 million or 35.0%, compared to \$92.6 million for the year-ended December 31, 2015. The increase is primarily attributable to the seasonality of services provided to our patients. Approximately 40% of annual revenues were recognized in the fourth quarter of 2016 and 2015, respectively.

Liquidity and Capital Resources

We are dependent upon cash generated from our operations, which is the major source of financing for our operations and for meeting our contractual obligations. We currently believe we have adequate liquidity to fund operations during the near term through the generation of operating cash flows, cash on hand and access to our senior secured revolving credit facility provided under the loan agreement. Our ability to borrow funds under this loan agreement is subject to, among other things, the financial viability of the participating financial institutions. While we do not anticipate any of our current lenders defaulting on their obligations, we are unable to provide assurance that any particular lender will not default at a future date.

Cash at December 31, 2016 and 2015 were \$24.6 million and \$15.7 million, respectively.

As of December 31, 2016, net cash provided by operating activities decreased by \$5.2 million from the prior year attributable to an increase in trade accounts receivable due to higher case volumes during the period and higher facility operating costs attributable to new facilities and 2016 acquisitions. Net cash used for investing activities increased \$11.6 million from the prior year attributable to the closing of the Arizona Vein transaction on October 28, 2016. Net cash used for financing activities increased by \$17.5 million from the prior year primarily due to proceeds from the New Facility with BBVA, offset by a one-time private placement in 2015, which did not reoccur in 2016.

As of December 31, 2016, the Company had consolidated net working capital of \$98.0 million compared to \$63.7 million as of December 31, 2015. The increase is primarily due to a net increase of accounts receivable and accounts payable.

Debt

As of December 31, 2015, the Company had outstanding balances with Healthcare Financial Services (HFS) and Legacy Texas Bank of \$22.1 million and \$4.2 million, respectively. As of December 31, 2016, the outstanding balances were zero for both HFS and Legacy Texas Bank as the line of credit and term loans were extinguished and replaced by the BBVA Compass Credit Agreement discussed below.

Lines Of Credit

On May 18, 2016, we secured a \$3.0 million revolving line of credit from Legacy Texas Bank (the "Legacy Revolver"). The Legacy Revolver bears interest at a rate of 4% plus LIBOR per annum on drawn funds and requires monthly payments of interest. Monthly payments of principal commenced in September 2016. As of December 31, 2016, the outstanding balance was zero and the Legacy Revolver was extinguished and replaced by the BBVA Compass Credit Agreement discussed below.

BBVA Compass Credit Agreement

On October 28, 2016 the Company entered into a BBVA Credit Agreement by and among the Company, certain subsidiaries of the Company parties thereto, the lenders from time to time parties thereto (the "Lenders") with BBVA Compass Bank as Administrative Agent for the lending group.

The principal amount of the term loan (the "Term Loan") pursuant to the BBVA Credit Agreement is \$52.5 million, which bears interest on the outstanding principal amount thereof at a rate of the then applicable LIBOR, plus an applicable margin ranging from 3.0% to 3.75% (depending on the Company's consolidated leverage ratio), with an option for the interest rate to be set at the then applicable Base Rate (the "Interest Rate"). The effective rate for the Term Loan as of December 31, 2016 was 6.5%. All outstanding principal on the Term Loan under the Credit Agreement is due and payable on October 28, 2021. The revolving credit facility is \$30.0 million (the "Revolver"), which bears interest at the then applicable Interest Rate. The effective rate for the Revolver as of December 31, 2016 was 4.43%

The maturity date of the Revolver is October 28, 2021. Additionally, Borrower may request additional commitments from the Lenders in the maximum amount of \$50 million, either by increasing the Revolver or creating new term loans. As of December 31, 2016, the outstanding balances on the Term Loan and Revolver were \$52.5 million and \$15.0 million, respectively.

The Company entered into Amendment No. 1 to BBVA Credit Agreement and Waiver, dated as of March 3, 2017, by and among NHA, certain subsidiaries of the Company party thereto, Compass Bank, and other financial institutions (the "Amendment"). The purpose of the Amendment was to, among other things, (i) modify the definition of "Permitted Acquisition" to require Lender approval and consent for any acquisition which is closing during the 2017 fiscal year; (ii) modify certain financial definitions and covenants, including, but not limited to, an increase to the maximum Consolidated Leverage Ratio to 3.75 to 1.00 for the period beginning September 30, 2016 and ending September 30, 2017, and an increase to the Consolidated Fixed Charge Coverage Ratio to 1.15 to 1.00 for the period beginning September 30, 2016 and ending June 30, 2017; (iii) waive the Pro Forma Leverage Requirement in connection with the previously reported Hamilton Vein Center acquisition; and (iv) provide each Lender's consent to the Hamilton Vein Center acquisition. The Amendment also contained a limited waiver of a specified event of default. As a December 31, 2016 the Company was in compliance with its covenants.

In conjunction with the extinguishment of the former debt structures previously discussed in the 2015 Developments section, \$0.8 million in debt issuance costs associated with the prior arrangements were written of and are included as interest expense in our consolidated statements of earnings.

Loan origination fees are deferred and the net amount is amortized over the contractual life of the related loans.

Contractual Obligations

As described in Note 12 - Debt, Note 13 - Operating Leases and Note 14 - Capital Leases of the Notes to Consolidated Financial Statements, at December 31, 2016, we had certain cash obligations, which are due as follows (in millions):

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Debt	\$ 69,750	\$ 2,625	\$ 10,125	\$ 57,000	\$ —
Capital leases	21,102	5,027	4,764	3,752	7,559
Operating leases	101,484	11,776	22,352	18,134	49,222
Total	\$ 192,336	\$ 19,428	\$ 37,241	\$ 78,886	\$ 56,781

Item 7a. Quantitative and Qualitative Disclosures About Market Risk

We are subject to market risk primarily from exposure to changes in interest rates based on our financing activities. Our term loans and revolving credit lines carry terms with both fixed rate and variable rate debt to manage our exposures to changes in interest rates. Our variable debt instruments are primarily indexed to the prime rate or LIBOR. Interest rate changes would result in gains or losses in the market value of our fixed rate debt portfolio due to differences in market interest rates and the rates at the inception of the debt agreements. Based upon our indebtedness at December 31, 2016, a 100 basis point interest rate change would impact our net earnings and cash flow by approximately \$0.7 million annually. Although there can be no assurances that interest rates will not change significantly, we do not expect changes in interest rates to have a material effect on our net earnings or cash flows in 2017.

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Nobilis Health Corp.
Houston, Texas

We have audited the accompanying consolidated balance sheets of Nobilis Health Corp. (the "Company") as of December 31, 2016 and 2015 and the related consolidated statements of operations, changes in equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Nobilis Health Corp. as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

/s/Crowe Horwath LLP

Dallas, Texas

March 14, 2017

Report of Independent Registered Public Accounting Firm

To the Shareholders of
Nobilis Health Corp.

We have audited the accompanying consolidated statement of operations, changes in equity, and cash flows of Nobilis Health Corp. and subsidiaries (collectively, the "Company") for the year ended December 31, 2014. These consolidated statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the consolidated statements referred to above present fairly, in all material respects, the results of its operations, changes in equity, and its cash flows for the year ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

/s/ Calvetti Ferguson

Houston, Texas

April 2, 2015 (January 12, 2016 as to Notes 1, 3, 18, 19 and 20)

Nobilis Health Corp.
Consolidated Balance Sheets
December 31, 2016 and 2015
(in thousands, except share amounts)

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Assets		
Current Assets:		
Cash	\$ 24,572	\$ 15,666
Trade accounts receivable, net of allowance for bad debts of \$750 and \$5,165 at December 31, 2016 and 2015, respectively	124,951	92,569
Medical supplies	4,468	4,493
Prepaid expenses and other current assets	10,083	2,789
Total current assets	164,074	115,517
Property and equipment, net	36,723	35,303
Intangible assets, net	19,618	19,619
Goodwill	62,018	44,833
Deferred tax asset	21,652	25,035
Other long-term assets	1,350	1,720
Total Assets	\$ 305,435	\$ 242,027
Liabilities and Shareholders' Equity		
Current Liabilities:		
Trade accounts payable	\$ 22,184	\$ 23,381
Accrued expenses	30,145	16,648
Current portion of capital leases	3,985	5,193
Current portion of long-term debt	2,220	1,243
Current portion of warrant and stock option derivative liabilities	3	332
Other current liabilities	7,561	5,025
Total current liabilities	66,098	51,822
Lines of credit	15,000	3,000
Long-term capital leases, net of current portion	12,387	13,654
Long-term debt, net of current portion	48,323	21,469
Convertible promissory note	2,250	—
Warrant and stock option derivative liabilities, net of current portion	899	2,619
Other long-term liabilities	3,999	3,386
Total liabilities	148,956	95,950
Commitments and Contingencies		
Contingently redeemable noncontrolling interest	14,304	12,225
Shareholders' Equity:		
Common shares, no par value, unlimited shares authorized, 77,805,014 and 73,675,979 shares issued and outstanding, respectively	—	—
Additional paid in capital	222,240	211,827
Accumulated deficit	(79,042)	(85,491)
Total shareholders' equity attributable to Nobilis Health Corp.	143,198	126,336
Noncontrolling interests	(1,023)	7,516
Total shareholders' equity	142,175	133,852

Total Liabilities and Shareholders' Equity

\$ 305,435

\$ 242,027

The accompanying notes are an integral part of the consolidated financial statements.

Nobilis Health Corp.
Consolidated Statements of Operations
Years-Ended December 31, 2016 and 2015 and 2014
(in thousands, except share and per share amounts)

	Years ended December 31,		
	2016	2015	2014
Revenues:			
Patient and net professional fees	\$ 264,211	\$ 209,446	\$ 80,917
Contracted marketing revenues	13,346	13,106	2,171
Factoring revenues	8,187	6,664	941
Total revenues	285,744	229,216	84,029
Operating expenses:			
Salaries and benefits	52,774	40,845	11,933
Drugs and supplies	57,011	37,365	11,295
General and administrative	126,848	79,422	31,792
Bad debt (recovery) expense, net	(385)	3,557	—
Depreciation and amortization	8,539	4,531	1,503
Total operating expenses	244,787	165,720	56,523
Corporate expenses:			
Salaries and benefits	6,974	6,597	2,386
General and administrative	18,897	22,648	4,449
Legal expenses	4,755	2,445	66
Depreciation	293	156	114
Total corporate expenses	30,919	31,846	7,015
Income from operations	10,038	31,650	20,491
Other (income) expense:			
Change in fair value of warrant and stock option derivative liabilities	(2,580)	(8,985)	3,721
Interest expense	3,999	1,597	288
Bargain purchase gain	—	(1,733)	—
Other (income) expense, net	(2,970)	34	32
Total other (income) expense	(1,551)	(9,087)	4,041
Income before income taxes and noncontrolling interests	11,589	40,737	16,450
Income tax expense (benefit)	4,487	(23,196)	480
Net income	7,102	63,933	15,970
Net income attributable to noncontrolling interests	653	13,093	13,077
Net income attributable to Nobilis Health Corp.	\$ 6,449	\$ 50,840	\$ 2,893
Net income per basic common share	\$ 0.08	\$ 0.76	\$ 0.06
Net income per fully diluted common share	\$ 0.08	\$ 0.68	\$ 0.06
Weighted average shares outstanding (basic)	76,453,128	67,015,387	46,517,815
Weighted average shares outstanding (fully diluted)	77,562,495	75,232,783	47,720,569

The accompanying notes are an integral part of the consolidated financial statements.

Nobilis Health Corp.
Consolidated Statements of Changes in Equity
Years-Ended December 31, 2016, 2015 and 2014
(In thousands, except share and per share amounts)

	Common Stock			Equity Attributable to Nobilis Health Corp.	Equity (Deficit) Attributable to Noncontrolling Interests	Total Equity	Contingently Redeemable Noncontrolling Interests
	Shares	Additional Paid In Capital	Accumulated Deficit				
BALANCE - January 1, 2014	42,729,547	\$ 148,128	\$ (139,580)	\$ 8,548	\$ 3,491	\$ 12,039	\$ 1,263
Net income		—	2,893	2,893	3,833	6,726	9,244
Proceeds from private equity offering	5,568,400	3,956	—	3,956	—	3,956	—
Sale of ownership interest in subsidiary		705	—	705	—	705	—
Purchase of investment	431,711	490	—	490	—	490	—
Consolidation of investment	—	—	—	—	522	522	5,206
Acquisition of Athas	6,666,666	16,239	—	16,239	—	16,239	—
Distributions to noncontrolling interests	—	—	—	—	(3,713)	(3,713)	(2,846)
Vesting of restricted stock	215,896	—	—	—	—	—	—
Exercise of stock warrants	3,206,007	4,797	—	4,797	—	4,797	—
Exercise of stock options	600,000	166	—	166	—	166	—
Share-based compensation, net	—	1,875	—	1,875	—	1,875	—
BALANCE - December 31, 2014	59,418,227	176,356	(136,687)	39,669	4,133	43,802	12,867
Net income	—	—	50,840	50,840	2,226	53,066	10,867
Deconsolidation of investment	—	(613)	356	(257)	307	50	—
Proceeds from private equity offering	4,029,668	15,598	—	15,598	—	15,598	—
Acquisition of Peak	89,749	650	—	650	—	650	—
Acquisition of Scottsdale Liberty	—	—	—	—	1,532	1,532	—
Athas settlement	3,830,638	(5,685)	—	(5,685)	—	(5,685)	—
Measurement period adjustments	—	—	—	—	2,807	2,807	—
Distributions to noncontrolling interests	—	—	—	—	(3,489)	(3,489)	(11,509)
Vesting of restricted stock	2,725,000	—	—	—	—	—	—
Reclassification of vested non-employee stock options	—	(1,531)	—	(1,531)	—	(1,531)	—
Exercise of stock warrants	3,134,909	13,392	—	13,392	—	13,392	—
Exercise of stock options	447,788	521	—	521	—	521	—
Share-based compensation, net	—	13,139	—	13,139	—	13,139	—
BALANCE - December 31, 2015	73,675,979	211,827	(85,491)	126,336	7,516	133,852	12,225
Net income (loss)	—	—	6,449	6,449	(4,955)	1,494	5,606
Distributions to noncontrolling interests	—	—	—	—	(3,532)	(3,532)	(3,527)
Additional ownership Interest in subsidiary	—	52	—	52	(52)	—	—
AZ Vein share consideration	750,000	2,250	—	2,250	—	2,250	—
Vesting of restricted stock	2,000,000	—	—	—	—	—	—
Reclassification of vested non-employee stock options	—	(533)	—	(533)	—	(533)	—
Exercise of stock warrants	95,285	130	—	130	—	130	—

Exercise of stock options	1,283,750	2,322	—	2,322	—	2,322	—
Share-based compensation, net	—	6,192	—	6,192	—	6,192	—
BALANCE - December 31, 2016	77,805,014	\$ 222,240	\$ (79,042)	\$ 143,198	\$ (1,023)	\$ 142,175	\$ 14,304

The accompanying notes are an integral part of the consolidated financial statements.

Nobilis Health Corp.
Consolidated Statements of Cash Flows
Years Ended December 31, 2016, 2015 and 2014
(in thousands)

	Years ended December 31,		
	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 7,102	\$ 63,933	\$ 15,970
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	8,832	4,687	1,616
(Recoupment) provision for bad debts, net	(385)	3,557	—
Share-based compensation	6,192	13,139	1,875
Change in fair value of warrant and stock option derivative liabilities	(2,580)	(8,985)	3,721
Deferred income taxes	3,383	(25,035)	—
Impairment charges	688	1,622	—
Recoupment indemnified expenses	—	(1,700)	—
Gain on sale of property and equipment	(265)	—	(39)
Gain on bargain purchase of a business	—	(1,733)	—
Earnings from equity method investment	(938)	—	—
Amortization of deferred financing fees	1,034	99	—
Changes in operating assets and liabilities, net of assets acquired and liabilities assumed:			
Trade accounts receivable	(28,525)	(51,673)	(20,958)
Medical supplies	216	(1,469)	(27)
Prepays and other current assets	(7,106)	6,966	(2,799)
Other long-term assets	(6)	(402)	466
Trade accounts payable and accrued liabilities	11,031	925	2,841
Other current liabilities	1,293	3,441	1,340
Other long-term liabilities	508	(657)	(8)
Distributions from equity investments	1,085	—	—
Net cash provided by operating activities	<u>1,559</u>	<u>6,715</u>	<u>3,998</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(5,541)	(4,380)	(2,023)
Investment in associate	—	(138)	(150)
Purchase of equity method investment	(609)	—	—
Note receivable, net	150	(197)	—
Acquisition of AZ Vein, net of cash acquired	(17,239)	—	—
Purchase of interest acquired in subsidiary	—	—	(346)
Proceeds of sale of property and equipment	—	—	39
Proceeds of sale of ownership interests in subsidiary	—	—	705
Proceeds of sale of property and equipment	—	—	—
Acquisition of Athas	—	—	(3,000)
Acquisition of Hermann Drive, net of cash acquired	—	(1,436)	—
Acquisition of Peak, net of cash acquired	—	(850)	—

Acquisition of Plano, net of cash acquired	—	(1,299)	—
Acquisition of Scottsdale Liberty	—	(3,180)	—

Deconsolidation of imaging centers and urgent care clinic	—	(166)	—
Net cash used for investing activities	<u>(23,239)</u>	<u>(11,646)</u>	<u>(4,775)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Distributions to noncontrolling interests	(7,059)	(14,998)	(6,559)
Proceeds from exercise of stock options	2,322	521	166
Proceeds from exercise of stock warrants	130	4,342	3,188
Proceeds from private placement	—	28,395	6,100
Payments on capital lease obligations	(3,613)	(1,565)	(77)
Proceeds from line of credit	23,213	4,500	1,300
Payments from line of credit	(11,213)	(6,920)	
Proceeds from debt	58,940	20,000	—
Payments on debt	(29,713)	(20,584)	(1,375)
Deferred financing fees	(2,429)	(662)	—
Net cash provided by financing activities	<u>30,578</u>	<u>13,029</u>	<u>2,743</u>

NET INCREASE IN CASH	8,906	8,098	1,966
CASH — Beginning of year	15,666	7,568	5,602
CASH — End of year	<u>\$ 24,572</u>	<u>\$ 15,666</u>	<u>\$ 7,568</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest	\$ 2,798	\$ 1,236	\$ 165
Cash paid for taxes	\$ 5,852	\$ 427	\$ 216

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

Non-cash deconsolidation of property and equipment	\$ —	\$ 2,828	\$ —
Non-cash deconsolidation of goodwill	\$ —	\$ 701	\$ —
Stock consideration given in conjunction with acquisitions	\$ 2,250	\$ 650	\$ —
Convertible promissory note	\$ 2,250	\$ —	\$ —
Athas settlement in lieu of contingent shares	\$ —	\$ 5,685	\$ —

The accompanying notes are an integral part of the consolidated financial statements.

NOBILIS HEALTH CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except per share amounts and as otherwise noted)

NOTE 1 - COMPANY DESCRIPTION

Nobilis Health Corp. (“Nobilis” or the “Company”) was incorporated on March 16, 2007 under the name "Northstar Healthcare Inc." pursuant to the provisions of the British Columbia *Business Corporations Act*. On December 5, 2014, Northstar Healthcare Inc. changed its name to Nobilis Health Corp. The Company owns and manages health care facilities in the States of Texas and Arizona, consisting primarily of ambulatory surgery centers and acute-care and surgical hospitals. In 2014, through its acquisition of Athas Health, LLC (“Athas”), the Company expanded its service offering within the health care industry to contracted marketing and accounts receivable factoring.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The Company consolidates entities in which it has a controlling financial interest. We consolidate subsidiaries in which we hold, directly or indirectly, more than 50% of the voting rights and, in the case of variable interest entities (VIEs), with respect to which the Company is determined to be the primary beneficiary. These consolidated financial statements include all accounts of the Company. All significant intercompany transactions and accounts have been eliminated upon consolidation.

Certain reclassifications have been made to prior period amounts to conform to current period financial statement classifications. The reclassifications included in these comparative consolidated financial statements are (i) a change in presentation of other comprehensive income and (ii) a reclassification from cost of goods sold to operating expenses. The reclassifications were deemed to be immaterial to the consolidated financial statements both individually and in the aggregate.

These consolidated financial statements have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC) for financial information. Accordingly, they include all of the information and notes required by accounting principles generally accepted in the United States of America ("U.S. GAAP") for complete financial statements.

Noncontrolling Interests - Noncontrolling interests represent third-party equity ownership in certain of our consolidated subsidiaries and are presented as a component of equity, unless the noncontrolling interest holders have certain redemption rights, in which case the carrying amount of such interests is classified as contingently redeemable (between liabilities and equity) or, for mandatorily redeemable noncontrolling interests, in liabilities. See Note 19 - Noncontrolling interests for further discussion of noncontrolling interests.

Variable Interest Entities - VIEs are entities that, by design, either (i) lack sufficient equity to permit the entity to finance its activities independently, or (ii) have equity holders that, as a group, do not have the power to direct the activities of the entity that most significantly impact its economic performance, the obligation to absorb the entity's losses, or the right to receive the entity's residual returns. We consolidate a VIE when we are the primary beneficiary, which is the party that has both (i) the power to direct the activities that most significantly impact the VIE's economic performance and (ii) through its interests in the VIE, the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. See Note 19 - Noncontrolling interests for further discussion of noncontrolling interests.

Use of Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Estimates most consequential to our consolidated financial statements are in the area of revenue recognition. Because a significant portion of our net patient service revenue is associated with services provided on out-of-network basis, with no contractually agreed-upon reimbursement rates from third-party payors, revenues expected to be realized are estimated based on our historical experience with allowable charges by a given payor for the specific service performed. These estimates are subject to ongoing monitoring and adjustment based on actual experience with final settlements and collections.

Other significant estimates include estimates of fair values which management formulates in connection with valuation of assets and liabilities acquired in business combinations and impairment tests of goodwill, intangible assets, property, and certain investments and financial instruments; estimates of useful lives of our property and intangible assets; as well as realizable amounts of accounts receivable and deferred tax assets.

Revenue Recognition

Patient and Net Professional Fees - Patient and net professional fees are reported at the estimated net realizable amounts from third-party payors, patients and others for services rendered at the health facilities we operate and consist primarily of fees for the use of our facilities. Such revenues are recognized when the ultimate collection is estimable and reasonably assured, which typically is when the related medical procedures are performed. Net patient revenues are stated at the ultimate amounts expected to be collected (net of any

patient discounts and contractual and other adjustments of third-party payors). Our revenues exclude any amounts billed for physicians' services, which are billed separately by the physicians to the patient or third-party payor.

The amounts actually collected by the Company from third-party payors, including private insurers, vary among payors, even for identical medical procedures. As such, in estimating net patient service revenues, management evaluates payor mix, (among private health insurance plans, workers' compensation insurers, government payor plans and patients), historical settlement and payment data for a given payor and type of medical procedure, and current economic conditions and revises its revenue estimates as necessary

in subsequent periods. For services subject to contracted rates with third-party payors, revenues are recognized net of applicable contractual adjustments.

The Company analyzed the past 18 to 24 months of accounts receivable collections from third-party payors used in estimating net patient revenues on a regular basis. Based on the results of this analysis during the fourth quarter of 2016, the Company concluded that the historical estimates used to establish the net patient revenues resulted in, and could continue to result in, an understatement of accounts receivable collections and net patient revenues. As a result, the Company revised the estimates used to establish the net patient revenues effective as of the fourth quarter of 2016. This change in estimate resulted in an increase of approximately \$3.5 million in trade accounts receivable and corresponding increase to patient and net professional fees to the Company's Medical Segment.

Contracted Marketing Revenues - Contracted marketing revenue is comprised of payments from hospitals, ASC's and other ancillary service providers through marketing services agreements. The services include licensing, marketing, patient intake, and upfront education services. Revenue is recognized on a gross basis upon the performance of the marketing service and corresponding medical procedure when ultimate collection is measurable and reasonably assured.

Factoring Revenues - Factoring revenues represent revenues generated from certain accounts receivables purchased from third parties (typically, practicing physicians) in the ordinary course of business. Purchase price is determined either by a flat fee per medical procedure (reflecting a discount to the face amount of the receivable), as dictated per the agreement, or as a percentage of final collections. At the time of purchase, Nobilis acquires the right to collect the full amount of the receivable and assumes all associated financial risk. Costs related to billings and collections are borne by the Company, without any recourse to the third party seller and reflected as a component of operating expenses. Factoring revenues represent the excess of collections of purchased receivables over their acquisition cost and are recognized over the period from purchase to collection.

Advertising and Marketing Costs

Advertising costs are expensed as they are incurred. Advertising expense for the years ended December 31, 2016 and 2015 was \$43.8 million and \$35.0 million, respectively. The Company utilizes many media outlets for marketing to patients which include internet, TV, radio, print, seminar and billboard advertising. Advertising and marketing expense is recorded within both the operating expenses: general and administrative and corporate costs: general and administrative line items within the consolidated statements of earnings.

Cash

Cash is defined as cash on-hand and demand deposits. The company maintains its cash in various financial institutions, which at times may exceed federally insured amounts. At December 31, 2016 and 2015, our cash deposits exceeded such federally insured limits. Management believes that this risk is not significant. We have not experienced any losses in such accounts, and we believe we are not exposed to any significant credit risks on cash.

Trade Accounts Receivable, net

Trade accounts receivable, net consists of net patient service revenues and factoring revenues recorded at their net realizable amounts, while contracted marketing revenues are recognized at the fees due from the facilities for marketing services performed pursuant to governing contractual arrangements.

On a periodic basis, we evaluate receivables based on the age of the receivable, history of past collections and current credit and economic conditions and adjust the carrying amount accordingly. An account is written off when it is determined that all collection efforts have been exhausted. The Company does not accrue finance or interest charges on accounts receivable. An allowance for uncollectible patient receivables balances, including receivables from non-partner surgeons, is maintained at a level which the Company believes is adequate to absorb probable credit losses.

Medical Supplies

Medical supplies consist of various surgical supplies and medications and are carried at the lower of cost or market using the first-in, first-out method. The market value of inventories is determined based on the estimated selling price in the ordinary course of business

less the estimated costs of sale, and a reasonable profit margin based on the effort required to sell the inventories. The Company had no write-downs in the carrying amounts of medical supplies inventories for the years ended December 31, 2016 or 2015.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Property under capital leases and the related obligation for future lease payments

are initially recorded at an amount equal to the lesser of fair value of the property and equipment or the present value of the future lease payments. Leasehold improvements are amortized over the lesser of the estimated useful life of the asset or the term of the lease. Maintenance and repairs are charged to expense when incurred.

We evaluate our long-lived assets for possible impairment annually or whenever events or changes in circumstances indicate that the carrying amount of the asset, or related group of assets, may not be recoverable from estimated future undiscounted cash flows expected to arise from their use and ultimate disposition. If the estimated future undiscounted cash flows are lower than the carrying amount of the assets, we determine the amount of impairment, if any, as the excess of the carrying amount of the long-lived asset over its estimated fair value. The fair value of the assets is estimated based on appraisals, established market values of comparable assets or internal estimates of discounted future net cash flows expected to result from the use and ultimate disposition of the asset. The estimates of these future cash flows are based on assumptions and projections we believe to be reasonable and supportable. They require our subjective judgments and take into account assumptions about revenue and expense growth rates. These assumptions may vary by type of facility and presume stable, improving or, in some cases, declining results at our medical facilities, depending on their specific operating circumstances.

Goodwill and Intangibles

Goodwill represents the excess of the cost of an acquired business over the acquisition-date fair value of the net identifiable assets acquired. Goodwill is reviewed for impairment on an annual basis or more frequently if events or circumstances indicate potential impairment. Such review is performed at the reporting unit level, whereby goodwill balances and identifiable assets and liabilities are assigned to a reporting unit to which they relate. For this purpose, the Company currently has two reporting units which are aligned with its business segments.

The Company's goodwill evaluation for each reporting unit is based on both qualitative and quantitative assessments regarding the fair value of goodwill relative to its carrying amount. The Company assesses qualitative factors to determine if the fair value of its reporting units is more likely than not to exceed its carrying amount, including goodwill. In the event the Company determines that it is more likely than not that a reporting unit's fair value is lower than its carrying amount, quantitative testing is performed comparing carrying amount of the reporting unit to estimated fair value. Fair value estimates are based on appraisals, established market prices for comparable assets or internal estimates of discounted future net cash flows. If the fair value of the reporting unit exceeds the carrying amount, goodwill is not impaired. If the carrying amount exceeds the fair value, an impairment charge is recognized for the excess of the carrying amount of goodwill over its implied fair value.

Indefinite-lived intangible assets consisting of trade names, trademarks, and Medicare and hospital licenses, are not amortizable; however, are evaluated for impairment on an annual basis. Intangible assets subject to amortization, which consist of non-compete agreements, lease contract intangibles, internally developed software, trade secret methodology and physician relationships, are carried at cost less accumulated amortization, which is calculated on a straight-line basis over the asset's estimated useful life.

Investments in Unconsolidated Affiliates

Investments in unconsolidated affiliates include the Company's investments in non-marketable equity securities that do not represent a controlling financial interest in the investee. Such investment balances are included in the Company's consolidated balance sheets in other long-term assets, and include investments accounted for using the equity and the cost method of accounting. Where the Company exercises significant influence over the investee, the Company accounts for its investment under the equity method of accounting. In other cases, the investments in unconsolidated affiliates are accounted for using the cost method of accounting. Whether or not the Company exercises significant influence with respect to an investee depends on an evaluation of several factors including, among others, representation on the investee's board of directors, ability to participate in setting operating, financial and other policies of the investee, and ownership level.

Under the equity method of accounting, the carrying amount of the investment is adjusted each reporting period for the Company's pro rata share of investee's earnings (which also are reflected in other (income) expense in the Company's consolidated statements of earnings) and any distributions received. Cost-method investments are stated at cost, adjusted only to reflect any other-than-temporary impairment in value or return of the capital invested through a distribution or disposition. Earnings on cost-method investments, if any, are recognized in other expense (income) when dividends or other distributions of earnings are declared.

Investments in unconsolidated affiliates are reviewed for impairment at least annually and any impairment loss that is other than temporary is recognized in the consolidated statements of earnings, with no future recovery in value recognized.

Income Taxes

The tax expense for the period comprises current and deferred tax. Tax expense is recognized in the consolidated statement of operations, except to the extent that it relates to items recognized directly in equity. For items recognized directly in equity, the tax expense is also recognized in equity.

The current income tax charge is calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit against which the temporary difference can be utilized will be available.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and unconsolidated affiliates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. The Company annually evaluates tax positions to determine the need for any additional disclosures, de-recognition, classification, interest and penalties on income taxes and accounting for income tax estimates in interim periods.

In assessing the need for a valuation allowance, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

Fair Value

Certain financial instruments are reported at fair value on our consolidated balance sheets. Under fair value measurement accounting guidance, fair value is defined as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, (i.e., an exit price). To estimate an exit price, a three-level hierarchy is used. The fair value hierarchy prioritizes the inputs, which refer broadly to assumptions market participants would use in pricing an asset or a liability, into three levels. Level 1 inputs are unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 inputs are inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly (such as quoted prices for similar assets or liabilities). Level 3 inputs are unobservable inputs for the asset or liability and have the lowest priority (such as cash-flow assumptions formulated by management).

The valuation techniques that may be used to measure fair value include a market approach, an income approach and a cost approach. A market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. An income approach uses valuation techniques to convert future cash flow amounts to a single present amount based on current market expectations, including present value techniques, option-pricing models and the excess earnings method. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Leases

Certain leases to which the Company is party as a lessee are classified as capital leases whenever the terms of the lease transfer to the Company substantially all of the risks and rewards of ownership. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of operations on a straight-line basis over the period of the lease as rent expense.

Foreign Currency

The Company has no significant business operations outside the United States and, therefore, the functional currency and the local currency for its business operations is the U.S. Dollar (“USD”). The accompanying consolidated statements are also presented in USD, the Company’s reporting currency.

From time to time monetary assets and liabilities may be denominated in foreign currency, and, if so, will be translated at the exchange rate in effect as of the balance sheet date, with resulting gains or losses included within the consolidated statement of

operations. Revenues and expenses denominated in foreign currencies are translated into USD at the average foreign currency exchange rate for the period.

Stock-Based Compensation

The Company recognizes all stock-based compensation to employees, including grants of employee stock options, in the consolidated financial statements based on their grant-date fair values. The Company values its stock options awarded using the Black-Scholes option pricing model. Restricted stock awards are valued at the grant-date closing market price. Stock-based compensation costs are recognized over the vesting period, which is the period during which the employee is required to provide service in exchange for the award.

Occasionally, the Company issues stock-based awards to non-employees. The fair value of these option awards is estimated when the award recipient completes the contracted professional services. The Company recognizes expense for the estimated total value of the awards during the period from their issuance until performance completion, at which time the estimated expense is adjusted to the final value of the award as measured at performance completion. Because our non-employee stock options were issued with exercise prices denominated in Canadian Dollars, upon performance completion, their fair values are reclassified from equity to liabilities and remeasured to fair value each reporting period, with remeasurement gains and losses recognized in other income (expense) in our consolidated statements of operations.

Net Income per Common Share

We calculate net income per common share by dividing net income available for common shareholders by the weighted average number of common shares outstanding during the period. Fully diluted income per share is computed using the weighted average number of common and potential common shares outstanding during the period. Potential common shares include those that may be issued upon redemption of units granted under the Company's restricted stock unit and Share Option Plans.

Segment Reporting

The Company reports segment information based on how the chief operating decision maker, along with other members of management, organize and utilize financial and operational data in determining how to allocate resources and assess performance.

Effective December 1, 2014, the Company's business lines are classified into two reportable business segments which include a Medical Segment and a Marketing Segment. The Medical Segment provides the operation of hospitals, outpatient facilities and other related health care services. The Marketing Segment provides direct-to-consumer marketing efforts which educate patients on their healthcare options. Factoring activities are included in the Marketing Segment, as such activities only pertain to patient services that result from the Company's Marketing Segment efforts.

We evaluate performance based on income from operations of the respective business segments prior to the allocation of corporate office expenses. Transactions between segments are eliminated in consolidation. Our corporate office provides general and administrative and support services to our two revenue-generating segments. Management allocates costs between segments for selling, general and administrative expenses and depreciation expense.

Recently Issued Accounting Pronouncements

In August 2014, the Financial Accounting Standards Board (FASB) issued Account Standard Update (ASU) No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. (Subtopic 205-40) This standard provides guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and to provide related footnote disclosures. ASU No. 2014-15 is effective for fiscal years ending after December 15, 2016 and for interim and annual periods therein with early adoption permitted. The Company is currently assessing the timing of adoption of the new guidance, but does not expect it will have a material impact on the Company's consolidated financial statements. The Company does not expect this ASU to have a material impact on our consolidated financial statements and related disclosures.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments-Overall (Topic 825): Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"). This update changes how entities account for and measure the fair value of certain equity investments and updates the presentation and disclosure of certain financial assets and liabilities. This new ASU is

effective for annual and interim periods beginning on or after December 15, 2017, and for interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact that ASU 2016-01 will have on the Company's consolidated financial position and disclosures.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842) ("ASU 2016-02") which supersedes FASB ASC Topic 840, *Leases* (Topic 840) and provides principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating

leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than twelve months regardless of classification. Leases with a term of twelve months or less will be accounted for similar to existing guidance for operating leases. The standard is effective for annual and interim periods beginning after December 15, 2018, with early adoption permitted upon issuance. The Company is currently evaluating the method of adoption and the impact of adopting ASU 2016-02 on its results of operations, cash flows and financial position.

In March 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal Versus Agent Considerations (Reporting Revenue Gross Versus Net)* ("ASU 2016-08"). ASU 2016-08 amends a previously issued ASU released in 2014. In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective in 2018. ASU 2016-08 addresses how an entity should assess whether it is the principal or the agent in contracts that include three or more parties. The ASU clarifies that an entity should evaluate whether it is the principal or the agent for each specified good or service promised in a contract with a customer. The amendments affect the guidance in ASU 2014-09 which is not yet effective. The effective date and transition requirements for the amendments in ASU 2016-08 are the same as the effective date and transition of ASU 2014-09, which will be effective for the Company for reporting periods beginning after December 15, 2017. The Company is currently evaluating the new guidance to determine the method of adoption that it will use and the impact it will have on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"). ASU 2016-09 impacts several aspects of the accounting for share-based payment transactions, including classification of certain items on the consolidated statement of cash flows and accounting for income taxes. Specifically, the ASU requires that excess tax benefits and tax deficiencies (the difference between the deduction for tax purposes and the compensation cost recognized for financial reporting purposes) be recognized as income tax expense or benefit in the consolidated statement of operations, introducing a new element of volatility to the provision for income taxes. ASU 2016-09 is effective on January 1, 2017, with early adoption permitted. The transition method varies for each of the areas this ASU. The Company is currently evaluating the impact of adopting this new accounting standard on its results of operations and financial position.

In April 2016, the FASB issued ASU No. 2016-10, *Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing*, which clarifies the guidance in ASU 2014-09 regarding assessing whether promises to transfer goods or services are distinct, and whether an entity's promise to grant a license provides a customer with a right to use or right to access the entity's intellectual property. The effective date and transition requirements for the amendments in this ASU are the same as the effective date and transition of ASU 2014-09, which will be effective for the Company for reporting periods beginning after December 15, 2017. The Company does not expect these amendments to have a material effect on its consolidated financial statements.

In May 2016, the FASB issued ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients* ("ASU 2016-12"). This Update provides for amendments to ASU 2014-09, amending the guidance on transition, collectability, noncash consideration and the presentation of sales and other similar taxes. Specifically, ASU 2016-12 clarifies that, for a contract to be considered completed at transition, all (or substantially all) of the revenue must have been recognized under legacy U.S. GAAP. In addition, ASU 2016-12 clarifies how an entity should evaluate the collectability threshold and when an entity can recognize nonrefundable consideration received as revenue if an arrangement does not meet the standard's contract criteria. The effective date and transition requirements for the amendments in this ASU are the same as the effective date and transition of ASU 2014-09, which will be effective for the Company for reporting periods beginning after December 15, 2017. The Company does not expect these amendments to have a material effect on its consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"). ASU 2016-15 provides guidance on how certain cash receipts and cash payments are to be presented and classified in the statement of cash flows. For public entities, ASU 2016-15 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the potential impact of adopting this guidance on our consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-17, *Interests Held through Related Parties That Are under Common Control*. This standard modifies existing guidance with respect to how a decision maker that holds an indirect interest in a VIE through a common control party determines whether it is the primary beneficiary of the VIE as part of the analysis of whether the VIE would need to be consolidated. Under the ASU, a decision maker would need to consider only its proportionate indirect interest in the

VIE held through a common control party. Previous guidance had required the decision maker to treat the common control party's interest in the VIE as if the decision maker held the interest itself. As a result of the ASU, in certain cases, previous consolidation conclusions may change. The standard is effective January 1, 2017 with retrospective application to January 1, 2016. We do not expect this ASU to have a material impact on our consolidated financial statements and related disclosures.

Recently Adopted Accounting Standards

In February 2015, the FASB issued ASU No. 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis* that amends the current consolidation guidance. The amendments affect both the variable interest entity and voting interest entity consolidation models. The guidance must be applied using one of two retrospective application methods and will be effective for fiscal years beginning after December 15, 2015, and for interim periods within those fiscal years. Early adoption is permitted, including adoption in any interim period. The Company adopted this ASU in the first quarter of 2016.

In April 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03) which requires that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of related debt liability, consistent with debt discounts. Under the former accounting standards, such costs were recorded as an asset. On August 18, 2015, the FASB clarified that the guidance in ASU 2015-03 does not apply to line-of-credit arrangements. Accordingly, companies may continue to present debt issuance costs for line-of-credit arrangements as an asset and subsequently amortize the deferred debt costs ratably over the term of the arrangement. This new guidance is effective for annual reporting periods beginning after December 15, 2015. The Company adopted this ASU in the second quarter of 2015.

In September 2015, the FASB issued ASU No. 2015-16, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments*, requiring that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. This ASU also requires an entity to present separately on the face of the income statement, or disclose in the notes to the financial statements, the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. This ASU is effective within annual periods beginning after December 15, 2015, including interim periods within that reporting period, and will be applied prospectively to measurement period adjustments that occur after the effective date of this ASU. The Company adopted this ASU in the third quarter of 2015.

In November 2015, the FASB issued ASU No. 2015-17 *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*, which simplifies the presentation of deferred income taxes. Under the new accounting standard, deferred tax assets and liabilities are required to be classified as noncurrent, eliminating the prior requirement to separate deferred tax assets and liabilities into current and noncurrent. The new guidance is effective for annual reporting periods beginning after December 15, 2016, with early adoption permitted. The standard may be adopted prospectively or retrospectively to all periods presented. The Company adopted this ASU in the fourth quarter of 2015.

NOTE 3 - BUSINESS ACQUISITIONS

The Company accounts for all transactions that represent business combinations using the acquisition method of accounting, where the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquired entity are recognized and measured at their fair values on the date the Company obtains control in the acquiree. Such fair values that are not finalized for reporting periods following the acquisition date are estimated and recorded as provisional amounts. Adjustments to these provisional amounts during the measurement period (defined as the date through which all information required to identify and measure the consideration transferred, the assets acquired, the liabilities assumed and any noncontrolling interests has been obtained, limited to one year from the acquisition date) are recorded as of the date of acquisition. Any material impact to comparative information for periods after acquisition, but before the period in which adjustments are identified, is recognized during the measurement period in the reporting period in which the adjustment amounts are determined.

2016 Transactions:

On October 28, 2016, the Company acquired Arizona Vein and Vascular Center, LLC (AVVC) and its four affiliated surgery centers operating as Arizona Center for Minimally Invasive Surgery, LLC (ACMIS), (collectively "AZ Vein") from Dr. L. Philipp Wall, M.D., P.C. for a total purchase price of \$22.0 million comprised of \$17.5 million in cash, \$2.25 million in Nobilis common shares, \$2.25 million in the form of a convertible note and \$0.1 million earn-out arrangement to be paid in cash based on a trailing 12 month earnings before interest, income taxes, depreciation and amortization (EBITDA) of AZ Vein and the purchased assets.

In addition, \$1.1 million of the cash purchase price was heldback and is subject to certain indemnification provisions. On the twelve-month anniversary of closing, 50% of the amount held back, less any amounts paid as, or claimed as, indemnification, will be paid to Dr. Wall. The remaining amount held back, less any amounts paid as, or claimed as, indemnification, will be paid to Dr. Wall on the twenty-four-month anniversary of closing.

Dr. Wall is the sole equity holder for both AVVC and ACMIS and started the companies in 2007 and 2012, respectively. AVVC and ACMIS are leading clinical and surgical providers for vascular, radiology, podiatry, and general surgery, with five locations in the Phoenix and Tucson metropolitan areas. The acquisition expands Nobilis' presence in two high-growth geographic markets, Phoenix and Tucson, and increases its multi-specialty offering with new vascular surgical specialties within a group of established physician partners.

As a result of the acquisition, the Company has recognized \$17.2 million of goodwill within our Medical Segment. The Company believes that the goodwill is primarily comprised of the business opportunities to be gained through the expanded geographical coverage as well as the access to a new physician group.

Subsequent to the acquisition date of October 28, 2016, AZ Vein had \$2.8 million in revenues and a net income of \$0.3 million which is included in the Company's consolidated statement of operations for the year ended December 31, 2016.

The costs related to the transaction were \$0.3 million and were expensed during the year ended December 31, 2016. These costs are included in the corporate general and administrative expenses in the Company's consolidated statement of operations for the year ended December 31, 2016.

The fair values assigned to certain assets acquired and liabilities assumed in relation to the Company's acquisition have been prepared on a preliminary basis with information currently available and are subject to change. Specifically, the Company is still in the process of assessing the fair value of trade accounts receivable, property and equipment, intangibles, goodwill, leases and working capital adjustment. The Company expects to finalize its analysis during 2017.

The following table summarizes the fair values of the identifiable assets acquired and liabilities assumed at the date of acquisition (*in thousands*):

	<u>October 28, 2016</u>
Net assets acquired:	
Cash	\$ 261
Trade accounts receivable	3,472
Prepaid expenses and other current assets	188
Medical Supplies	191
Property and equipment	2,745
Other long-term assets	6
Goodwill	17,185
Intangible assets	1,700
Net assets acquired	<u>\$ 25,748</u>
Net liabilities assumed:	
Trade accounts payable	\$ 996
Accrued liabilities	273
Current portion of capital leases	472
Long-term portion of capital leases	666
Total liabilities assumed	<u>\$ 2,407</u>
Consideration:	
Cash	\$ 17,500
Stock issued	2,250
Convertible promissory note	2,250
Working capital adjustment	1,241
Earnout consideration	100
Total consideration	<u>\$ 23,341</u>

2015 Transactions:

During 2015 the Company paid approximately \$13.6 million to acquire the operating assets and related businesses of certain physician practices and other ancillary businesses. In connection with these acquisitions, during the measurement period, the Company allocated approximately \$35.5 million of the assets acquired to property and equipment, working capital and the remainder, approximately \$23.9 million, consisted of goodwill within our Medical Segment. The Company believes that the goodwill is primarily comprised of the business opportunities to be gained through the expanded geographical coverage as well as the access to a new physician group. The Company also assumed approximately \$45.8 million of liabilities in connection with acquisitions made during 2015.

The costs related to the transactions were nominal and were expensed during the year ended December 31, 2015. These costs are included in the corporate general and administrative expenses in the Company's consolidated statement of operations for the year ended December 31, 2015.

The following table summarizes the fair values of the identifiable assets acquired and liabilities assumed during 2015 (*in thousands*):

	As of December 31, 2016	
Net assets acquired:		
Cash	\$	65
Trade accounts receivable		4,087
Other receivables		418
Prepaid expenses and other current assets		80
Medical Supplies		1,612
Property and equipment		28,373
Customer Relations		500
Other long-term assets		115
Tradename		160
Hospital license		36
Goodwill		23,945
Net assets acquired	\$	59,391
Net liabilities assumed:		
Trade accounts payable	\$	9,072
Accrued expenses		3,016
Unfavorable leases		3,583
Current portion of capital leases		5,775
Long-term portion of capital leases		13,807
Long-term portion of note payable		6,052
Debt		4,500
Total liabilities assumed	\$	45,805
Consideration:		
Cash	\$	6,765
Stock issued as consideration		650
Noncontrolling interest		4,339
Bargain purchase gain		1,733
Earn out consideration		99
Total consideration	\$	13,586

Unaudited Supplemental Pro Forma Information

The following table presents the unaudited pro forma results of the Company as though all of the business combinations discussed above for 2016 had been made on January 1, 2015, and for 2015 had been made on January 1, 2014. The pro forma information is based on the Company's consolidated results of operations for the years ended December 31, 2016, 2015 and 2014. The unaudited supplemental pro forma financial information has been provided for illustrative purposes only and does not purport to be indicative of the actual results that would have been achieved by combining the companies for the periods presented, or of the results that may be achieved by the combined companies in the future. Further, results may vary significantly from the results reflected in the following unaudited supplemental pro forma financial information because of future events and transactions, as well as other factors.

The unaudited supplemental pro forma financial information presented below has been prepared by adjusting the historical results of the Company to include historical results of the acquired businesses described above and was then adjusted: (i) to increase amortization expense resulting from the intangible assets acquired; (ii) to adjust earnings per share to reflect the common shares issued as part of the

purchase consideration; (iii) to reduce interest expense from debt which was retained by the seller upon acquisition of the respective businesses; (iv) to adjust the carrying value of net property and equipment to its fair value and to increase depreciation expense for the incremental increase in the value of property and equipment; (v) to decrease expenses for

management services which were provided by the preceding parent entity and to concurrently increase expenses for management services which are now provided by the Company; and (vi) to adjust noncontrolling interest to properly reflect the minority ownership percentages which were not purchased by the Company. The unaudited supplemental pro forma financial information does not include adjustments to reflect the impact of other cost savings or synergies that may result from these acquisition.

The following table shows our pro forma results for the year ended December 31, 2016 and 2015 (*in thousands, except per share amounts*):

	Year ended December 31,	
	2016	2015
Revenue	\$ 299,944	\$ 253,624
Income from operations	\$ 13,135	\$ 30,903
Net income attributable to noncontrolling interests	\$ 653	\$ 10,216
Net income attributable to common stockholders	\$ 8,052	\$ 52,868
Net income per basic common share	\$ 0.08	\$ 0.77

NOTE 4 - INVESTMENTS IN ASSOCIATES

In March 2014, the Company acquired an ownership interest in Group of Pioneers Diagnostics (“GOP”), LLC, representing 40% of the outstanding share interests in GOP. The investment in GOP is accounted for using the equity method of accounting. GOP owns two Management Service Organizations (“MSOs”) which provides a suite of management services to their clients which may include, but is not be limited to, general business management, fiscal management and physician practice management. Due to lack of historical and current financial information of GOP and our Company’s separation from the management and operations of GOP, we do not believe there can be any sustainability in the business model. As a result, the investment in GOP was written off in December 2015. The impairment charge of approximately \$0.2 million was recorded as other expense in the consolidated statements of operations.

In December 2014, as part of the Athas acquisition, the Company acquired Athas’ investment ownership in two ASC’s and one hospital (the “Athas Investments”): 87.5% in Elite Orthopedic and Spine Surgery Center LLC; 15.7% in Elite Sinus Spine and Ortho LLC; and 10.7% in Elite Hospital Management LLC. For the Athas Investments, the Company concluded that it did not exert significant influence over the operating and financial activities. The Athas Investments are accounted for as cost method investments and recorded at cost. The total carrying value of the Athas Investments at December 31, 2014 was \$0.7 million. In December 2015, the Company agreed to divest its interest in the Athas Investments, resulting in a loss of \$0.7 million. The impairment charge of \$0.7 million was recorded as other expense in the consolidated statements of operations.

During the first quarter of 2015, The Company completed the deconsolidation of two imaging centers and one urgent care clinic in Houston, which consisted of the following entities: Spring Northwest Management, LLC, Spring Northwest Operating, LLC, Willowbrook Imaging, LLC, GRIP Medical Diagnostics, LLC and KIRPA Holdings, LLC. The Company resigned as the manager of these facilities resulting in loss of control and its rights to exercise significant influence. The Company retained investments in these facilities that are accounted for as cost method investments beginning January 1, 2015. In December 2015, the Company completed the revaluation of our remaining investments in these facilities resulting in a loss of \$0.8 million. The impairment charge of \$0.8 million was recorded as other expense and reduced the carrying value to \$0.7 million as of December 31, 2015. In December 2016, the Company agreed to divest its interests in these investments, resulting in a loss of \$0.7 million. The impairment charge of \$0.7 million was recorded as other expense and reduced the carrying value to nil as of December 31, 2016. The investments are classified as other long-term assets in the consolidated balance sheets.

In March 2016, the Company acquired a 58% interest in Athelite Holdings LLC (“Athelite”), a holding company with a 70% interest in Dallas Metro Surgery Center LLC (“Dallas Metro”), a company formed to provide management services to a hospital outpatient department. In April 2016, Athelite interest in Dallas Metro was reduced to 62%. The Athelite investment is accounted for as an equity method investment as the Company did not obtain the necessary level of control for the investment to be accounted for as a business combination. This is due to the fact that the Company does not have the ability to directly appoint a majority of the board members of Dallas Metro or independently make strategic operational decisions. The carrying value as of December 31, 2016 was \$0.5 million. The investment is classified as other long-term assets in the consolidated balance sheets.

NOTE 5 - FINANCIAL INSTRUMENTS AND CONCENTRATION

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Accounts receivable and other receivables
- Investments in associates
- Accounts payable, accrued liabilities and other current liabilities
- Other liabilities and notes payable
- Capital leases
- Lines of credit
- Debt
- Warrants
- Non-employee stock options

The carrying amounts of the Company's cash, accounts receivable and other receivables, accounts payable, accrued liabilities, other current liabilities, other liabilities as reflected in the consolidated financial statements approximate fair value due to the short term maturity of these items. The estimated fair value of our other long-term debt instruments approximate their carrying amounts as the interest rates approximate our current borrowing rate for similar debt instruments of comparable maturity, or have variable interest rates. Further discussion of fair value related to financial instruments are discussed within Note 15 - Fair value measurements.

Financial instruments - risk management

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Market risk
- Liquidity risk

Credit risk

Credit risk is the risk of financial loss to the Company if a patient, non-partner surgeon or insurance company fails to meet its contractual obligations. The Company, in the normal course of business, is exposed mainly to credit risk on its accounts receivable from insurance companies, other third-party payors, and doctors. Accounts receivables are net of applicable bad debt reserves, which are established based on specific credit risk associated with insurance companies and payors and other relevant information.

Interest rate risk

The Company entered into a revolving line of credit that, from time to time, may increase interest rates based on market index.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due and arises from the Company's management of working capital. The Company's objective to managing liquidity risk is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due. To achieve this objective, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements. The liquidity risk of the Company and its subsidiaries is managed centrally by the Company's finance function. The Company believes that there are currently no concerns of its ability to meet its liabilities as they become due for the foreseeable future.

Concentrations

A summary of certain information about our payor concentration is as follows:

MEDICAL SEGMENT

PATIENT AND NET PROFESSIONAL FEE REVENUE BY PAYORS OF THE NOBILIS FACILITIES FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Payors	2016 Patient and Net Professional Fee Revenue by Payor Mix	2015 Patient and Net Professional Fee Revenue by Payor Mix
Private insurance and other private pay	96.6%	95.5%
Workers compensation	3.0%	4.1%
Medicare	0.4%	0.4%
Total	100.0%	100.0%

MARKETING SEGMENT

PATIENT AND NET PROFESSIONAL FEE REVENUE BY PAYORS OF THE NOBILIS FACILITIES FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Payors	2016 Patient and Net Professional Fee Revenue by Payor Mix	2015 Patient and Net Professional Fee Revenue by Payor Mix
Private insurance and other private pay	100.0%	100.0%
Workers compensation	0.0%	0.0%
Medicare	0.0%	0.0%
Total	100.0%	100.0%

Five facilities represent approximately 96% of the Company's contracted marketing revenue for the year-ended December 31, 2016, and four facilities represent approximately 89% of the Company's contracted marketing accounts receivable as of December 31, 2016.

NOTE 6 - TRADE ACCOUNTS RECEIVABLE

A detail of trade accounts receivable, net as of December 31, 2016 and 2015 is as follows (*in thousands*):

	December 31, 2016	December 31, 2015
Trade accounts receivable	\$ 121,599	\$ 95,114
Allowance for doubtful accounts	(750)	(5,165)
Receivables transferred	(309)	(298)
Receivables purchased	4,411	2,918
Trade accounts receivable, net	\$ 124,951	\$ 92,569

Bad debt expense was \$0.8 million, \$3.6 and nil for the years ended December 31, 2016, 2015 and 2014, respectively.

A detail of allowance for doubtful accounts as of December 31, 2016 and 2015 is as follows (in thousands):

	Balance at Beginning of Period	Costs and Expenses	Recovery	Write-offs, net (1)	Balance at End of Period
Allowance for doubtful accounts:					
Year ended December 31, 2016	\$ (5,165)	\$ (750)	\$ 1,135	\$ 4,030	\$ (750)
Year ended December 31, 2015	\$ (1,384)	\$ (3,557)	\$ —	\$ (224)	\$ (5,165)

⁽¹⁾ Adjudication of previously recorded allowance for doubtful accounts

From time to time, we transfer to third parties certain of our accounts receivable payments on a non-recourse basis in return for advancement on payment to achieve a faster cash collection. As of December 31, 2016 and 2015, there remained a balance of \$0.3 million and \$0.3 million, respectively, in transferred receivables pursuant to the terms of the original agreement. For the years ended December 31, 2016, 2015 and 2014, the Company received advanced payments of \$0.6 million, \$1.7 million and \$1.0 million, respectively. During the same time period, the Company transferred \$5.2 million, \$7.6 million and \$7.3 million of receivables, respectively. Concurrently, upon collection of these transferred receivables, payment will be made to the transferee.

Athas, Peak Neuromonitoring (“Peak”), and Nobilis Surgical Assist (“First Assist”) purchase receivables from physicians, at a discount, on a non-recourse basis. The discount and purchase price vary by specialty and are recorded at the date of purchase, which generally occurs 30 to 45 days after the accounts are billed. These purchased receivables are billed and collected by Athas, Peak and First Assist and they retain 100% of what is collected after paying the discounted purchase price. Following the transfer of the receivable, the transferor has no continued involvement and there are no restrictions on the receivables. Gross revenue from purchased receivables was \$15.8 million, \$11.5 million and \$1.6 million for the years ended December 31, 2016, 2015 and 2014 respectively. Revenue, net of the discounted purchase price, was \$8.7 million, \$6.6 million and \$0.9 million for the years ended December 31, 2016, 2015 and 2014 respectively. Accounts receivable for purchased receivables was \$4.4 million and \$2.9 million for the years ended December 31, 2016 and 2015, respectively. Revenue from receivables purchased is recorded in the factoring revenue line item within the consolidated statements of operations.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following as of December 31, 2016 and 2015 (*in thousands*):

	<u>2016</u>	<u>2015</u>
Telephone equipment	\$ 374	\$ 122
Computer hardware	1,863	780
Computer software	2,824	733
Furniture and office equipment	1,726	1,143
Medical equipment	28,158	23,482
Leasehold improvements	8,605	7,942
Building	12,520	12,520
Construction in progress	859	1,325
	<u>56,929</u>	<u>48,047</u>
Less: accumulated depreciation	(20,206)	(12,744)
Property and equipment, net	<u>\$ 36,723</u>	<u>\$ 35,303</u>

Depreciation expense for the years ended December 31, 2016, 2015 and 2014 was \$7.1 million, \$3.7 million, and \$1.6 million, respectively.

NOTE 8 - INTANGIBLE ASSETS

Intangible assets at December 31, 2016 and 2015 consist of the following (*in thousands*):

	December 31, 2016					December 31, 2015				
	Historical Cost	Additions	Accumulated Amortization	Accumulated Impairment	Net Book Value	Historical Cost	Additions	Accumulated Amortization	Accumulated Impairment	Net Book Value
Finite Life										
Non-compete agreements	\$ 2,761	\$ 200	\$ 1,258	\$ —	\$ 1,703	\$ 2,761	\$ —	\$ 993	\$ —	\$ 1,768
Internally developed software	1,980	—	825	—	1,155	1,980	—	330	—	1,650
Trade secret methodology	5,620	—	1,170	—	4,450	5,620	—	468	—	5,152
Physician relationships	2,800	—	327	—	2,473	2,800	—	130	—	2,670
Customer relationships	500	—	66	—	434	—	500	24	—	476
Indefinite Life										
Tradenames	1,160	1,100	—	—	2,260	1,000	160	—	—	1,160
Trademark	5,610	—	—	—	5,610	5,610	—	—	—	5,610
Medicare license	8,498	—	—	7,401	1,097	8,498	—	—	7,401	1,097
Hospital license	36	400	—	—	436	—	36	—	—	36
Total	\$ 28,965	\$ 1,700	\$ 3,646	\$ 7,401	\$ 19,618	\$ 28,269	\$ 696	\$ 1,945	\$ 7,401	\$ 19,619

Amortization expense was \$1.7 million, \$0.9 million and \$0.2 million for the years ended December 31, 2016, 2015 and 2014, respectively. Estimated amortization of intangible assets for the five years and thereafter subsequent to December 31, 2016 is as follows (*in thousands*):

Year ending December 31,

2017	\$ 1,432
2018	1,415
2019	1,299
2020	936
2021	936
Thereafter	4,198
Total	\$ 10,216

NOTE 9 - GOODWILL

The following tables provide information on changes in the carrying amount of goodwill, which is included in the accompanying consolidated balance sheets as of December 31, 2016 and 2015 (*in thousands*):

	December 31, 2016	December 31, 2015
Cost	\$ 200,461	\$ 183,276
Accumulated impairment losses	(138,443)	(138,443)
Total	\$ 62,018	\$ 44,833

<u>Cost</u>	December 31, 2016	December 31, 2015
BALANCE - beginning of period	\$ 183,276	\$ 160,032
AZ Vein business combination	17,185	—
Deconsolidation of imaging centers and urgent care clinic	—	(701)
Hermann Drive business combination, as adjusted	—	16,039
Peak business combination, as adjusted	—	974
Scottsdale Liberty business combination	—	6,932
Total cost	\$ 200,461	\$ 183,276

<u>Accumulated impairment</u>		
BALANCE - beginning of period	\$ (138,443)	\$ (138,443)
Impairment charges during the period	—	—
Total accumulated impairment	\$ (138,443)	\$ (138,443)

The Company did not record any impairment charges for the years ended December 31, 2016, 2015 or 2014.

NOTE 10 - ACCRUED EXPENSES AND OTHER CURRENT LIABILITES

The following table presents a summary of items comprising accrued expenses and other current liabilities in the accompanying consolidated balance sheets as of December 31, 2016 and 2015 (*in thousands*):

	<u>2016</u>	<u>2015</u>
Accrued expenses:		
Accrued salaries and benefits	\$ 3,333	\$ 5,309
Lab expense	5,402	—
Other	21,410	11,339
Total accrued expenses	<u>\$ 30,145</u>	<u>\$ 16,648</u>
Other current liabilities:		
Estimated amounts due to third party payors	\$ 6,286	\$ 3,795
Other	1,275	1,230
Total other current liabilities	<u>\$ 7,561</u>	<u>\$ 5,025</u>

NOTE 11 - OTHER LONG-TERM LIABILITIES

The Company assumed real property leases as part of certain acquisitions which required the Company to pay above market rentals through the remainder of the lease terms. Of the \$4.0 million balance in other long-term liabilities at December 31, 2016, approximately \$3.1 million of that balance relates to unfavorable leases. The unfavorable lease liability is amortized as a reduction to rent expense over the contractual periods the Company is required to make rental payments under the leases. Estimated amortization of unfavorable leases for the five years and thereafter subsequent to December 31, 2016, is \$0.4 million for 2017 and \$0.3 million for 2018, 2019, 2020, 2021 and \$1.9 million thereafter. An additional \$0.5 million is related to a holdback liability in conjunction with the AZ Vein acquisition.

NOTE 12 - DEBT

2015 Developments

HFS Term Loan

On March 31, 2015, the Company secured a \$20.0 million term loan from Healthcare Financial Services, LLC (f/k/a General Electric Capital Corporation) (HFS or the "HFS Term Loan"), which was subsequently amended and increased to \$25.0 million on August 19, 2016. The HFS Term Loan incurred interest at a rate of 4% plus LIBOR per annum and required quarterly payments of principal and interest until it was to mature in March 2020. The HFS Term Loan provided for a 0.70% LIBOR floor. The HFS Term Loan was collateralized by the accounts receivable and physical equipment of all of the Company's 100% owned subsidiaries as well as the Company's ownership interest in all less than wholly owned subsidiaries. The HFS Term Loan primarily served to refinance all previously held debt and lines of credit. As of December 31, 2016, the outstanding balance was zero as the HFS Term Loan was extinguished and replaced by the BBVA Compass Credit Agreement (the "BBVA Credit Agreement") discussed below.

On July 30, 2015, the Company secured a \$4.5 million term loan from Legacy Texas Bank (the "Legacy Bank Term Loan"). The Legacy Bank Term Loan incurred interest at a rate of 4% plus LIBOR per annum and requires monthly payments of interest. Monthly payments of principal commenced in August 2016. The Legacy Bank Term Loan was to mature in July 2020 and was subordinated to the Company's term loan and revolver with HFS. As of December 31, 2016, the outstanding balance was zero and the Legacy Bank Term Loan was extinguished and replaced in 2016 using the increased borrowing capacity acquired through the Seventh Amendment, further discussed in the 2016 Developments below.

Lines of Credit

On March 31, 2015, the Company secured a \$5.0 million revolving line of credit from HFS (the "HFS Revolver") that was to mature in March 2020. The HFS Revolver incurred interest at a rate of 4% plus LIBOR per annum and required quarterly payments. The revolver was collateralized by the accounts receivable and physical equipment of all of the Company's 100% owned subsidiaries as well as the Company's ownership interests in all less than wholly owned subsidiaries. The HFS Revolver was extinguished and replaced in 2016 using the increased borrowing capacity acquired through the Seventh Amendment, further discussed in the 2016 Developments below.

On July 30, 2015, the Company issued a \$1.5 million letter of credit to the Landlord of the PSH ("PSH Landlord") facility in connection with the execution of the hospital facility lease. The PSH Landlord shall have the right to draw upon the letter of credit in an event of default. The letter of credit is secured by the \$5.0 million HFS Revolver. This letter of credit was extinguished in conjunction with replacement of the HFS Revolver discussed further below.

2016 Developments

HFS Term Loan

The Company entered into the Sixth Amendment to Credit Agreement (the "Sixth Amendment"), dated as of August 1, 2016, among Northstar Healthcare Acquisitions, L.L.C. (NHA), HFS and the credit parties named therein. The Sixth Amendment among other things, added a cap on Investments in Nobilis Health Anesthesia Network, PLLC of \$2.0 million; increased the permitted indebtedness of the Company pursuant to that certain Loan Agreement, dated as of July 30, 2015, between PSH and Legacy Texas Bank from 7.0 to 7.05; modified the maximum leverage ratio as of March 31, 2016, to 3.05 to 1.00; and modified the definition of "Subsidiary" to exclude the

following entities: Athelite, Dallas Metro, Marsh Lane Surgical Hospital, LLC, Nobilis Health Network, Inc. (NHN) and the subsidiaries of NHN.

The Company entered into the Seventh Amendment to Credit Agreement (the "Seventh Amendment"), dated as of August 19, 2016, among HFS, other credit parties named therein and other financial institutions. The Seventh Amendment, among other things, increased total borrowing capacity to \$36.6 million from \$30.6 million. The increased borrowing capacity provided under the Seventh Amendment consisted of aggregate term and revolving loan commitments from HFS of \$25 million and \$11.6 million, respectively.

The Company entered into the Eighth Amendment to Credit Agreement and Limited Waiver (the "Eighth Amendment"), dated as of October 20, 2016, by and among NHA, other credit parties named therein, HFS and other financial institutions. The purpose of the Amendment was to (i) modify the covenant regarding the Company's holding company status to permit certain business activities thereunder (ii) define a new permitted lien and an applicable basket with regard to a lien filed by a Company vendor and (iii) amend the management fees covenant to permit payment of certain management fees under the Loan Agreement.

As of December 31, 2016, the outstanding balance was zero as the HFS Term Loan was extinguished and replaced by the BBVA Credit Agreement discussed below.

Lines Of Credit

On May 18, 2016, the Company secured a \$3.0 million revolving line of credit from Legacy Texas Bank (the "Legacy Revolver"). The Legacy Revolver bears interest at a rate of 4% plus LIBOR per annum on drawn funds and requires monthly payments of interest. Monthly payments of principal commenced in September 2016. As of December 30, 2016, the outstanding balance was zero and the Legacy Revolver was extinguished using the increased borrowing capacity acquired through the Seventh Amendment to the Credit Agreement.

BBVA Credit Agreement

On October 28, 2016 the Company entered into a BBVA Credit Agreement by and among the Company, certain subsidiaries of the Company parties thereto, the lenders from time to time parties thereto (the "Lenders") with BBVA Compass Bank as Administrative Agent for the lending group.

The BBVA Credit Agreement replaced Borrower's prior \$36.6 million five-year Credit Agreement, dated as of March 31, 2015 as subsequently amended and modified with HFS. All amounts outstanding under the HFS Credit Agreement were repaid with proceeds from the BBVA Credit Agreement, and no early termination penalties were incurred by the Borrower or the Company in connection with the termination of the HFS Credit Agreement.

The principal amount of the term loan (the "Term Loan") pursuant to the BBVA Credit Agreement is \$52.5 million, which bears interest on the outstanding principal amount thereof at a rate of the then applicable LIBOR, plus an applicable margin ranging from 3.0% to 3.75% (depending on the Company's consolidated leverage ratio), with an option for the interest rate to be set at the then applicable Base Rate (the "Interest Rate"). The effective rate for the Term Loan as of December 31, 2016 was 4.4%. All outstanding principal on the Term Loan under the Credit Agreement is due and payable on October 28, 2021. The revolving credit facility is \$30.0 million (the "Revolver"), which bears interest at the then applicable Interest Rate. The effective rate for the Revolver as of December 31, 2016 was 4.43%. The maturity date of the Revolver is October 28, 2021. Additionally, Borrower may request additional commitments from the Lenders in the maximum amount of \$50 million, either by increasing the Revolver or creating new term loans. As of December 31, 2016, the outstanding balances on the Term Loan and Revolver were \$52.5 million and \$15.0 million, respectively.

The BBVA Compass Credit Agreement contains two financial covenants that are tested beginning on December 31, 2016. The consolidated leverage ratio may not exceed (i) 2.75 to 1.00 as of the last day of any fiscal quarter from December 31, 2016 through and including September 30, 2018 (ii) 2.50 to 1.00 from December 31, 2018 through and including September 30, 2019 (iii) 2.25 to 1.00 from December 31, 2019 through and including September 30, 2020 and (iv) 2.00 to 1.00 from December 31, 2020 and thereafter, subject to covenant holidays upon the occurrence of certain conditions. The second financial covenant requires the loan parties to maintain a minimum consolidated fixed charge coverage ratio of not less than 2.00 to 1.00.

The Loan Agreement also contains customary events of default, including, among others, the failure by the Borrower to make a payment of principal or interest due under the BBVA Credit Agreement, the making of a materially false or misleading representation or warranty by any loan party, the failure by the Borrower to perform or observe certain covenants in the BBVA Credit Agreement, a change of control, and the occurrence of certain cross-defaults, subject to customary notice and cure provisions. Upon the occurrence of an event of default, and so long as such event of default is continuing, the Administrative Agent could declare the amounts outstanding under the BBVA Credit Agreement due and payable.

The Company entered into Amendment No. 1 to BBVA Credit Agreement and Waiver, dated as of March 3, 2017, by and among NHA, certain subsidiaries of the Company party thereto, Compass Bank, and other financial institutions (the "Amendment"). The purpose of the Amendment was to (i) modify the definition of "Permitted Acquisition" to require Lender approval and consent for any acquisition which is closing during the 2017 fiscal year; (ii) modify certain financial definitions and covenants, including, but not limited to, an increase to the maximum Consolidated Leverage Ratio to 3.75 to 1.00 for the period beginning September 30, 2016 and ending September 30, 2017, and an increase to the Consolidated Fixed Charge Coverage Ratio to 1.15 to 1.00 for the period beginning September 30, 2016 and ending June 30, 2017; (iii) waive the Pro Forma Leverage Requirement in connection with the previously reported Hamilton Vein Center

acquisition; and (iv) provide each Lender's consent to the Hamilton Vein Center acquisition. The Amendment also contained a limited waiver of a specified event of default. As a December 31, 2016 the Company was in compliance with its covenants.

In conjunction with the extinguishment of the former debt structures previously discussed in the 2015 Developments section, \$0.8 million in debt issuance costs associated with the prior arrangements were written off and are included as interest expense in our consolidated statements of earnings.

Loan origination fees are deferred and the net amount is amortized over the contractual life of the related loans.

Convertible Promissory Note

In conjunction with our purchase of AZ Vein, we entered into a \$2.25 million Convertible Promissory Note (the "Convertible Promissory Note"). The Convertible Promissory Note bears interest at 5% per annum and matures on the date that is 36 months from closing (the "Maturity Date"). The Convertible Promissory Note (outstanding principal but excluding accrued and unpaid interest) can be convertible into common shares of NHC (the "Conversion Shares"), at the sole discretion of NHC and NHA, on the Maturity Date. The number of Conversion Shares will be based on a price per share equal to the quotient obtained by dividing the conversion amount by the volume weighted average price of the common shares on the New York Stock Exchange in the trailing ten trading days prior to the Maturity Date. There are no pre-payment penalties.

Debt at December 31, 2016 consisted of the following (*in thousands*):

	December 31, 2016	December 31, 2015
Lines of credit	\$ 15,000	\$ 3,000
Term loan	52,500	23,275
Convertible promissory note	2,250	—
Gross debt	69,750	26,275
Less: unamortized debt issuance costs	(1,957)	(563)
Debt, net of unamortized debt issuance costs	67,793	25,712
Less: current maturities	(2,220)	(1,243)
Long-term debt, net	\$ 65,573	\$ 24,469

Future maturities of debt as of December 31, 2016 are as follows (*in thousands*):

Year ending December 31,

2017	\$ 2,625
2018	2,625
2019	7,500
2020	5,250
2021	51,750
Total	\$ 69,750

NOTE 13 - OPERATING LEASES

The Company occupies ASC, hospital, clinic and corporate business spaces under operating lease agreements. The Company also leases certain medical equipment. The minimum rental commitments under non-cancellable operating leases, with terms in excess of one year subsequent to December 31, 2016, are as follows (*in thousands*):

Year ending December 31,

2017	\$	11,776
2018		11,401
2019		10,951
2020		9,132
2021		9,002
Thereafter		49,222
Total future commitment		101,484
Less: minimum sublease income to be received		(684)
Total future commitment, net of sublease income	\$	100,800

Rent expense was \$11.0 million, \$9.1 million and \$3.5 million for the years ended December 31, 2016, 2015 and 2014 respectively.

NOTE 14 - CAPITAL LEASES

The Company holds various capital leases for medical equipment which contain bargain purchase options at the end of the lease terms. The remaining minimum capital lease obligations, with terms in excess of one year subsequent to December 31, 2016, are as follows (*in thousands*):

Year ending December 31,

2017	\$	5,027
2018		2,679
2019		2,085
2020		1,888
2021		1,864
Thereafter		7,559
Total minimum rentals		21,102
Less amounts representing interest		(4,730)
Total Capital lease obligations	\$	16,372

Medical equipment with a cost of \$11.0 million, \$8.4 million and \$0.7 million were held under capital leases for the years ended December 31, 2016, 2015 and 2014, respectively. Capital leases had accumulated depreciation of \$3.7 million and \$1.7 million for the years ended December 31, 2016 and 2015.

NOTE 15 - FAIR VALUE MEASUREMENTS

The Company measures certain financial assets and liabilities at fair value on a recurring basis, including warrant and stock option derivative liabilities. There have been no transfers between fair value measurement levels during the years ended December 31, 2016 and 2015.

The following table summarizes our assets and liabilities measured at fair value on a recurring basis as of December 31, 2016 and 2015, aggregated by the level in the fair value hierarchy within which those measurements fall (*in thousands*):

Fair Value Measurements Using

	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
December 31, 2015:				
Warrant and stock option derivative liabilities	\$ —	\$ —	\$ 2,951	\$ 2,951
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,951</u>	<u>\$ 2,951</u>
December 31, 2016:				
Warrant and stock option derivative liabilities	\$ —	\$ —	\$ 902	\$ 902
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 902</u>	<u>\$ 902</u>

In certain cases where there is limited activity or less transparency around inputs to valuation, securities are classified as Level 3 within the valuation hierarchy. Level 3 liabilities that were measured at estimated fair value on a recurring basis consist of warrant and stock option derivative liabilities. The estimated fair values of the warrant and stock option derivative liabilities were measured using the Black-Scholes valuation model Note 18 - Warrants and options liabilities. Due to the nature of valuation inputs, the valuation of the warrants is considered a Level 3 measurement.

The estimated fair value of our other long-term debt instruments, approximate their carrying amounts as the interest rates approximate our current borrowing rate for similar debt instruments of comparable maturity, or have variable interest rates.

NOTE 16 - SHAREHOLDERS' EQUITY

In total, the Company has issued 77,805,014 and 73,675,979 of its common shares as of December 31, 2016 and 2015, respectively. The Company has unlimited authorized shares. There is no par value assigned to our common shares.

In May 2015, the Company issued, through a private placement agreement, 7,847,668 Units, at a price of Cdn\$9.00 (USD\$7.46) per Unit. Each Unit is comprised of one treasury unit (a "Treasury Unit") and one-half of one common share from Donald L. Kramer, Healthcare Ventures, Ltd (a company wholly owned by Dr. Kramer), Harry Fleming or from treasury. Each Treasury Unit is comprised of one-half of one common share of the Company and one-half of one common share purchase warrant exercisable for one additional share at a price of Cdn\$11.50 (USD\$9.54). Through the private placement, the Company raised proceeds of \$28.4 million, net of offering costs and commissions of \$1.9 million. As part of the private placement, the Company also granted 392,383 options to the underwriter at a price of Cdn\$9.00 (USD\$7.46).

On June 30, 2015, the Company, entered into an agreement with Athas, certain seller parties (the "Athas Sellers") to the Membership Interest Purchase Agreement dated as of November 26, 2014 (the "MIPA") and certain other parties. Pursuant to the Agreement, the Athas Sellers agreed to reduce by 836,029 the number of common shares, in the aggregate, that were to be issued on the first and second anniversaries of the MIPA's closing as contingent purchase price payments (the "Contingent Shares"). In addition, the Agreement accomplished (i) the financing of a \$2.7 million debt owed by counterparties to the Agreement, (ii) recoupment of \$1.7 million of indemnified expenses, and (iii) indemnification of counterparties with respect to litigation. Also pursuant to the Agreement, the Company accelerated the issuance of the remaining 3,830,638 Contingent Shares, resulting in a \$5.7 million adjustment to additional paid in capital.

Shareholder equity activity for 2016 is primarily related to employee share based compensation, discussed further in Note 17 - Share based compensation and the issuance of 750,000 unregistered common shares in conjunction with the acquisition of AZ Vein, discussed further in Note 3 - Acquisitions.

NOTE 17 - SHARE BASED COMPENSATION

Restricted Share Unit Plan

During 2008, the Board of Directors (BOD) of the Company approved the adoption of a Restricted Share Unit (RSU) Plan for employees. Restricted Share Units (RSUs) may be granted to employees of Nobilis at the sole discretion of the BOD.

Subject to the BOD's ability to accelerate the vesting of the RSUs if it determines circumstances so warrant, each RSU would generally vest in full on the third anniversary of the date of grant; provided that if there is a change of control of the Company prior to the vesting date of the RSUs and a participant is terminated (or resigns for good reason) within six months following such change of control, a pro rata portion of their unvested RSUs would vest up to the date of the change of control.

Upon vesting of his or her RSUs, a participant would be entitled to receive on the vesting date, at the discretion of the BOD either: (a) a lump sum cash payment equal to the number of RSUs multiplied by an average closing price of the common shares on the Toronto Stock Exchange on the redemption date, net of any applicable deductions and withholdings; or (b) that number of common shares equal to the number of RSUs credited to the participant's RSU account, such common shares to be issued from the Company. The participant receives the benefit on, or as soon as practicable after, the vesting date, but in no event later than 90 days after the vesting date. Unlike share options, RSUs do not require the payment of any monetary consideration to the Company.

Whenever cash dividends are paid on the Company's common shares, dividend equivalents in the form of additional RSUs would be credited to each Participant and will become part of his or her award under the RSU Plan. The RSUs representing dividend equivalents would vest and be paid at the same time and in the same manner as the RSUs to which the dividend equivalents pertain.

In the event of a Participant's termination of employment, voluntary or by cause, with the Company prior to any vesting date, the Participant's rights to any unvested RSUs would be immediately and irrevocably forfeited. If the Participant's employment with the Company terminates on account of death or disability or is terminated by the Company without cause prior to any vesting date, the Participant would become vested in a prorated portion of his or her unvested RSUs, based on the number of months that have elapsed in the then current vesting period as of the date of termination.

During the year ended December 31, 2015, two key executives experienced triggering events, as defined in their employee agreements, which accelerated all unrecognized share compensation expense on their outstanding RSUs. As a result of this acceleration, the Company recognized a non-cash charge of \$4.5 million of share compensation expense.

The Company recorded total compensation expense relative to RSU's of nil, \$5.4 million and \$0.3 million for the years ended December 31, 2016, 2015 and 2014, respectively.

There were no RSU grants during the year. The Company had nil and 2.0 million outstanding RSU's at December 31, 2016 and 2015, respectively.

Share Option Plan

In 2012, the BOD approved the adoption of a Share Option Plan for insiders, employees, and service providers (or "Participants" or "Optionees"). Share options may be granted at the sole discretion of the BOD. The exercise price of an option is determined by the BOD at the time of grant and shall not be less than the current market price. The term of each option is determined by the BOD and shall not exceed 10 years. If an Optionee shall cease to be a Participant for cause, no option held by such Optionee shall be exercisable following the date on which such Optionee ceases to be a Participant.

If an Optionee ceases to be a Participant for any reason other than for cause, any option held by such Optionee at such time shall remain exercisable in full at any time, and in part from time to time, for a period of 90 days after the date on which the Optionee ceases to be a Participant. If the Participant's employment with the Company terminates on account of death, any option held by such Participant at the date of death shall be exercisable in whole or in part only by the person or persons to whom the rights of the Participant's options pass to by will or laws of descent.

The maximum number of RSUs and share options that may be issued under the combined plans is equal to 20.0% of the Company's issued and outstanding common shares.

The Company granted a total of 4,357,075 stock options during the year ended December 31, 2016. Of the options issued, 422,075 of those vested immediately, 150,000 vest ratably over a two year period, and 3,785,000 vest ratably over a three year period. During the year, 994,300 were forfeited, with various vesting periods.

Under the current share option plan, the Company had approximately 8.0 million share options available for future issuance as of December 31, 2016.

The following table summarizes stock option activity for the years ended December 31, 2016 and 2015:

	Shares Underlying Options	Weighted- Average Exercise Price	Weighted- Average Remaining Life (years)
Outstanding at January 1, 2015	3,118,218	\$ 1.45	9.8
Granted	3,166,782	\$ 4.13	9.5
Exercised	(447,787)	\$ 1.13	
Forfeited	(372,213)	\$ 1.01	
Outstanding at December 31, 2015	<u>5,465,000</u>	\$ 2.97	9.2
Exercisable at December 31, 2015	2,129,522	\$ 2.16	8.8
Outstanding at January 1, 2016	5,465,000	\$ 2.97	9.2
Granted	4,357,075	\$ 2.06	9.5
Exercised	(1,283,750)	\$ 2.39	
Forfeited	(994,300)	\$ 3.45	
Outstanding at December 31, 2016	<u>7,544,025</u>	\$ 2.61	9.0
Exercisable at December 31, 2016	2,768,817	\$ 2.45	8.6

The table above includes 710,000 options issued to non-employees, 650,000 of which are still outstanding (550,000 of these are exercisable) at December 31, 2016. See Note 18 - Warrants and options liabilities for discussion regarding the accounting and classification of these options in the balance sheet.

The total intrinsic value of stock options exercised was \$1.6 million and \$2.1 million for the years ended December 31, 2016 and 2015, respectively. The total intrinsic value for all in-the-money vested outstanding stock options at December 31, 2016 was \$0.8 million. Assuming all stock options outstanding at December 31, 2016 were vested, the total intrinsic value of the in-the-money outstanding stock options would have been \$1.4 million.

The Company recorded compensation expense relative to employee stock options of \$6.0 million, \$6.1 million and \$0.7 million for the years ended December 31, 2016, 2015 and 2014 respectively.

The fair values of stock options used in recording compensation expense are computed using the Black-Scholes option pricing model. The following table below shows the assumptions used in the model for options awarded during the years ended December 31, 2016 and 2015:

	2016	2015
Expected price volatility	86% - 117%	113% - 122%
Risk free interest rate	1.03% - 2.20%	1.34% - 1.87%
Expected annual dividend yield	0%	0%
Expected option term (years)	5 - 6	5 - 6
Expected forfeiture rate	0.5% - 11.6%	1.3% - 5.0%

Grant date fair value per share	\$1.41 - \$2.41	\$2.53 - \$6.10
Grant date exercise price per share	\$1.92 - \$2.82	\$2.97 - \$6.31

For stock options, the Company recognizes share-based compensation net of estimated forfeitures and revises the estimates in the subsequent periods if actual forfeitures differ from the estimates. Forfeiture rates are estimated based on historical experience as well as expected future behavior.

NOTE 18 - WARRANTS AND OPTIONS LIABILITIES

Warrants and Options Issued in Private Placements

As discussed in Note 16 - Shareholders' equity, the Company issued warrants and compensatory options in connection with private placements completed in December 2013, September 2014, and May 2015. These warrants and options have exercise prices denominated in Canadian dollars and as such may not be considered indexed to our stock. Hence, these warrants and options are classified as liabilities under the caption "Warrants and Options Liability" and recorded at estimated fair value at each reporting date, computed using the Black-Scholes valuation method. Changes in the liability from period to period are recorded in the statements of operations under the caption "Change in fair value of warrant and stock option liabilities".

The estimated fair values of warrants and options accounted for as liabilities were determined on the date of the private placements and at each balance sheet date thereafter using the Black Scholes pricing model with the following inputs:

	Years ended December 31,	
	2016	2015
Risk free interest rate	0.26% - 0.62%	0.00% - 0.65%
Expected life in years	0.25 - 1.15	0.25 - 2.0
Expected volatility	71% - 112%	71% - 96%
Expected dividend yield	0%	0%

The changes in fair value of the warrants and options liability during the years ended December 31, 2016 and 2015 were as follows (*in thousands*):

	2016	2015
Balance at beginning of year	\$ 2,109	\$ 6,657
Issuance of warrants and options	—	12,797
Transferred to equity upon exercise	—	(9,050)
Change in fair value recorded in earnings	(2,106)	(8,295)
Balance at December 31, 2016 and 2015	\$ 3	\$ 2,109

The following warrants and options were outstanding at December 31, 2016:

	Exercise price in Cnd\$	Number of warrants and options	Remaining contractual life (years)
2015 Warrants	Cnd\$ 11.50	3,923,834	0.40
2015 Options	Cnd\$ 9.00	392,383	0.40
Outstanding and exercisable at December 31, 2016		4,316,217	

Options Issued to Non-Employees

As discussed in Note 17 - Share based compensation, in 2014 the Company issued options to professionals providing services to the organization. These professionals do not meet the definition of an employee under U.S. GAAP. At December 31, 2016, there were 650,000 options outstanding to these non-employees.

Under U.S. GAAP, the value of these option awards is determined at the performance completion date. The Company recognizes expense for the estimated total value of the awards during the period from their issuance until performance completion since the professional services are being rendered during this time. The total expense recognized is adjusted to the final value of the award as determined on the performance completion date.

The estimated values of the option awards are determined using the Black Scholes pricing model with the following inputs:

	<u>2016</u>	<u>2015</u>
Risk free interest rate	0.86% - 1.76%	0.26% - 1.85%
Expected life in years	4 - 5	1 - 6
Expected volatility	99% - 118%	74% - 121%
Expected dividend yield	0%	0%

The Company recorded expense for non-employee stock options of \$0.1 million, \$1.7 million and \$0.8 million for the year ended December 31, 2016, 2015 and 2014, respectively.

The changes fair value of the liability related to vested yet un-exercised options to non-employees during 2016 and 2015 were as follows (*in thousands*)

	<u>2016</u>	<u>2015</u>
Balance at beginning of year	\$ 841	—
Vested during the period	533	1,531
Change in fair value recorded in earnings	(475)	(690)
Balance as of December 31, 2016 and 2015	<u>\$ 899</u>	<u>\$ 841</u>

Options issued to non-employees are reclassified from equity to liabilities on the performance completion date. Under U.S. GAAP, such options may not be considered indexed to our stock because they have exercise prices denominated in Canadian dollars. Hence, these will be classified as liabilities under the caption “Warrant and stock option liabilities” and recorded at estimated fair value at each reporting date, computed using the Black-Scholes valuation method. Changes in the liability from period to period will be recorded in the statements of earnings under the caption “Change in fair value of warrant and stock option liabilities”. At December 31, 2016, there were 0.7 million unexercised non-employee options requiring liability classification.

NOTE 19 - NONCONTROLLING INTERESTS

Noncontrolling interests at December 31, 2016 represent an 8.1% interest in The Palladium for Surgery - Houston, 75% interest in the Kirby Surgical Center, 65% interest in Microsurgery Institute, 2.3% interest in Houston Microsurgery Institute, 50% in Northstar Healthcare Dallas Management, 65% in NHC ASC – Dallas, 49% in First Nobilis Hospital, 40% in First Nobilis Hospital Management, 45% in Hermann Drive Surgical Hospital, and 25% in Scottsdale Liberty Hospital.

Agreements with the third party equity owners in NHC - ASC Dallas and First Nobilis give these owners limited rights to require the Company to repurchase their equity interests upon the occurrence of certain events, none of which were probable of occurring as of December 31, 2016 and 2015. The contingently redeemable noncontrolling interests associated with these entities are classified in the Company’s balance sheet as “temporary” or mezzanine equity. Changes in contingently redeemable noncontrolling interests follow (in thousands):

	<u>NHC - ASC</u>		
	<u>Dallas</u>	<u>First Nobilis</u>	<u>Total</u>
Balance at January 1, 2015	\$ 6,654	\$ 6,213	\$ 12,867
Distributions	(3,892)	(7,617)	(11,509)
Net income attributable to noncontrolling interests	631	10,236	10,867

Total contingently redeemable noncontrolling interests at December 31, 2015	\$ 3,393	\$ 8,832	\$ 12,225
Balance at January 1, 2016	3,393	8,832	12,225
Distributions	(2,928)	(599)	(3,527)
Net income attributable to noncontrolling interests	(68)	5,674	5,606
Total contingently redeemable noncontrolling interests at December 31, 2016	\$ 397	\$ 13,907	\$ 14,304

Certain of our consolidated subsidiaries that are less than wholly owned meet the definition of VIEs, and we hold voting interests in all such entities. We consolidate the activities of VIEs for which we are the primary beneficiary. In order to determine whether we own a variable interest in a VIE, we perform qualitative analysis of the entity's design, organizational structure, primary decision makers and relevant agreements. Such variable interests include our voting interests, and may also include other interests and rights, including those gained through management contracts.

Since our core business is the management and operation of health care facilities, our subsidiaries that are determined to be VIEs represent entities that own, manage and operate such facilities. Voting interests in such entities are typically owned by us, by physicians practicing at these facilities (or entities controlled by them) and other parties associated with the operation of the facilities. In forming such entities, we typically seek to retain operational control and, as a result, in some cases, voting rights we hold are not proportionate to the economic share of our ownership in these entities, which causes them to meet the VIE definition. We consolidate such VIEs if we determine that we are the primary beneficiary because (i) we have the power to direct the activities that most significantly impact the economic performance of the VIE via our rights and obligations associated with the management and operation of the VIE's health care facilities, and (ii) as a result of our obligation to absorb losses and the right to receive residual returns that could potentially be significant to the VIE, which we have through our equity interests. Our loss exposure typically is limited to our equity investment in these entities.

The following table summarizes the carrying amount of the assets and liabilities of our material VIE's included in the Company's consolidated balance sheets (after elimination of intercompany transactions and balances) (*in thousands*):

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Total cash and short term investments	\$ 3,445	\$ 191
Total accounts receivable	18,845	8,660
Total other current assets	1,664	1,582
Total property and equipment	16,804	5,227
Total other assets	190	144
Total assets	<u>\$ 40,948</u>	<u>\$ 15,804</u>
Total accounts payable	\$ 4,119	\$ 2,286
Total other liabilities	5,263	7,059
Total accrued liabilities	11,538	2,664
Long term - capital lease	11,169	780
Noncontrolling interest	(8,892)	(1,488)
Total liabilities	<u>\$ 23,197</u>	<u>\$ 11,301</u>

NOTE 20 - EARNINGS PER SHARE

Basic net earnings attributable to Nobilis common shareholders, per common share, excludes dilution and is computed by dividing net earnings attributable to Nobilis common shareholders by the weighted-average number of common shares outstanding during the period. Diluted net earnings attributable to Nobilis common shareholders, per common share, is computed by dividing net earnings attributable to Nobilis common shareholders by the weighted-average number of common shares outstanding during the period plus any potential dilutive common share equivalents, including shares issuable upon the vesting of restricted stock awards, stock option awards and stock warrants as determined under the treasury stock method.

A detail of the Company's earnings per share is as follows (*in thousands except for share and per share amounts*):

	Year Ended December 31,		
	2016	2015	2014
Basic:			
Net income attributable to Nobilis Health Corp.	\$ 6,449	\$ 50,840	\$ 2,893
Weighted average common shares outstanding	76,453,128	67,015,387	46,517,815
Basic earnings per common share	\$ 0.08	\$ 0.76	\$ 0.06
Diluted:			
Net income attributable to Nobilis Health Corp.	\$ 6,449	\$ 50,840	\$ 2,893
Weighted average common shares outstanding	76,453,128	67,015,387	46,517,815
Dilutive effect of stock options, warrants, RSU's	1,109,367	8,217,396	1,202,754
Weighted average common shares outstanding assuming dilution	77,562,495	75,232,783	47,720,569
Diluted earnings per common share	\$ 0.08	\$ 0.68	\$ 0.06

Included in the diluted shares calculation, are 1.1 million potentially convertible shares related to the \$2.25 million Convertible Promissory Note issued to the seller of AZ Vein in conjunction with the acquisition.

NOTE 21 - EMPLOYEE 401K PLAN

Substantially all of our employees, upon qualification, are eligible to participate in our defined contribution 401(k) plan (the "Plan"). Under the Plan, employees may contribute a portion of their eligible compensation, and the Company matches such contributions annually up to a maximum percentage for participants actively employed, as defined by the Plan documents. Plan expenses were approximately \$0.5 million, \$0.4 million and \$0.1 million for the years ended December 31, 2016, 2015 and 2014 respectively. Such amounts are reflected in operating salaries and benefits in the accompanying consolidated statements of earnings.

NOTE 22 - INCOME TAXES

The components of income (benefit) expense for the years-ended December 31, 2016, 2015 and 2014 are as follows (in thousands):

	<u>Deferred</u>	<u>Current</u>	<u>Total</u>
2016			
Federal	\$ 3,625	\$ 23	\$ 3,648
States and Local	(242)	1,081	839
Foreign	(259)	—	(259)
Change in deferred tax asset valuation allowance	259	—	259
Total	<u>\$ 3,383</u>	<u>\$ 1,104</u>	<u>\$ 4,487</u>
2015			
Federal	\$ 8,215	\$ 509	\$ 8,724
States and Local	—	1,330	1,330
Foreign	—	—	—
Change in deferred tax asset valuation allowance	(33,250)	—	(33,250)
Total	<u>\$ (25,035)</u>	<u>\$ 1,839</u>	<u>\$ (23,196)</u>
2014			
Federal	\$ —	\$ —	\$ —
States and Local	—	480	480
Foreign	—	—	—
Change in deferred tax asset valuation allowance	—	—	—
Total	<u>\$ —</u>	<u>\$ 480</u>	<u>\$ 480</u>

The following table shows the reconciliation between income tax expense reported in our consolidated statement of operations and comprehensive income and the income tax expense that would have resulted from applying the United States federal income tax rate of 35% to pre-tax income. Though the Company was incorporated in British Columbia, all of the Company's subsidiaries are incorporated in the United States. Therefore, the Company reconciles the income before income taxes for U.S. tax purposes.

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net income before income tax	\$ 11,589	\$ 40,737	\$ 16,450
US federal income tax rate	35%	34%	34%
Expected U.S. Federal income tax (recovery)	4,056	13,851	5,593
Permanent differences / discrete items	(791)	(1,873)	388
State income tax (net of federal benefit)	585	649	317
Valuation Allowance	259	(33,250)	(4,566)
Non-controlling interests	7	(4,106)	(4,446)
Others	371	1,533	3,194

Total income tax (benefit) expense	\$ 4,487	\$ (23,196)	\$ 480
------------------------------------	----------	-------------	--------

The table below sets forth the tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities that are reported in our consolidated balance sheets (in thousands):

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Deferred tax assets (liabilities) :			
Goodwill and fixed assets	\$ 8,768	\$ 12,047	\$ 15,617
Intangibles	785	797	1,070
Net operating loss carryforwards - U.S.	6,014	5,300	13,814
Interest carry-forward	1,405	1,351	1,351
Net operating loss carryforwards - Foreign	7,663	7,404	8,153
Allowance for bad debts	265	1,531	373
Equity compensation	4,074	2,479	275
Accrued bonus	325	1,020	—
Accrued to cash - 481a	(532)	—	—
Other	16	—	—
AMT credit	532	509	—
Valuation allowance	(7,663)	(7,403)	(40,653)
Net deferred tax assets	<u>\$ 21,652</u>	<u>\$ 25,035</u>	<u>\$ —</u>

There was a partial valuation allowance as of December 31, 2016 and 2015, and a full valuation allowance as of December 31, 2014, respectively. In assessing the need for a valuation allowance, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income, projections for future taxable income over the periods in which the deferred tax assets are deductible, and the scheduled reversal of deferred tax liabilities, management believes a partial valuation allowance in 2016 and 2015, and a full valuation allowance in 2014 is necessary, respectively.

The Company reduced the valuation allowance in the fourth quarter of 2015 to reflect the revised assessment of the generation of future taxable income. The revised assessment was based on improved performance of our legacy businesses and the impacts of our 2015 acquisitions. The acquisition of Marsh Lane in July 2015, which commenced operations late in the third quarter of 2015, generated \$9.6 million of income from operating until year end. Because these operations (and some of our other acquired operations) were distressed when we purchased them, we could not project future profitable operations until we had some actual operations results as a basis.

The Company has Canadian net operating loss carryforwards of approximately \$30.7 million which will begin to expire in 2028 and U.S. net operating loss carryforwards of approximately \$17.1 million which will begin to expire in 2030. On September 30, 2010 the Company issued 18,778,446 common shares to entities controlled by the Company's Chairman resulting in a change of ownership greater than 50%. As a result, the U.S. net operating losses are limited by the Internal Revenue Code Section 382. In addition, the Company has approximately \$4.0 million in interest carry-forwards that have no expiration date.

The Company files income tax returns in the U.S. federal jurisdiction, Canada federal jurisdiction, and several state jurisdictions. Our federal tax returns for 2015, 2014, and 2013 are open for review by taxing authorities. Our Canada and Texas tax returns for 2015, 2014, 2013, and 2012 are open for review by taxing authorities. We are not aware of potential interest, penalties or taxes for federal and Canada income tax returns.

The Company received notification from the Internal Revenue Service (IRS) to examine our December 31, 2014 and 2013 Federal income tax return. In addition, First Nobilis, LLC has received notification from the IRS to examine its December 31, 2014. Based on management tax analysis, the Company did not have any uncertain tax positions at December 31, 2016 and 2015.

NOTE 23 - BUSINESS SEGMENTS

A summary of the business segment information for 2016 and 2015 (in thousands):

	Years ended December 31, 2016			
	Medical	Marketing	Corporate	Total
Revenues	\$ 264,642	\$ 21,102	\$ —	\$ 285,744
Operating expenses	227,439	17,348	—	244,787
Corporate expenses	—	—	30,919	30,919
Income (loss) from operations	37,203	3,754	(30,919)	10,038
Change in fair value of warrant and option liabilities	—	—	(2,580)	(2,580)
Interest expense	1,331	5	2,663	3,999
Other expense (income)	(2,367)	(353)	(250)	(2,970)
Income (loss) before income taxes	<u>\$ 38,239</u>	<u>\$ 4,102</u>	<u>\$ (30,752)</u>	<u>\$ 11,589</u>
Other data:				
Depreciation and amortization expense	\$ 6,716	\$ 1,823	\$ 293	\$ 8,832
Income tax expense	\$ 1,067	\$ 155	\$ 3,265	\$ 4,487
Intangible assets, net	\$ 6,884	\$ 12,734	\$ —	\$ 19,618
Goodwill	\$ 43,007	\$ 19,011	\$ —	\$ 62,018
Capital expenditures	\$ 9,902	\$ —	\$ 473	\$ 10,375
Total assets	\$ 214,294	\$ 44,942	\$ 46,199	\$ 305,435
Total liabilities	\$ 69,753	\$ 6,059	\$ 73,144	\$ 148,956
Stock consideration given in conjunction with acquisitions	\$ 2,250	\$ —	\$ —	\$ 2,250
Convertible promissory note	\$ 2,250	\$ —	\$ —	\$ 2,250

Year ended December 31, 2015

	Medical	Marketing	Corporate	Total
Revenues	\$ 205,730	\$ 23,486	\$ —	\$ 229,216
Operating expenses	145,835	19,885	—	165,720
Corporate expenses	—	—	31,846	31,846
Income (loss) from operations	59,895	3,601	(31,846)	31,650
Interest expense	351	54	1,192	1,597
Change in fair value of warrant and option liabilities	—	—	(8,985)	(8,985)
Bargain purchase	(1,733)	—	—	(1,733)
Other expense (income)	488	236	(690)	34
Income before income taxes	<u>\$ 60,789</u>	<u>\$ 3,311</u>	<u>\$ (23,363)</u>	<u>\$ 40,737</u>

Other data:

Depreciation and amortization expense	\$ 3,403	\$ 1,128	\$ 156	\$ 4,687
Income tax expense	\$ 898	\$ 238	\$ 703	\$ 1,839
Intangible assets, net	\$ 5,462	\$ 14,157	\$ —	\$ 19,619
Goodwill	\$ 25,822	\$ 19,011	\$ —	\$ 44,833
Capital expenditures	\$ 3,653	\$ 249	\$ 478	\$ 4,380
Total assets	\$ 151,324	\$ 42,159	\$ 48,544	\$ 242,027
Total liabilities	\$ 56,407	\$ 3,827	\$ 35,716	\$ 95,950
Non-cash deconsolidation of property and equipment	\$ 2,828	\$ —	\$ —	\$ 2,828
Non-cash deconsolidation of goodwill	\$ 701	\$ —	\$ —	\$ 701
Stock consideration given in conjunction with acquisitions	\$ —	\$ 650	\$ —	\$ 650
Athas settlement in lieu of contingent shares	\$ —	\$ 5,685	\$ —	\$ 5,685

The Company's Marketing Segment started in December 2014 following the acquisition of Athas. Prior to the acquisition, the Company operated under the Medical Segment exclusively and therefore, we have not presented a prior period results of operations comparison for the Marketing Segment information.

NOTE 24 - RELATED PARTIES

In conjunction with the Company's purchase of PFSD, the Company entered into a promissory note with the Company's former Chairman, on January 1, 2011. The note was paid off in full in March 2015 using the proceeds from the \$20.0 million term loan which the Company secured on March 31, 2015. Refer to Note 12 - Debt.

Certain sellers of Athas are current employees of Athas. The sellers of Athas entered into promissory note with the Company for \$12.0 million, as mentioned in a previous footnote. The promissory note was paid off in full in March 2015 using proceeds from the \$20 million term loan which the Company secured on March 31, 2015. Refer to Note 12 - Debt.

May 2015 Private Placement

On May 13, 2015, the Company closed a private placement of 7,847,668 units (the "Units") at a price of C\$9.00 per Unit for aggregate proceeds of C\$70.6 million.

Each Unit is comprised of one treasury unit (a "Treasury Unit") and one-half of one common share (each whole common share, an "Additional Share") from Donald L. Kramer and Healthcare Ventures, Ltd. (a company controlled by Dr. Kramer) or from Harry Fleming (collectively, the "Selling Shareholders" and the Additional Shares from the Selling Shareholders, (the "Secondary Shares") or from

treasury (the "Additional Treasury Shares"). Each Treasury Unit is comprised of one-half of one common share of the Company (each whole common share, a "Treasury Unit Share") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). The Selling Shareholders are affiliates of the Company and received gross proceeds of C\$34.4 million. Refer to Note 16 - Shareholders' equity.

The private placement was approved by the disinterested directors of the Company who concluded that the private placement was entered into on market terms and was fair to the Company.

In March 2016, the Company acquired an interest in Athelite, a holding company which owns an interest in Dallas Metro, a company formed to provide management services to an HOPD. The Athelite investment is accounted for as an equity method investment (refer to Note 6 - Investments in associates). At December 31, 2016, the Company had \$3.8 million in accounts receivable from the HOPD and \$0.9 million in accounts receivable from Dallas Metro. The Company also rents, on a monthly basis, certain medical equipment to Dallas Metro and subleases operation facility to Denton Transitional.

As a result of the AZ Vein acquisition in October 2016, an executive of the Company is owed \$2.3 million and \$1.1 million related to a convertible promissory note and a cash holdback. In addition, the Company entered into agreements to lease facility space with the same executive. Facility lease cost were \$0.2 million in 2016.

Physician Related Party Transactions

Nobilis maintains certain medical directorship, consulting and marketing agreements with various physicians who are also equity owners in Nobilis entities. Material related party arrangements of this nature are described below:

- In September 2013, the Company entered into a book deal with a physician equity owner. In March 2015, the Company entered into a marketing agreement with that physician equity owner and a marketing services company owned by the physician equity owner's father. The Company incurred expenses of \$2.0 million, \$1.7 million and \$1.0 million as a result of the book deal during the years ended December 31, 2016, 2015 and 2014, respectively. The Company incurred expenses of \$2.9 million, \$0.7 million and nil related to the marketing services entity during the years ended December 31, 2016, 2015 and 2014, respectively.
- In July 2014, the Company entered into a marketing services agreement with a physician equity owner and an entity owned by that physician equity owner's brother. The Company incurred expenses of \$1.3 million, \$0.6 million and \$0.1 million to the entity during the years ended December 31, 2016, 2015 and 2014, respectively.
- In September 2014, the minority interest holder of a fully consolidated entity, who is also a partial owner of two other hospitals, entered into an ongoing business relationship with the Company. At December 31, 2016, the Company has a net amount due from these related parties of \$2.2 million. In addition, the Company leases certain medical equipment and facility space from these related parties. Equipment lease costs of \$2.2 million, and \$2.3 million and \$0.6 million were incurred during 2016, 2015 and 2014, respectively. Facility lease costs of \$1.8 million, \$1.7 million and \$0.6 million were incurred during 2016, 2015 and 2014, respectively.
- In September 2014, the Company entered into a services agreement with a physician equity owner's wife who has financial interests in a related entity. The Company incurred expenses pursuant to service agreements of \$0.5 million, \$0.3 million and \$0.2 million to the entity during the years ended December 31, 2016, 2015 and 2014, respectively.
- In October 2014, the Company entered into a marketing agreement with an entity controlled by a physician equity owner. In June 2015, the Company expanded the relationship with this physician equity owner to include consulting, medical supplies, medical directorship and on-call agreements (collectively "service agreements"). The Company incurred expenses of \$3.2 million, \$3.4 million and \$0.5 million in fees owed pursuant to the marketing agreement to the entity during the years ended December 31, 2016, 2015 and 2014, respectively. The Company has incurred expenses of \$2.6 million and \$1.4 million in fees owed pursuant to the service agreements to the entity during the years ended December 31, 2016 and 2015, respectively.

NOTE - 25 COMMITMENTS AND CONTINGENCIES

Litigation

In the normal course of our business, we are subject to legal proceedings brought by or against us and our subsidiaries. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially impact the financial position, results of operations or liquidity of the Company.

Shareholder Lawsuit

A statement of claim (complaint), *Vince Capelli v. Nobilis Health Corp. et. al*, was filed on January 8, 2016 in the Ontario Superior Court of Justice under court file number CV-16-544173 naming Nobilis Health Corp., certain current and former officers and the Company's former auditors as defendants. The statement of claim seeks to advance claims on behalf of the plaintiff and on behalf of a class comprised of certain of our shareholders related to, among other things, alleged certain violations of the Ontario Securities Act and seeks damages in the amount of \$100 million plus interest. The defendants intend to vigorously defend against these claims. At this time, the Company believes it is too early to provide a realistic estimate of the Company's exposure.

NOTE 26 - SUBSEQUENT EVENTS

BBVA Credit Agreement and Waiver

The Company entered into Amendment No. 1 to BBVA Credit Agreement and Waiver, dated as of March 3, 2017, by and among NHA, certain subsidiaries of the Company party thereto, Compass Bank, and other financial institutions (the "Amendment"). The purpose of the Amendment was to (i) modify the definition of "Permitted Acquisition" to require Lender approval and consent for any acquisition which is closing during the 2017 fiscal year; (ii) modify certain financial definitions and covenants, including, but not limited to, an increase to the maximum Consolidated Leverage Ratio to 3.75 to 1.00 for the period beginning September 30, 2016 and ending September 30, 2017, and an increase to the Consolidated Fixed Charge Coverage Ratio to 1.15 to 1.00 for the period beginning September 30, 2016 and ending June 30, 2017; (iii) waive the Pro Forma Leverage Requirement in connection with the previously reported Hamilton Vein Center acquisition; and (iv) provide each Lender's consent to the Hamilton Vein Center acquisition. The Amendment also contained a limited waiver of a specified event of default.

Acquisition of Hamilton Vein Center

The Company completed the acquisition of the operating assets of Hamilton Vein Center (HVC), Hamilton Physician Services, LLC, a Texas limited liability company ("HPS"), Carlos R. Hamilton, III, M.D., P.A. a Texas Professional Association ("PA") (HPS and PA are each a "Seller" and collectively "Sellers"), and Carlos R. Hamilton III, M.D, a resident of the State of Texas ("Owner"). The Company, Northstar Healthcare Acquisitions, L.L.C. ("Buyer"), Sellers and Owner entered into an amended and restated purchase agreement (the "Amended and Restated Asset Purchase Agreement") dated as of March 8, 2017.

Buyer received substantially all of the operating assets of Sellers in exchange for an aggregate purchase price of approximately \$13.3 million, comprised of \$8.3 million in cash and \$5 million in the form of a convertible note. The note is convertible to cash or stock at the Company's election, and is payable in two equal installments over a two-year period.

As part of the Amended and Restated Purchase Agreement, \$0.5 million of the cash purchase price was held back and is subject to certain indemnification provisions. On the twelve-month anniversary of closing, 50% of the amount held back, less any amounts paid as, or claimed as, indemnification, will be paid to the Owner. The remaining amounts held back, less any amounts paid as, or claimed as, indemnification, will be paid to the Owner on the twenty-four-month anniversary of closing.

SUPPLEMENTAL FINANCIAL INFORMATION

SELECTED QUARTERLY FINANCIAL DATA

(UNAUDITED)

The following table presents certain quarterly statement of earnings data for the years ended December 31, 2016 and 2015. The quarterly statement of earnings data set forth below was derived from the Company's unaudited financial statements and includes all adjustments, consisting of normal recurring adjustments, which the Company considers necessary for a fair presentation thereof. Results of operations for any particular quarter are not necessarily indicative of results of operations for a full year or predictive of future periods.

	Year ended December 31, 2016			
	First	Second	Third	Fourth
Revenues	\$ 51,273	\$ 61,871	\$ 70,683	\$ 101,917
Operating income (loss)	\$ (9,694)	\$ 55	\$ (1,101)	\$ 20,778
Net income (loss)	\$ (6,764)	\$ 2,515	\$ (2,263)	\$ 13,614
Net income (loss) attributable to noncontrolling	\$ (1,799)	\$ (2,291)	\$ 496	\$ 4,247
Net income (loss) attributable to Nobilis Health Corp.	\$ (4,965)	\$ 4,806	\$ (2,759)	\$ 9,367
Net income (loss) per common share attributable to Nobilis Health Corp.				
Basic	\$ (0.07)	\$ 0.06	\$ (0.04)	\$ 0.12

Diluted	\$ (0.07)	\$ 0.06	\$ (0.04)	\$ 0.12
Total Assets	\$ 228,167	\$ 232,940	\$ 240,983	\$ 305,435

Year ended December 31, 2015

	First	Second	Third	Fourth
Revenues, net	\$ 37,851	\$ 48,867	\$ 52,483	\$ 90,015
Operating income (loss)	\$ 3,883	\$ 1,136	\$ 3,051	\$ 23,580
Net income (loss)	\$ 15	\$ 3,379	\$ 13,318	\$ 47,221
Net income (loss) attributable to noncontrolling	\$ 4,497	\$ 3,745	\$ 2,375	\$ 2,476
Net income (loss) attributable to Nobilis Health Corp	\$ (4,482)	\$ (366)	\$ 10,943	\$ 44,745
Net income (loss) per common share attributable to Nobilis Health Corp				
Basic	\$ (0.07)	\$ (0.01)	\$ 0.15	\$ 0.61
Diluted	\$ (0.07)	\$ (0.01)	\$ 0.14	\$ 0.58
Total Assets	\$ 104,480	\$ 153,518	\$ 105,332	\$ 242,027

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

There were no disagreements with our accountants related to accounting principles or practices, financial statement disclosure, internal controls or auditing scope or procedure during the two fiscal years and subsequent interim periods.

ITEM 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of the Company's management, including the Chief Executive Officer ("CEO"), the principal executive officer, and Chief Financial Officer ("CFO"), the principal financial officer, the Company conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and 15d - 15(e) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"), as amended. Based on this evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective as of the end of December 31, 2016. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect the internal controls subsequent to the date the Company completed the evaluation.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining an adequate system of internal control over financial reporting, as defined in the Exchange Act Rule 13a-15(e) and 15d - 15(e). Internal control over financial reporting refers to a process designed by, or under the supervision of, the CEO and CFO, and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

- (1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of Nobilis Health Corp.;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and members of the Board of Directors of Nobilis Health Corp.; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is

subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2016, based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control - Integrated Framework*.

Based on the Company's assessment, management concluded that the Company did maintain effective internal control over financial reporting at December 31, 2016, based on the criteria in *Internal Control - Integrated Framework issued by COSO*.

Management's assessment of the Company's internal control over financial reporting as of December 31, 2016 excluded the internal control over financial reporting of AZ Vein, which was acquired on October 28, 2016.

Remediation of Prior Year Material Weaknesses

The material weaknesses that were previously disclosed as of December 31, 2015 were remediated as of December 31, 2016. See "Item 9A. Controls and Procedures - Management's Report on Internal Control over Financial Reporting" and "Item 9A. Controls and Procedures - Remediation Plan" contained in the Company's report on Form 10-K for the fiscal year ended December 31, 2015 and "Item 4. Controls and Procedures" contained in the Company's subsequent quarterly reports on Form 10-Q during 2016, for disclosure of information about the material weaknesses that were reported as a result of the Company's annual assessment as of December 31, 2015 and remediation of those material weaknesses. As disclosed in the quarterly reports on Form 10-Q for the first three quarters of 2016, the Company has implemented and executed the Company's remediation plans under the direction of the Company's Chief Executive Officer and Chief Financial Officer. The status of remediation efforts was regularly reviewed with the Audit Committee at which time the committee was advised of issues encountered, progress against milestones and key decisions reached by management of the Company, and as of December 31, 2016, such remediation plans were successfully tested and the material weakness was deemed remediated.

Changes in Internal Control Over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during the Company's fourth quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting, other than continued implementation and refinement of the controls necessary to remediate the previous year's material weakness. As part of the Company's ongoing process improvement and compliance efforts, the Company performed testing procedures on the Company's internal controls deemed effective at December 31, 2015 and on the Company's internal controls implemented during 2016. The Company believes that its disclosure controls and procedures were operating effectively as of December 31, 2016.

ITEM 9B.

OTHER INFORMATION

None

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item is incorporated herein by reference to the Nobilis Health Corp. Proxy Statement for our 2016 Annual Meeting of Shareholders.

Item 11. Executive Compensation

The information required by this Item is incorporated herein by reference to the Nobilis Health Corp. Proxy Statement for our 2016 Annual Meeting of Shareholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is incorporated herein by reference to the Nobilis Health Corp. Proxy Statement for our 2016 Annual Meeting of Shareholders.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is incorporated herein by reference to the Nobilis Health Corp. Proxy Statement for our 2016 Annual Meeting of Shareholders.

Item 14. Principal Accounting Fees and Services

The information required by this Item is incorporated herein by reference to the Nobilis Health Corp. Proxy Statement for our 2016 Annual Meeting of Shareholders.

PART IV

Item 15. Exhibits, Financial Statement Schedules

- (a) The following documents are filed as part of this Annual Report or incorporated by reference:
- (1) The consolidated financial statements of the Company included in Part II, Item 8-Financial Statements of this Annual Report
 - (2) The exhibits of the Company listed below under Item 15(b); all exhibits are incorporated by reference to a prior filing as indicated, unless designated by a *.
- (b) Exhibits

Exhibit No.	Description
3.1	Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to Nobilis Health Corp.'s Registration Statement on Form 10 filed with the SEC on August 26, 2014)
3.2	Notice of Articles (incorporated by reference to Exhibit 3.2 to Nobilis Health Corp.'s Registration Statement on Form 10 filed with the SEC on August 26, 2014)
3.3	Articles (incorporated by reference to Exhibit 3.1 to Nobilis Health Corp.'s Registration Statement on Form 10 filed with the SEC on August 26, 2014)
4.1	Warrant Indenture dated May 13, 2015 by and between Nobilis Health Corp. and CST Trust Company (incorporated by reference to Exhibit 4.1 to Nobilis Health Corp.'s Current Report on Form 8-K dated May 13, 2015 filed with the SEC on May 15, 2015)
10.1	Assignment and Assumption of Base Year Medical Office Building between NHSC-Scottsdale, LLC and Brown Medical Center, Inc., dated January 8, 2014 (incorporated by reference to Exhibit 10.5 to Nobilis Health Corp.'s Registration Statement on Form 10 filed with the SEC on August 26, 2014)
10.2	Sale and Repurchase Agreement between Northstar Healthcare Inc. and Northstar Healthcare Holding, Inc. dated May 17, 2007 (incorporated by reference to Exhibit 10.1 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 1, filed with the SEC on October 9, 2014)
10.3	Master Agreement by and between First Surgical Partners Holdings, Inc. and Northstar Healthcare Inc. dated September 2, 2014 (incorporated by reference to Exhibit 10.9 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 1, filed with the SEC on October 9, 2014)
10.4	Agency Agreement between Northstar Healthcare Inc. and PI Financial Corp. dated September 26, 2014 (incorporated by reference to Exhibit 10.10 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 1, filed with the SEC on October 9, 2014)

10.5 Amendment to Master Agreement by and between First Surgical Partners Holdings, Inc. and Northstar Healthcare Inc. dated September 2, 2014 (incorporated by reference to Exhibit 10.10 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 2, filed with the SEC on December 23, 2014)

10.6 Lease Agreement between Cole River Oaks, Ltd. and Northstar Healthcare, Inc. (incorporated by reference to Exhibit 10.11 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 2, filed with the SEC on December 23, 2014)

10.7	Medical Office Building Lease Agreement between Southwest Professional Building, Ltd. and Microsurgery Institute LLC dated June 1, 2012 (incorporated by reference to Exhibit 10.13 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 2, filed with the SEC on December 23, 2014)
10.8	Assignment and Assumptions of Lease between Microsurgery Institute LLC and Northstar Healthcare Inc. dated December 1, 2013 (incorporated by reference to Exhibit 10.14 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 2, filed with the SEC on December 23, 2014)
10.9	Retail Lease Bissonnett Shopping Center, Suite 4811 4803-B Bissonnet, Houston, Texas 77401 between Lenox Hill Holdings, Ltd. and First Street Surgical Center dated January 2005 (incorporated by reference to Exhibit 10.16 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 2, filed with the SEC on December 23, 2014)
10.10	First Amendment to Lease between Lenox Hill Holdings, Ltd. and First Street Surgical Center dated August 25, 2010 (incorporated by reference to Exhibit 10.17 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 2, filed with the SEC on December 23, 2014)
10.11	Second Amendment to Lease between Lenox Hill Holdings, Ltd. and First Street Surgical Center dated February 1, 2012 (incorporated by reference to Exhibit 10.18 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 2, filed with the SEC on December 23, 2014)
10.12	Assignment of Lease between First Street Surgical Center and First Nobilis, LLC dated September 29, 2014 (incorporated by reference to Exhibit 10.20 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 2, filed with the SEC on December 23, 2014)
10.13	Building Lease between First Street Holdings, Ltd. and First Street Hospital LP dated September 17, 2006 (incorporated by reference to Exhibit 10.21 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 2, filed with the SEC on December 23, 2014)
10.14	Second Amendment to Lease Agreement First Street Holdings, Ltd. and First Street Hospital LP dated December 1, 2013 (incorporated by reference to Exhibit 10.17 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 2, filed with the SEC on December 23, 2014)
10.15	Lease Agreement between Lenox Hill Holdings, Ltd. and First Street Hospital, LP dated December 1, 2013 (incorporated by reference to Exhibit 10.24 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 2, filed with the SEC on December 23, 2014)
10.16	Building Lease between Islington, Ltd. and First Street Surgical Center, LP dated April 1, 2013 (incorporated by reference to Exhibit 10.26 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 2, filed with the SEC on December 23, 2014)
10.17	First Amendment to Lease between First Street Holdings, Ltd. and First Street Surgical Center, LP dated April 1, 2013 (incorporated by reference to Exhibit 10.27 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 2, filed with the SEC on December 23, 2014)
10.18	Second Amendment to Lease between First Street Holdings, Ltd. and First Street Surgical Center, LP dated December 1, 2013 (incorporated by reference to Exhibit 10.28 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 2, filed with the SEC on December 23, 2014)

10.19 Office Space lease between Texas Institute for Eyes, LLC and North American Spine, LLC dated August 5, 2009 (incorporated by reference to Exhibit 10.30 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 2, filed with the SEC on December 23, 2014)

10.20 First Amendment to Office Space lease between Texas Institute for Eyes, LLC and North American Spine, LLC dated June 22, 2010 (incorporated by reference to Exhibit 10.31 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 2, filed with the SEC on December 23, 2014)

10.21	Second Amendment to Office Space lease between Texas Institute for Eyes, LLC and North American Spine, LLC dated October 7, 2010 (incorporated by reference to Exhibit 10.32 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 2, filed with the SEC on December 23, 2014)
10.22	Third Amendment to Office Space lease between Texas Institute for Eyes, LLC and North American Spine, LLC dated June 30, 2011 (incorporated by reference to Exhibit 10.33 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 2, filed with the SEC on December 23, 2014)
10.23	Membership Interest Purchase Agreement between Northstar Healthcare Subco, LLC, Northstar Healthcare Inc., Athas Health, LLC and the Individual Seller Parties dated November 26, 2014 (incorporated by reference to Exhibit 10.34 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 2, filed with the SEC on December 23, 2014)
10.24	Registration Rights Agreement dated November 26, 2014 (incorporated by reference to Exhibit 10.37 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 2, filed with the SEC on December 23, 2014)
10.25	NHC ASC - Dallas, LLC Company Agreement (incorporated by reference to Exhibit 10.38 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 2, filed with the SEC on December 23, 2014)
10.26	Third Amended and Restated Agreement of Limited Partnership of Medical Ambulatory Surgical Suite, LP (incorporated by reference to Exhibit 10.39 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 2, filed with the SEC on December 23, 2014)
10.27	Confidential Executive Transition Agreement between Northstar Healthcare Acquisitions and Donald Kramer, dated December 1, 2014 (incorporated by reference to Exhibit 10.42 to Nobilis Health Corp.'s Registration Statement on Form 10, Amendment No. 3, filed with the SEC on January 29, 2015)
10.28	Lease between FSP Energy Tower I Limited Partnership and Northstar Healthcare Acquisitions, LLC for the lease of the corporate headquarters of Nobilis Health Corp., dated May 20, 2015 (incorporated by reference to Exhibit 10.58 to Nobilis Health Corp.'s Registration Statement on Form S-1 filed with the SEC on August 28, 2015)
10.29	Employment Agreement dated as of April 30, 2015 by and among Harry J. Fleming, Northstar Healthcare Acquisitions, L.L.C. and Northstar Healthcare Inc. (incorporated by reference to Exhibit 10.59 to Nobilis Health Corp.'s Registration Statement on Form S-1 filed with the SEC on August 28, 2015)
10.30	Employment Agreement dated as of February 1, 2015 by and among Matthew Maruca, Northstar Healthcare Acquisitions, L.L.C. and Nobilis Health Corp. (incorporated by reference to Exhibit 10.60 to Nobilis Health Corp.'s Registration Statement on Form S-1 filed with the SEC on August 28, 2015)
10.31	Fifth Amendment to Credit Agreement dated as of May 12, 2016 by and among Northstar Healthcare Acquisitions, L.L.C., the other Credit Parties named therein and Healthcare Financial Solutions, LLC (incorporated by reference to Exhibit 10.1 to Nobilis Health Corp.'s Current Report on Form 8-K dated May 12, 2016 filed with the SEC on May 18, 2016)
10.32	Limited Waiver Letter dated May 12, 2016 by and between Healthcare Financial Solutions, LLC and Northstar Healthcare Acquisitions, L.L.C. (incorporated by reference to Exhibit 10.1 to Nobilis Health Corp.'s Current Report on Form 8-K dated May 12, 2016 filed with the SEC on May 18, 2016)

- 10.33** First Amendment to Loan Agreement dated as of May 18, 2016 by and between Marsh Lane Surgical Hospital, LLC and LegacyTexas Bank (incorporated by reference to Exhibit 10.1 to Nobilis Health Corp.'s Current Report on Form 8-K dated May 18, 2016 filed with the SEC on May 23, 2016)
- 10.34** Revolving Note dated as of May 18, 2016 (incorporated by reference to Exhibit 10.2 to Nobilis Health Corp.'s Current Report on Form 8-K dated May 18, 2016 filed with the SEC on May 23, 2016)

10.35	Purchase Agreement dated as of August 1, 2016 among Northstar Healthcare Acquisitions, LLC, Nobilis Health Corp., Arizona Center for Minimally Invasive Surgery, LLC, Arizona Vein & Vascular Center, LLC, L. Philipp Wall, M.D., P.C. and L. Philipp Wall (filed herewith)
10.36	Sixth Amendment to Credit Agreement dated as of August 1, 2016 by and among Northstar Healthcare Acquisitions, L.L.C., the other Credit Parties named therein and Healthcare Financial Solutions, LLC (incorporated by reference on Form 10-Q dated June30, 2016 filed with SEC on August 2, 2016)
10.37	Seventh Amendment to Credit Agreement dated as of August 19, 2016 by and among Northstar Healthcare Acquisitions, L.L.C., the other Credit Parties named therein and Healthcare Financial Solutions, LLC (incorporated by reference to Exhibit 10.1 to Nobilis Health Corp.'s Current Report on Form 8-K dated August 19, 2016 filed with the SEC on August 24, 2016)
10.38	\$8,000,000 Amended and Restated Revolving Note dated August 19, 2016, issued by Northstar Healthcare Acquisitions, L.L.C. in favor of Healthcare Financial Solutions, LLC (incorporated by reference to Exhibit 10.2 to Nobilis Health Corp.'s Current Report on Form 8-K dated August 19, 2016 filed with the SEC on August 24, 2016)
10.39	\$18,600,000 Amended and Restated Term Note dated August 19, 2016, issued by Northstar Healthcare Acquisitions, L.L.C. in favor of Healthcare Financial Solutions, LLC (incorporated by reference to Exhibit 10.3 to Nobilis Health Corp.'s Current Report on Form 8-K dated August 19, 2016 filed with the SEC on August 24, 2016)
10.40	\$3,600,000 Revolving Note dated August 19, 2016, issued by Northstar Healthcare Acquisitions, L.L.C. in favor of LegacyTexas Bank (incorporated by reference to Exhibit 10.4 to Nobilis Health Corp.'s Current Report on Form 8-K dated August 19, 2016 filed with the SEC on August 24, 2016)
10.41	\$6,400,000 Term Note dated August 19, 2016, issued by Northstar Healthcare Acquisitions, L.L.C. in favor of LegacyTexas Bank (incorporated by reference to Exhibit 10.5 to Nobilis Health Corp.'s Current Report on Form 8-K dated August 19, 2016 filed with the SEC on August 24, 2016)
10.42	Eighth Amendment to Credit Agreement dated as of October 20, 2016 by and among Northstar Healthcare Acquisitions, L.L.C., the other Credit Parties named therein and Healthcare Financial Solutions, LLC (incorporated by reference to Exhibit 10.1 to Nobilis Health Corp.'s Current Report on Form 8-K dated October 20, 2016 filed with the SEC on October 25, 2016)
10.43	Amended and Restated Purchase Agreement among Northstar Healthcare Acquisitions, L.L.C., Nobilis Health Corp., Arizona Center for Minimally Invasive Surgery, LLC, Arizona Vein & Vascular Center, LLC, L. Philipp Wall, M.D., P.C., and L. Philipp Wall dated October 28, 2016 (incorporated by reference to Exhibit 10.1 to Nobilis Health Corp.'s Report on Form 8-K dated October 28, 2016 filed with the SEC on November 3, 2016)
10.44	Convertible Promissory Note in principal amount of \$2,250,000 dated October 28, 2016 (incorporated by reference to Exhibit 10.2 to Nobilis Health Corp.'s Report on Form 8-K dated October 28, 2016 filed with the SEC on November 3, 2016)
10.45	Employment Agreement by and between Nobilis Health Corp., Northstar Healthcare Acquisitions, LLC and L.Philipp Wall, MD dated October 28, 2016 (incorporated by reference to Exhibit 10.3 to Nobilis Health Corp.'s Report on Form 8-K dated October 28, 2016 filed with the SEC on November 3, 2016)

10.46

Credit Agreement dated as of October 28, 2016 among Nobilis Health Corp., Northstar Healthcare Holdings, Inc., Northstar Healthcare Acquisitions, L.L.C., the Loan Parties named therein, Compass Bank, LegacyTexas Bank, the other lenders party thereto, and BBVA Compass (incorporated by reference to Exhibit 10.4 to Nobilis Health Corp.'s Report on Form 8-K dated October 28, 2016 filed with the SEC on November 3, 2016)

10.47

Pledge Agreement in favor of Compass Bank dated as of October 28, 2016 (incorporated by reference to Exhibit 10.5 to Nobilis Health Corp.'s Report on Form 8-K dated October 28, 2016 filed with the SEC on November 3, 2016)

10.48	Guaranty and Security Agreement dated as of October 28, 2016 by and among Northstar Healthcare Acquisitions, L.L.C., the other parties thereto and Compass Bank (incorporated by reference to Exhibit 10.6 to Nobilis Health Corp.'s Report on Form 8-K dated October 28, 2016 filed with the SEC on November 3, 2016)
10.49	Asset Purchase Agreement by and between Northstar Healthcare Acquisitions, L.L.C., Nobilis Health Corp., Hamilton Physician Services, LLC and Carlos R. Hamilton III, M.D., P.A. dated January 6, 2017 (filed herewith)
10.50	Amendment No. 1 to Credit Agreement and Waiver dated as of March 3, 2017 among Northstar Healthcare Acquisitions, L.L.C., the other credit parties named therein, Compass Bank and the other financial institutions party thereto (filed herewith)
10.51	Amended and Restated Asset Purchase Agreement among Northstar Healthcare Acquisitions, L.L.C., Nobilis Health Corp., Hamilton Physician Services, LLC and Carlos R. Hamilton III, M.D., P.A. dated March 8, 2017 (filed herewith)
10.52	Physician Employment & Medical Director Agreement dated as of January 6, 2017 by and between Nobilis Health Network, Inc. and Carlos R. Hamilton, III, M.D. (filed herewith)
10.53	First Amendment and Assignment to Physician Employment & Medical Director Agreement dated as of March 8, 2017 by and between Nobilis Health Network, Inc., NH Physicians Group, PLLC and Carlos R. Hamilton, III, M.D., (filed herewith)
10.54	Convertible Promissory Note in principal amount of \$5,000,000 dated January 23, 2017 payable by Nobilis Vascular Texas, LLC to Carlos R. Hamilton III, M.D. (filed herewith)
21.1*	List of Subsidiaries
23.1*	Consent of Calvetti Ferguson P.C.
23.2*	Consent of Crowe Horwath LLP
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF* XBRL Taxonomy Extension Definition Linkbase Document

101.LAB* XBRL Taxonomy Extension Label Linkbase Document

101.PRE* XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

NOBILIS HEALTH CORP.

(Registrant)

Dated: March 14, 2017

/s/ Harry Fleming

Harry Fleming
Chief Executive Officer
(Principal Executive Officer)

Dated: March 14, 2017

/s/ David Young

David Young
Chief Financial Officer
(Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Dated: March 14, 2017

/s/ Donald Kramer, DR.

Donald Kramer, DR.
Chairman of the Board and Director

Dated: March 14, 2017

/s/ Steven Ozonian

Steven Ozonian
Director

Dated: March 14, 2017

/s/ Peter Horan

Peter Horan
Director

Dated: March 14, 2017

/s/ Mike Nichols

Mike Nichols
Director

Dated: March 14, 2017

/s/ Tom Foster

Tom Foster
Director

ASSET PURCHASE AGREEMENT

AMONG

**NORTHSTAR HEALTHCARE ACQUISITIONS, L.L.C.,
as Buyer,**

and

NOBILIS HEALTH CORP.

and

**HAMILTON PHYSICIAN SERVICES, LLC,
CARLOS R. HAMILTON III, M.D., P.A.
each as a Seller,**

and

**CARLOS R. HAMILTON III, M.D.
as Owner**

DATED

January 6, 2017

TABLE OF CONTENTS

ARTICLE I	PURCHASE AND SALES OF ASSETS	1
Section 1.1	Purchase and Sale; Post-Closing Adjustment; Closing	1
Section 1.2	Excluded Assets	4
Section 1.3	Assumed Liabilities	5
Section 1.4	Retained Liabilities	6
Section 1.5	Closing	7
Section 1.6	Closing Deliveries.	7
Section 1.7	Allocation of Purchase Price	8
ARTICLE II	REPRESENTATIONS OF SELLERS	9
Section 2.1	Existence, Authority and Binding Obligation	9
Section 2.2	Organization; Subsidiaries	9
Section 2.3	No Conflict	9
Section 2.4	Title, Sufficiency and Condition of Assets	10
Section 2.5	Financial Statements	10
Section 2.6	Liabilities	11
Section 2.7	Legal Compliance	11
Section 2.8	Taxes	11
Section 2.9	Intellectual Property	12
Section 2.10	Agreements	12
Section 2.11	Legal Proceedings	13
Section 2.12	Medicare Participation and Reimbursement.	13
Section 2.13	Compliance	14
Section 2.14	Clinical Staff Matters	14
Section 2.15	Employment Matters	14
Section 2.16	Inventory	14
Section 2.17	Certain Books and Records	15
Section 2.18	Investment Experience	15
Section 2.19	No SEC Review	15
Section 2.20	Purchase For Own Account	15
Section 2.21	Rule 144	15
Section 2.22	Unregistered Registration Shares	15
Section 2.23	No Public Offering	16
ARTICLE III	REPRESENTATIONS OF BUYER AND NHC	16

TABLE OF CONTENTS
(continued)

ARTICLE IV	OTHER COVENANTS OF THE PARTIES	17
Section 4.1	Conduct of Business Prior to Closing	17
Section 4.2	Access to Books, Records and Personnel	17
Section 4.3	Tax Matters	17
Section 4.4	Further Assurances	18
Section 4.5	Sellers' Employees	18
Section 4.6	Covenant Not to Compete	18
Section 4.7	Confidentiality	20
Section 4.8	Mail	20
Section 4.9	Third Party Consents	20
Section 4.10	Insurance	21
Section 4.11	Financial Statements	21
Section 4.12	Sellers' Indebtedness	21
Section 4.13	Cooperation after Closing	22
Section 4.14	Transition Period	22
ARTICLE V	CONDITIONS TO CLOSING	22
Section 5.1	Conditions to Obligations of the Parties	22
Section 5.2	Conditions to Obligations of Sellers and Owner	22
Section 5.3	Conditions to Obligations of Buyer and NHC	23
ARTICLE VI	PURCHASE PRICE HOLDBACK CASH	23
Section 6.1	Holdback Cash	23
Section 6.2	Distribution of Holdback Cash	23
ARTICLE VII	INDEMNIFICATION	24
Section 7.1	Loss and Indemnitees Defined	24
Section 7.2	Indemnification by Sellers	24
Section 7.3	Indemnification by Buyer and NHC	24
Section 7.4	Procedures for Indemnification.	25
Section 7.5	Survival of Limitation	25
Section 7.6	Limitations on Indemnification and Payment of Damages.	26
Section 7.7	Characterization of Indemnification Payments	26

Section 7.8	Express Negligence Rule	27
ARTICLE VIII	TERMINATION	27

TABLE OF CONTENTS
(continued)

Section 8.1	Termination	27
Section 8.2	Effect of Termination	27
ARTICLE IX	GENERAL PROVISIONS	28
Section 9.1	Expenses	28
Section 9.2	Notices	28
Section 9.3	Severability	28
Section 9.4	Entire Agreement	28
Section 9.5	Assignment	29
Section 9.6	No Third-Party Beneficiaries	29
Section 9.7	Amendment; Waiver	29
Section 9.8	Governing Law	29
Section 9.9	Dispute Resolution	29
Section 9.10	Counterparts	29
Section 9.11	Press Releases	29

EXHIBITS:

Exhibit A	-	Form of Convertible Note
Exhibit B	-	Form of Bill of Sale, Assignment and Assumption
Exhibit C	-	Form of Physician Employment Agreement and Medical Director Agreement
Exhibit D	-	Form of IP License – Intentionally Omitted
Exhibit E-1	-	Form of Sellers’ Closing Certificate
Exhibit E-2	-	Form of Owner’s Closing Certificate
Exhibit F	-	Form of Buyer’s Closing Certificate
Exhibit G	-	Transition Services Agreement

SCHEDULES:

Schedule 1.1(a)	-	Purchased Assets/Contracts
Schedule 1.1(b)	-	Accounts Receivable
Schedule 1.2(c)	-	Excluded Assets – Contracts
Schedule 1.2(d)	-	Excluded Assets – Other Assets
Schedule 1.3(a)	-	Assumed Accounts Payable
Schedule 1.3(c)	-	Equipment Indebtedness
Schedule 1.3(e)	-	Clinic Leases
Schedule 1.3(f)	-	Other Assumed Liabilities
Schedule 1.4	-	Retained Liabilities
Schedule 2.3	-	No Conflicts, Consents, etc.
Schedule 2.4	-	Title, Sufficiency and Condition of Assets
Schedule 2.5	-	Financial Statements
Schedule 2.7	-	Permits
Schedule 2.9	-	Excluded IP Assets
Schedule 2.10(b)	-	Health Care Professional Agreements
Schedule 2.10(c)	-	Related Party Agreements
Schedule 2.10(d)	-	Lease Payments
Schedule 2.11	-	Sellers’ Legal Proceedings
Schedule 2.12(a)	-	NPIs/Provider Numbers
Schedule 2.12(b)	-	Billing Practices
Schedule 2.14	-	Clinical Staff
Schedule 3.1(b)	-	Buyer Consents
Schedule 4.5	-	Transferred Employees
Schedule 4.6	-	Exceptions to Non-Compete

[Remainder of Page Intentionally Left Blank]

INDEX OF DEFINED TERMS

Defined Term	Section
Accounts Receivable	1.1(b)
Affiliate	2.10(c)
Agreement	Preamble
Applicable Laws	1.2(b)
AP	1.3(a)
AR	1.1(b)
Assumed Liabilities	1.3
Business	Recitals
Buyer	Preamble
Buyer Indemnitees	7.1(b)
Clinic Leases	1.3(e)
Closing	1.5
Closing Cash	1.1(a)(i)
Closing Date	1.5(a)
Closing Working Capital	1.1(d)(i)(1)
Closing Working Capital Statement	1.1(ii)(3)
Code	1.7(a)
Converted Financial Statements	4.11
Current Assets	1.1(d)(i)(2)
Current Liabilities	1.1(d)(i)(3)
Disputed Amounts	1.1(ii)(d)(7)
Effective Date	Preamble
Equipment Indebtedness	1.3(c)
ERISA	1.2(a)
Estimated Closing Working Capital	1.1(ii)(1)
Estimated Closing Working Capital Statement	1.1(ii)(1)
Excluded Assets	1.2
Financial Statements	2.5(a)(ii)
Fundamental Representations	7.5(a)(ii)
GAAP	1.1(d)(i)(4)
Government Programs	1.2(g)
Governmental Authority	1.2(b)
Health Care Professional Agreements	2.10(b)
Holdback Cash	1.1(a)(iii)

HPS	Preamble
Independent Accountant	1.1(d)(ii)(7)
Indemnified Party	7.4(a)
Indemnifying Party	7.4(a)
Intellectual Property	2.9(a)

-v-

Interim Financial Statements	2.5(a)(ii)
Inventory and Inventories	2.16
Loss	7.1(a)
NHC	Preamble
NPIs	1.2(g)
Non-Transferred Purchased Asset	4.9
Note	1.1(a)(ii)
Owner	Preamble
Parties	Preamble
Party	Preamble
PA	Preamble
Payoff Amount	4.12
Payoff Letters	4.12
Permits	1.2(b)
Permitted Encumbrances	2.4
Physician Employment & Medical Director Agreement	1.6(a)(ii)
Plans	1.2(a)
Post-Closing Adjustment	1.1(ii)(4)
Program Agreements	2.12(a)
PTO	4.5(b)
Purchase Price	1.1(a)
Purchased Assets	1.1(a)
Resolution Period	1.1(ii)(6)
Restricted Period	4.6
Restricted Territory	4.6
Retained Liabilities	1.4(b)
Review Period	1.1(ii)(5)
SEC	2.19
Securities Act	2.19
Seller(s)	Preamble
Seller Indemnitees	7.1(c)
Seller Insurance	4.10
Sellers' Knowledge	2.6
Statement of Objections	1.1(ii)(6)
Tax Returns	1.7(b)
Taxes	1.3(d)
Third Party Claim	7.4(a)

Trade Secrets	2.9(a)(iv)
Transaction Documents	2.1(a)
Transactions	2.1(a)
Transferred Employees	4.5(a)
Transferred IP Assets	2.9(a)
Unaudited Financial Statements	2.5(a)(i)

Undisputed Amounts	1.1(d)(ii)(7)
--------------------	---------------

[Remainder of Page Intentionally Left Blank]

-vii-

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this “**Agreement**”) is dated January 6, 2017 (the “**Effective Date**”), among Northstar Healthcare Acquisitions, L.L.C., a Delaware limited liability company (“**Buyer**”), Nobilis Health Corp., a British Columbia corporation (“**NHC**”), Hamilton Physician Services, LLC, a Texas limited liability company (“**HPS**”), Carlos R. Hamilton, III, M.D., P.A. a Texas Professional Association (“**PA**”) (HPS and PA are each a “**Seller**” and collectively “**Sellers**”), and Carlos R. Hamilton III, M.D, a resident of the State of Texas (“**Owner**”). Buyer, NHC, Sellers and Owner are referred to collectively as the “**Parties**” and each individually as a “**Party**.”

A. Sellers collectively own and operate an independent, vascular medical practice focused on the diagnosis and treatment of venous disease with eight (8) clinic locations located in the Houston, Austin, and San Antonio, Texas at which medical practitioners treat patients with venous diseases and provide certain other vascular services (the “**Business**”).

B. Sellers desire to sell to Buyer, and Buyer desires to purchase from Sellers, substantially all of the assets, and certain specified liabilities, of the Business.

C. Owner owns all of the limited liability company interests in HPS and all of the stock of PA.

In consideration of the mutual covenants and agreements in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I

PURCHASE AND SALE OF ASSETS

Section 1.1 Purchase and Sale; Post-Closing Adjustment; Closing.

(a) At the Closing, Sellers shall sell to Buyer, and Buyer shall purchase from Sellers, all of Sellers’ right, title and interest in all of the assets of Sellers listed or described on Schedule 1.1(a), including the Accounts Receivable but excluding the Excluded Assets (collectively, the “**Purchased Assets**”), free and clear of all encumbrances, for a purchase price to be paid at the Closing equal to Thirteen Million Two Hundred Fifty Thousand Dollars (\$13,250,000) (the “**Purchase Price**”), consisting of the following:

(i) Seven Million Seven Hundred Fifty Thousand Dollars (\$7,750,000) in cash delivered at Closing (the “**Closing Cash**”);

(ii) a convertible note, substantially in the form attached hereto as Exhibit A, in the principal amount of Five Million Dollars (\$5,000,000) executed by Buyer and NHC in favor of Owner (the “**Note**”); and

(iii) Five Hundred Thousand Dollars (\$500,000) as a holdback to the cash portion of the Purchase Price (the “**Holdback Cash**”) which shall be distributed in accordance with Article VI.

(b) For the purposes of this Agreement, “**Accounts Receivable**” means all accounts receivable and other rights to payment from patients and customers of Sellers, but excluding Government Programs, with respect to goods sold and services provided within the 90-day period immediately preceding the Closing (the “**AR**”), set forth on Schedule 1.1(b).

(c) Notwithstanding the foregoing, between the Effective Date and Closing Sellers shall permit Buyer, during normal business hours and with advance notice, to reasonably inspect and take a physical inventory of the Purchased Assets to verify the accuracy and completeness of Schedule 1.1(a).

(d) **Working Capital Matters.**

(i) **Definitions:** For purposes of this Article I:

(1) “**Closing Working Capital**” means (a) the Current Assets of the Sellers, less (b) the Current Liabilities of the Sellers, determined as of the close of business on the Closing Date.

(2) “**Current Assets**” means cash and cash equivalents, accounts receivable, inventory and prepaid expenses, but excluding (a) the portion of any prepaid expense of which Buyer will not receive the benefit following the Closing; and (b) deferred tax assets.

(3) “**Current Liabilities**” means accounts payable, accrued Taxes and accrued expenses.

(4) “**GAAP**” means United States generally accepted accounting principles.

(ii) **Post-Closing Adjustment.**

(1) At least three (3) business days before the Closing, the Sellers shall prepare and deliver to Buyer a statement setting forth its good faith estimate of Closing Working Capital (the “**Estimated Closing Working Capital**”), which statement shall contain an estimated balance sheet of the Sellers as of the Closing Date (without giving effect to the transactions contemplated herein) and a calculation of Estimated Closing Working Capital calculated in accordance with GAAP (the “**Estimated Closing Working Capital Statement**”).

(2) Within thirty (30) days after the Closing Date, Sellers shall deliver to Buyer the Converted Financial Statements in accordance with Section 4.11 (“the **Converted Financials Date**”).

(3) Within sixty (60) days after the Converted Financials Date, Buyer shall prepare and deliver to Sellers a statement setting forth Buyer's calculation of Closing Working Capital, which statement shall contain an opening balance sheet of the Sellers as of the Closing Date (without giving effect to the transactions contemplated herein) and a calculation of Closing Working Capital calculated in accordance with GAAP (the "**Closing Working Capital Statement**").

(4) The post-closing adjustment shall be an amount equal to the Closing Working Capital set forth on the Closing Working Capital Statement minus the Estimated Closing Working Capital (the "**Post-Closing Adjustment**"). If the Post-Closing Adjustment is a positive number, Buyer shall pay to Sellers an amount equal to the Post-Closing Adjustment. If the Post-Closing Adjustment is a negative number, Sellers shall pay to Buyer an amount equal to the Post-Closing Adjustment.

(5) After receipt of the Closing Working Capital Statement, Sellers shall have thirty (30) days (the "**Review Period**") to review the Closing Working Capital Statement. During the Review Period, Sellers and Sellers' accountants shall have full access to the personnel of, and work papers prepared by, Buyer and/or Buyer's accountants to the extent that they relate to the Closing Working Capital Statement and to such historical financial information (to the extent in Buyer's possession) relating to the Closing Working Capital Statement as Sellers may reasonably request for the purpose of reviewing the Closing Working Capital Statement and to prepare a Statement of Objections (defined below); provided, that such access shall be in a manner that does not interfere with the normal business operations of Buyer.

(6) On or prior to the last day of the Review Period, Sellers may object to the Closing Working Capital Statement by delivering to Buyer a written statement setting forth Sellers' objections in reasonable detail, indicating each disputed item or amount and the basis for Sellers' disagreement therewith (the "**Statement of Objections**"). If Sellers fail to deliver the Statement of Objections before the expiration of the Review Period, the Closing Working Capital Statement and the Post-Closing Adjustment, as the case may be, reflected in the Closing Working Capital Statement shall be deemed to have been accepted by Sellers. If Sellers deliver the Statement of Objections before the expiration of the Review Period, Buyer and Sellers shall negotiate in good faith to resolve such objections within thirty (30) days after the delivery of the Statement of Objections (the "**Resolution Period**"), and, if the same are so resolved within the Resolution Period, the Post-Closing Adjustment and the Closing Working Capital Statement with such changes as may have been previously agreed in writing by Buyer and Sellers, shall be final and binding.

(7) Resolution of Disputes. If Sellers and Buyer fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before expiration of the Resolution Period, then any amounts remaining in dispute ("**Disputed Amounts**") and any amounts not so disputed, the "**Undisputed Amounts**") shall be submitted for resolution to the office of Weaver L.L.P. or, if Weaver L.L.P. is unable to serve, Buyer and Sellers shall appoint by mutual agreement the office of an impartial nationally recognized firm of independent certified public accountants other than Sellers' accountants or Buyer's accountants (the "**Independent Accountants**") who, acting as experts and not arbitrators, shall resolve the Disputed Amounts only

and make any adjustments to the Post-Closing Adjustment, as the case may be, and the Closing Working Capital Statement. The Parties agree that all adjustments shall be made without regard to materiality. The Independent Accountants shall only decide the specific items under dispute by the parties and their decision for each Disputed Amount must be within the range of values assigned to each such item in the Closing Working Capital Statement and the Statement of Objections, respectively.

(8) Any fees and expenses of the Independent Accountant shall be paid by Sellers, on the one hand, and by Buyer, on the other hand, based upon the percentage that the amount actually contested but not awarded to Sellers or Buyer, respectively, bears to the aggregate amount actually contested by Sellers and Buyer.

(9) The Independent Accountants shall make a determination as soon as practicable within thirty (30) days (or such other time as the Parties shall agree in writing) after their engagement, and their resolution of the Disputed Amounts and their adjustments to the Closing Working Capital Statement and/or the Post-Closing Adjustment shall be conclusive and binding upon the Parties hereto.

(10) Except as otherwise provided herein, any payment of the Post-Closing Adjustment, shall (a) be due (x) within five (5) business days of acceptance of the applicable Closing Working Capital Statement or (y) if there are Disputed Amounts, then within five (5) Business Days of the resolution described above; and (b) be paid by wire transfer of immediately available funds to such account as is directed by Sellers, or by way of setoff against the Holdback Cash by Buyer, as the case may be.

(11) Any payments made pursuant to this Section 1.1(d)(ii) shall be treated as an adjustment to the Purchase Price by the Parties for tax purposes, unless otherwise required by law.

Section 1.1 Excluded Assets. The Purchased Assets do not include the following assets of Sellers (collectively, the “**Excluded Assets**”): all ownership and other rights with respect to any Plans including, without limitation, all assets and contracts of or relating to any Plans, except as set forth in Sections 1.3(b). With respect to Sellers, the term “**Plans**” means all employee welfare benefit plans within the meaning of Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended, and the regulations and rulings issued thereunder (“**ERISA**”), all employee pension benefit plans within the meaning of Section 3(2) of ERISA, all employee stock option or stock purchase plans, bonus or incentive plans or programs, severance pay plans, policies, practices or agreements, fringe benefits, and employment agreements;

(a) any franchises, authorizations, licenses, permits, variances, consents, registrations, accreditations, certifications, certificates of need, enrollments, qualifications, operating authority, concessions, exemptions, approvals, orders, grants or permissions issued by, or otherwise granted from Governmental Authorities (collectively, “**Permits**”) necessary to own, lease and operate the Sellers’ properties and to carry on their businesses as they are now being conducted that by its terms is not transferable to Buyer. The term “**Governmental Authority**”

means any domestic, foreign or multi-national federal, state, provincial, regional, municipal or local governmental or administrative authority, including any court, tribunal, agency, bureau, committee, board, regulatory body, administration, commission or instrumentality constituted or appointed by any such authority, and shall include any agency, branch or other governmental body charged with the responsibility and/or vested with the authority to administer and/or enforce any applicable laws, statutes, orders, ordinances, rules, regulations, policies, or guidelines (collectively, “**Applicable Laws**”), including but not limited to the Centers for Medicare and Medicaid Services, The Food and Drug Administration, the United States Department of Health and Human Services Office of Inspector General, and any Medicare or Medicaid contractors, auditors, intermediaries or carriers;

(b) all claims and rights under the contracts set forth on Schedule 1.2(c);

(c) the assets set forth on Schedule 1.2(d);

(d) the corporate seals, organizational documents, minute books, and Tax Returns (defined in Section 1.7), or other records having to do with the corporate organization of Sellers;

(e) any equity interests in any Seller;

(f) all national provider identifiers (“**NPIs**”), all Medicare, Medicaid, TRICARE, Department of Labor and other governmental payor program (collectively, the “**Government Programs**”) provider numbers and related provider agreements;

(g) all personnel records and other records that a Seller is required by Applicable Laws to retain in its possession, subject to Buyer’s right to receive copies thereof to the extent permitted by Applicable Laws;

(h) right to settlements and retroactive adjustments, if any, for reporting periods ending on or prior to the Closing Date, whether open or closed, arising from or against the United States government under the Government Programs and against any third party payor programs which settle upon a basis other than on individual claims basis;

(i) Sellers’ rights under the Transaction Documents; and

(j) Except as otherwise set forth in the Transition Services Agreement (as further described under Section 4.14), all accounts receivables and other rights to payment from Government Programs with respect to goods sold and services provided by Sellers prior to the Closing Date.

Section 1.2 Assumed Liabilities. Buyer agrees to assume and perform when due only the following liabilities of Sellers, as applicable (the “**Assumed Liabilities**”): trade accounts payable incurred in the ordinary course of business of Sellers through the Closing that are not delinquent (i.e., consistent with historical payment of such accounts), as set forth on Schedule 1.3(a) (the “**AP**”). Seller hereby agrees that for the purposes of this Section 1.3(a), AP specifically excludes Sellers’

or Owner's personal expenses. Buyer will not assume such personal expenses and other expenses not incurred in the ordinary course of Sellers' business;

(a) the non-debt liabilities arising out of the ownership and operation of the Purchased Assets or the Business after the Closing;

(b) all remaining payment obligations under capital leases and other equipment-related indebtedness and obligations for equipment included in the Purchased Assets or constituting Non-Transferred Purchased Assets (collectively, "**Equipment Indebtedness**"), set forth on Schedule 1.3(c), and all other liabilities arising after the Closing with respect to Equipment Indebtedness;

(c) all liabilities with respect to any federal, provincial, state, local or foreign tax or other assessment ("**Taxes**") related to the Purchased Assets incurred for any period on or after the Closing;

(d) all "**Clinic Leases**" which, for purposes of this Agreement, shall mean those real property leases set forth on Schedule 1.3(e); and

(e) Those liabilities listed on Schedule 1.3(f).

Section 1.3 Retained Liabilities. Sellers shall retain responsibility for performing when due, and Buyer shall not assume or have any responsibility for, all liabilities of Sellers related to the Business and the Purchased Assets other than the Assumed Liabilities, including (i) the ownership and operation of the Business and the Purchased Assets prior to the Closing; (ii) the Excluded Assets; (iii) the termination of any employees of Sellers who are not Transferred Employees; (iv) Transferred Employees who do not report for work with Buyer upon the Closing; (v) certain indebtedness of the Sellers set forth on Schedule 1.4; (vi) any refund, recoupment, and any penalty obligations for services rendered and billed by the Business or its employees prior to Closing, regardless of when such obligations are discovered or due; and (vii) any liability relating to or arising out of any employment action or practice in connection with Seller's employment or termination of employment of any persons currently or formerly employed or seeking to be employed by the Sellers, including liabilities based upon breach of employment contract, employment discrimination, wrongful termination, wage and hour compliance (including, without limitation, employee classification, overtime and minimum wage obligations), independent contractor classification, health and safety requirements, immigration and/or worker authorization requirements, disability accommodation and leave laws, workers' compensation, constructive termination, failure to give reasonable notice or pay in lieu of notice, severance or termination pay or the Consolidated Omnibus Budget Reconciliation Act, as amended, the Employee Retirement Income Security Act of 1974, as amended, the Worker Adjustment Retraining Notification Act of 1988, as amended, the Fair Labor Standards Act, as amended, or the National Labor Relations Act, as amended, or any equivalent state, municipal, county, local, foreign or other Applicable Law. Notwithstanding anything to the contrary contained herein, any amounts that come due pursuant to this Section 1.4(a)(vi) or related to the liabilities listed on Schedule 2.12(b), if any, shall be offset as set forth in Section 7.6(e) subject to Sellers' and Owner's prior written consent.

(a) For the purposes of this Agreement, the liabilities described in Section 1.4(a) shall collectively be the “**Retained Liabilities**”.

Section 1.4 Closing. The consummation of the sale and purchase of the Purchased Assets (the “**Closing**”) will take place at the offices of Nobilis Health Corp. 11700 Katy Freeway, Suite 300, Houston, Texas 77079, at 10:00 a.m. local time on the sooner of January 31, 2017 or the second business day after all of the conditions to closing in Sections 5.1, 5.2, and 5.3 are satisfied or waived (other than conditions which are to be satisfied on the Closing Date), or at such other time, date or place as Sellers, Owner and Buyer may mutually agree upon in writing (the “**Closing Date**”). The Closing shall be deemed effective as of 12:00 a.m., Houston time, on the Closing Date.**Closing Deliveries.**

(a) At the Closing, Sellers and Owner, as applicable, shall deliver to Buyer:

(i) a bill of sale, assignment and assumption with respect to the Purchased Assets substantially in the form attached hereto as Exhibit B, duly executed by Sellers and Owner, in favor of certain direct or indirect, wholly-owned subsidiaries of Buyer, as designated by Buyer to Seller prior to the Closing Date;

(ii) an employment agreement, substantially in the form attached hereto as Exhibit C (the “**Physician Employment & Medical Director Agreement**”), executed by Owner;

(iii) Certificates of Account Status with respect to each Seller, issued by the Texas Comptroller within five (5) business days prior to the Closing Date;

(iv) a closing certificate, substantially in the form attached hereto as Exhibit E-1, executed by each Seller, and a certificate, substantially in the form attached hereto as Exhibit E-2, executed by Owner;

(v) any approvals or consents required by Section 4.4;

(vi) any evidence of payoff of debt required by Section 4.12 (excluding Equipment Indebtedness) of each Seller or Owner or release of liens encumbering any of the Purchased Assets requested by Buyer;

(vii) all books and records of Sellers or Owner related to the Purchased Assets;

(viii) the Transition Services Agreement, upon terms mutually agreeable to Buyer, Sellers and Owner, executed by Sellers;

(ix) assignment and assumption agreements for each of the Clinic Leases, executed by Sellers and Owner; and

(x) such other documents as Buyer may reasonably request.

- (b) At the Closing, Buyer shall deliver to Sellers:
- (i) the Closing Cash via wire transfer;
 - (ii) the Note, upon terms mutually agreeable to Buyer and Seller, executed by Buyer;
 - (iii) any approvals or consents of any rulemaking authority, person or entity applicable to Buyer required by Section 4.4;
 - (iv) the Physician Employment & Medical Director Agreement, executed by Buyer;
 - (v) the Transition Services Agreement, upon terms mutually agreeable to Buyer, Sellers and Owner, executed by Buyer;
 - (vi) a closing certificate, substantially in the form attached hereto as Exhibit F, executed by Buyer;
 - (vii) assignment and assumption agreements for each of the Clinic Leases, executed by Buyer;
 - (viii) Certificate of Account Status with respect to each Seller, issued by the Texas Comptroller within five business days prior to the Closing Date; and
 - (ix) such other documents as Sellers may reasonably request.

Section 1.5 Allocation of Purchase Price. The Parties shall allocate the Purchase Price in accordance with Section 1060 of the Internal Revenue Code of 1986, as amended (together with any rules or regulations issued thereunder, “**Code**”). Within 90 days after the Closing Date, Buyers shall provide Sellers a draft allocation of the Purchase Price and the liabilities of Sellers and Owner among the Purchased Assets.

(a) The Parties shall timely file any information that may be required pursuant to Treasury Regulations promulgated under Section 1060(b) of the Code, and shall use the allocation of the Purchase Price as finally determined pursuant to this Section 1.7, in connection with the preparation of Internal Revenue Service Form 8594 as that form relates to the Transactions. The Parties shall not file any returns, declarations, reports, statements and other documents of, relating to, or required to be filed in respect of, any and all Taxes (“**Tax Returns**”) or otherwise take any position which is inconsistent with such allocation, except as may be adjusted by subsequent agreement following an audit by the Internal Revenue Service or by court decision. The Parties agree that the amount of the Purchase Price allocated to the covenant not to compete in Section 4.6

is not intended to be a liquidated damages amount or to place a value or ceiling on the amount of damages that could be suffered by Buyer if such covenants are breached.

ARTICLE II

REPRESENTATIONS OF SELLERS

Owner and each of the Sellers, jointly and severally, represent to Buyer and NHC as follows, as of the date of this Agreement and the Closing Date:

Section 2.1 Existence, Authority and Binding Obligation. Each Seller is duly organized, validly existing and in good standing under the laws of its jurisdiction of formation, with full power and authority to enter into and deliver this Agreement and the other agreements, documents or instruments contemplated hereby (collectively, the “**Transaction Documents**”), to carry out its obligations under, and to consummate the transactions contemplated by, the Transaction Documents (collectively, the “**Transactions**”).

(a) This Agreement constitutes, and, when executed and delivered, the Transaction Documents will constitute, the legal, valid and binding obligations of Sellers, enforceable against them in accordance with their terms, except as such enforceability may be limited by laws affecting the enforcement of creditors’ rights and general principles of equity.

(b) Each Seller is not qualified to do business in any jurisdiction other than its jurisdiction of formation.

(c) There are no outstanding powers of attorney relating to or binding on the Business or the Purchased Assets.

Section 2.2 Organization; Subsidiaries. Each Seller is in compliance with all provisions of its governing documents.

(a) No Seller owns any direct or indirect interest or other rights in any other entity.

(b) There are no outstanding third party rights for the issuance, sale or purchase of any security or equity interest of any Seller.

Section 2.3 No Conflict. Except as set forth in Schedule 2.3, the execution, delivery and performance of this Agreement, does not and will not: breach, or require the consent of any person or entity pursuant to, Sellers’ governing documents;

(a) breach, or require the consent of any person or entity pursuant to, any law, regulation, permit, order, award or other non-contractual restriction or rule applicable to Sellers, their respective assets, the Purchased Assets or the Business;

(b) result in the creation of any encumbrance upon Sellers, their respective assets or the Purchased Assets; or

(c) (whether with notice or the lapse of time or both) under any contract or other instrument binding on Sellers:

(i) result in any breach of any contract included in the Purchased Assets;

(ii) provide any other person or entity rights of termination, rescission, amendment, acceleration or cancellation of any contract included in the Purchased Assets; or

(iii) require any authorization or approval of any person or entity.

Section 2.4 Title, Sufficiency and Condition of Assets. Owner owns, directly or indirectly, one hundred percent (100%) of the equity interests of Sellers. Sellers own, and at Closing shall transfer to Buyer, good and valid title to all of the Purchased Assets, free and clear of all encumbrances other than Permitted Encumbrances. Except as set forth in Schedule 2.4, none of the Purchased Assets is leased or licensed from or to any third party. The Purchased Assets, whether tangible or intangible, are all the assets necessary for the operation of the Business in the manner presently operated by Seller. All of the Purchased Assets are in good condition and repair, ordinary wear and tear excepted, and are usable in the ordinary course of business. For the purposes of this Agreement, “**Permitted Encumbrances**” means: those items set forth on Schedule 2.4 identified as Permitted Encumbrances;

(a) liens for Taxes not yet due and payable;

(b) mechanics', carriers', workmen's, repairmen's or other like liens arising or incurred in the ordinary course of business consistent with past practice or amounts that are not delinquent and which are not, individually or in the aggregate, material to the Business or the Purchased Assets; and

(c) easements, rights of way, zoning ordinances and other similar encumbrances affecting real property which are not, individually or in the aggregate, material to the Business or the Purchased Assets, which do not prohibit or interfere with the current operation of any Purchased Asset.

Section 2.5 Financial Statements. Sellers have delivered to Buyer true and correct copies of:

(i) Sellers' combined unaudited financial statements for the year ended December 31, 2015, consisting of (A) the balance sheet of the Business as of such date, and (B) the related statements of income and retained earnings, stockholders' equity and cash flow for the year then ended (the “**Unaudited Financial Statements**”); and

(ii) Sellers' unaudited financial statements for the ten-month period ended October 31, 2016 (the “**Interim Financial Statements**”, and together with the Unaudited Financial Statements, the “**Financial Statements**”).

(b) Except as disclosed on Schedule 2.5, the Financial Statements have been prepared on a cash basis from the books and records of Sellers in accordance with standard accounting principles applied on a consistent basis throughout the periods covered by the Financial Statements and present fairly, in all material respects, the financial condition of Sellers as of such dates and the results of operations for such periods.

(c) Except as disclosed on Schedule 2.5, since the date of the Interim Financial Statements, there has been no material adverse change in the assets, liabilities or financial condition of Sellers from that set forth in the Financial Statements or the Converted Financial Statements (defined under Section 4.11).

Section 2.6 Liabilities. Except as set forth in the Financial Statements, there are no material obligations or liabilities (potential or otherwise) of Seller of any nature pending, or to Sellers' Knowledge, threatened, against any Seller, Owner or the Purchased Assets, other than contractual liabilities incurred in the ordinary course of business that are not required to be disclosed in the Financial Statements under standard accounting practices and other than liabilities that have arisen after the date of the Interim Financial Statements in the ordinary course of business, consistent with past practices. There is no reasonable basis for any other obligation or liability to be imposed upon Sellers. For the purposes of this Agreement, "**Sellers' Knowledge**" means the actual knowledge of Owner or any director or officer of Sellers. **Legal Compliance.** Sellers have materially complied with all Applicable Laws. Neither Sellers nor any person or entity acting on behalf of Sellers has made or received any unlawful payments or contributions. Except as set forth on Schedule 2.7, Sellers hold all Permits necessary to own the Purchased Assets and conduct the Business, and to Sellers' Knowledge except as set forth on Schedule 2.7 or as may result from the Closing, no event has occurred or other fact exists with respect to such Permits that allows, or after notice or the lapse of time or both, would allow, revocation or termination of any such Permits or would result in any other impairment in the rights of any holder thereof.

(i) all patents, patent applications, and inventions and discoveries regardless of whether they may be patentable;

(ii) all business and trade names and registered and unregistered trademarks and service marks;

(iii) all copyrights in both published and unpublished works; and

(iv) all know-how, trade secrets, confidential information, customer lists, software, technical information, data, process technology, plans, drawings, and blue prints (collectively, "**Trade Secrets**"), as well as any other documentation in Sellers' possession in which such Trade Secrets are embodied or otherwise identified.

(b) All required filings and fees related to the Transferred IP Assets have been timely filed with and paid to the relevant authorities and authorized registrars, and all applicable Transferred IP Assets are otherwise in good standing.

(c) To the Sellers' Knowledge, none of the Transferred IP Assets infringe or otherwise violate the rights of any other person or entity, nor are they being infringed or otherwise violated by any other person or entity. There are no claims by any person, entity or authority, settled, pending or, to Sellers' Knowledge, threatened, alleging that use of the Transferred IP Assets by Sellers or by any other person or entity infringes the Intellectual Property rights of any third party.

(d) With respect to each Trade Secret included as part of the Transferred IP Assets:

(i) Sellers have taken all reasonable precautions to protect the secrecy, confidentiality and value of such Trade Secret; and

(ii) such Trade Secret is not to the Sellers' Knowledge part of the public knowledge or literature, and to Sellers' Knowledge, has not been used, divulged or appropriated either for the benefit of any third party or to the detriment of the Sellers.

Section 2.7 Agreements. Sellers are not, and, to Sellers' Knowledge, no other party is in breach of (and no event has occurred which, with notice or the lapse of time or both, would constitute a breach of) any of the agreements listed on Schedule 1.1(a). Each such agreement constitutes, to Sellers' Knowledge, the legal, valid and binding obligation of the applicable Seller, enforceable against such Seller and any other party thereto, in accordance with their respective terms, except as such enforceability may be limited by laws affecting the enforcement of creditors' rights and general principles of equity.

(a) Schedule 2.10(b) lists all of the agreements between any Seller and clinical staff currently used or usable in connection with the Business (the "**Health Care Professional Agreements**"). Seller has provided Buyer with true and correct copies of each Health Care Professional Agreement.

(b) Except as set forth on Schedule 2.10(c), none of the agreements or contracts set forth on Schedule 1.1(a) are agreements or contracts between or among Sellers, on the one hand, and Owner or any Affiliate of Sellers or Owner, on the other hand. For the purposes of this Agreement, "**Affiliate**" means any individual, corporation, partnership, limited liability company, association, trust or any other entity or organization, including a Governmental Authority that, directly or indirectly through one of more intermediaries, controls or is controlled by or is under common control with a Party.

(c) Except as set forth on Schedule 2.10(d), Sellers are current on all lease payments and other payments required under the capital leases and equipment-related obligations included in the Purchased Assets.

Section 2.8 Legal Proceedings. Except as set forth on Schedule 2.11, there are no claims, actions or investigations pending or, to Sellers' Knowledge, threatened against or by Sellers (a) relating to or affecting the Business or the Purchased Assets; or (b) that challenge or seek to prevent, enjoin or otherwise delay the Transactions. To Sellers' Knowledge, no event has occurred or

circumstances exist that may give rise to, or serve as a basis for, any such claim, action or investigation. **Medicare Participation and Reimbursement**.

(a) PA is certified or otherwise qualified for participation in the Government Programs and has current and valid contracts for participation in certain Government Program (the “**Program Agreements**”), all of which are in full force and effect, and PA is currently in receipt of all approvals or qualifications necessary for their reimbursement by the Government Programs. Schedule 2.12(a) contains a list of all NPIs and all provider numbers of Sellers under applicable Government Programs and private third party payor programs, including any insurance company or health care provider (such as a health maintenance organization, preferred provider organization, or any other managed care program). To Sellers’ Knowledge, no events or facts exist that would cause any Program Agreement to be suspended, terminated, restricted, withdrawn, subjected to an administrative hold or otherwise not to remain in force and effect after the Closing.

(b) Except as described on Schedule 2.12(b) all billing practices of Sellers with respect to all third party payors, including the Government Programs and private insurance companies, have been conducted in material compliance with all Applicable Laws and the billing guidelines of such third party payors. Except for routine overpayments that occur in the ordinary course of business, Sellers have not billed or received any payment or reimbursement in excess of amounts allowed by Applicable Laws or the billing guidelines of any third party payor, including the Government Programs or any private insurance companies. Sellers have made available to Buyer true and correct copies of any and all Government Program survey reports and correspondence issued since the later of the Business's inception or January 1, 2007, with respect to Sellers and all plans of correction which the applicable governmental agency required any Seller to submit in response to such reports. Sellers have corrected any deficiencies noted therein.

Section 2.9 Compliance. Sellers (a) are not party to a Corporate Integrity Agreement with the Office of Inspector General of the Department of Health and Human Services, (b) do not have reporting obligations pursuant to any settlement agreement entered into with any Governmental Authority, or (c) to Sellers’ Knowledge are not and have not been a defendant in any qui tam/False Claims Act litigation, or (d) have not received any complaints from employees, independent contractors, vendors, physicians, or any other person that would indicate that any Seller has violated in any material respect any applicable material law, rule, or regulation. Sellers have provided Buyer with complete and accurate descriptions of each audit and investigation conducted with respect to its compliance with Applicable Laws during the last three years.

Section 2.10 Clinical Staff Matters. There are no pending or, to Sellers’ Knowledge, threatened adverse actions, appeals, challenges, disciplinary or corrective actions, or disputes involving Seller’s clinical staff, or allied health professionals, except as set forth on Schedule 2.14. Sellers have delivered to Buyer a written disclosure containing a brief general description of all material adverse actions taken in the six months prior to the date hereof against any Seller’s clinical staff members or allied health professionals which could result in claims or actions against such Seller. Schedule 2.14 sets forth a complete and accurate list of the name and medical specialty of each current member of the clinical staff of Sellers. Except as set forth on Schedule 2.14, no clinical staff member has resigned or been terminated since January 1, 2014. To Sellers’ knowledge, there

are no claims, actions, suits, proceedings, or investigations pending or, to threatened against or affecting any member of any Seller's clinical staff at law or in equity, or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality wherever located relating to medical practice or conduct in connection therewith.

Section 2.11 Employment Matters. Except for past violations for which the Sellers are not subject to any current liability and cannot become subject to any future liability, the Sellers are and have been, to Sellers' Knowledge, in material compliance with all applicable laws, regulations and orders relating to employment and employment practices, terms and conditions of employment and wages and hours, and the Sellers are not and have not engaged in any unfair labor practice. There are no written charges or complaints of employment discrimination, harassment, retaliation, equal pay or any other employment related matter arising under applicable laws, pending or threatened or, to Seller's Knowledge, anticipated against the Sellers. The Sellers have, to Sellers' Knowledge, properly classified as an employee or independent contractor each person who provides or has provided services to the Sellers, and as to each such person that is an employee, the Sellers have properly classified such employee as exempt or non-exempt under applicable wage and hour laws, except for such misclassifications as would not have a material adverse effect.

Section 2.12 Inventory. The inventory of the Business (the "**Inventory**" or "**Inventories**") consists of a quality and quantity useable and saleable in the ordinary course of business except for obsolete items and items of below standard quality, all of which have been written off or written down to net realizable value.

Section 2.13 Certain Books and Records. Excluding the minute books of Sellers, the operational books and records of Sellers related to the three years prior to the date of Closing are in the possession of Sellers and are correct and complete in all material respects

Section 2.14 Investment Experience. Sellers and Owner hereby acknowledge and represent that (a) they have prior investment experience, including investment in non-listed and unregistered securities, and that they have employed the services of an investment advisor, attorney and/or accountant to read all of the documents furnished or made available by Buyer to evaluate the merits and risks of such an investment on their behalf; (b) they recognize the highly speculative nature of an investment in the Shares; and (c) they are able to bear the economic risk and illiquidity which they assume by investing in the Shares. Sellers and Owner have had the opportunity to retain, and to the extent necessary they have retained, at their own expense, and relied upon the advice of appropriate professionals, including an investment advisor, attorney and/or accountant regarding the investment, tax and legal merits and consequences of this Agreement and its acquisition of the Shares hereunder.

Section 2.15 No SEC Review. Sellers and Owner hereby acknowledge that this transaction has not been reviewed by the Securities and Exchange Commission ("**SEC**") because of NHC's representations that this transaction is intended to be exempt from the registration requirements of Section 5 of the Securities Act of 1933, as amended (the "**Securities Act**") pursuant to Section 4(a)(2) thereof and Regulation D promulgated under said act. Sellers and Owner further acknowledge that no federal or state agency or authority has made any finding or determination as to the accuracy or adequacy of this Agreement or as to the fairness of the terms of this transaction

or any recommendation or endorsement of the Shares. Any representation to the contrary is a criminal offense. In making an investment decision, Sellers and Owner must rely on their own examination of NHC and the terms of this transaction, including the merits and risks involved.

Section 2.16 Purchase For Own Account. The Shares to be acquired by Sellers and Owner hereunder will be acquired for investment for their own account, not as a nominee or agent, and not with a view to the public resale or distribution thereof within the meaning of the Securities Act, and no Seller or Owner has the present intention of selling, granting any participation in, or otherwise distributing the same. Owner and each Seller also represents that no Seller has been formed for the specific purpose of acquiring the Shares.

Section 2.17 Rule 144. Sellers and Owner acknowledge that the Shares must be held indefinitely unless subsequently registered under the Securities Act or an exemption from such registration is available. Sellers and Owner are aware of the provisions of Rule 144 promulgated under the Securities Act, which permits limited resale of shares purchased in a private placement subject to the satisfaction of certain conditions, including, among other things, the existence of a public market for such shares, the availability of certain current public information about the company that issued such shares, the resale occurring following the period of time prescribed by Rule 144, the sale being effected through a “broker's transaction” and the number of shares being sold during any three-month period not exceeding specified limitations.

Section 2.18 Unregistered Registration Shares. Each Seller and Owner understands and hereby acknowledges that NHC is under no obligation to register the Shares under the Securities Act. Each Seller and Owner consents that NHC may, if it desires, permit the transfer of the Shares out of a Seller's or Owner's name only when such Party's request for transfer is accompanied by an opinion of counsel reasonably satisfactory to NHC that neither the sale nor the proposed transfer results in a violation of the Securities Act or any applicable state “blue sky” laws.

Section 2.19 No Public Offering. Sellers and Owner hereby acknowledge that the sale and issuance of the Shares hereunder has not been (a) accompanied by the publication of any advertisement nor (b) effected by or through a broker-dealer in a public offering.

ARTICLE III

REPRESENTATIONS OF BUYER AND NHC

Section 3.1 General. Buyer and NHC, jointly and severally, represent to each of the Sellers and Owner as follows, as of the date of this Agreement, and the Closing Date:

(a) Existence, Authority and Binding Obligation.

(i) Each of Buyer and NHC is duly organized, validly existing and in good standing under the laws of its jurisdiction of formation, with full power and authority to enter into and deliver the Transaction Documents, to carry out its obligations under the Transaction Documents, and to consummate the Transactions.

(ii) This Agreement constitutes, and, when executed and delivered, the Transaction Documents will constitute, the legal, valid and binding obligations of each of Buyer and NHC, enforceable against such Party in accordance with their terms, except as such enforceability may be limited by laws affecting the enforcement of creditors' rights and general principles of equity.

(b) No Conflict. The execution, delivery and performance of this Agreement, does not and will not:

(i) breach, or require the consent of any person or entity pursuant to, Buyer or NHC's governing documents;

(ii) breach, or require the consent of any person or entity pursuant to, any law, regulation, permit, order, award or other non-contractual restriction or rule applicable to Buyer or NHC or its respective assets;

(iii) result in the creation of any encumbrance upon Buyer or NHC or its respective assets;
or

(iv) (whether with notice or the lapse of time or both) under any agreement or other instrument binding on Buyer or NHC:

(1) result in any breach;

(2) provide any other person or entity rights of termination, rescission, amendment, acceleration or cancellation; or

(3) except as described on Schedule 3.1(b)(iv)(3), require any authorization or approval of any person or entity.

ARTICLE IV

OTHER COVENANTS OF THE PARTIES

Section 4.1 Conduct of Business Prior to Closing. Until the Closing, Sellers: shall conduct the Business in the ordinary course of business consistent with their past practice, except for actions expressly permitted or limited by this Agreement;

(a) shall maintain Inventories of supplies, drugs, and other disposables and consumables in the ordinary course of business consistent with their past practice; and

(b) shall not, without the prior written consent of Buyer:

(i) make or authorize any capital expenditure for the Business of more than \$50,000;

(ii) enter into any agreement that, if existing as of the date of this Agreement, would have to be listed in Schedule 1.1(a) as part of the Purchased Assets; or

(iii) enter into any agreement, commitment or understanding, whether or not in writing, with respect to any of the foregoing.

Section 4.2 Access to Books, Records and Personnel. If before or after the Closing it is necessary that any Party be furnished with additional information relating to the Purchased Assets or the Business, and such information is in the possession of any other Party, such Party agrees to use commercially reasonable efforts to furnish such information to the requesting Party, at the requesting Party's cost and expense, and to make its employees available on a mutually convenient basis to provide additional information and explanation of such materials. Any such disclosure shall be subject to the confidentiality or other applicable terms of any agreement to which the disclosing Party is bound as well as any Applicable Laws. **Tax Matters.**

(a) The Parties shall cooperate fully, as reasonably requested by each other Party, in connection with the filing of Tax Returns as contemplated by Section 4.3(a) and any audit or other proceeding with respect to the Purchased Assets or the Business. Sellers and Owner agree to retain all books and records with respect to Tax matters pertinent to the Purchased Assets or the Business relating to any taxable period beginning before the Closing until the expiration of the statute of limitations of the respective taxable periods, and to abide by all record retention agreements entered into with any Taxing authority.

Section 4.3 Further Assurances. The Parties shall use their reasonable efforts (a) to obtain all approvals and consents requested by any other Party and required by or necessary for the transactions contemplated by the Transaction Documents, including those set forth on Schedule 2.3, and (b) to take all appropriate action and to do all things necessary, proper or advisable under Applicable Laws, regulations and the Transaction Documents to effect the Transactions and to timely satisfy the conditions set forth in Article V. However, nothing in this Section 4.4 shall require any Party to (y) hold separate or make any divestiture of any asset or otherwise agree to any restriction on operations or other condition that would be materially adverse to the assets, liabilities or business of Buyer or Sellers, or (z) offer or grant financial accommodations to any third party or to remain secondarily liable with respect to any liability. Prior to the Closing, no Party shall make any filing or request any consent related to the Transactions without the approval of the other Party, which approval shall not be unreasonably withheld or delayed. **Sellers' Employees.**

(a) Subject to Buyer's hiring policies, Buyer shall offer employment to all employees of Sellers, which are set forth on Schedule 4.5 at the same levels of benefits and compensation as set forth thereon. Employees of Sellers who accept employment with Buyer and become employees of Buyer at the Closing shall be referred to herein as "**Transferred Employees.**"

(b) Each Transferred Employee's sick leave, vacation and other paid time off (collectively, "**PTO**") accrued as of the Closing Date, is set forth on Schedule 4.5. Sellers shall deliver, at the Closing, an updated Schedule 4.5 setting forth the PTO accrued as of the Closing Date. Each Transferred Employee who consents to such transfer shall be credited by Buyer for any such accrued PTO, but Buyer shall have no obligation to make any payments to the Transferred

Employees for such accrued PTO other than in accordance with the terms and conditions applicable to Buyer's employees or applicable law. Other than as expressly set forth herein, Buyer shall have no obligation whatsoever for, any compensation or other amounts payable to any current or former employee, officer, director, independent contractor or consultant of Sellers or the Business, including, without limitation, hourly pay, commission, bonus, salary, accrued PTO, fringe, pension or profit sharing benefits or severance pay for any period relating to the service with Sellers at any time on or prior to the Closing Date.

(c) The terms of the Transferred Employees' employment with Buyer shall otherwise be upon such terms and conditions as Buyer, in its sole discretion, shall determine. This provision shall neither be construed to create any third party beneficiaries nor to vest any rights in parties other than those signatories to this Agreement.

Section 4.4 Covenant Not to Compete. To more effectively protect the value of the Purchased Assets, for two years after the Closing Date (the "**Restricted Period**"), Sellers and Owner shall not, without the prior consent of Buyer, directly or indirectly (whether as an owner, principal, employee, agent, consultant, independent contractor, partner or otherwise), anywhere in the State of Arizona, State of Texas or any other State in which Buyer has a facility, at which medical practitioners treat patients with venous diseases and provide certain other vascular and interventional radiology services on or prior to the first anniversary of the Closing (the "**Restricted Territory**"): engage in any business in competition with the Business; provided, however, that Sellers and Owner, may own, solely as an investment, securities in any entity that is in competition with the Business if (i) Sellers or Owner, as applicable, do not, directly or indirectly, beneficially own more than 2% in the aggregate of such class of securities, (ii) such class of securities is publicly traded, and (iii) Sellers or Owner, as applicable, has no active participation in the business of such entity that is in competition with the Business;

(a) excluding those Transferred Employees listed on Schedule 4.6, solicit business of the same or similar type being carried on by the Buyer in the operation of the Business from any person or entity known by Sellers or the Owner to be a customer of the Business as operated by Buyer;

(b) request any past, present or future customer or supplier of Sellers or Buyer to curtail or cancel its business with the Business as operated by Buyer;

(c) excluding the Transferred Employees listed on Schedule 4.6, without Buyer's consent, solicit, employ or otherwise engage as an employee or independent contractor any person who is an employee or independent contractor of the Business as operated by Buyer, unless such person's employment or engagement with the Business (i) was terminated by Buyer, or (ii) ended more than 12 months prior to the date of solicitation, employment or engagement;

(d) induce or attempt to induce any employee or independent contractor of the Business as operated by Buyer to terminate their employment or engagement with the Business; provided, however, that it shall not constitute a breach of the foregoing if any person or entity which employs or otherwise engages Owner solicits and/or hires an employee or former employee of the Business through a general solicitation not directed at such employee or former employee, and

further provided the Owner does not have hiring authority or influence over hiring for the applicable position; or

(e) unless otherwise required by law, subject to the confidentiality provisions of this Agreement, disclose to any person or entity details of the organization or business affairs of the Business, any names of past or present customers of the Business, any Trade Secrets, or any other non-public information concerning the Business or its affairs; notwithstanding the foregoing, the Sellers may publically disclose information related to or arising from the filing, prosecution, and enforcement of intellectual property rights pertaining to the Excluded Assets.

Notwithstanding anything to the contrary above in this Section 4.6, this Section 4.6 shall not: (i) restrict Owner from providing medical services as a physician in private medical practice to any of the past, present or future patients or customers of the Business, provided Owner does not use any marketing or advertising directed at such past, present or future patients, (ii) this Section 4.6 shall not restrict Owner and his Affiliates from leasing any real property, including real property no longer leased by Buyer and its Affiliates, to any third party, including any third party that may be competitive with the Business; (iii) restrict Owner from engaging in discussions or negotiations related to business activities that, if executed or performed, might otherwise be prohibited by this Section 4.6; or (iv) restrict Owner from engaging in any activities set forth on Schedule 4.6, so long as such activities do not interfere with the obligations of Owner under the Physician Employment & Medical Director Agreement.

Sellers and Owner agree that the covenants set forth in this Section 4.6 are drafted to and are intended to comply with and be enforceable under Texas Business & Commerce Code Section 15.50(a) and other applicable laws and regulations. The Parties acknowledge that if the scope of the covenants in this Section 4.6 is deemed to be too broad in any court proceeding, the court may reduce the scope as deemed reasonable under the circumstances. Sellers and Owner also agree that in the event that the covenants are reformed and Sellers and/or the Owner has breached the reformed covenants, Buyer may be entitled to recover attorneys' fees and costs in enforcing the covenants in the same manner and to the same extent as if they had been enforced as written against the breaching Party. The Parties acknowledge that Buyer may not have any adequate remedy at law for the breach or threatened breach by Sellers or Owner of this Section 4.6 and, accordingly, Buyer may, in addition to remedies that may be available under this Agreement, file suit in equity to enjoin Sellers or Owner from that breach or threatened breach, and Sellers and Owner consent to the issuance of injunctive relief. Sellers and Owner agree that Buyer's performance under this Agreement constitutes sufficient consideration for the covenant not to compete in this Section 4.6.

Notwithstanding anything to the contrary contained herein, Buyer and NHC agree that Owner shall be released from any and all restrictions under this Section 4.6 if the Physician Employment & Medical Director Agreement is terminated (i) for cause by Owner; or (ii) without cause by Nobilis Health Network, Inc. or other employer to which the Physician Employment & Medical Director Agreement is assigned.

Section 4.5 Confidentiality. Sellers and Owner acknowledge that irreparable damage would occur if any confidential or proprietary information regarding the Business, the Purchased Assets or Buyer were disclosed to or utilized on behalf of any person or entity that is in competition

in any respect with the Business as conducted by the Buyer following the Closing. Without the prior written consent of Buyer, Sellers and Owner agree that they shall not, directly or indirectly, use or disclose any of such information. The provisions of this Section 4.7 shall not prohibit a Party from disclosing information covered by this Section 4.7 pursuant to a subpoena or other validly issued administrative or judicial process requesting the information; provided, however, that prompt notice is provided to the other Party of the required disclosure. **Mail.** Sellers and Owner authorize Buyer, on and after the Closing Date, to receive and open all mail received by Buyer relating to the Purchased Assets or the related Assumed Liabilities and to deal with the contents of such communications in any proper manner.

(a) With respect to any Equipment Indebtedness that is not a Non-Transferred Purchased Asset and may not be transferred without the consent of another person or entity, and if such consent has not been obtained as of the Closing Date despite the exercise by Sellers or Owner of their respective reasonable efforts, Sellers shall continue to perform, and make all payments required, under the terms of such Equipment Indebtedness until such time as such Equipment Indebtedness is transferred to Buyer and Buyer assumes the related Equipment Indebtedness. Until such transfer and assumption, the Parties shall cooperate to allow Buyer to make any payments required pursuant to such Equipment Indebtedness on behalf of Sellers. The Parties shall cooperate to obtain a release of Owner and Sellers, as applicable, from the applicable Equipment Indebtedness at the time of its transfer and assumption.

(b) Nothing contained in this Section 4.9 shall relieve the Sellers or Owner of their respective obligations under any other provisions of this Agreement, including the obligation pursuant to Section 4.4 to use their respective reasonable efforts to obtain the consent of the applicable person or entity to transfer the Non-Transferred Purchased Asset to Buyer.

Section 4.6 Insurance. Sellers shall maintain existing insurance or “tail” insurance, in form and substance reasonably acceptable to Buyer (“**Seller Insurance**”), to insure against liabilities in connection with the development, business or operation of the Sellers and/or the Purchased Assets. The Seller Insurance coverage shall be retroactive such that it covers all periods prior to the Closing Date, as applicable, and shall remain in effect for at least three years from the Closing Date. The minimum coverage of the Seller Insurance shall be One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) in the aggregate.

Section 4.7 Financial Statements. Sellers shall, at Sellers’ and Owner’s sole expense, deliver to Buyer and NHC copies of revised Financial Statements prepared from the books and records of Sellers on an accrual basis in accordance with GAAP applied on a consistent basis throughout the periods covered by the Financial Statements (the “**Converted Financial Statements**”).

Section 4.12. Sellers’ Indebtedness. In connection with the Closing, Sellers shall negotiate and obtain payoff letters with respect to certain indebtedness of the Sellers as set forth on Schedule 1.4 (the “**Payoff Letters**”). The Payoff Letters shall (i) indicate the total amount required to be paid to fully satisfy all principal, interest, prepayment premiums, penalties, breakage costs or similar obligations (other than ordinary course and contingent indemnification obligations) related to the Sellers’ indebtedness (the “**Payoff Amount**”), (ii) state

that all liens in connection therewith relating to the assets of the Sellers' shall be, upon the payment of the Payoff Amount on the Closing Date, released and (iii) authorize the Sellers to file UCC-3 termination statements in all applicable jurisdictions to evidence the release and termination of the Sellers' indebtedness. Sellers shall deliver all notices and take all other actions necessary to facilitate the termination of obligations and commitments under the Sellers' indebtedness, the repayment in full of all obligations then outstanding thereunder, and the release of all liens in connection therewith on the Closing Date.

(a) In connection with the Closing, Sellers shall pay the applicable portion of the Payoff Amount pursuant to the terms of the Payoff Letters. If requested by Sellers or Owner, Buyer shall wire a portion of the Closing Cash directly to the applicable lenders to pay the Payoff Amount on Sellers' behalf.

Section 4.1 Cooperation after Closing. Each party and its subsidiaries and affiliates agrees to cooperate with the other parties and their subsidiaries and affiliates as necessary to permit timely responses to any audits or other similar requests for information or records not otherwise addressed above. Without limiting the generality of the foregoing, Buyer and NHC agree to timely assist Sellers with respect to payor repayment obligations, if any, including without limitation by providing staffing assistance and access to records as reasonably requested.

Section 4.14 Transition Period. At Closing, Sellers and Buyer, and/or Buyer's designee shall enter into the Transition Services Agreement, attached and incorporated as Exhibit G, until the first to occur of: (i) the date selected by Buyers, at Buyers' discretion, following the date on which Buyer and/or its designee, as applicable, is a participating provider in the Medicare program and is credentialed with certain commercial payors (as specified in the Transition Services Agreement) and has received its respective provider numbers; or (ii) one hundred twenty (120) days following the Closing Date.

ARTICLE V

CONDITIONS TO CLOSING

Section 5.1 Conditions to Obligations of the Parties. The obligations of the Parties to consummate the purchase and sale of the Purchased Assets are subject to the satisfaction or waiver as of the Closing of each of the following conditions: No rulemaking authority or court has issued any law, regulation or order that has the effect of making such transaction illegal or otherwise restraining or prohibiting such transaction.

(a) No claim or proceeding contesting or seeking to adversely affect such transaction is pending or threatened.

(b) Any applicable waiting period under any law or regulation applicable to such transaction has expired or terminated.

Section 5.2 Conditions to Obligations of Sellers and Owner. The obligations of Sellers and Owner to consummate the purchase and sale of the Purchased Assets are subject to the

satisfaction by Buyer and NHC, or waiver by Sellers and Owner, as of the Closing, of each of the following conditions: The representations of Buyer and NHC contained in Article III are true and correct in all material respects (except for those qualified by materiality, which are true and correct in all respects) as of the Closing (other than such representations as are expressly made as of another date).

(a) Buyer has made the deliveries required by Sections 1.6(b).

(b) Buyer and NHC have complied in all material respects with each of their covenants and undertakings under this Agreement as of the Closing.

Section 5.3 Conditions to Obligations of Buyer and NHC. The obligations of Buyer and NHC to consummate the purchase and sale of the Purchased Assets is subject to the satisfaction by Sellers and Owner, or waiver by Buyer and NHC, as of the Closing, of each of the following conditions:

(a) The representations of Sellers and Owner contained in Article II are true and correct in all material respects (except for those qualified by materiality, which are true and correct in all respects) as of the Closing (other than such representations as are expressly made as of another date).

(b) Sellers and Owner have made the deliveries required by Section 1.6(a).

(c) Sellers and Owner have complied in all material respects with each of their respective covenants and undertakings under this Agreement as of the Closing.

ARTICLE VI

PURCHASE PRICE HOLDBACK CASH

Section 6.1 Holdback Cash. On the Closing Date, the Holdback Cash shall be retained by Buyer as security for Post-Closing Adjustment pursuant to Section 1.1(c)(ii) and for the payment of any and all claims by Buyer against Sellers and Owner pursuant to Section 7.2. **Distribution of Holdback Cash**. On the 12-month anniversary of the Closing Date, fifty percent (50%) of the Holdback Cash, less the amount of any Loss for which reductions have been made out of the Holdback Cash as of such date, or for which there are indemnification claims then pending, shall be paid to Sellers. The remainder of the Holdback Cash, less the amount of any Loss for which reductions have been made out of the Holdback Cash as of such date, or for which there are indemnification claims then pending, shall be paid to Sellers on the 24-month anniversary of the Closing Date. Buyer shall be permitted to deduct the amount of any Loss that is agreed or resolved in accordance with the terms of this Agreement out of the Holdback Cash. Promptly following the resolution of any indemnification claims then pending, any amount of the Holdback Cash not payable to Buyer based on the resolution of a particular claim that was previously retained shall be paid to Seller.

Section 6.2 Loss and Indemnities Defined. For the purposes of this Article VII:“Loss” means any liability, loss, cost, or injury, that results from any claim or proceeding;

(a) “**Buyer Indemnities**” means NHC, Buyer and any present or future officer, director, manager, employee, Affiliate, direct or indirect subsidiary, equity holder or agent of NHC or Buyer; and

(b) “**Seller Indemnities**” means Owner, Sellers and any present or future officer, director, manager, employee, Affiliate, direct or indirect subsidiary, equity holder or agent of Sellers.

Section 6.3 Indemnification by Sellers. Sellers and Owner shall, jointly and severally, indemnify, defend and hold harmless each Buyer Indemnitee from and against any Losses incurred by any Buyer Indemnitee that arise out of, relate to or result from: any Excluded Assets or Retained Liabilities;

(a) any breach of the representations in Article II; and

(b) any breach by Sellers or Owner of their respective covenants in this Agreement.

Section 6.4 Indemnification by Buyer and NHC. Buyer and NHC shall, jointly and severally, indemnify, defend and hold harmless each Seller Indemnitee from and against any Losses incurred by any Seller Indemnitee that arise out of, relate to or result from:

(a) any Assumed Liabilities;

(b) any breach of the representations in Article III;

(c) the ownership of the Purchased Assets and the operation of the Business after the Closing; provided, however, that such Losses do not arise out of, relate to or result from an indemnifiable matter pursuant to Section 7.2;

(d) any breach by Buyer or NHC of their respective covenants in this Agreement; and

(e) any liability asserted against a Seller Indemnitee under the terms of any of the Clinic Leases (as each may be renewed, extended, modified, or amended by the parties thereto) arising after, or accruing for any period of time after, the Closing.

Section 6.5 Procedures for Indemnification.

(a) A Party seeking indemnification pursuant to Section 7.2 or Section 7.3 (the “**Indemnified Party**”) shall provide prompt written notice to the Party required to provide indemnification under Section 7.2 or Section 7.3 (the “**Indemnifying Party**”) of any event, claim or proceeding carried out by a third party (“**Third Party Claim**”) for which the Indemnified Party is entitled to indemnification under this Article VII. The Indemnifying Party will have the right to direct, through counsel of its choice, the defense or settlement of any Third Party Claim at its own

expense. The Indemnified Party may participate in such defense at its own expense. The Indemnified Party will promptly provide the Indemnifying Party with reasonable access to the Indemnified Party's records and personnel relating to any Third Party Claim during normal business hours and will otherwise cooperate with the Indemnifying Party in the defense or settlement of a Third Party Claim. The Indemnifying Party will reimburse the Indemnified Party for all of its reasonable out of pocket costs related to a Third Party Claim.

(b) The Indemnified Party will not pay, or permit to be paid, any part of any Loss arising from a Third Party Claim, unless the Indemnifying Party consents in writing to such payment (which consent will not be unreasonably withheld or delayed) or unless a final judgment from which no appeal may be taken by or on behalf of the Indemnified Party is entered against the Indemnified Party for such Loss. No Third Party Claim may be settled by the Indemnifying Party without the written consent of the Indemnified Party, which consent will not be unreasonably withheld or delayed, unless the judgment or proposed settlement involves only the payment of money damages and does not seek to impose equitable relief.

(c) If the Indemnifying Party fails to defend a Third Party Claim or withdraws from defending such a claim, then the Indemnified Party will have the right to undertake the defense or settlement of the applicable Third Party Claim and seek reimbursement under this Agreement. If the Indemnified Party assumes the defense of a Third Party Claim pursuant to this Section 8.4 and proposes to settle such claim prior to a final judgment or to not pursue an appeal, then the Indemnified Party will give the Indemnifying Party prompt written notice and the Indemnifying Party will have the right to participate in the settlement or assume or reassume the defense of such Third Party Claim at the sole cost and expense of the Indemnifying Party.

Section 6.6 Survival of Limitation. All representations made by each Party to this Agreement shall survive the Closing Date for a period of 2 years, except for:

(i) the representations in Section 2.8 shall survive until the expiration of the applicable statute of limitations; and

(ii) the representations in Section 2.1, Section 2.2, Section 2.3(a-c), and the first two sentences of Section 2.4, which shall survive indefinitely (the "**Fundamental Representations**").

(b) The covenants of each Party in this Agreement shall survive for the relevant statute of limitations period, unless a different period is expressly provided for in this Agreement.

(c) Any claim for indemnification under Section 7.2 or Section 7.3 must be asserted within the applicable survival period set forth in this Section 7.5. Any claim asserted in writing prior to the expiration of the applicable survival period shall survive until such claim is resolved and payment, if any is owed, is made.

Section 6.7 Limitations on Indemnification and Payment of Damages.

(a) Sellers and Owner shall not be liable under Section 7.2(b) until the aggregate amount of indemnification claims made by the Buyer Indemnitees exceeds One Hundred Thousand Dollars (\$100,000) and, in such event, Sellers and Owner, jointly and severally, shall be required to pay the amount of all such Losses only in excess of such amounts.

(b) The aggregate payments made by Sellers and Owner in satisfaction of claims of the Buyer Indemnitees for indemnity pursuant to Section 7.2(b) shall not exceed an amount equal to triple the Holdback Cash as defined at Section 1.1(a)(iii).

(c) Notwithstanding the foregoing, the limitations set forth in Sections 7.6(a) and (b) shall not apply to Losses arising out of, relating to, or resulting from any Excluded Assets or Retained Liabilities, fraud, and breaches of the Fundamental Representations; provided, however, if claims by the Buyer Indemnitees for indemnity pursuant to Section 7.2(b) include claims arising from breaches of the Fundamental Representations, the aggregate payments made by Sellers and Owner in satisfaction of claims of the Buyer Indemnitees for indemnity pursuant to Section 7.2(b), including for claims arising from breaches of other representations in Article II, shall not exceed the Purchase Price.

(d) The calculation of any Loss pursuant to this Article VII shall be reduced by any insurance proceeds received by the Indemnified Party but shall not be reduced for any Tax benefits realized or not by an Indemnified Party from such Loss.

(e) Subject to Sellers' and Owner's prior written consent, Buyer shall offset any amount to which it is entitled under this Article VII first against the principal amount of the Note and then against the Holdback Cash before seeking any amounts directly from Sellers or Owner.

(f) The indemnification provided in this Article VII shall be the sole and exclusive remedy after the Closing for breaches of this Agreement, except for those provisions for which this Agreement provides that an equitable remedy may be sought and in the case of willful breach, fraud, or intentional misrepresentation.

Section 6.8 Characterization of Indemnification Payments. Unless otherwise required by law, all payments made pursuant to this Article VII shall be treated for all Tax purposes as adjustments to the Purchase Price. To the extent any such payment is not treated as a non-taxable adjustment to the Purchase Price by any taxing authority, Sellers or Buyer (as applicable) shall make such payment on an after-Tax basis so that the amount of any such payment is increased to adjust for any Taxes imposed on Buyer or Sellers (as applicable) as a result of receiving such payment. **Express Negligence Rule.** THE INDEMNIFICATION AND ASSUMPTION PROVISIONS PROVIDED FOR IN THIS AGREEMENT HAVE BEEN EXPRESSLY NEGOTIATED IN EVERY DETAIL, ARE INTENDED TO BE GIVEN FULL AND LITERAL EFFECT, AND SHALL BE APPLICABLE WHETHER OR NOT THE LIABILITIES, OBLIGATIONS, CLAIMS, JUDGMENTS, LOSSES, COSTS, EXPENSES OR DAMAGES IN QUESTION ARISE OR AROSE SOLELY OR IN PART FROM THE GROSS, ACTIVE, PASSIVE OR CONCURRENT NEGLIGENCE, STRICT LIABILITY, OR OTHER FAULT OF ANY INDEMNIFIED PARTY. THE PARTIES ACKNOWLEDGE THAT THIS STATEMENT COMPLIES WITH THE EXPRESS NEGLIGENCE RULE AND CONSTITUTES

CONSPICUOUS NOTICE. NOTICE IN THIS CONSPICUOUS NOTICE IS NOT INTENDED TO PROVIDE OR ALTER THE RIGHTS AND OBLIGATIONS OF THE PARTIES, ALL OF WHICH ARE SPECIFIED ELSEWHERE IN THIS AGREEMENT.

ARTICLE VII

TERMINATION

Section 7.1 Termination. This Agreement may be terminated by either Sellers and Owner, on the one hand, or Buyer and NHC, on the other hand, in writing, after January 31, 2017, if the Closing has not occurred; provided, that, as of such date the terminating Party is not in default under this Agreement;

(a) by either Buyer and NHC, on the one hand, or Sellers and Owner, on the other hand, in writing, if there is instituted or threatened any action by any rulemaking authority or court, or there is in effect any order of any rulemaking authority or court, that seeks to prohibit or limit Buyer from exercising all material rights and privileges of its ownership of the Purchased Assets; provided, that, Buyer and Sellers shall have used their reasonable best efforts to have any such action or order lifted and the same shall not have been lifted within 30 days after entry; or

(b) by either Buyer and NHC, on the one hand, or Sellers and Owner, on the other hand, in writing, if the other Parties are not able to comply with the conditions to the Closing; provided, that the defaulting Parties shall have a period of 10 days following written notice from the non-defaulting Parties to cure any breach of this Agreement.

Section 7.2 Effect of Termination. In the event of termination in accordance with Section 8.1, this Agreement will become void and there will be no liability on the part of any Party or their respective directors, managers, officers, equity holders or agents, except as provided in Section 9.1 and except that any such termination shall be without prejudice to the rights of any Party arising out of the breach by any other Party of any representation or covenant contained in this Agreement or due such other Party's failure or refusal to close without justification under this Agreement.

Section 7.3

ARTICLE VIII

GENERAL PROVISIONS

Section 8.1 Expenses. All costs incurred in connection with the Transaction Documents and the Transactions shall be paid by the Party incurring such costs, whether or not the Closing has occurred. Sellers shall pay all costs related to transfer, stamp, sales, use or other similar Taxes or costs payable in connection with the sale of the Purchased Assets.**Notices.** All communications under this Agreement will be in writing and will be given or made (and will be deemed to have been duly given or made upon receipt) by delivery in person, by courier service, by facsimile or by registered or certified mail (postage prepaid, return receipt requested) to the parties at the following addresses (or at such other address for a party as will be specified by like notice):

Sellers:

Carlos R. Hamilton III, M.D.
4690 Sweetwater Blvd., Ste. 200
Sugarland, Texas 77479

with a copy to (which shall not constitute notice to Sellers):

Gray Reed & McGraw, L.L.P.
1300 Post Oak Blvd., Ste 2000
Houston, Texas 77056
Attn: Sofia Adroque

Buyer or NHC:

Nobilis Health Corp.
11700 Katy Freeway Ste. 300
Houston, Texas 77079
Fax No.: (281) 840-5190
Attn: General Counsel

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above by their respective duly authorized representatives.

BUYER:

Northstar Healthcare Acquisitions, L.L.C.

By: _____
Harry Fleming, Chief Executive Officer

NHC:

Nobilis Health Corp.

By: _____
Harry Fleming, Chief Executive Officer

Signature Page to Purchase Agreement

SELLERS:

Carlos R. Hamilton, III, M.D., P.A.

By: _____

Carlos R. Hamilton III, M.D., Director

Hamilton Physician Services, LLC

By: _____

Carlos R. Hamilton III, M.D., Manager

OWNER:

Carlos R. Hamilton III, M.D.

Signature Page to Purchase Agreement

EXHIBIT A

Form of Convertible Note

(See Attached)

Exhibit A to Purchase Agreement

EXHIBIT B

Form of Bill of Sale, Assignment and Assumption

(See Attached)

Exhibit B to Purchase Agreement

EXHIBIT C

Physician Employment & Medical Director Agreement

(See Attached)

Exhibit C to Purchase Agreement

EXHIBIT D

Form of Intellectual Property License

Intentionally Omitted

Exhibit D to Asset Purchase Agreement

EXHIBIT E-1

Form of Sellers' Closing Certificate

Exhibit E-1 to Asset Purchase Agreement

EXHIBIT E-2

Form of Owner's Closing Certificate

Exhibit E-1 to Asset Purchase Agreement

Exhibit E-2 to Asset Purchase Agreement

EXHIBIT F

Form of Buyer's Closing Certificate

Exhibit F to Asset Purchase Agreement

EXHIBIT G

Transition Services Agreement

Exhibit G to Asset Purchase Agreement

AMENDMENT NO. 1 TO CREDIT AGREEMENT AND WAIVER

AMENDMENT NO. 1 TO CREDIT AGREEMENT AND WAIVER (this "Agreement"), dated as of March 3, 2017, among **NORTHSTAR HEALTHCARE ACQUISITIONS, L.L.C.**, a Delaware limited liability company (the "Borrower"), **NOBILIS HEALTH CORP.**, a British Columbia corporation (the "Parent"), **NORTHSTAR HEALTHCARE HOLDINGS, INC.**, a Delaware corporation ("Holdings"), the other Loan Parties (as defined in the Credit Agreement (defined below)) party hereto, **LEGACYTEXAS BANK** in its capacity as LC Issuing Lender ("LegacyTexas"), **COMPASS BANK** (in its individual capacity, "Compass Bank") in its capacity as Swingline Lender, LC Issuing Lender and administrative agent (the "Administrative Agent") and the Lenders (defined below) party hereto. Unless otherwise indicated, all capitalized terms used herein and not otherwise defined herein shall have the respective meanings provided to such terms in the Credit Agreement referred to below.

WITNESSETH:

WHEREAS, the Borrower, the Parent, Holdings, the other Loan Parties party thereto, the lenders party thereto (the "Lenders"), the Administrative Agent and the other parties thereto have entered into that certain Credit Agreement, dated as of October 28, 2016 (as amended, supplemented or otherwise modified prior to the date hereof, the "Credit Agreement").

WHEREAS, the Borrower has informed the Administrative Agent that it has, or intends to, consummate the acquisition (the "Hamilton Acquisition") pursuant to which the Borrower shall purchase from Hamilton Physician Services, LLC, a Texas limited liability company and Carlos R. Hamilton, III, M.D., P.A. a Texas Professional Association (collectively, the "Sellers") substantially all of the assets, and certain specified liabilities, of the independent, vascular medical practice focused on the diagnosis and treatment of venous disease with eight clinic locations located in the Houston, Austin, and San Antonio, Texas.



WHEREAS, the Borrower has also informed the Administrative Agent that (a) an Event of Default has occurred and is continuing as a result of its failure to deliver the projections within the time required by Section 6.1(c) of the Credit Agreement (the “Existing Event of Default”), (b) it will not be able to demonstrate compliance on a Pro Forma Basis with the necessary Consolidated Leverage Ratio for the period of four consecutive fiscal quarters of Parent ended September 30, 2016 (the most recent fiscal quarter end for which financial statements have been delivered) as required for the Hamilton Acquisition (pursuant to clause (d)(i) of the definition of Permitted Acquisition) (the “Pro Forma Leverage Requirement”) and (c) it is requesting a waiver with respect to the Existing Event of Default and the Pro Forma Leverage Requirement, along with certain other amendments to the Credit Agreement as set forth herein.

WHEREAS, subject to the terms and conditions of this Agreement, the Administrative Agent and the Lenders party hereto are willing to (a) waive the Existing Event of Default, (b) waive the Pro Forma Leverage Requirement in connection with the Hamilton Acquisition and (c) amend the Credit Agreement as set forth below.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

SECTION 1. Amendments to Credit Agreement. Effective as of the First Amendment Effective Date (as defined in Section 5 below) and subject to the terms and conditions set forth herein and

in reliance upon representations and warranties set forth herein, the Credit Agreement is hereby amended as follows:

(a) The following definitions in Section 1.1 of the Credit Agreement are hereby amended by deleting each such definition in its entirety and replacing it with the following in lieu thereof:

“Applicable Margin” means (a) from the Closing Date to the first Business Day immediately following the date on which the Administrative Agent receives a Compliance Certificate pursuant to Section 6.2(a) from Parent for the fiscal quarter ending March 31, 2017, 3.00% per annum for Base Rate Loans, 4.00% per annum for Eurodollar Rate Loans, 4.00% for LC Fees, and 0.500% per annum for the Commitment Fee and (b) thereafter, the applicable percentage per annum set

forth below determined by reference to the Consolidated Leverage Ratio as set forth in the most recent Compliance Certificate received by the Administrative Agent pursuant to Section 6.2(a):

<u>Level</u>	<u>Consolidated Leverage Ratio</u>	<u>Base Rate Margin</u>	<u>LIBOR Margin</u>	<u>Commitment Fee Rate</u>
1	Less than 1.00 to 1.00	2.00%	3.00%	0.375%
2	Less than 1.75 to 1.00 but greater than or equal to 1.00 to 1.00	2.25%	3.25%	0.375%
3	Less than 2.50 to 1.00 but greater than or equal to 1.75 to 1.00	2.50%	3.50%	0.450%
4	Less than 3.00 to 1.00 but greater than or equal to 2.50 to 1.00	2.75%	3.75%	0.500%
5	Greater than or equal to 3.00 to 1.00	3.00%	4.00%	0.500%

Any increase or decrease in the Applicable Margin resulting from a change in the Consolidated Leverage Ratio shall become effective as of the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 6.2(a); *provided that* if a Compliance Certificate is not delivered when due in accordance with such Section, then, upon the request of the Required Revolving Lenders, Pricing Level 5 shall apply as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered and shall remain in effect until the date on which such Compliance Certificate is delivered. Notwithstanding anything to the contrary contained in this definition, the determination of the Applicable Margin for any period shall be subject to the provisions of Section 1.8.

“Consolidated Fixed Charge Coverage Ratio” means, as of any date of determination, the ratio of (a)(i) Consolidated EBITDAR for the most recently completed period of four consecutive fiscal quarters of Parent less (ii) the sum of (x) Capital Expenditures made during such period and (y) Federal, state, local and foreign income taxes paid in cash during such period (other than (A) any amount of such taxes paid on behalf of any third-party, to the extent that any Loan Party is reimbursed for any such amount by such third-party and (B) any amount of such taxes that are returned or refunded by any applicable Governmental Authority to any Loan Party) to (b) Consolidated Fixed Charges plus Consolidated Rental Expense, in each case of Parent and its Subsidiaries on a consolidated basis for such period.

“Consolidated Fixed Charges” means, for any period, for Parent and its Subsidiaries on a consolidated basis, without duplication, the sum of: (a) Consolidated Interest Charges paid or

payable in cash, (b) scheduled principal payments with respect to Indebtedness (without giving effect to any reduction of such scheduled principal payments due hereunder due to voluntary prepayments of the Term Loans pursuant to Section 2.5(a)), and (c) Restricted Payments (excluding Permitted Tax Distributions) made to owners of Equity Interests other than Restricted Payments made to the Borrower or a Subsidiary or payable solely in the common stock or other common Equity Interests of such Person.

“Interest Period” means, as to each Eurodollar Rate Loan, the period commencing on the date such Eurodollar Rate Loan is disbursed or converted to or continued as a Eurodollar Rate Loan and ending on the date one, two, three, six months (and subject to availability to all applicable Lenders, twelve months or less) thereafter as selected by the Borrower in its Loan Notice; *provided that*:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Rate Loan, such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period shall extend beyond the Maturity Date of the Facility under which such Loan was made.

(a) The definition of “Permitted Acquisition” in Section 1.1 of the Credit Agreement is hereby amended by (i) deleting “and” at the end of clause (g) of such definition; (ii) deleting the period at the end of clause (h) of such definition and replacing it with “; and” in lieu thereof; and (iii) adding a clause (i) at the end of such definition to read in its entirety as set forth below:

“(i) with respect to any Acquisition which is closing during the 2017 fiscal year, Required Lender approval and consent (such approval and consent not to be unreasonably withheld or delayed).”

(b) Section 2.2(a) of the Credit Agreement is hereby amended by deleting such section in its entirety and replacing it with the following in lieu thereof:

“(a) Each Term Loan Borrowing, each Revolving Credit Borrowing, each conversion of Term Loans or Revolving Credit Loans from one Type to the other, and each continuation of Eurodollar Rate Loans shall be made upon the Borrower’s irrevocable written notice to the Administrative Agent in the form of a Loan Notice, which notice must be received by the Administrative Agent not later than 11:00 a.m. (i) three Business Days prior to the requested date of any Borrowing of, conversion to or continuation of Eurodollar Rate Loans or of any conversion of Eurodollar Rate Loans to Base Rate Loans, and (ii) on the requested date of any Borrowing of Base Rate Loans. Except as otherwise agreed by the Administrative Agent and except in connection with any automatic conversion or continuation provided in this Section 2.2(a), each Borrowing of, conversion to or continuation of Eurodollar Rate Loans shall be in a principal amount of \$1,000,000 or a whole multiple of \$100,000 in excess thereof. Except as provided in Sections 2.3(c) and 2.4(c), except as otherwise agreed by the Administrative Agent and except in connection with any automatic conversion or continuation provided in this Section 2.2(a), each Borrowing of or conversion to Base Rate Loans shall be in a principal amount of \$1,000,000 or a whole multiple of \$100,000 in excess thereof. Each Loan Notice shall specify (i) whether the Borrower is requesting a Term Loan Borrowing, a Revolving Credit Borrowing, a conversion of Term Loans or Revolving Credit Loans from one Type to the other, or a continuation of Eurodollar Rate Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Loans to be borrowed, converted or continued, (iv) the Type of Loans to be borrowed or to which existing Term Loans or Revolving Credit Loans are to be converted and (v) if applicable, the duration of the Interest Period with respect thereto. If the Borrower fails to specify a Type of Loan in a Loan Notice for Revolving Credit Loans or if the Borrower fails to give a timely notice requesting a conversion or continuation of Revolving Credit Loans, then the applicable Revolving Credit Loans shall be made as, or converted to, Base Rate Loans. If the Borrower fails to give a timely notice requesting a conversion or continuation of a Term Loan that is a Eurodollar Rate Loan, then (x) if no Default has then occurred and is continuing, the applicable Term Loan shall be continued as a Eurodollar Rate Loan with an Interest Period of three months and (y) if a Default has then occurred and is continuing, the applicable Term Loan shall be converted to a Base Rate Loan. Any such automatic conversion or continuation of Eurodollar Rate Loans



referred to in either of the immediately two preceding sentences shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurodollar Rate Loans. If the Borrower requests a Borrowing of, conversion to, or continuation of Eurodollar Rate Loans in any such Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of three months. Notwithstanding anything to the contrary herein, a Swingline Loan may not be converted to a Eurodollar Rate Loan. Notwithstanding the foregoing, if the Borrower wishes to request Eurodollar Rate Loans having an Interest Period other than one, two, three or six months in duration as provided in the definition of “Interest Period,” the applicable Loan Notice must be received by the Administrative Agent not later than 11:00 a.m. four Business Days prior to the requested date of such Borrowing, conversion or continuation, whereupon the Administrative Agent shall give prompt notice to the applicable Lenders of such request and determine whether the requested Interest Period is acceptable to all of them. Not later than 11:00 a.m., three Business Days before the requested date of such Borrowing, conversion or continuation, the Administrative Agent shall notify the Borrower (which notice may be by telephone) whether or not the requested Interest Period has been consented to by all the Lenders.”

(a) Section 6.1 of the Credit Agreement is hereby amended by (i) deleting “and” at the end of clause (b); (ii) deleting the period at the end of clause (c) and replacing it with “; and” in lieu thereof; and (iii) adding a clause (d) to read in its entirety as set forth below:

“(d) as soon as available and in any event no later than forty-five (45) days after the last day of each quarter end in the 2017 fiscal year, (i) a comparison, in reasonable detail satisfactory to Administrative Agent, of the consolidated financial performance of Parent (and its Subsidiaries) for the then ended fiscal quarter to quarterly projections for the then ended fiscal quarter (based on the monthly projections delivered by Borrower pursuant to clause (c) above), together with a management discussion and analysis report, in reasonable detail, signed by the chief financial officer or chief accounting officer of Parent and (ii) revised projections of the Parent (and its Subsidiaries) consolidated for the 2017 fiscal year on a quarterly basis including the actual financial performance of Parent (and its Subsidiaries) to date, together with a management discussion and analysis report, in reasonable detail, signed by the chief financial officer or chief accounting officer of Parent, describing the projected operations and financial condition of the Parent and its Subsidiaries for such periods.”

(a) Section 7.11(a) of the Credit Agreement is hereby amended by deleting such section in its entirety and replacing it with the following in lieu thereof (it being understood that no independent reporting or testing of the Consolidated Leverage Ratio for the fiscal quarter ended September 30, 2016 shall be required pursuant to Section 7.11(a) of the Credit Agreement, but that any test or measurement that requires compliance with the Consolidated Leverage Ratio then in effect prior to the date of delivery of the financial statements for the fiscal year ended December 31, 2016 shall utilize the September 30, 2016 level set forth below):

“(a) Consolidated Leverage Ratio. The Loan Parties shall not permit the Consolidated Leverage Ratio as of the last day of any fiscal quarter (starting with the fiscal quarter ending on December 31, 2016) as set forth below to be greater than the maximum ratio set forth in the table below opposite such date:

Measurement Period	Maximum Consolidated Leverage Ratio
September 30, 2016 through and including September 30, 2017	3.75 to 1.00
December 31, 2017	3.00 to 1.00
March 31, 2018 through and including September 30, 2018	2.75 to 1.00
December 31, 2018 through and including September 30, 2019	2.50 to 1.00
December 31, 2019 through and including September 30, 2020	2.25 to 1.00
December 31, 2020 and the last day of each fiscal quarter thereof	2.00 to 1.00

Notwithstanding the covenant levels set forth in above, at the election of the Borrower given in writing to the Administrative Agent in connection with a Material Acquisition, commencing with the fiscal quarter during which such Material Acquisition is consummated, the Consolidated Leverage Ratio shall be subject to a covenant adjustment (“Covenant Holiday”). If so elected, (i) the maximum Consolidated Leverage Ratio during the Covenant Holiday shall be equal to the applicable requirement set forth above plus 0.25, (ii) the period of each Covenant Holiday shall last no longer than three fiscal quarters (or such shorter period as Borrower may request), (iii) there shall be at least one fiscal quarter between Covenant Holidays, and (iv) there shall be no more than two Covenant Holidays during the term of this Agreement. After the period of each Covenant

Holiday, the maximum permitted Consolidated Leverage Ratio shall be as set forth in the table above.”

(a) Section 7.11(b) of the Credit Agreement is hereby amended by deleting such section in its entirety and replacing it with the following in lieu thereof (it being understood that no independent reporting or testing of the Consolidated Fixed Charge Coverage Ratio for the fiscal quarter ended September 30, 2016 shall be required pursuant to Section 7.11(b) of the Credit Agreement, but that any test or measurement that requires compliance with the Consolidated Fixed Charge Coverage Ratio then in effect prior to the date of delivery of the financial statements for the fiscal year ended December 31, 2016 shall utilize the September 30, 2016 level set forth below):

“(b) Consolidated Fixed Charge Coverage Ratio. The Loan Parties shall not permit the Consolidated Fixed Charge Coverage Ratio as of the last day of any fiscal quarter (starting with the fiscal quarter ending on December 31, 2016) as set forth below to be less than the minimum ratio set forth in the table below opposite such date:

Measurement Period	Minimum Consolidated Fixed Charge Coverage Ratio
September 30, 2016 through and including June 30, 2017	1.15 to 1.00
September 30, 2017	1.25 to 1.00
December 31, 2017	1.50 to 1.00
March 31, 2018 and the last day of each fiscal quarter thereof	2.00 to 1.00

SECTION 2. Interest Payment Date of Term Loan. On the Closing Date, the Borrower borrowed the Term Loan at Base Rate. On or about January 19, 2017, Borrower converted the Term Loan to a Eurodollar Rate Loan with a three month Interest Period, with a termination date and an Interest Payment Date of April 19, 2017 (the “Existing Eurodollar Rate Term Loan”). Effective as of the First Amendment Effective Date and subject to the terms and conditions set forth herein, the Interest Period for the Existing Eurodollar Rate Term Loan shall be extended to terminate on June 30, 2017 with an Interest Payment Date of June 30, 2017.

SECTION 3. Waivers. Effective as of the First Amendment Effective Date and subject to the terms and conditions set forth herein and in reliance upon representations and warranties set forth herein, the parties hereto



agree to (a) waive the Existing Event of Default and (b) waive the Pro Forma Leverage Requirement in connection with the Hamilton Acquisition. Except as expressly set forth herein, (i) this Agreement shall not, by implication or otherwise, limit, impair, constitute a consent to, a waiver of, or otherwise affect the rights and remedies of the Administrative Agent, the Lenders and the other Secured Parties under the Credit Agreement or any of the other Loan Documents and (ii) nothing herein shall be deemed to entitle the Borrower to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document in similar or different circumstances.

SECTION 4. Consent to Hamilton Acquisition. After giving effect to the waiver of the Pro Forma Leverage Requirement set forth in Section 3 above, each Lender signatory hereto consents to the Hamilton Acquisition; provided, that: (a) the Hamilton Acquisition is consummated on or prior to May 1, 2017; (b) the aggregate consideration paid by the Borrower in connection with the Hamilton Acquisition is not greater than \$13,400,000, of which not less than \$5,000,000 shall consist of unsecured Subordinated Indebtedness (a copy of which is attached hereto as Annex 1) owing by one or more Loan Parties to the seller of the Hamilton Acquisition and not more than \$8,400,000 may be paid in cash; (c) after giving effect to the waiver of the Pro Forma Leverage Requirement set forth in Section 3 above, the Borrower has satisfied all requirements for the Hamilton Acquisition to qualify as a Permitted Acquisition under the Credit Agreement; and (d) the Borrower shall have delivered to Administrative Agent updated Disclosure Schedules to the Credit Agreement and updated schedules to the Guaranty and Security Agreement, as applicable, each in form and substance reasonably acceptable to the Administrative Agent.

SECTION 5. Acknowledgement and Confirmation. Each of the Loan Parties party hereto hereby agrees that with respect to each Loan Document to which it is a party, after giving effect to this Agreement and the transactions contemplated hereunder:

(a) all of its obligations, liabilities and indebtedness under such Loan Document, including guarantee obligations, shall, except as expressly set forth herein or in the Credit Agreement, remain in full force and effect on a continuous basis; and

(b) all of the Liens and security interests created and arising under such Loan Document remain in full force and effect on a continuous basis, and the perfected status and priority to the extent provided for in the Loan Documents of each such Lien and security interest continues in full force and effect on a continuous basis, unimpaired, uninterrupted and undischarged as Collateral for the Obligations, to the extent provided in such Loan Documents.

SECTION 6. Conditions of Effectiveness of this Agreement. This Agreement shall become effective on the date when the following conditions shall have been satisfied or waived (such date, the “First Amendment Effective Date”):

(a) The Administrative Agent’s receipt of the following, each of which shall be originals or electronic copies (including “.pdf” or similar format and, to the extent required by the Administrative Agent followed promptly by originals) unless otherwise specified or otherwise not applicable, each properly executed by a Senior Officer of the signing Loan Party:

(i) this Agreement, duly executed by Holdings, the Parent, the Borrower, the other Loan Parties existing as of the First Amendment Effective Date, the Administrative Agent, and the Lenders constituting the Required Lenders;

(ii) a certificate of a Senior Officer of the Borrower certifying that (A) after giving effect to the amendments contained in Section 1 of this Agreement and the waivers contained in Section 3 of this Agreement, no Default exists immediately prior to, or will exist immediately after, giving effect to the transactions contemplated hereunder and (B) after giving effect to the amendments contained in Section 1 of this Agreement and the waivers contained in Section 3 of this Agreement, the representations and warranties of the Loan Parties contained in Section 8 of this Agreement, Article V of the Credit Agreement, and each other Loan Document, are true and correct in all material respects (or, in the case of any such representation and warranty that is subject to materiality or Material Adverse Effect qualifications, in all respects) on and as of the First Amendment Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (or, in the case of any such representation and warranty that is subject to materiality or Material Adverse Effect qualifications, in all respects as of such earlier date); and

(iii) the projections for the fiscal year of the Parent ending December 31, 2017 required by Section 6.1(c) of the Credit Agreement. Payment of a consent fee to each Lender that executes and returns a signature page to this Agreement at or prior to 5:00 p.m. Central Standard Time on March 3, 2017 equal to 0.25% of the Total Credit Exposure of such Lender after giving effect to this Agreement, in accordance with that certain first amendment fee letter dated as of February 14, 2017 by and between the Borrower and Compass Bank (the “Fee Letter”).

(a) Payment of (i) all reasonable and documented fees and expenses of the Administrative Agent and Compass Bank accrued through the date of this Agreement (including reasonable accrued legal fees and expenses, to the extent invoiced at least one Business Day prior to the First Amendment Effective Date, with respect to this Agreement and the Credit Agreement) and (ii) all fees due to Compass Bank to the extent required to be paid on the First Amendment Effective Date pursuant to the Fee Letter.

SECTION 7. Costs and Expenses. The Borrower hereby reconfirms its obligations under Section 10.4 of the Credit Agreement to make payments and reimbursements in accordance with the terms thereof (including with respect to this Agreement).

SECTION 8. Representations and Warranties. To induce the Administrative Agent and the other Lenders to enter into this Agreement, each Loan Party represents and warrants to the Administrative Agent and the other Lenders on and as of the First Amendment Effective Date (and after giving effect to the amendments contained in Section 1 of this Agreement and the waivers contained in Section 3 of this Agreement) that, in each case:

(a) the representations and warranties of the Loan Parties contained in Article V of the Credit Agreement and in each other Loan Document are true and correct in all material respects (or, in the case of any such representation and warranty that is subject to materiality or Material Adverse Effect qualifications, in all respects) on and as of the First Amendment Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (or, in the case of any such representation and warranty that is subject to materiality or Material Adverse Effect qualifications, in all respects as of such earlier date); and

(b) no Default or Event of Default exists and is continuing immediately prior to or after giving effect to this Agreement.

SECTION 9. Reference to and Effect on the Credit Agreement and the Loan Documents.

(a) On and after the First Amendment Effective Date, each reference in the Credit Agreement to “this Agreement,” “herein,” “hereto,” “hereof” and “hereunder” or words of like import referring to the Credit Agreement, and each reference in the Notes and each of the other Loan Documents to “the Credit Agreement,” “thereunder,” “thereof” or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Agreement.



(b) The Credit Agreement and each of the other Loan Documents, as specifically amended by this Agreement, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(c) The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents. Without limiting the generality of the foregoing, the Collateral Documents in effect immediately prior to the date hereof and all of the Collateral described therein in existence immediately prior to the date hereof do and shall continue to secure the payment of all Obligations of the Loan Parties under the Loan Documents, in each case, as amended by this Agreement.

(d) SECTION 10. Governing Law. THIS AGREEMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION 11. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. Delivery by facsimile or electronic transmission of an executed counterpart of a signature page to this Agreement shall be effective as delivery of an original executed counterpart of this Agreement.

[The remainder of this page is intentionally left blank.]

Northstar Healthcare Acquisitions, L.L.C.

Amendment No. 1 to Credit Agreement and Waiver

Signature Pages

85667395

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

BORROWER:



**NORTHSTAR HEALTHCARE
ACQUISITIONS, L.L.C.**

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

HOLDINGS:

NORTHSTAR HEALTHCARE HOLDINGS, INC.

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

PARENT:

NOBILIS HEALTH CORP.



By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

Northstar Healthcare Acquisitions, L.L.C.

Amendment No. 1 to Credit Agreement and Waiver

Signature Pages

85667395

LOAN PARTIES:

ATHAS ADMINISTRATIVE LLC

By: Athas Health LLC, its sole member

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

ATHAS HEALTH LLC

By: Northstar Healthcare Subco, L.L.C., its sole member

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

ATHAS HOLDINGS LLC

By: Athas Health LLC, its sole member

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

**BELLAIRE SURGICAL HOSPITAL
HOLDINGS, LLC**

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

Northstar Healthcare Acquisitions, L.L.C.

Amendment No. 1 to Credit Agreement and Waiver

Signature Pages

CENTRAL DALLAS MANAGEMENT, LLC

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

CENTRAL MEDICAL SOLUTIONS LLC

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

CHANDLER SURGERY CENTER, LLC

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

CONCERTIS, LLC

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer



FIRST NOBILIS HOSPITAL, LLC

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

**FIRST NOBILIS HOSPITAL MANAGEMENT,
LLC**

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

FIRST NOBILIS, LLC

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

FIRST NOBILIS SURGICAL CENTER, LLC

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

HERMANN DRIVE SURGICAL HOSPITAL,

LP

By: Northstar Healthcare General Partner,
L.L.C., its sole general partner

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

KUYKENDAHL ROAD SURGICAL

HOSPITAL, LLC

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

MARSH LANE SURGICAL HOSPITAL, LLC

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

MPDSC, LLC



By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

Northstar Healthcare Acquisitions, L.L.C.

Amendment No. 1 to Credit Agreement and Waiver

Signature Pages

85667395

NOBILIS HEALTH MARKETING, LLC

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

NOBILIS SURGICAL ASSIST, LLC

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

NOBILIS VASCULAR HOLDING COMPANY, LLC

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

NOBILIS VASCULAR TEXAS, LLC

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

NORTHSTAR HEALTHCARE GENERAL PARTNER, L.L.C.

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

**NORTHSTAR HEALTHCARE LIMITED
PARTNER, L.L.C.**

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

Northstar Healthcare Acquisitions, L.L.C.

Amendment No. 1 to Credit Agreement and Waiver

Signature Pages

**NORTHSTAR HEALTHCARE
MANAGEMENT COMPANY, LLC**

By: Northstar Healthcare Acquisitions,
L.L.C., its sole member

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

NORTHSTAR HEALTHCARE SUBCO, L.L.C.

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

**NORTHSTAR HEALTHCARE SURGERY
CENTER - HOUSTON, LLC**

By: Northstar Healthcare Acquisitions, L.L.C.,
its sole member

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

**NORTHSTAR HEALTHCARE SURGERY
CENTER - SCOTTSDALE, LLC**

By: Northstar Healthcare Acquisitions,
L.L.C., its sole manager

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

ORACLE SURGERY CENTER, LLC

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

**PEAK NEUROMONITORING ASSOCIATES -
TEXAS II, LLC**

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

PEAK SURGEON INNOVATIONS, LLC

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

**PERIMETER ROAD SURGICAL HOSPITAL,
LLC**

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

PHOENIX SURGERY CENTER, LLC

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

PREMIER HEALTH SPECIALISTS, LLC

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

**SOUTHWEST FREEWAY SURGERY
CENTER, LLC**

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

**SOUTHWEST FREEWAY SURGERY
CENTER MANAGEMENT, LLC**

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

**SOUTHWEST HOUSTON SURGICAL
ASSIST, LLC**

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

**THE PALLADIUM FOR SURGERY -
DALLAS, LTD.**



By: Northstar Healthcare General Partner,
L.L.C., its sole general partner

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

**THE PALLADIUM FOR SURGERY -
HOUSTON, LTD.**

By: /s/ Harry Fleming

Name: Harry Fleming

Title: Chief Executive Officer

COMPASS BANK

as Administrative Agent, LC Issuing Lender and Swingline Lender

By: /s/ Latrice Tubbs

Name: Latrice Tubbs

Title: Its Duly Authorized Signatory

COMPASS BANK, as Lender

By: /s/ Latrice Tubbs_____

Name: Latrice Tubbs

Title: Its Duly Authorized Signatory

LEGACYTEXAS BANK,

as a Lender and LC Issuing Lender

By: /s/ Lindsey Burris_____

Name: Lindsey Burris

Title: Assistant Vice President

LENDERS:

BANK OF AMREICA, N.A.,

as a Lender

By: /s/ Megan Cobb_____

Name: Megan Cobb

Title: Vice President

FRANKLIN SYNERGY BANK,

as a Lender

By: /s/ Lisa Fletcher_____

Name: Lisa Fletcher

Title: SVP

BOKF, NA dba Bank of Texas

as a Lender



By: /s/ Matt Robertson

Name: Matt Robertson

Title: Vice President

FIRST TENNESSEE BANK,

as a Lender

By: /s/ Grier Powers

Name: Grier Powers

Title: SVP

Annex 1

Subordinated Indebtedness Note

-6-

3717753.1

NOBILIS DRAFT

3717753.1

THE SECURITIES REFERENCED HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISTRIBUTION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933.

CONVERTIBLE PROMISSORY NOTE



\$5,000,000 January 23, 2017

Houston, Texas, United States

For value received, Nobilis Vascular Texas, LLC, a Texas limited liability company (the “Maker”), promises to pay to **Carlos R. Hamilton III, M.D. or other such designated payee** (the “Holder”), the principal sum of Five Million Dollars (\$5,000,000). Interest shall accrue from the date of this Note on the unpaid principal amount at a simple rate equal to five percent (5%) per annum. This Note is issued pursuant to that certain Asset Purchase Agreement dated January 6, 2017, by and among Buyer, NHC, Holder, and Sellers (the “Purchase Agreement”). Capitalized terms not otherwise defined herein have the meaning given them in the Purchase Agreement. This Note is subject to the following terms and conditions.

1. **Installments.** Principal under this Note shall be payable in two (2) equal installments, each of which shall be Two Million Five Hundred Thousand Dollars (\$2,500,000), the first of which shall be due and payable on the first anniversary of the date of this Note and the second of which shall be due and payable on the second anniversary of this Note (collectively, the “Installment Dates”). Subject to Sections 3, 4, and 7 below, interest shall accrue on this Note and shall be due and payable on each Installment Date.
2. **Final Maturity Date.** The Final Maturity Date shall be the earlier of the second Installment Date specified above or the date upon which all remaining principal owing under this Note is paid in full.
3. **Conversion Option.** On the Installment Dates, the then outstanding principal (but excluding accrued and unpaid interest under this Note) (the “Conversion Amount”) may be converted, at the sole discretion of Maker, into such number of shares of NHC’s Common Stock, traded on the NYSE, equal to the quotient obtained by dividing the Conversion Amount by the volume weighted average price of NHC’s Common Stock traded on the NYSE in the trailing ten (10) trading days prior to the applicable Installment Date. Notwithstanding the above, if NHC’s Common Stock is not at the time of conversion listed for trading on the NYSE, if NHC has received notice from the NYSE that NHC is not in compliance with one or more continuing listing standards for trading on the NYSE, or if NHC has taken any action to delist the Common Stock from the NYSE, then NHC’s right to convert under this Note shall terminate. Moreover, Maker’s above conversion option shall not be exercisable if an Event of Default occurs (as defined below).
4. **Mechanics and Effect of Conversion.** Maker shall notify the Holder in writing at least five (5) Business Days prior to the Installment Dates as to whether Maker will exercise the Conversion Option in Section 3 above. No fractional shares of NHC’s Common Stock will be issued upon conversion of this Note. In lieu of any fractional share to which the Holder would otherwise be entitled, NHC will pay to the Holder in cash the amount of the unconverted principal balance of this Note that would otherwise be converted

into such fractional share. Upon conversion of this Note, the Holder shall surrender this Note, duly endorsed, at the principal offices of NHC or any transfer agent of NHC. At its expense, NHC will, as soon as practicable thereafter, issue the number of shares to which such Holder is entitled upon such conversion, including a check payable to the Holder for any cash amounts payable as described herein, and shall deliver to such Holder, at such principal office, a certificate or certificates for the number of shares to which such Holder is entitled upon such conversion. Upon full conversion of this Note, the Maker will be forever released from all of its obligations and liabilities under this Note with regard to that portion of the principal amount being converted including without limitation the obligation to pay such portion of the principal amount. Upon conversion of the principal amount of this Note into NHC's Common Stock, any interest accrued on this Note shall be immediately paid to the Holder.

5. **Payment; Prepayment.** All payments shall be made in lawful money of the United States of America at such place as the Holder hereof may from time to time designate in writing to the Maker. Payment shall be credited first to the accrued interest then due and payable and the remainder shall be applied to principal. Maker may prepay this Note at any time without penalty.

6. **Stockholders, Officers and Directors Not Liable.** In no event shall any stockholder, officer or director of the Maker, Company, or NHC be liable for any amounts due or payable pursuant to this Note.

7. **Default; Remedies.**

(a) The occurrence of any one or more of the following events with respect the Maker shall constitute an event of default hereunder ("Event of Default"):

(i) If Maker shall fail to pay when due any payment of principal or interest on this Note.

(ii) If, pursuant to or within the meaning of the United States Bankruptcy Code, any other federal, state, or analogous Canadian law relating to insolvency or relief of debtors (a "Bankruptcy Law"), the Maker shall (A) commence a voluntary case or proceeding, (B) consent to the entry of an order for relief against it in an involuntary case, (C) consent to the appointment of a trustee, receiver, assignee, liquidator or similar official, (D) make an assignment for the benefit of its creditors, or (E) admit in writing its inability to pay its debts as they become due.

(iii) If a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (A) is for relief against the Maker in an involuntary case, (B) appoints a trustee, receiver, assignee, liquidator or similar official for the Maker, or substantially all of their respective properties, or (C) orders the liquidation of the Maker, and in each case the order or decree is not dismissed within sixty (60) days.

(b) The Maker shall notify the Holder in writing no more than five (5) days after the occurrence of any Event of Default of which the Maker has actual knowledge.

(c) Upon the occurrence of an Event of Default hereunder, the Holder may, at its option, (i) by written notice to Maker, declare the entire unpaid principal balance of this Note, together with all accrued interest thereon, immediately due and payable regardless of any prior forbearance and (ii) exercise any and all rights and remedies available to it under applicable law, including, without limitation, the right to collect from Maker all sums due under this Note, including, without limitation, reasonable attorneys' fees.

8. **Interest Rate Limitation.** Notwithstanding anything to the contrary contained in this Note or the Purchase Agreement, the interest paid or agreed to be paid under this Note shall not exceed the maximum rate of non-usurious interest permitted by applicable law (the "Maximum Rate"). If the Holder shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal remaining owed under this Note or, if it exceeds such unpaid principal, refunded to the Maker. In determining whether the interest contracted for, charged, or received by the Holder exceeds the Maximum Rate, the Holder may, to the extent permitted by applicable law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of this Note.

9. **Loss of Note.** Upon receipt by Maker of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Note or any Note exchanged for it, and indemnity satisfactory to Maker (in case of loss, theft or destruction) or surrender and cancellation of such Note (in the case of mutilation), Maker will make and deliver in lieu of such Note a new Note of like tenor.

10. **Subordination.**

(a) **Definitions:** For purposes of this Section 10:

(i) "Bankruptcy Code" shall mean Title 11 of the United States Code, as amended from time to time, and any successor statute and all rules and regulations promulgated thereunder.

(ii) "Payment in Full" shall mean with respect to Senior Indebtedness that: (a) all of such Senior Indebtedness (other than contingent indemnification or reimbursement obligations not yet due and payable or with respect to which a claim has not yet been asserted, (ii) obligations under any Secured Hedge Agreements (as defined in the Senior Financing Agreement) that (A) at the time of determination, are allowed by the Person to whom such obligations are owing to remain outstanding and are not required to be repaid or cash collateralized pursuant to the provisions of the Secured Hedge Agreement or any other document governing such obligation or (B) are intended to be rolled into a refinancing or replacement (in whole or in part) of the Senior Indebtedness (other than obligations under a Secured Hedge Agreement) and (iii) obligations not yet due and payable with respect to letters of credit issued pursuant to the Senior Financing Agreement and applicable Senior Debt Documents (it being understood that such obligations include interest, fees, charges, costs and expenses that accrue in respect of undrawn or drawn letters of credit)) has been paid

in full in cash, (b) no Person has any further right to obtain any loans, letters of credit or other extensions of credit under the Senior Financing Agreement and any applicable Senior Debt Documents, and (c) any and all letters of credit issued under the Senior Financing Agreement and any applicable Senior Debt Documents have been cancelled and returned (or backed by standby letters of credit (issued by a bank, and in form and substance, acceptable to the administrative agent) or cash collateralized, in each case in the Minimum Cash Collateral Amount required by and in accordance with the terms of the Senior Financing Agreement and such applicable Senior Debt Documents).

(iii) “Proceeding” shall mean any voluntary or involuntary insolvency, bankruptcy, receivership, custodianship, liquidation, dissolution, reorganization, assignment for the benefit of creditors, appointment of a custodian, receiver, trustee or other officer with similar powers or any other proceeding for the liquidation, dissolution or other winding up of a Person.

(iv) “Senior Indebtedness” shall mean all Obligations under and as defined in the Senior Financing Agreement, including, without limitation, the principal amount of all debts, claims and indebtedness, accrued and unpaid interest or premium, if any, all fees, costs and expenses, whether primary, secondary, direct, contingent, fixed or otherwise, and all other amounts at any time due or payable under the Senior Financing Agreement, and any renewal, extension or refinancing thereof, whether before or after the filing of a Proceeding under the Bankruptcy Code together with any interest, fees, costs and expenses accruing thereon after the commencement of a Proceeding, without regard to whether or not such interest, fees, costs and expenses are an allowed claim in such Proceeding.

(v) “Senior Debt Documents” shall mean the Senior Financing Agreement and the other Loan Documents (as defined in the Senior Financing Agreement), as the same may be amended, amended and restated, supplemented or otherwise modified from time to time.

(vi) “Senior Lenders” means Compass Bank, each other lender party to the Senior Financing Agreement, and each of their respective successors and assigns.

(b) **Subordination**. Each of the parties hereto hereby agrees, notwithstanding anything to the contrary contained herein or in any other documents related to this Note, that the payment of any and all of the indebtedness evidenced by this Note (including the principal hereof and interest hereon) shall be subordinated and junior in right and time of payment and exercise of remedies to the prior Payment in Full of the Senior Indebtedness of Northstar Healthcare Acquisitions, L.L.C. (hereinafter, the “Borrower”), and the other Loan Parties (as defined in the Senior Financing Agreement, defined below, including the Maker; collectively, the “Debtors”) in all respects. Each Holder acknowledges and agrees that payments under this Note may only be made by the Maker to the extent permitted under that certain Credit Agreement, dated as of October 28, 2016 (as may from time to time be amended, restated, supplemented or otherwise modified, the “Senior Financing Agreement”), by and among the Borrower, NHC, Northstar Healthcare Holdings, Inc.,

a Delaware corporation, the other Debtors from time to time party thereto, each lender from time to time party thereto, and Compass Bank in its individual capacity and as administrative agent. Notwithstanding anything to the contrary contained in this Note, (i) no payments may be made on this Note if, before or after giving effect thereto, any Event of Default (as such term is defined in the Senior Financing Agreement) exists under the Senior Financing Agreement and (ii) the parties acknowledge and agree that (1) Maker's failure to make a payment of principal or interest when due under this Note at any time that such payment is prohibited under the terms of any Senior Indebtedness shall not constitute default or breach hereunder and (2) nothing herein shall be deemed to prohibit the exercise by a Holder of all powers, rights and remedies of such party hereunder. The parties hereby designate all Senior Lenders, from time to time, as intended third-party beneficiaries of this Note. Each holder of Senior Indebtedness, whether now outstanding or hereafter created, incurred, assumed or guaranteed, shall be deemed to have acquired Senior Indebtedness in reliance upon the provisions contained in this Note. The parties hereto and the holders of each Note and Senior Indebtedness intend that the subordination provisions set forth herein be enforceable in any Proceeding as a subordination agreement within the meaning of Section 510(a) of the Bankruptcy Code or any other applicable law.

11. **Miscellaneous.**

(a) **Governing Law.** The validity, interpretation, construction and performance of this Note, and all acts and transactions pursuant hereto and the rights and obligations of the Maker and Holder shall be governed, construed and interpreted in accordance with the laws of the state of Texas, without giving effect to principles of conflicts of law.

(b) **Entire Agreement.** This Note, together with the Purchase Agreement and the documents referred to therein, constitutes the entire agreement and understanding between the Maker and the Holder relating to the subject matter herein and supersedes all prior or contemporaneous discussions, understandings and agreements, whether oral or written between them relating to the subject matter hereof.

(c) **Amendments and Waivers.** Any term of this Note may be amended only with the written consent of the Maker and the Holder.

(d) **Successors and Assigns.** The terms and conditions of this Note shall inure to the benefit of and be binding upon the respective successors and assigns of the Maker and the Holder. Notwithstanding the foregoing, the Holder may not assign, pledge, or otherwise transfer this Note without the prior written consent of Maker, which shall not be unreasonably withheld, except Holder may assign, pledge, or transfer this Note without the prior written consent of Company or NHC, to Holder's spouse, parents or children ("Holder's Family") or an entity controlled by Holder or Holder's Family. Subject to the preceding sentence, this Note may be transferred only upon surrender of the original Note for registration of transfer, duly endorsed, or accompanied by a duly executed written instrument of transfer in form satisfactory to Maker. Thereupon, a new note for the same principal amount and interest will be issued to,

and registered in the name of, the transferee. Interest and principal are payable only to the registered holder of this Note.

(e) **Notices.** Any notice, demand or request required or permitted to be given under this Note shall be in writing and shall be deemed sufficient when delivered in accordance with Section 9.2 of the Purchase Agreement.

(f) **Counterparts.** This Note may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same instrument.

[Signature Page Follows]

3717753.1

IN WITNESS WHEREOF, Maker has executed this Convertible Promissory Note as of the date first set forth above.

The Maker:

NOBILIS VASCULAR TEXAS, LLC

By:

(Signature)

Name: Harry Fleming

Title: Chief Executive Officer

AGREED TO AND ACCEPTED:

The holder:

CARLOS R. HAMILTON III, M.D.

By:

(Signature)

Name: Carlos R. Hamilton, M.D.

AMENDED AND RESTATED ASSET PURCHASE AGREEMENT

AMONG

**NORTHSTAR HEALTHCARE ACQUISITIONS, L.L.C.,
as Buyer,**

and

NOBILIS HEALTH CORP.

and

**HAMILTON PHYSICIAN SERVICES, LLC,
CARLOS R. HAMILTON III, M.D., P.A.
each as a Seller,**

and

**CARLOS R. HAMILTON III, M.D.
as Owner**

DATED

March 8, 2017

TABLE OF CONTENTS

ARTICLE I	PURCHASE AND SALE OF ASSETS	1
Section 1.1	Purchase and Sale; Post-Closing Adjustment; Closing	1
Section 1.2	Excluded Assets	4
Section 1.3	Assumed Liabilities	6
Section 1.4	Retained Liabilities	6
Section 1.5	Closing	7
Section 1.6	Closing Deliveries.	7
Section 1.7	Allocation of Purchase Price	8
ARTICLE II	REPRESENTATIONS OF SELLERS	9
Section 2.1	Existence, Authority and Binding Obligation	9
Section 2.2	Organization; Subsidiaries	9
Section 2.3	No Conflict	9
Section 2.4	Title, Sufficiency and Condition of Assets	10
Section 2.5	Financial Statements	10
Section 2.6	Liabilities	11
Section 2.7	Legal Compliance	11
Section 2.8	Taxes	11
Section 2.9	Intellectual Property	12
Section 2.10	Agreements	13
Section 2.11	Legal Proceedings	13
Section 2.12	Medicare Participation and Reimbursement.	13
Section 2.13	Compliance	14
Section 2.14	Clinical Staff Matters	14
Section 2.15	Employment Matters	14
Section 2.16	Inventory	15
Section 2.17	Certain Books and Records	15
Section 2.18	Investment Experience	15
Section 2.19	No SEC Review	15
Section 2.20	Purchase For Own Account	15
Section 2.21	Rule 144	15
Section 2.22	Unregistered Registration Shares	16
Section 2.23	No Public Offering	16
ARTICLE III	REPRESENTATIONS OF BUYER AND NHC	16
Section 3.1	General	16
ARTICLE IV	OTHER COVENANTS OF THE PARTIES	17
Section 4.1	Conduct of Business Prior to Closing	17
Section 4.2	Access to Books, Records and Personnel	17

Section 4.3	Tax Matters	18
Section 4.4	Further Assurances	18
Section 4.5	Sellers' Employees	18
Section 4.6	Covenant Not to Compete	19
Section 4.7	Confidentiality	20
Section 4.8	Mail	21

TABLE OF CONTENTS
(continued)

	Page	
Section 4.9	Third Party Consents	21
Section 4.10	Insurance	21
Section 4.11	Financial Statements	21
Section 4.12	Sellers' Indebtedness	22
Section 4.13	Cooperation after Closing	22
Section 4.14	Transition Period	22
Section 4.15	Release of Sellers and Owner	22
ARTICLE V	CONDITIONS TO CLOSING	24
Section 5.1	Conditions to Obligations of the Parties	23
Section 5.2	Conditions to Obligations of Sellers and Owner	23
Section 5.3	Conditions to Obligations of Buyer and NHC	23
ARTICLE VI	PURCHASE PRICE HOLDBACK CASH	24
Section 6.1	Holdback Cash	24
Section 6.2	Distribution of Holdback Cash	24
ARTICLE VII	INDEMNIFICATION	24
Section 7.1	Loss and Indemnitees Defined	24
Section 7.2	Indemnification by Sellers	24
Section 7.3	Indemnification by Buyer and NHC	25
Section 7.4	Procedures for Indemnification.	25
Section 7.5	Survival of Limitation	26
Section 7.6	Limitations on Indemnification and Payment of Damages.	27
Section 7.7	Characterization of Indemnification Payments	27
Section 7.8	Express Negligence Rule	27
ARTICLE VIII	TERMINATION	28
Section 8.1	Termination	28
Section 8.2	Effect of Termination	28
ARTICLE IX	GENERAL PROVISIONS	28
Section 9.1	Expenses	28
Section 9.2	Notices	29
Section 9.3	Severability	29
Section 9.4	Entire Agreement	29
Section 9.5	Assignment	29
Section 9.6	No Third-Party Beneficiaries	30
Section 9.7	Amendment; Waiver	30
Section 9.8	Governing Law	30
Section 9.9	Dispute Resolution	30
Section 9.10	Counterparts	30

3774916.5

EXHIBITS:

Exhibit A	-	Form of Convertible Note
Exhibit B	-	Form of Bill of Sale, Assignment and Assumption
Exhibit C	-	Form of Physician Employment Agreement and Medical Director Agreement
Exhibit D	-	Form of IP License – Intentionally Omitted
Exhibit E-1	-	Form of Sellers’ Closing Certificate
Exhibit E-2	-	Form of Owner’s Closing Certificate
Exhibit F	-	Form of Buyer’s Closing Certificate
Exhibit G	-	Transition Services Agreement

SCHEDULES:

Schedule 1.1(a)	-	Purchased Assets/Contracts
Schedule 1.1(b)	-	Accounts Receivable
Schedule 1.2(c)	-	Excluded Assets – Contracts
Schedule 1.2(d)	-	Excluded Assets – Other Assets
Schedule 1.3(a)	-	Assumed Accounts Payable
Schedule 1.3(c)	-	Equipment Indebtedness
Schedule 1.3(e)	-	Clinic Leases
Schedule 1.3(f)	-	Other Assumed Liabilities
Schedule 1.4	-	Retained Liabilities
Schedule 2.3	-	No Conflicts, Consents, etc.
Schedule 2.4	-	Title, Sufficiency and Condition of Assets
Schedule 2.5	-	Financial Statements
Schedule 2.7	-	Permits
Schedule 2.9	-	Excluded IP Assets
Schedule 2.10(b)	-	Health Care Professional Agreements
Schedule 2.10(c)	-	Related Party Agreements
Schedule 2.10(d)	-	Lease Payments
Schedule 2.11	-	Sellers’ Legal Proceedings
Schedule 2.12(a)	-	NPIs/Provider Numbers
Schedule 2.12(b)	-	Billing Practices
Schedule 2.14	-	Clinical Staff
Schedule 3.1(b)	-	Buyer Consents
Schedule 4.5	-	Transferred Employees
Schedule 4.6	-	Exceptions to Non-Compete

[Remainder of Page Intentionally Left Blank]

INDEX OF DEFINED TERMS

Defined Term	Section
Accounts Receivable	1.1(b)
Affiliate	2.10(c)
Agreement	Preamble
Applicable Laws	1.2(b)
AP	1.3(a)
AR	1.1(b)
Assumed Liabilities	1.3
Business	Recitals
Buyer	Preamble
Buyer Indemnitees	7.1(b)
Clinic Leases	1.3(e)
Closing	1.5
Closing Cash	1.1(a)(i)
Closing Date	1.5(a)
Closing Working Capital	1.1(d)(i)(1)
Closing Working Capital Statement	1.1(ii)(3)
Code	1.7(a)
Converted Financial Statements	4.11
Current Assets	1.1(d)(i)(2)
Current Liabilities	1.1(d)(i)(3)
Disputed Amounts	1.1(ii)(d)(7)
Effective Date	Preamble
Equipment Indebtedness	1.3(c)
ERISA	1.2(a)
Estimated Closing Working Capital	1.1(ii)(1)
Estimated Closing Working Capital Statement	1.1(ii)(1)
Excluded Assets	1.2
Financial Statements	2.5(a)(ii)
Fundamental Representations	7.5(a)(ii)
GAAP	1.1(d)(i)(4)
Government Programs	1.2(g)
Governmental Authority	1.2(b)
Health Care Professional Agreements	2.10(b)
Holdback Cash	1.1(a)(iii)

HPS	Preamble
Independent Accountant	1.1(d)(ii)(7)
Indemnified Party	7.4(a)
Indemnifying Party	7.4(a)
Intellectual Property	2.9(a)

-iv-

3774916.5

Interim Financial Statements	2.5(a)(ii)
Inventory and Inventories	2.16
Loss	7.1(a)
NHC	Preamble
NPIs	1.2(g)
Non-Transferred Purchased Asset	4.9
Note	1.1(a)(ii)
Owner	Preamble
Parties	Preamble
Party	Preamble
PA	Preamble
Payoff Amount	4.12
Payoff Letters	4.12
Permits	1.2(b)
Permitted Encumbrances	2.4
Physician Employment & Medical Director Agreement	1.6(a)(ii)
Plans	1.2(a)
Post-Closing Adjustment	1.1(ii)(4)
Program Agreements	2.12(a)
PTO	4.5(b)
Purchase Price	1.1(a)
Purchased Assets	1.1(a)
Resolution Period	1.1(ii)(6)
Restricted Period	4.6
Restricted Territory	4.6
Retained Liabilities	1.4(b)
Review Period	1.1(ii)(5)
SEC	2.19
Securities Act	2.19
Seller(s)	Preamble
Seller Indemnitees	7.1(c)
Seller Insurance	4.10
Sellers' Knowledge	2.6
Statement of Objections	1.1(ii)(6)
Tax Returns	1.7(b)
Taxes	1.3(d)
Third Party Claim	7.4(a)

Trade Secrets	2.9(a)(iv)
Transaction Documents	2.1(a)
Transactions	2.1(a)
Transferred Employees	4.5(a)
Transferred IP Assets	2.9(a)
Unaudited Financial Statements	2.5(a)(i)

-v-

3774916.5

Undisputed Amounts	1.1(d)(ii)(7)
--------------------	---------------

[Remainder of Page Intentionally Left Blank]

-vi-

3774916.5

AMENDED AND RESTATED ASSET PURCHASE AGREEMENT

This Amended and Restated Asset Purchase Agreement (this “**Agreement**”) is dated March 8, 2017 (the “**Effective Date**”), among Northstar Healthcare Acquisitions, L.L.C., a Delaware limited liability company (“**Buyer**”), Nobilis Health Corp., a British Columbia corporation (“**NHC**”), Hamilton Physician Services, LLC, a Texas limited liability company (“**HPS**”), Carlos R. Hamilton, III, M.D., P.A. a Texas Professional Association (“**PA**”) (HPS and PA are each a “**Seller**” and collectively “**Sellers**”), and Carlos R. Hamilton III, M.D, a resident of the State of Texas (“**Owner**”). Buyer, NHC, Sellers and Owner are referred to collectively as the “**Parties**” and each individually as a “**Party**.”

A. Buyer, NHC, Sellers and Owner entered into that certain Asset Purchase Agreement, dated January 6, 2017 (the “**Original Agreement**”), pursuant to which Sellers agreed to sell to Buyer, and Buyer agreed to purchase from Sellers, substantially all of the assets of the vascular medical practice owned and operated by Sellers.

B. Buyer, NHC, Sellers and Owner desire to amend and restated the Original Agreement, upon the terms and conditions of this Agreement, which supersedes and replaces the Original Agreement in its entirety.

C. Sellers collectively own and operate an independent, vascular medical practice focused on the diagnosis and treatment of venous disease with eight (8) clinic locations located in the Houston, Austin, and San Antonio, Texas at which medical practitioners treat patients with venous diseases and provide certain other vascular services (the “**Business**”).

D. Sellers desire to sell to Buyer, and Buyer desires to purchase from Sellers, substantially all of the assets, and certain specified liabilities, of the Business.

E. Owner owns all of the limited liability company interests in HPS and all of the stock of PA.

In consideration of the mutual covenants and agreements in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I

PURCHASE AND SALE OF ASSETS

Section 1.1 Purchase and Sale; Post-Closing Adjustment; Closing.

(a) At the Closing, Sellers shall sell to Buyer, and Buyer shall purchase from Sellers, all of Sellers’ right, title and interest in all of the assets of Sellers listed or described on Schedule 1.1(a), including the Accounts Receivable but excluding the Excluded Assets (collectively, the “**Purchased Assets**”), free and clear of all encumbrances, for a purchase price to be paid at the Closing equal to Thirteen Million Three Hundred Twenty Thousand Six Hundred Forty-Five Dollars and Fifty-Two Cents (\$13,320,645.52) (the “**Purchase Price**”), consisting of the following:

(i) Seven Million Eight Hundred Twenty Thousand Six Hundred Forty-Five Dollars and Fifty-Two Cents (\$7,820,645.52) in cash delivered at Closing (the “**Closing Cash**”);

(ii) a convertible note, substantially in the form attached hereto as Exhibit A, in the principal amount of Five Million Dollars (\$5,000,000) executed by Buyer and NHC in favor of Owner (the “**Note**”); and

(iii) Five Hundred Thousand Dollars (\$500,000) as a holdback to the cash portion of the Purchase Price (the “**Holdback Cash**”) which shall be distributed in accordance with Article VI.

(b) For the purposes of this Agreement, “**Accounts Receivable**” means all accounts receivable and other rights to payment from patients and customers of Sellers, but excluding Government Programs, with respect to goods sold and services provided within the 90-day period immediately preceding the Closing (the “**AR**”), set forth on Schedule 1.1(b).

(c) Notwithstanding the foregoing, between the Effective Date and Closing Sellers shall permit Buyer, during normal business hours and with advance notice, to reasonably inspect and take a physical inventory of the Purchased Assets to verify the accuracy and completeness of Schedule 1.1(a).

(d) **Working Capital Matters.**

(i) **Definitions:** For purposes of this Article I:

(1) “**Closing Working Capital**” means (a) the Current Assets of the Sellers, less (b) the Current Liabilities of the Sellers, determined as of the close of business on the Closing Date.

(2) “**Current Assets**” means cash and cash equivalents, accounts receivable, inventory and prepaid expenses, but excluding (a) the portion of any prepaid expense of which Buyer will not receive the benefit following the Closing; and (b) deferred tax assets.

(3) “**Current Liabilities**” means accounts payable, accrued Taxes and accrued expenses.

(4) “**GAAP**” means United States generally accepted accounting principles.

(ii) **Post-Closing Adjustment.**

(1) At least three (3) business days before the Closing, the Sellers shall prepare and deliver to Buyer a statement setting forth its good faith estimate of Closing Working Capital (the “**Estimated Closing Working Capital**”), which statement shall contain an estimated balance sheet of the Sellers as of the Closing Date (without giving effect to the transactions

contemplated herein) and a calculation of Estimated Closing Working Capital calculated in accordance with GAAP (the “**Estimated Closing Working Capital Statement**”).

(2) Within thirty (30) days after the Closing Date, Sellers shall deliver to Buyer the Converted Financial Statements in accordance with Section 4.11 (“the **Converted Financials Date**”).

(3) Within sixty (60) days after the Converted Financials Date, Buyer shall prepare and deliver to Sellers a statement setting forth Buyer’s calculation of Closing Working Capital, which statement shall contain an opening balance sheet of the Sellers as of the Closing Date (without giving effect to the transactions contemplated herein) and a calculation of Closing Working Capital calculated in accordance with GAAP (the “**Closing Working Capital Statement**”).

(4) The post-closing adjustment shall be an amount equal to the Closing Working Capital set forth on the Closing Working Capital Statement minus the Estimated Closing Working Capital (the “**Post-Closing Adjustment**”). If the Post-Closing Adjustment is a positive number, Buyer shall pay to Sellers an amount equal to the Post-Closing Adjustment. If the Post-Closing Adjustment is a negative number, Sellers shall pay to Buyer an amount equal to the Post-Closing Adjustment.

(5) After receipt of the Closing Working Capital Statement, Sellers shall have thirty (30) days (the “**Review Period**”) to review the Closing Working Capital Statement. During the Review Period, Sellers and Sellers' accountants shall have full access to the personnel of, and work papers prepared by, Buyer and/or Buyer's accountants to the extent that they relate to the Closing Working Capital Statement and to such historical financial information (to the extent in Buyer's possession) relating to the Closing Working Capital Statement as Sellers may reasonably request for the purpose of reviewing the Closing Working Capital Statement and to prepare a Statement of Objections (defined below); provided, that such access shall be in a manner that does not interfere with the normal business operations of Buyer.

(6) On or prior to the last day of the Review Period, Sellers may object to the Closing Working Capital Statement by delivering to Buyer a written statement setting forth Sellers’ objections in reasonable detail, indicating each disputed item or amount and the basis for Sellers’ disagreement therewith (the “**Statement of Objections**”). If Sellers fail to deliver the Statement of Objections before the expiration of the Review Period, the Closing Working Capital Statement and the Post-Closing Adjustment, as the case may be, reflected in the Closing Working Capital Statement shall be deemed to have been accepted by Sellers. If Sellers deliver the Statement of Objections before the expiration of the Review Period, Buyer and Sellers shall negotiate in good faith to resolve such objections within thirty (30) days after the delivery of the Statement of Objections (the “**Resolution Period**”), and, if the same are so resolved within the Resolution Period, the Post-Closing Adjustment and the Closing Working Capital Statement with such changes as may have been previously agreed in writing by Buyer and Sellers, shall be final and binding.

(7) Resolution of Disputes. If Sellers and Buyer fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before expiration of the Resolution Period, then any amounts remaining in dispute (“**Disputed Amounts**”) and any amounts not so disputed, the “**Undisputed Amounts**”) shall be submitted for resolution to the office of Weaver L.L.P. or, if Weaver L.L.P. is unable to serve, Buyer and Sellers shall appoint by mutual agreement the office of an impartial nationally recognized firm of independent certified public accountants other than Sellers’ accountants or Buyer’s accountants (the “**Independent Accountants**”) who, acting as experts and not arbitrators, shall resolve the Disputed Amounts only and make any adjustments to the Post-Closing Adjustment, as the case may be, and the Closing Working Capital Statement. The Parties agree that all adjustments shall be made without regard to materiality. The Independent Accountants shall only decide the specific items under dispute by the parties and their decision for each Disputed Amount must be within the range of values assigned to each such item in the Closing Working Capital Statement and the Statement of Objections, respectively.

(8) Any fees and expenses of the Independent Accountant shall be paid by Sellers, on the one hand, and by Buyer, on the other hand, based upon the percentage that the amount actually contested but not awarded to Sellers or Buyer, respectively, bears to the aggregate amount actually contested by Sellers and Buyer.

(9) The Independent Accountants shall make a determination as soon as practicable within thirty (30) days (or such other time as the Parties shall agree in writing) after their engagement, and their resolution of the Disputed Amounts and their adjustments to the Closing Working Capital Statement and/or the Post-Closing Adjustment shall be conclusive and binding upon the Parties hereto.

(10) Except as otherwise provided herein, any payment of the Post-Closing Adjustment, shall (a) be due (x) within five (5) business days of acceptance of the applicable Closing Working Capital Statement or (y) if there are Disputed Amounts, then within five (5) business days of the resolution described above; and (b) be paid by wire transfer of immediately available funds to such account as is directed by Sellers, or by way of setoff against the Holdback Cash by Buyer, as the case may be.

(11) Any payments made pursuant to this Section 1.1(d)(ii) shall be treated as an adjustment to the Purchase Price by the Parties for tax purposes, unless otherwise required by law.

Section 1.2 Excluded Assets. The Purchased Assets do not include the following assets of Sellers (collectively, the “**Excluded Assets**”):

(a) all ownership and other rights with respect to any Plans including, without limitation, all assets and contracts of or relating to any Plans, except as set forth in Sections 1.3(b). With respect to Sellers, the term “**Plans**” means all employee welfare benefit plans within the meaning of Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended, and the regulations and rulings issued thereunder (“**ERISA**”), all employee pension benefit plans

within the meaning of Section 3(2) of ERISA, all employee stock option or stock purchase plans, bonus or incentive plans or programs, severance pay plans, policies, practices or agreements, fringe benefits, and employment agreements;

(b) any franchises, authorizations, licenses, permits, variances, consents, registrations, accreditations, certifications, certificates of need, enrollments, qualifications, operating authority, concessions, exemptions, approvals, orders, grants or permissions issued by, or otherwise granted from Governmental Authorities (collectively, “**Permits**”) necessary to own, lease and operate the Sellers’ properties and to carry on their businesses as they are now being conducted that by its terms is not transferable to Buyer. The term “**Governmental Authority**” means any domestic, foreign or multi-national federal, state, provincial, regional, municipal or local governmental or administrative authority, including any court, tribunal, agency, bureau, committee, board, regulatory body, administration, commission or instrumentality constituted or appointed by any such authority, and shall include any agency, branch or other governmental body charged with the responsibility and/or vested with the authority to administer and/or enforce any applicable laws, statutes, orders, ordinances, rules, regulations, policies, or guidelines (collectively, “**Applicable Laws**”), including but not limited to the Centers for Medicare and Medicaid Services, The Food and Drug Administration, the United States Department of Health and Human Services Office of Inspector General, and any Medicare or Medicaid contractors, auditors, intermediaries or carriers;

(c) all claims and rights under the contracts set forth on Schedule 1.2(c);

(d) the assets set forth on Schedule 1.2(d);

(e) the corporate seals, organizational documents, minute books, and Tax Returns (defined in Section 1.7), or other records having to do with the corporate organization of Sellers;

(f) any equity interests in any Seller;

(g) all national provider identifiers (“**NPIs**”), all Medicare, Medicaid, TRICARE, Department of Labor and other governmental payor program (collectively, the “**Government Programs**”) provider numbers and related provider agreements;

(h) all personnel records and other records that a Seller is required by Applicable Laws to retain in its possession, subject to Buyer’s right to receive copies thereof to the extent permitted by Applicable Laws;

(i) right to settlements and retroactive adjustments, if any, for reporting periods ending on or prior to the Closing Date, whether open or closed, arising from or against the United States government under the Government Programs and against any third party payor programs which settle upon a basis other than on individual claims basis;

(j) Sellers’ rights under the Transaction Documents; and

(k) Except as otherwise set forth in the Transition Services Agreement (as further described under Section 4.14), all accounts receivables and other rights to payment from Government Programs with respect to goods sold and services provided by Sellers prior to the Closing Date.

Section 1.1 Assumed Liabilities. Buyer agrees to assume and perform when due only the following liabilities of Sellers, as applicable (the “**Assumed Liabilities**”):

(a) trade accounts payable incurred in the ordinary course of business of Sellers through the Closing that are not delinquent (i.e., consistent with historical payment of such accounts), as set forth on Schedule 1.3(a) (the “**AP**”). Seller hereby agrees that for the purposes of this Section 1.3(a), AP specifically excludes Sellers’ or Owner’s personal expenses. Buyer will not assume such personal expenses and other expenses not incurred in the ordinary course of Sellers’ business;

(b) the non-debt liabilities arising out of the ownership and operation of the Purchased Assets or the Business after the Closing;

(c) all remaining payment obligations under capital leases and other equipment-related indebtedness and obligations for equipment included in the Purchased Assets or constituting Non-Transferred Purchased Assets (collectively, “**Equipment Indebtedness**”), set forth on Schedule 1.3(c), and all other liabilities arising after the Closing with respect to Equipment Indebtedness;

(d) all liabilities with respect to any federal, provincial, state, local or foreign tax or other assessment (“**Taxes**”) related to the Purchased Assets incurred for any period on or after the Closing;

(e) all “**Clinic Leases**” which, for purposes of this Agreement, shall mean those real property leases set forth on Schedule 1.3(e); and

(f) Those liabilities listed on Schedule 1.3(f).

Section 1.2 Retained Liabilities.

(a) Sellers shall retain responsibility for performing when due, and Buyer shall not assume or have any responsibility for, all liabilities of Sellers related to the Business and the Purchased Assets other than the Assumed Liabilities, including (i) the ownership and operation of the Business and the Purchased Assets prior to the Closing; (ii) the Excluded Assets; (iii) the termination of any employees of Sellers who are not Transferred Employees; (iv) Transferred Employees who do not report for work with Buyer upon the Closing; (v) certain indebtedness of the Sellers set forth on Schedule 1.4; (vi) any refund, recoupment, and any penalty obligations for services rendered and billed by the Business or its employees prior to Closing, regardless of when such obligations are discovered or due; and (vii) any liability relating to or arising out of any employment action or practice in connection with Seller’s employment or termination of employment of any persons currently or formerly employed or seeking to be employed by the Sellers, including liabilities based upon breach of employment contract, employment discrimination, wrongful termination, wage and hour compliance (including, without limitation, employee classification, overtime and minimum wage obligations), independent contractor classification, health and safety requirements, immigration and/or worker authorization requirements, disability

accommodation and leave laws, workers' compensation, constructive termination, failure to give reasonable notice or pay in lieu of notice, severance or termination pay or the Consolidated Omnibus Budget Reconciliation Act, as amended, the Employee Retirement Income Security Act of 1974, as amended, the Worker Adjustment Retraining Notification Act of 1988, as amended, the Fair Labor Standards Act, as amended, or the National Labor Relations Act, as amended, or any equivalent state, municipal, county, local, foreign or other Applicable Law. Notwithstanding anything to the contrary contained herein, any amounts that come due pursuant to this Section 1.4(a)(vi) or related to the liabilities listed on Schedule 2.12(b), if any, shall be offset as set forth in Section 7.6(e) subject to Sellers' and Owner's prior written consent.

(b) For the purposes of this Agreement, the liabilities described in Section 1.4(a) shall collectively be the "**Retained Liabilities**".

Section 1.3 Closing. The consummation of the sale and purchase of the Purchased Assets (the "**Closing**") will take place at the offices of Nobilis Health Corp. 11700 Katy Freeway, Suite 300, Houston, Texas 77079, at 10:00 a.m. local time on the sooner of March [REDACTED], 2017 or the second business day after all of the conditions to closing in Sections 5.1, 5.2, and 5.3 are satisfied or waived (other than conditions which are to be satisfied on the Closing Date), or at such other time, date or place as Sellers, Owner and Buyer may mutually agree upon in writing (the "**Closing Date**"). The Closing shall be deemed effective as of 12:00 a.m., Houston time, on the Closing Date.

Section 1.6 Closing Deliveries.

(a) At the Closing, unless waived by Buyer, Sellers and Owner, as applicable, shall deliver to Buyer:

(i) a bill of sale, assignment and assumption with respect to the Purchased Assets substantially in the form attached hereto as Exhibit B, duly executed by Sellers and Owner, in favor of certain direct or indirect, wholly-owned subsidiaries of Buyer, as designated by Buyer to Seller prior to the Closing Date;

(ii) an employment agreement, substantially in the form attached hereto as Exhibit C (the "**Physician Employment & Medical Director Agreement**"), executed by Owner;

(iii) Certificates of Account Status with respect to each Seller, issued by the Texas Comptroller within five (5) business days prior to the Closing Date;

(iv) a closing certificate, substantially in the form attached hereto as Exhibit E-1, executed by each Seller, and a certificate, substantially in the form attached hereto as Exhibit E-2, executed by Owner;

(v) any approvals or consents required by Section 4.4;

(vi) any evidence of payoff of debt required by Section 4.12 (excluding Equipment Indebtedness) of each Seller or Owner or release of liens encumbering any of the Purchased Assets requested by Buyer;

(vii) all books and records of Sellers or Owner related to the Purchased Assets;

(viii) the Transition Services Agreement, upon terms mutually agreeable to Buyer, Sellers and Owner, executed by Sellers;

(ix) assignment and assumption agreements for each of the Clinic Leases, executed by Sellers and Owner; and

(x) such other documents as Buyer may reasonably request.

(b) At the Closing, unless waived by Sellers, Buyer shall deliver to Sellers:

(i) the Closing Cash via wire transfer;

(ii) the Note, upon terms mutually agreeable to Buyer and Seller, executed by Buyer;

(iii) any approvals or consents of any rulemaking authority, person or entity applicable to Buyer required by Section 4.4;

(iv) the Physician Employment & Medical Director Agreement, executed by Buyer;

(v) the Transition Services Agreement, upon terms mutually agreeable to Buyer, Sellers and Owner, executed by Buyer;

(vi) a closing certificate, substantially in the form attached hereto as Exhibit F, executed by Buyer;

(vii) assignment and assumption agreements for each of the Clinic Leases, executed by Buyer;

(viii) Certificate of Account Status with respect to Buyer and NHC (or equivalent documentation applicable to each entity's jurisdiction of formation), issued by the applicable jurisdiction of formation within five (5) business days prior to the Closing Date; and

(ix) such other documents as Sellers may reasonably request.

Section 1.1 Allocation of Purchase Price.

(a) The Parties shall allocate the Purchase Price in accordance with Section 1060 of the Internal Revenue Code of 1986, as amended (together with any rules or regulations issued thereunder, “Code”). Within ninety (90) days after the Closing Date, Buyers shall provide Sellers a draft allocation of the Purchase Price and the liabilities of Sellers and Owner among the Purchased Assets.

(b) The Parties shall timely file any information that may be required pursuant to Treasury Regulations promulgated under Section 1060(b) of the Code, and shall use the allocation of the Purchase Price as finally determined pursuant to this Section 1.7, in connection with the preparation of Internal Revenue Service Form 8594 as that form relates to the Transactions. The Parties shall not file any returns, declarations, reports, statements and other documents of, relating to, or required to be filed in respect of, any and all Taxes (“**Tax Returns**”) or otherwise take any position which is inconsistent with such allocation, except as may be adjusted by subsequent agreement following an audit by the Internal Revenue Service or by court decision. The Parties agree that the amount of the Purchase Price allocated to the covenant not to compete in Section 4.6 is not intended to be a liquidated damages amount or to place a value or ceiling on the amount of damages that could be suffered by Buyer if such covenants are breached.

ARTICLE II

REPRESENTATIONS OF SELLERS

Owner and each of the Sellers, jointly and severally, represent to Buyer and NHC as follows, as of the date of this Agreement and the Closing Date:

Section 2.1 Existence, Authority and Binding Obligation.

(a) Each Seller is duly organized, validly existing and in good standing under the laws of its jurisdiction of formation, with full power and authority to enter into and deliver this Agreement and the other agreements, documents or instruments contemplated hereby (collectively, the “**Transaction Documents**”), to carry out its obligations under, and to consummate the transactions contemplated by, the Transaction Documents (collectively, the “**Transactions**”).

(b) This Agreement constitutes, and, when executed and delivered, the Transaction Documents will constitute, the legal, valid and binding obligations of Sellers, enforceable against them in accordance with their terms, except as such enforceability may be limited by laws affecting the enforcement of creditors’ rights and general principles of equity.

(c) Each Seller is not qualified to do business in any jurisdiction other than its jurisdiction of formation.

(d) There are no outstanding powers of attorney relating to or binding on the Business or the Purchased Assets.

Section 2.2 Organization; Subsidiaries.

- (a) Each Seller is in compliance with all provisions of its governing documents.
- (b) No Seller owns any direct or indirect interest or other rights in any other entity.
- (c) There are no outstanding third party rights for the issuance, sale or purchase of any security or equity interest of any Seller.

Section 2.3 No Conflict. Except as set forth in Schedule 2.3, the execution, delivery and performance of this Agreement, does not and will not:

- (a) breach, or require the consent of any person or entity pursuant to, Sellers' governing documents;
- (b) breach, or require the consent of any person or entity pursuant to, any law, regulation, permit, order, award or other non-contractual restriction or rule applicable to Sellers, their respective assets, the Purchased Assets or the Business;
- (c) result in the creation of any encumbrance upon Sellers, their respective assets or the Purchased Assets; or
- (d) (whether with notice or the lapse of time or both) under any contract or other instrument binding on Sellers:
 - (i) result in any breach of any contract included in the Purchased Assets;
 - (ii) provide any other person or entity rights of termination, rescission, amendment, acceleration or cancellation of any contract included in the Purchased Assets; or
 - (iii) require any authorization or approval of any person or entity.

Section 2.4 Title, Sufficiency and Condition of Assets. Owner owns, directly or indirectly, one hundred percent (100%) of the equity interests of Sellers. Sellers own, and at Closing shall transfer to Buyer, good and valid title to all of the Purchased Assets, free and clear of all encumbrances other than Permitted Encumbrances. Except as set forth in Schedule 2.4, none of the Purchased Assets is leased or licensed from or to any third party. The Purchased Assets, whether tangible or intangible, are all the assets necessary for the operation of the Business in the manner presently operated by Seller. All of the Purchased Assets are in good condition and repair, ordinary wear and tear excepted, and are usable in the ordinary course of business. For the purposes of this Agreement, "**Permitted Encumbrances**" means:

- (a) those items set forth on Schedule 2.4 identified as Permitted Encumbrances;
- (b) liens for Taxes not yet due and payable;
- (c) mechanics', carriers', workmen's, repairmen's or other like liens arising or incurred in the ordinary course of business consistent with past practice or amounts that are not

delinquent and which are not, individually or in the aggregate, material to the Business or the Purchased Assets; and

(d) easements, rights of way, zoning ordinances and other similar encumbrances affecting real property which are not, individually or in the aggregate, material to the Business or the Purchased Assets, which do not prohibit or interfere with the current operation of any Purchased Asset.

Section 2.5 Financial Statements.

(a) Sellers have delivered to Buyer true and correct copies of:

(i) Sellers' combined unaudited financial statements for the year ended December 31, 2015, consisting of (A) the balance sheet of the Business as of such date, and (B) the related statements of income and retained earnings, stockholders' equity and cash flow for the year then ended (the "**Unaudited Financial Statements**"); and

(ii) Sellers' unaudited financial statements for the ten-month period ended October 31, 2016 (the "**Interim Financial Statements**", and together with the Unaudited Financial Statements, the "**Financial Statements**").

(b) Except as disclosed on Schedule 2.5, the Financial Statements have been prepared on a cash basis from the books and records of Sellers in accordance with standard accounting principles applied on a consistent basis throughout the periods covered by the Financial Statements and present fairly, in all material respects, the financial condition of Sellers as of such dates and the results of operations for such periods.

(c) Except as disclosed on Schedule 2.5, since the date of the Interim Financial Statements, there has been no material adverse change in the assets, liabilities or financial condition of Sellers from that set forth in the Financial Statements or the Converted Financial Statements (defined under Section 4.11).

Section 2.6 Liabilities. Except as set forth in the Financial Statements, there are no material obligations or liabilities (potential or otherwise) of Seller of any nature pending, or to Sellers' Knowledge, threatened, against any Seller, Owner or the Purchased Assets, other than contractual liabilities incurred in the ordinary course of business that are not required to be disclosed in the Financial Statements under standard accounting practices and other than liabilities that have arisen after the date of the Interim Financial Statements in the ordinary course of business, consistent with past practices. There is no reasonable basis for any other obligation or liability to be imposed upon Sellers. For the purposes of this Agreement, "**Sellers' Knowledge**" means the actual knowledge of Owner or any director or officer of Sellers.

Section 2.7 Legal Compliance. Sellers have materially complied with all Applicable Laws. Neither Sellers nor any person or entity acting on behalf of Sellers has made or received any unlawful payments or contributions. Except as set forth on Schedule 2.7, Sellers hold all Permits necessary to own the Purchased Assets and conduct the Business, and to Sellers' Knowledge except as set

forth on Schedule 2.7 or as may result from the Closing, no event has occurred or other fact exists with respect to such Permits that allows, or after notice or the lapse of time or both, would allow, revocation or termination of any such Permits or would result in any other impairment in the rights of any holder thereof.

Section 2.8 Taxes. Sellers have filed all material Tax Returns that they were respectively required to file. All such Tax Returns were correct and complete in all material respects and were prepared in compliance with all Applicable Laws. To Sellers' Knowledge, Sellers have not received any notice of deficiency or assessment or proposed deficiency or assessment with respect to the Purchased Assets, the Business or any Tax Returns. All Taxes due and owing by Sellers through the Closing have been paid. All Taxes required to be withheld by any Seller have been withheld and timely paid to the relevant taxing authority. Sellers have complied with all information reporting related to any Taxes. No Seller is currently the beneficiary of any extension of time within which to file any Tax Returns. To Sellers' Knowledge, no claim has ever been made by an authority in a jurisdiction where Seller does not file Tax Returns that a Seller is or may be subject to taxation by that jurisdiction. Sellers have not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

Section 2.9 Intellectual Property.

(a) Except as set forth in Schedule 2.9, the Purchased Assets include all of the Intellectual Property in existence on or before the Closing Date that is or has been used or useful with respect to the conduct of the Business excluding any included in the Excluded Assets (collectively, the "**Transferred IP Assets**"). The term "**Intellectual Property**" means:

- (i) all patents, patent applications, and inventions and discoveries regardless of whether they may be patentable;
- (ii) all business and trade names and registered and unregistered trademarks and service marks;
- (iii) all copyrights in both published and unpublished works; and
- (iv) all know-how, trade secrets, confidential information, customer lists, software, technical information, data, process technology, plans, drawings, and blue prints (collectively, "**Trade Secrets**"), as well as any other documentation in Sellers' possession in which such Trade Secrets are embodied or otherwise identified.

(b) All required filings and fees related to the Transferred IP Assets have been timely filed with and paid to the relevant authorities and authorized registrars, and all applicable Transferred IP Assets are otherwise in good standing.

(c) To the Sellers' Knowledge, none of the Transferred IP Assets infringe or otherwise violate the rights of any other person or entity, nor are they being infringed or otherwise violated by any other person or entity. There are no claims by any person, entity or authority, settled,

pending or, to Sellers' Knowledge, threatened, alleging that use of the Transferred IP Assets by Sellers or by any other person or entity infringes the Intellectual Property rights of any third party.

(d) With respect to each Trade Secret included as part of the Transferred IP Assets:

(i) Sellers have taken all reasonable precautions to protect the secrecy, confidentiality and value of such Trade Secret; and

(ii) such Trade Secret is not to the Sellers' Knowledge part of the public knowledge or literature, and to Sellers' Knowledge, has not been used, divulged or appropriated either for the benefit of any third party or to the detriment of the Sellers.

Section 2.1 Agreements.

(a) Sellers are not, and, to Sellers' Knowledge, no other party is in breach of (and no event has occurred which, with notice or the lapse of time or both, would constitute a breach of) any of the agreements listed on Schedule 1.1(a). Each such agreement constitutes, to Sellers' Knowledge, the legal, valid and binding obligation of the applicable Seller, enforceable against such Seller and any other party thereto, in accordance with their respective terms, except as such enforceability may be limited by laws affecting the enforcement of creditors' rights and general principles of equity.

(b) Schedule 2.10(b) lists all of the agreements between any Seller and clinical staff currently used or usable in connection with the Business (the "**Health Care Professional Agreements**"). Seller has provided Buyer with true and correct copies of each Health Care Professional Agreement.

(c) Except as set forth on Schedule 2.10(c), none of the agreements or contracts set forth on Schedule 1.1(a) are agreements or contracts between or among Sellers, on the one hand, and Owner or any Affiliate of Sellers or Owner, on the other hand. For the purposes of this Agreement, "**Affiliate**" means any individual, corporation, partnership, limited liability company, association, trust or any other entity or organization, including a Governmental Authority that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Party.

(d) Except as set forth on Schedule 2.10(d), Sellers are current on all lease payments and other payments required under the capital leases and equipment-related obligations included in the Purchased Assets.

Section 2.2 Legal Proceedings. Except as set forth on Schedule 2.11, there are no claims, actions or investigations pending or, to Sellers' Knowledge, threatened against or by Sellers (a) relating to or affecting the Business or the Purchased Assets; or (b) that challenge or seek to prevent, enjoin or otherwise delay the Transactions. To Sellers' Knowledge, no event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such claim, action or investigation.

Section 2.3 Medicare Participation and Reimbursement.

(a) PA is certified or otherwise qualified for participation in the Government Programs and has current and valid contracts for participation in certain Government Program (the “**Program Agreements**”), all of which are in full force and effect, and PA is currently in receipt of all approvals or qualifications necessary for their reimbursement by the Government Programs. Schedule 2.12(a) contains a list of all NPIs and all provider numbers of Sellers under applicable Government Programs and private third party payor programs, including any insurance company or health care provider (such as a health maintenance organization, preferred provider organization, or any other managed care program). To Sellers’ Knowledge, no events or facts exist that would cause any Program Agreement to be suspended, terminated, restricted, withdrawn, subjected to an administrative hold or otherwise not to remain in force and effect after the Closing.

(b) Except as described on Schedule 2.12(b) all billing practices of Sellers with respect to all third party payors, including the Government Programs and private insurance companies, have been conducted in material compliance with all Applicable Laws and the billing guidelines of such third party payors. Except for routine overpayments that occur in the ordinary course of business, Sellers have not billed or received any payment or reimbursement in excess of amounts allowed by Applicable Laws or the billing guidelines of any third party payor, including the Government Programs or any private insurance companies. Sellers have made available to Buyer true and correct copies of any and all Government Program survey reports and correspondence issued since the later of the Business's inception or January 1, 2007, with respect to Sellers and all plans of correction which the applicable governmental agency required any Seller to submit in response to such reports. Sellers have corrected any deficiencies noted therein.

Section 2.4 Compliance. Sellers (a) are not party to a Corporate Integrity Agreement with the Office of Inspector General of the Department of Health and Human Services, (b) do not have reporting obligations pursuant to any settlement agreement entered into with any Governmental Authority, or (c) to Sellers’ Knowledge are not and have not been a defendant in any qui tam/False Claims Act litigation, or (d) have not received any complaints from employees, independent contractors, vendors, physicians, or any other person that would indicate that any Seller has violated in any material respect any applicable material law, rule, or regulation. Sellers have provided Buyer with complete and accurate descriptions of each audit and investigation conducted with respect to its compliance with Applicable Laws during the last three years.

Section 2.5 Clinical Staff Matters. There are no pending or, to Sellers’ Knowledge, threatened adverse actions, appeals, challenges, disciplinary or corrective actions, or disputes involving Seller’s clinical staff, or allied health professionals, except as set forth on Schedule 2.14. Sellers have delivered to Buyer a written disclosure containing a brief general description of all material adverse actions taken in the six months prior to the date hereof against any Seller’s clinical staff members or allied health professionals which could result in claims or actions against such Seller. Schedule 2.14 sets forth a complete and accurate list of the name and medical specialty of each current member of the clinical staff of Sellers. Except as set forth on Schedule 2.14, no clinical staff member has resigned or been terminated since January 1, 2014. To Sellers’ knowledge, there are no claims, actions, suits, proceedings, or investigations pending or, to threatened against or

affecting any member of any Seller's clinical staff at law or in equity, or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality wherever located relating to medical practice or conduct in connection therewith.

Section 2.6 Employment Matters. Except for past violations for which the Sellers are not subject to any current liability and cannot become subject to any future liability, the Sellers are and have been, to Sellers' Knowledge, in material compliance with all applicable laws, regulations and orders relating to employment and employment practices, terms and conditions of employment and wages and hours, and the Sellers are not and have not engaged in any unfair labor practice. There are no written charges or complaints of employment discrimination, harassment, retaliation, equal pay or any other employment related matter arising under applicable laws, pending or threatened or, to Seller's Knowledge, anticipated against the Sellers. The Sellers have, to Sellers' Knowledge, properly classified as an employee or independent contractor each person who provides or has provided services to the Sellers, and as to each such person that is an employee, the Sellers have properly classified such employee as exempt or non-exempt under applicable wage and hour laws, except for such misclassifications as would not have a material adverse effect.

Section 2.7 Inventory. The inventory of the Business (the "**Inventory**" or "**Inventories**") consists of a quality and quantity useable and saleable in the ordinary course of business except for obsolete items and items of below standard quality, all of which have been written off or written down to net realizable value.

Section 2.8 Certain Books and Records. Excluding the minute books of Sellers, the operational books and records of Sellers related to the three years prior to the date of Closing are in the possession of Sellers and are correct and complete in all material respects

Section 2.9 Investment Experience. Sellers and Owner hereby acknowledge and represent that (a) they have prior investment experience, including investment in non-listed and unregistered securities, and that they have employed the services of an investment advisor, attorney and/or accountant to read all of the documents furnished or made available by Buyer to evaluate the merits and risks of such an investment on their behalf; (b) they recognize the highly speculative nature of an investment in the Shares; and (c) they are able to bear the economic risk and illiquidity which they assume by investing in the Shares. Sellers and Owner have had the opportunity to retain, and to the extent necessary they have retained, at their own expense, and relied upon the advice of appropriate professionals, including an investment advisor, attorney and/or accountant regarding the investment, tax and legal merits and consequences of this Agreement and its acquisition of the Shares hereunder.

Section 2.10 No SEC Review. Sellers and Owner hereby acknowledge that this transaction has not been reviewed by the Securities and Exchange Commission ("**SEC**") because of NHC's representations that this transaction is intended to be exempt from the registration requirements of Section 5 of the Securities Act of 1933, as amended (the "**Securities Act**") pursuant to Section 4(a)(2) thereof and Regulation D promulgated under said act. Sellers and Owner further acknowledge that no federal or state agency or authority has made any finding or determination as to the accuracy or adequacy of this Agreement or as to the fairness of the terms of this transaction or any recommendation or endorsement of the Shares. Any representation to the contrary is a

criminal offense. In making an investment decision, Sellers and Owner must rely on their own examination of NHC and the terms of this transaction, including the merits and risks involved.

Section 2.11 Purchase For Own Account. The Shares to be acquired by Sellers and Owner hereunder will be acquired for investment for their own account, not as a nominee or agent, and not with a view to the public resale or distribution thereof within the meaning of the Securities Act, and no Seller or Owner has the present intention of selling, granting any participation in, or otherwise distributing the same. Owner and each Seller also represents that no Seller has been formed for the specific purpose of acquiring the Shares.

Section 2.12 Rule 144. Sellers and Owner acknowledge that the Shares must be held indefinitely unless subsequently registered under the Securities Act or an exemption from such registration is available. Sellers and Owner are aware of the provisions of Rule 144 promulgated under the Securities Act, which permits limited resale of shares purchased in a private placement subject to the satisfaction of certain conditions, including, among other things, the existence of a public market for such shares, the availability of certain current public information about the company that issued such shares, the resale occurring following the period of time prescribed by Rule 144, the sale being effected through a “broker's transaction” and the number of shares being sold during any three-month period not exceeding specified limitations.

Section 2.13 Unregistered Registration Shares. Each Seller and Owner understands and hereby acknowledges that NHC is under no obligation to register the Shares under the Securities Act. Each Seller and Owner consents that NHC may, if it desires, permit the transfer of the Shares out of a Seller's or Owner's name only when such Party's request for transfer is accompanied by an opinion of counsel reasonably satisfactory to NHC that neither the sale nor the proposed transfer results in a violation of the Securities Act or any applicable state “blue sky” laws.

Section 2.14 No Public Offering. Sellers and Owner hereby acknowledge that the sale and issuance of the Shares hereunder has not been (a) accompanied by the publication of any advertisement nor (b) effected by or through a broker-dealer in a public offering.

ARTICLE III

REPRESENTATIONS OF BUYER AND NHC

Section 3.1 General. Buyer and NHC, jointly and severally, represent to each of the Sellers and Owner as follows, as of the date of this Agreement, and the Closing Date:

(a) Existence, Authority and Binding Obligation.

(i) Each of Buyer and NHC is duly organized, validly existing and in good standing under the laws of its jurisdiction of formation, with full power and authority to enter into and deliver the Transaction Documents, to carry out its obligations under the Transaction Documents, and to consummate the Transactions.

(ii) This Agreement constitutes, and, when executed and delivered, the Transaction Documents will constitute, the legal, valid and binding obligations of each of Buyer and NHC, enforceable against such Party in accordance with their terms, except as such enforceability may be limited by laws affecting the enforcement of creditors' rights and general principles of equity.

(b) No Conflict. The execution, delivery and performance of this Agreement, does not and will not:

(i) breach, or require the consent of any person or entity pursuant to, Buyer or NHC's governing documents;

(ii) breach, or require the consent of any person or entity pursuant to, any law, regulation, permit, order, award or other non-contractual restriction or rule applicable to Buyer or NHC or its respective assets;

(iii) result in the creation of any encumbrance upon Buyer or NHC or its respective assets;
or

(iv) (whether with notice or the lapse of time or both) under any agreement or other instrument binding on Buyer or NHC:

(1) result in any breach;

(2) provide any other person or entity rights of termination, rescission, amendment, acceleration or cancellation; or

(3) except as described on Schedule 3.1(b)(iv)(3), require any authorization or approval of any person or entity.

ARTICLE IV

OTHER COVENANTS OF THE PARTIES

Section 4.1 Conduct of Business Prior to Closing. Until the Closing, Sellers:

(a) shall conduct the Business in the ordinary course of business consistent with their past practice, except for actions expressly permitted or limited by this Agreement;

(b) shall maintain Inventories of supplies, drugs, and other disposables and consumables in the ordinary course of business consistent with their past practice; and

(c) shall not, without the prior written consent of Buyer:

(i) make or authorize any capital expenditure for the Business of more than \$50,000;

(ii) enter into any agreement that, if existing as of the date of this Agreement, would have to be listed in Schedule 1.1(a) as part of the Purchased Assets; or

(iii) enter into any agreement, commitment or understanding, whether or not in writing, with respect to any of the foregoing.

Section 4.2 Access to Books, Records and Personnel. If before or after the Closing it is necessary that any Party be furnished with additional information relating to the Purchased Assets or the Business, and such information is in the possession of any other Party, such Party agrees to use commercially reasonable efforts to furnish such information to the requesting Party, at the requesting Party's cost and expense, and to make its employees available on a mutually convenient basis to provide additional information and explanation of such materials. Any such disclosure shall be subject to the confidentiality or other applicable terms of any agreement to which the disclosing Party is bound as well as any Applicable Laws.

Section 4.3 Tax Matters.

(a) With respect to the Purchased Assets and the Business, Sellers shall prepare and file all Tax Returns for any period ending on or before the Closing Date, and Buyer shall prepare all Tax Returns for all other periods.

(b) The Parties shall cooperate fully, as reasonably requested by each other Party, in connection with the filing of Tax Returns as contemplated by Section 4.3(a) and any audit or other proceeding with respect to the Purchased Assets or the Business. Sellers and Owner agree to retain all books and records with respect to Tax matters pertinent to the Purchased Assets or the Business relating to any taxable period beginning before the Closing until the expiration of the statute of limitations of the respective taxable periods, and to abide by all record retention agreements entered into with any Taxing authority.

Section 4.4 Further Assurances. The Parties shall use their reasonable efforts (a) to obtain all approvals and consents requested by any other Party and required by or necessary for the transactions contemplated by the Transaction Documents, including those set forth on Schedule 2.3, and (b) to take all appropriate action and to do all things necessary, proper or advisable under Applicable Laws, regulations and the Transaction Documents to effect the Transactions and to timely satisfy the conditions set forth in Article V. However, nothing in this Section 4.4 shall require any Party to (y) hold separate or make any divestiture of any asset or otherwise agree to any restriction on operations or other condition that would be materially adverse to the assets, liabilities or business of Buyer or Sellers, or (z) offer or grant financial accommodations to any third party or to remain secondarily liable with respect to any liability. Prior to the Closing, no Party shall make any filing or request any consent related to the Transactions without the approval of the other Party, which approval shall not be unreasonably withheld or delayed.

Section 4.5 Sellers' Employees.

(a) Subject to Buyer's hiring policies, Buyer shall offer employment to all employees of Sellers, which are set forth on Schedule 4.5 at the same levels of benefits and compensation as set forth thereon. Employees of Sellers who accept employment with Buyer and become employees of Buyer at the Closing shall be referred to herein as "**Transferred Employees.**"

(b) Each Transferred Employee's sick leave, vacation and other paid time off (collectively, "**PTO**") accrued as of the Closing Date, is set forth on Schedule 4.5. Sellers shall deliver, at the Closing, an updated Schedule 4.5 setting forth the PTO accrued as of the Closing Date. Each Transferred Employee who consents to such transfer shall be credited by Buyer for any such accrued PTO, but Buyer shall have no obligation to make any payments to the Transferred Employees for such accrued PTO other than in accordance with the terms and conditions applicable to Buyer's employees or applicable law. Other than as expressly set forth herein, Buyer shall have no obligation whatsoever for, any compensation or other amounts payable to any current or former employee, officer, director, independent contractor or consultant of Sellers or the Business, including, without limitation, hourly pay, commission, bonus, salary, accrued PTO, fringe, pension

or profit sharing benefits or severance pay for any period relating to the service with Sellers at any time on or prior to the Closing Date.

(c) The terms of the Transferred Employees' employment with Buyer shall otherwise be upon such terms and conditions as Buyer, in its sole discretion, shall determine. This provision shall neither be construed to create any third party beneficiaries nor to vest any rights in parties other than those signatories to this Agreement.

Section 4.6 Covenant Not to Compete. To more effectively protect the value of the Purchased Assets, for two years after the Closing Date (the "**Restricted Period**"), Sellers and Owner shall not, without the prior consent of Buyer, directly or indirectly (whether as an owner, principal, employee, agent, consultant, independent contractor, partner or otherwise), anywhere in the State of Arizona, State of Texas or any other State in which Buyer has a facility, at which medical practitioners treat patients with venous diseases and provide certain other vascular and interventional radiology services on or prior to the first anniversary of the Closing (the "**Restricted Territory**"):

(a) engage in any business in competition with the Business; provided, however, that Sellers and Owner, may own, solely as an investment, securities in any entity that is in competition with the Business if (i) Sellers or Owner, as applicable, do not, directly or indirectly, beneficially own more than 2% in the aggregate of such class of securities, (ii) such class of securities is publicly traded, and (iii) Sellers or Owner, as applicable, has no active participation in the business of such entity that is in competition with the Business;

(b) excluding those Transferred Employees listed on Schedule 4.6, solicit business of the same or similar type being carried on by the Buyer in the operation of the Business from any person or entity known by Sellers or the Owner to be a customer of the Business as operated by Buyer;

(c) request any past, present or future customer or supplier of Sellers or Buyer to curtail or cancel its business with the Business as operated by Buyer;

(d) excluding the Transferred Employees listed on Schedule 4.6, without Buyer's consent, solicit, employ or otherwise engage as an employee or independent contractor any person who is an employee or independent contractor of the Business as operated by Buyer, unless such person's employment or engagement with the Business (i) was terminated by Buyer, or (ii) ended more than 12 months prior to the date of solicitation, employment or engagement;

(e) induce or attempt to induce any employee or independent contractor of the Business as operated by Buyer to terminate their employment or engagement with the Business; provided, however, that it shall not constitute a breach of the foregoing if any person or entity which employs or otherwise engages Owner solicits and/or hires an employee or former employee of the Business through a general solicitation not directed at such employee or former employee, and further provided the Owner does not have hiring authority or influence over hiring for the applicable position; or

(f) unless otherwise required by law, subject to the confidentiality provisions of this Agreement, disclose to any person or entity details of the organization or business affairs of the Business, any names of past or present customers of the Business, any Trade Secrets, or any other non-public information concerning the Business or its affairs; notwithstanding the foregoing, the Sellers may publically disclose information related to or arising from the filing, prosecution, and enforcement of intellectual property rights pertaining to the Excluded Assets.

Notwithstanding anything to the contrary above in this Section 4.6, this Section 4.6 shall not: (i) restrict Owner from providing medical services as a physician in private medical practice to any of the past, present or future patients or customers of the Business, provided Owner does not use any marketing or advertising directed at such past, present or future patients, (ii) this Section 4.6 shall not restrict Owner and his Affiliates from leasing any real property, including real property no longer leased by Buyer and its Affiliates, to any third party, including any third party that may be competitive with the Business; (iii) restrict Owner from engaging in discussions or negotiations related to business activities that, if executed or performed, might otherwise be prohibited by this Section 4.6; or (iv) restrict Owner from engaging in any activities set forth on Schedule 4.6, so long as such activities do not interfere with the obligations of Owner under the Physician Employment & Medical Director Agreement.

Sellers and Owner agree that the covenants set forth in this Section 4.6 are drafted to and are intended to comply with and be enforceable under Texas Business & Commerce Code Section 15.50(a) and other applicable laws and regulations. The Parties acknowledge that if the scope of the covenants in this Section 4.6 is deemed to be too broad in any court proceeding, the court may reduce the scope as deemed reasonable under the circumstances. Sellers and Owner also agree that in the event that the covenants are reformed and Sellers and/or the Owner has breached the reformed covenants, Buyer may be entitled to recover attorneys' fees and costs in enforcing the covenants in the same manner and to the same extent as if they had been enforced as written against the breaching Party. The Parties acknowledge that Buyer may not have any adequate remedy at law for the breach or threatened breach by Sellers or Owner of this Section 4.6 and, accordingly, Buyer may, in addition to remedies that may be available under this Agreement, file suit in equity to enjoin Sellers or Owner from that breach or threatened breach, and Sellers and Owner consent to the issuance of injunctive relief. Sellers and Owner agree that Buyer's performance under this Agreement constitutes sufficient consideration for the covenant not to compete in this Section 4.6.

Notwithstanding anything to the contrary contained herein, Buyer and NHC agree that Owner shall be released from any and all restrictions under this Section 4.6 if the Physician Employment & Medical Director Agreement is terminated (i) for cause by Owner; or (ii) without cause by Nobilis Health Network, Inc. or other employer to which the Physician Employment & Medical Director Agreement is assigned.

Section 4.7 Confidentiality. Sellers and Owner acknowledge that irreparable damage would occur if any confidential or proprietary information regarding the Business, the Purchased Assets or Buyer were disclosed to or utilized on behalf of any person or entity that is in competition in any respect with the Business as conducted by the Buyer following the Closing. Without the prior written consent of Buyer, Sellers and Owner agree that they shall not, directly or indirectly,

use or disclose any of such information. The provisions of this Section 4.7 shall not prohibit a Party from disclosing information covered by this Section 4.7 pursuant to a subpoena or other validly issued administrative or judicial process requesting the information; provided, however, that prompt notice is provided to the other Party of the required disclosure.

Section 4.8 Mail. Sellers and Owner authorize Buyer, on and after the Closing Date, to receive and open all mail received by Buyer relating to the Purchased Assets or the related Assumed Liabilities and to deal with the contents of such communications in any proper manner.

Section 4.9 Third Party Consents.

(a) If Sellers' or Owner's rights to any Purchased Asset may not be transferred without the consent of another person or entity, and if such consent has not been obtained as of the Closing Date as applicable, despite the exercise by Sellers or Owner of their respective reasonable efforts, this Agreement shall not constitute an agreement to transfer such Purchased Asset (a "**Non-Transferred Purchased Asset**") if an attempted transfer thereof would constitute a breach or be unlawful. In any such case, Sellers and Owner, to the maximum extent permitted by law, (i) shall act as the Buyer's agent to obtain for Buyer the benefits and satisfy the associated obligations related to the Non-Transferred Purchased Asset, and (ii) shall cooperate with Buyer in any other reasonable arrangement designed to provide those benefits to the Buyer, including by agreeing to remain liable under any applicable contract, and Buyer shall with cooperation from Sellers make any payments with respect to a Non-Transferred Purchased Asset required to obtain the benefit thereof.

(b) With respect to any Equipment Indebtedness that is not a Non-Transferred Purchased Asset and may not be transferred without the consent of another person or entity, and if such consent has not been obtained as of the Closing Date despite the exercise by Sellers or Owner of their respective reasonable efforts, Sellers shall continue to perform, and make all payments required, under the terms of such Equipment Indebtedness until such time as such Equipment Indebtedness is transferred to Buyer and Buyer assumes the related Equipment Indebtedness. Until such transfer and assumption, the Parties shall cooperate to allow Buyer to make any payments required pursuant to such Equipment Indebtedness on behalf of Sellers. The Parties shall cooperate to obtain a release of Owner and Sellers, as applicable, from the applicable Equipment Indebtedness at the time of its transfer and assumption.

(c) Nothing contained in this Section 4.9 shall relieve the Sellers or Owner of their respective obligations under any other provisions of this Agreement, including the obligation pursuant to Section 4.4 to use their respective reasonable efforts to obtain the consent of the applicable person or entity to transfer the Non-Transferred Purchased Asset to Buyer.

Section 4.10 Insurance. Sellers shall maintain existing insurance or "tail" insurance, in form and substance reasonably acceptable to Buyer ("**Seller Insurance**"), to insure against liabilities in connection with the development, business or operation of the Sellers and/or the Purchased Assets. The Seller Insurance coverage shall be retroactive such that it covers all periods prior to the Closing Date, as applicable, and shall remain in effect for at least three years from the Closing Date. The minimum coverage of the Seller Insurance shall be One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) in the aggregate.

Section 4.11 Financial Statements. Sellers shall, at Sellers' and Owner's sole expense, deliver to Buyer and NHC copies of revised Financial Statements prepared from the books and records of Sellers on an accrual basis in accordance with GAAP applied on a consistent basis throughout the periods covered by the Financial Statements (the "**Converted Financial Statements**").

Section 4.12. Sellers' Indebtedness. In connection with the Closing, Sellers shall negotiate and obtain payoff letters with respect to certain indebtedness of the Sellers as set forth on Schedule 1.4 (the "**Payoff Letters**"). The Payoff Letters shall (i) indicate the total amount required to be paid to fully satisfy all principal, interest, prepayment premiums, penalties, breakage costs or similar obligations (other than ordinary course and contingent indemnification obligations) related to the Sellers' indebtedness (the "**Payoff Amount**"), (ii) state that all liens in connection therewith relating to the assets of the Sellers' shall be, upon the payment of the Payoff Amount on the Closing Date, released and (iii) authorize the Sellers to file UCC-3 termination statements in all applicable jurisdictions to evidence the release and termination of the Sellers' indebtedness. Sellers shall deliver all notices and take all other actions necessary to facilitate the termination of obligations and commitments under the Sellers' indebtedness, the repayment in full of all obligations then outstanding thereunder, and the release of all liens in connection therewith on the Closing Date.

(a) In connection with the Closing, Sellers shall pay the applicable portion of the Payoff Amount pursuant to the terms of the Payoff Letters. If requested by Sellers or Owner, Buyer shall wire a portion of the Closing Cash directly to the applicable lenders to pay the Payoff Amount on Sellers' behalf.

Section 4.1 Cooperation after Closing. Each Party and its subsidiaries and affiliates agrees to cooperate with the other Parties and their subsidiaries and affiliates as necessary to permit timely responses to any audits or other similar requests for information or records not otherwise addressed above. Without limiting the generality of the foregoing, Buyer and NHC agree to timely assist Sellers with respect to payor repayment obligations, if any, including without limitation by providing staffing assistance and access to records as reasonably requested.

Section 4.2 Transition Period. At Closing, Sellers and Buyer, and/or Buyer's designee shall enter into the Transition Services Agreement, attached and incorporated as Exhibit G, until the first to occur of: (i) the date selected by Buyers, at Buyers' discretion, following the date on which Buyer and/or its designee, as applicable, is a participating provider in the Medicare program and is credentialed with certain commercial payors (as specified in the Transition Services Agreement) and has received its respective provider numbers; or (ii) one hundred twenty (120) days following the Closing Date.

Section 4.15 Release of Sellers and Owner. Notwithstanding anything contained herein to the contrary, in the event the Parties have agreed to waive as a condition to Closing the delivery of the assignment and assumption agreements for each of the Clinic Leases, then Buyer and NHC hereby acknowledge and agree that, to the fullest extent possible, Buyer and NHC shall promptly execute any and all instruments or other documentation required to assign the Clinic Leases to Buyer or NHC and to fully release Sellers and Owner from

any and all liability under the Clinic Leases and any and all liability of Sellers and/or Owner as a guarantor of any obligations under the Clinic Leases, including without limitation the execution by NHC of one or more guaranties if requested by the landlord. Further, in the event the Parties have agreed to waive as a condition to Closing the assignment of the Wells Fargo Loan Documents (as defined in Section 7.3), then Buyer and NHC hereby acknowledge and agree that, to the fullest extent possible, Buyer and NHC shall promptly execute any and all instruments or other documentation required to assign the Wells Fargo Loan Documents to Buyer or NHC and to fully release Sellers and Owner from any and all liability under the Wells Fargo Loan Documents and any and all liability of Sellers and/or Owner as a guarantor of any obligations under the Wells Fargo Loan Documents, including without limitation the execution by NHC of one or more guaranties if requested by Wells Fargo.

ARTICLE V

CONDITIONS TO CLOSING

Section 5.1 Conditions to Obligations of the Parties. The obligations of the Parties to consummate the purchase and sale of the Purchased Assets are subject to the satisfaction or waiver as of the Closing of each of the following conditions:

- (a) No rulemaking authority or court has issued any law, regulation or order that has the effect of making such transaction illegal or otherwise restraining or prohibiting such transaction.
- (b) No claim or proceeding contesting or seeking to adversely affect such transaction is pending or threatened.
- (c) Any applicable waiting period under any law or regulation applicable to such transaction has expired or terminated.

Section 5.2 Conditions to Obligations of Sellers and Owner. The obligations of Sellers and Owner to consummate the purchase and sale of the Purchased Assets are subject to the satisfaction by Buyer and NHC, or waiver by Sellers and Owner, as of the Closing, of each of the following conditions:

- (a) The representations of Buyer and NHC contained in Article III are true and correct in all material respects (except for those qualified by materiality, which are true and correct in all respects) as of the Closing (other than such representations as are expressly made as of another date).
- (b) Buyer has made the deliveries required by Sections 1.6(b).
- (c) Buyer and NHC have complied in all material respects with each of their covenants and undertakings under this Agreement as of the Closing.

Section 5.3 Conditions to Obligations of Buyer and NHC. The obligations of Buyer and NHC to consummate the purchase and sale of the Purchased Assets is subject to the satisfaction

by Sellers and Owner, or waiver by Buyer and NHC, as of the Closing, of each of the following conditions:

(a) The representations of Sellers and Owner contained in Article II are true and correct in all material respects (except for those qualified by materiality, which are true and correct in all respects) as of the Closing (other than such representations as are expressly made as of another date).

(b) Sellers and Owner have made the deliveries required by Section 1.6(a).

(c) Sellers and Owner have complied in all material respects with each of their respective covenants and undertakings under this Agreement as of the Closing.

ARTICLE VI

PURCHASE PRICE HOLDBACK CASH

Section 6.1 Holdback Cash. On the Closing Date, the Holdback Cash shall be retained by Buyer as security for Post-Closing Adjustment pursuant to Section 1.1(c)(ii) and for the payment of any and all claims by Buyer against Sellers and Owner pursuant to Section 7.2.

Section 6.2 Distribution of Holdback Cash. On the 12-month anniversary of the Closing Date, fifty percent (50%) of the Holdback Cash, less the amount of any Loss for which reductions have been made out of the Holdback Cash as of such date, or for which there are indemnification claims then pending, shall be paid to Sellers. The remainder of the Holdback Cash, less the amount of any Loss for which reductions have been made out of the Holdback Cash as of such date, or for which there are indemnification claims then pending, shall be paid to Sellers on the 24-month anniversary of the Closing Date. Buyer shall be permitted to deduct the amount of any Loss that is agreed or resolved in accordance with the terms of this Agreement out of the Holdback Cash. Promptly following the resolution of any indemnification claims then pending, any amount of the Holdback Cash not payable to Buyer based on the resolution of a particular claim that was previously retained shall be paid to Seller.

ARTICLE VII

INDEMNIFICATION

Section 7.1 Loss and Indemnitees Defined. For the purposes of this Article VII:

(a) “**Loss**” means any liability, loss, cost, or injury, that results from any claim or proceeding;

(b) “**Buyer Indemnitees**” means NHC, Buyer and any present or future officer, director, manager, employee, Affiliate, direct or indirect subsidiary, equity holder or agent of NHC or Buyer; and

(c) “**Seller Indemnitees**” means Owner, Sellers and any present or future officer, director, manager, employee, Affiliate, direct or indirect subsidiary, equity holder or agent of Sellers.

Section 7.2 Indemnification by Sellers. Sellers and Owner shall, jointly and severally, indemnify, defend and hold harmless each Buyer Indemnitee from and against any Losses incurred by any Buyer Indemnitee that arise out of, relate to or result from:

- (a) any Excluded Assets or Retained Liabilities;
- (b) any breach of the representations in Article II; and
- (c) any breach by Sellers or Owner of their respective covenants in this Agreement.

Section 7.3 Indemnification by Buyer and NHC. Buyer and NHC shall, jointly and severally, indemnify, defend and hold harmless each Seller Indemnitee from and against any Losses incurred by any Seller Indemnitee that arise out of, relate to or result from:

- (a) any Assumed Liabilities;
- (b) any breach of the representations in Article III;
- (c) the ownership of the Purchased Assets and the operation of the Business after the Closing; provided, however, that such Losses do not arise out of, relate to or result from an indemnifiable matter pursuant to Section 7.2;
- (d) any breach by Buyer or NHC of their respective covenants in this Agreement;
- (e) any liability asserted against a Seller Indemnitee under the terms of any of the Clinic Leases or any guaranty by a Seller Indemnitee related thereto (as each may be renewed, extended, modified, or amended by the parties thereto) arising after, or accruing for any period of time after, the Closing; and

(f) any liability asserted against a Seller Indemnitee under the terms of the Wells Fargo Loan Documents (as defined below) arising after, or accruing for any period of time after, the Closing, including without limitation any and all amounts that become due under the terms of the Wells Fargo Loan Documents, including, but not limited to, the balance of any such loan, any prepayment premium or penalty, interest, legal fees and expenses and late charges, and any liability related to any other remedy available to the Secured Party under the Wells Fargo Loan Documents, at law or in equity or otherwise. For purposes of this Agreement, “**Wells Fargo Loan Documents**” means those certain loan documents executed in favor of Wells Fargo, including (i) that certain Combination Loan and Security Agreement (Contract Number 404858-700), dated October 10, 2013, by and between HPS, as Debtor, and Wells Fargo, as Secured Party, (ii) that certain Combination Loan and Security Agreement (Contract Number 404858-701), dated June 11, 2013, by and between HPS, as Debtor, and Wells Fargo, as Secured Party, and (iii) any guaranty executed by a Seller Indemnitee related thereto.

Section 7.4 Procedures for Indemnification.

(a) A Party seeking indemnification pursuant to Section 7.2 or Section 7.3 (the “**Indemnified Party**”) shall provide prompt written notice to the Party required to provide indemnification under Section 7.2 or Section 7.3 (the “**Indemnifying Party**”) of any event, claim or proceeding carried out by a third party (“**Third Party Claim**”) for which the Indemnified Party is entitled to indemnification under this Article VII. The Indemnifying Party will have the right to direct, through counsel of its choice, the defense or settlement of any Third Party Claim at its own expense. The Indemnified Party may participate in such defense at its own expense. The Indemnified Party will promptly provide the Indemnifying Party with reasonable access to the Indemnified Party’s records and personnel relating to any Third Party Claim during normal business hours and will otherwise cooperate with the Indemnifying Party in the defense or settlement of a Third Party Claim. The Indemnifying Party will reimburse the Indemnified Party for all of its reasonable out of pocket costs related to a Third Party Claim.

(b) The Indemnified Party will not pay, or permit to be paid, any part of any Loss arising from a Third Party Claim, unless the Indemnifying Party consents in writing to such payment (which consent will not be unreasonably withheld or delayed) or unless a final judgment from which no appeal may be taken by or on behalf of the Indemnified Party is entered against the Indemnified Party for such Loss. No Third Party Claim may be settled by the Indemnifying Party without the written consent of the Indemnified Party, which consent will not be unreasonably withheld or delayed, unless the judgment or proposed settlement involves only the payment of money damages and does not seek to impose equitable relief.

(c) If the Indemnifying Party fails to defend a Third Party Claim or withdraws from defending such a claim, then the Indemnified Party will have the right to undertake the defense or settlement of the applicable Third Party Claim and seek reimbursement under this Agreement. If the Indemnified Party assumes the defense of a Third Party Claim pursuant to this Section 8.4 and proposes to settle such claim prior to a final judgment or to not pursue an appeal, then the Indemnified Party will give the Indemnifying Party prompt written notice and the Indemnifying Party will have the right to participate in the settlement or assume or reassume the defense of such Third Party Claim at the sole cost and expense of the Indemnifying Party.

Section 7.5 Survival of Limitation.

(a) All representations made by each Party to this Agreement shall survive the Closing Date for a period of 2 years, except for:

(i) the representations in Section 2.8 shall survive until the expiration of the applicable statute of limitations; and

(ii) the representations in Section 2.1, Section 2.2, Section 2.3(a-c), and the first two sentences of Section 2.4, which shall survive indefinitely (the “**Fundamental Representations**”).

(b) The covenants of each Party in this Agreement shall survive for the relevant statute of limitations period, unless a different period is expressly provided for in this Agreement.

(c) Any claim for indemnification under Section 7.2 or Section 7.3 must be asserted within the applicable survival period set forth in this Section 7.5. Any claim asserted in writing prior to the expiration of the applicable survival period shall survive until such claim is resolved and payment, if any is owed, is made.

Section 7.6 Limitations on Indemnification and Payment of Damages.

(a) Sellers and Owner shall not be liable under Section 7.2(b) until the aggregate amount of indemnification claims made by the Buyer Indemnitees exceeds One Hundred Thousand Dollars (\$100,000) and, in such event, Sellers and Owner, jointly and severally, shall be required to pay the amount of all such Losses only in excess of such amounts.

(b) The aggregate payments made by Sellers and Owner in satisfaction of claims of the Buyer Indemnitees for indemnity pursuant to Section 7.2(b) shall not exceed an amount equal to triple the Holdback Cash as defined at Section 1.1(a)(iii).

(c) Notwithstanding the foregoing, the limitations set forth in Sections 7.6(a) and (b) shall not apply to Losses arising out of, relating to, or resulting from any Excluded Assets or Retained Liabilities, fraud, and breaches of the Fundamental Representations; provided, however, if claims by the Buyer Indemnitees for indemnity pursuant to Section 7.2(b) include claims arising from breaches of the Fundamental Representations, the aggregate payments made by Sellers and Owner in satisfaction of claims of the Buyer Indemnitees for indemnity pursuant to Section 7.2(b), including for claims arising from breaches of other representations in Article II, shall not exceed the Purchase Price.

(d) The calculation of any Loss pursuant to this Article VII shall be reduced by any insurance proceeds received by the Indemnified Party but shall not be reduced for any Tax benefits realized or not by an Indemnified Party from such Loss.

(e) Subject to Sellers' and Owner's prior written consent, Buyer shall offset any amount to which it is entitled under this Article VII first against the principal amount of the Note and then against the Holdback Cash before seeking any amounts directly from Sellers or Owner.

(f) The indemnification provided in this Article VII shall be the sole and exclusive remedy after the Closing for breaches of this Agreement, except for those provisions for which this Agreement provides that an equitable remedy may be sought and in the case of willful breach, fraud, or intentional misrepresentation.

Section 7.7 Characterization of Indemnification Payments. Unless otherwise required by law, all payments made pursuant to this Article VII shall be treated for all Tax purposes as adjustments to the Purchase Price. To the extent any such payment is not treated as a non-taxable

adjustment to the Purchase Price by any taxing authority, Sellers or Buyer (as applicable) shall make such payment on an after-Tax basis so that the amount of any such payment is increased to adjust for any Taxes imposed on Buyer or Sellers (as applicable) as a result of receiving such payment.

Section 7.8 Express Negligence Rule. THE INDEMNIFICATION AND ASSUMPTION PROVISIONS PROVIDED FOR IN THIS AGREEMENT HAVE BEEN EXPRESSLY NEGOTIATED IN EVERY DETAIL, ARE INTENDED TO BE GIVEN FULL AND LITERAL EFFECT, AND SHALL BE APPLICABLE WHETHER OR NOT THE LIABILITIES, OBLIGATIONS, CLAIMS, JUDGMENTS, LOSSES, COSTS, EXPENSES OR DAMAGES IN QUESTION ARISE OR AROSE SOLELY OR IN PART FROM THE GROSS, ACTIVE, PASSIVE OR CONCURRENT NEGLIGENCE, STRICT LIABILITY, OR OTHER FAULT OF ANY INDEMNIFIED PARTY. THE PARTIES ACKNOWLEDGE THAT THIS STATEMENT COMPLIES WITH THE EXPRESS NEGLIGENCE RULE AND CONSTITUTES CONSPICUOUS NOTICE. NOTICE IN THIS CONSPICUOUS NOTICE IS NOT INTENDED TO PROVIDE OR ALTER THE RIGHTS AND OBLIGATIONS OF THE PARTIES, ALL OF WHICH ARE SPECIFIED ELSEWHERE IN THIS AGREEMENT.

ARTICLE VIII

TERMINATION

Section 8.1 Termination. This Agreement may be terminated:

(a) by either Sellers and Owner, on the one hand, or Buyer and NHC, on the other hand, in writing, after February 28, 2017, if the Closing has not occurred; provided, that, as of such date the terminating Party is not in default under this Agreement;

(b) by either Buyer and NHC, on the one hand, or Sellers and Owner, on the other hand, in writing, if there is instituted or threatened any action by any rulemaking authority or court, or there is in effect any order of any rulemaking authority or court, that seeks to prohibit or limit Buyer from exercising all material rights and privileges of its ownership of the Purchased Assets; provided, that, Buyer and Sellers shall have used their reasonable best efforts to have any such action or order lifted and the same shall not have been lifted within thirty (30) days after entry; or

(c) by either Buyer and NHC, on the one hand, or Sellers and Owner, on the other hand, in writing, if the other Parties are not able to comply with the conditions to the Closing; provided, that the defaulting Parties shall have a period of ten (10) days following written notice from the non-defaulting Parties to cure any breach of this Agreement.

Section 8.2 Effect of Termination. In the event of termination in accordance with Section 8.1, this Agreement will become void and there will be no liability on the part of any Party or their respective directors, managers, officers, equity holders or agents, except as provided in Section 9.1 and except that any such termination shall be without prejudice to the rights of any Party arising out of the breach by any other Party of any representation or covenant contained in this

Agreement or due such other Party's failure or refusal to close without justification under this Agreement.

ARTICLE IX

GENERAL PROVISIONS

Section 9.1 Expenses. All costs incurred in connection with the Transaction Documents and the Transactions shall be paid by the Party incurring such costs, whether or not the Closing has occurred. Sellers shall pay all costs related to transfer, stamp, sales, use or other similar Taxes or costs payable in connection with the sale of the Purchased Assets.

Section 9.2 Notices. All communications under this Agreement will be in writing and will be given or made (and will be deemed to have been duly given or made upon receipt) by delivery in person, by courier service, by facsimile or by registered or certified mail (postage prepaid, return receipt requested) to the parties at the following addresses (or at such other address for a party as will be specified by like notice):**Severability**. If any term of this Agreement is held illegal or incapable of being enforced by any rule of law or public policy, all other terms of this Agreement will nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any Party.

Sellers:

Carlos R. Hamilton III, M.D.
4690 Sweetwater Blvd., Ste. 200
Sugarland, Texas 77479

with a copy to (which shall not constitute notice to Sellers):

Gray Reed & McGraw L.L.P.
1300 Post Oak Blvd., Ste 2000
Houston, Texas 77056
Attn: Sofia Adrogue

Buyer or NHC:

Nobilis Health Corp.
11700 Katy Freeway Ste. 300
Houston, Texas 77079
Fax No.: (281) 840-5190
Attn: General Counsel

Section 9.3 Entire Agreement. This Agreement, together with the schedules and exhibits hereto, and the Transaction Documents constitute the entire agreement of the Parties with

respect to the subject matter thereof, and supersede all prior agreements with respect thereto among the Parties. No representation, promise, or statement of intention has been made by any of the parties hereto which is not embodied in this Agreement and none of the parties hereto shall be bound by or liable for any alleged representation, promise, or statement of intention not set forth.

Section 9.4 Assignment. This Agreement shall not be assigned by any Party without the prior written consent of the non-assigning Parties; provided, however, that Buyer may assign all or a portion of its rights and obligations under this Agreement to any affiliate of Buyer, provided such person or entity agrees in writing to be bound by all of Buyer's obligations under this Agreement.

Section 9.5 No Third-Party Beneficiaries. This Agreement is for the sole benefit of the Parties and their successors and permitted assigns and nothing herein, express or implied, is intended to or will confer upon any other person or entity any legal or equitable right or remedy of any nature under or by reason of this Agreement, except for the indemnification rights under Article VI.

Section 9.6 Amendment; Waiver. This Agreement may not be amended except by an instrument in writing signed by the Parties. Waiver of any provision of this Agreement will be effective only if in writing and signed by the Party waiving the provision and, unless expressly provided, will not be a waiver of any subsequent breach or a waiver of any other provision of this Agreement (regardless of whether similar).

Section 9.7 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of Texas applicable to contracts executed and performed entirely therein, without regard to the principles of choice of law or conflicts or law of any jurisdiction.

Section 9.8 Dispute Resolution. In the event of any dispute between the Parties arising out of or relating to this Agreement, or the alleged breach thereof, the Parties shall promptly meet in a good faith effort to resolve the dispute. If the dispute is not resolved within thirty (30) days after the first meeting on that topic, each Party shall be free to pursue and exercise any and all legal rights and remedies available to them. The Parties shall be free to submit any unresolved dispute to any form of alternative dispute resolution they deem appropriate or, absent such agreement, the dispute shall be submitted to the state or Federal courts located in Harris County, Texas, which forum, the parties specifically agree, is a proper and convenient forum. The Parties further agree to submit to the jurisdiction of the state or federal courts located in Harris County, Texas, and waive the right to challenge personal jurisdiction and/or subject matter jurisdiction in said courts. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION ARISING OUT THIS AGREEMENT.

Section 9.9 Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties to this Agreement in separate counterparts, each of which when executed will be deemed to be an original but all of which taken together will constitute one and the same agreement. Facsimile signatures or .pdf copies shall be deemed the same as originals.

Section 9.10 Press Releases. Any press release or public announcement regarding this Agreement or the Transactions shall require the written approval of Buyer and NHC, and shall be subject to the prior review by Owner and Buyer and NHC shall take into account Owner's comments and concerns with respect to any such press release or public announcement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above by their respective duly authorized representatives.

BUYER:

Northstar Healthcare Acquisitions, L.L.C.

By: /s/ Kenneth Efirid
Kenneth Efirid, President

NHC:

Nobilis Health Corp.

By: /s/ Kenneth Efirid
Kenneth Efirid, President

Signature Page to Amended and Restated Asset Purchase Agreement

SELLERS:

Carlos R. Hamilton, III, M.D., P.A.

By: /s/ Carlos R. Hamilton III, M.D.
Carlos R. Hamilton III, M.D., Director

Hamilton Physician Services, LLC

By: /s/ Carlos R. Hamilton III, M.D.
Carlos R. Hamilton III, M.D., Manager

OWNER:

By: /s/ Carlos R. Hamilton III, M.D.
Carlos R. Hamilton III, M.D.

Signature Page to Amended and Restated Asset Purchase Agreement

EXHIBIT A

Form of Convertible Note

(See Attached)

Exhibit A to Amended and Restated Asset Purchase Agreement

3774916.5

EXHIBIT B

Form of Bill of Sale, Assignment and Assumption

(See Attached)

Exhibit B to Amended and Restated Asset Purchase Agreement

3774916.5

EXHIBIT C

Physician Employment & Medical Director Agreement

(See Attached)

Exhibit C to Amended and Restated Asset Purchase Agreement

3774916.5

EXHIBIT D

Form of Intellectual Property License

Intentionally Omitted

Exhibit D to Amended and Restated Asset Purchase Agreement

3774916.5

EXHIBIT E-1

Form of Sellers' Closing Certificate

Exhibit E-1 to Amended and Restated Asset Purchase Agreement

3774916.5

EXHIBIT E-2

Form of Owner's Closing Certificate

Exhibit E-1 to Amended and Restated Asset Purchase Agreement

3774916.5

Exhibit E-2 to Amended and Restated Asset Purchase Agreement

3774916.5

EXHIBIT F

Form of Buyer's Closing Certificate

Exhibit F to Amended and Restated Asset Purchase Agreement

3774916.5

EXHIBIT G

Transition Services Agreement

Exhibit G to Amended and Restated Asset Purchase Agreement

Schedule 1.1(a)
Purchased Assets/Contracts

The following contracts:

1. Cost per Image Rental Agreement, dated April 25, 2013, between CIT Finance, LLC and Dahill, on the one hand, and Carlos R. Hamilton, III, M.D., PA, on the other hand, for:

Model	Serial Number	Date
3635x	BB1566980	4/25/13
6605DN	XL3598539	4/25/13

2. Image Management Agreement, dated September 5, 2013, as amended, by and among Wells Fargo Financial Services, Inc., Dahill, Carlos R. Hamilton, III, M.D., PA and ImageCare Maintenance Agreement, dated September 5, 2013, between Carlos R. Hamilton, III, M.D., P.A. and Dahill, for:

Model	Serial Number	Date
3635x	LBP263567	9/5/13
3635x	LBP262057	9/5/13
6605DN	XL3600844	9/5/13

3. Dahill 360 Total Print Program agreement, dated December 23, 2013, between Carlos R. Hamilton, III, M.D., PA and Dahill, for:

Model	Serial Number	Date
6605DN	XL3604843	12/23/13

4. Dahill Print Programs agreement, dated August 4, 2014, between Carlos R. Hamilton, III, M.D., PA and Dahill, for:

Model	Serial Number	Date
6605DN	XL3612020	8/4/13

5. Amendment to Image Management Agreement, dated October 16, 2014, between Wells Fargo Financial Services, Inc. and Dahill, on the one hand, and Carlos R. Hamilton, III, M.D., PA, on the other hand, and Maintenance Agreement, dated October 16, 2013, between Carlos R. Hamilton, III, M.D., PA and Dahill, for:

Exhibit G to Amended and Restated Asset Purchase Agreement

Model	Serial Number	Date
7845	MX4361359	10/16/14
7845	MX4357869	10/16/14
4260x	E58587695 (?)	10/16/14

6. Dahill Print Programs agreement, dated October 16, 2014, between Carlos R. Hamilton, III, M.D., PA and Dahill, for:

Model	Serial Number	Date
3615DN	A28199853	10/16/14
3615DN	A28199855	10/16/14
6605DN	XL3614769	10/16/14

7. Dahill Print Programs agreement, dated March 19, 2015, between Carlos R. Hamilton, III, M.D., PA and Dahill, for:

Model	Serial Number	Date
3615	A2T204144	3/19/15

8. Dahill Print Programs agreement, dated April 21, 2015, between Carlos R. Hamilton, III, M.D., PA and Dahill, for:

Model	Serial Number	Date
6605DN	XL3619829	4/21/15

9. Dahill Print Programs agreement, dated May 12, 2015, between Carlos R. Hamilton, III, M.D., PA and Dahill, for:

Model	Serial Number	Date
6605DN	XL3620476	5/12/15

10. Dahill Print Programs agreement, dated July 17, 2015, between Carlos R. Hamilton, III, M.D., PA and Dahill, for:

Model	Serial Number	Date
3615	A2T381528	7/17/15

11. Dahill Print Programs agreement, dated August 14, 2015, between Carlos R. Hamilton, III, M.D., PA and Dahill, for:

Model	Serial Number	Date
3615	A2T379496	8/14/15

Exhibit G to Amended and Restated Asset Purchase Agreement

12. Lease Agreement, dated February 11, 2016, as amended, between Carlos R. Hamilton III, M.D., PA and FCB Fort Bend Holdings LLC for property located at 4690 Sweetwater Boulevard, Suite 200 and Suite 160, Sugar Land, Texas, 77479.
13. Sublease, dated December 20, 2012, between Hamilton Physician Services, LLC and Community Bank of Texas (successor-by-merger of Founders Bank, SSB and Vista Bank Texas) for property located at 4690 Sweetwater Boulevard, Suite 113, Sugar Land, Texas, 77479.
14. Office Building Lease Agreement, dated August 7, 2013, between Hamilton Physician Services, LLC and Star 2012 Development, LP for property located at 23510 Kingsland Boulevard, Suite 100, Katy, Texas 77479.
15. Lease Agreement, dated August 30, 2013, between Hamilton Physician Services, LLC and 251 Medical Center, LLC for property located at 251 Medical Center Boulevard, Suites 200 and 210, Webster, Texas 77598.
16. Agreement of Lease, dated June 2014, between Hamilton Physician Services, LLC and Hede FLP for property located at 9323 Pinecroft, Suite 200, Woodlands, Texas 77380.
17. Commercial Lease, dated July 16, 2014, as amended, between Hamilton Physician Services, LLC and Westbank Development, LLC for property located at 1650 Round Rock Avenue, Suite 100, Round Rock, Texas 78681.
18. Sublease Agreement, dated March 1, 2016, between Hamilton Physician Services, LLC and Health Connections, P.C. d/b/a Lymphwell P.C. for a portion of the property located at 1650 Round Rock Avenue, Suite 100, Round Rock, Texas 78681.
19. Lease Agreement, dated February 15, 2013, between Hamilton Physician Services, LLC and Office Grove Kingwood, LP for property located at 19701 Kingwood Drive, Building 1, Suite B, Kingwood, Texas 77339.
20. Lease Agreement, dated May 13, 2015, as amended, between Hamilton Physician Services, LLC and WMPT Stone Oak, LLP for property located at 19016 Stone Oak Parkway, San Antonio, Texas 78258. **Note:** Buyer and Sellers acknowledge and agree that, in accordance with the First Amendment to Lease Agreement, dated May 13, 2015 (the “**First Amendment**”), (i) the “Suite 150 Termination Date” has occurred, (ii) Sellers no longer occupy Suite 150 (as defined in the First Amendment), and (iii) Buyer is not assuming any obligation or liability with respect to Suite 150.
21. Software License (C-Arm) between Siemens Medical Solutions USA, Inc. and Hamilton Vein Center.
22. Luxel+ and Ring Dosimetry Service Order Form and Dosimetry Service Terms and Conditions, dated August 22, 2016, between Hamilton Vein Center and Landauer, Inc.
23. Services Agreement, dated August 1, 2012, between Love Advertising, Inc. and Hamilton Vein Center.
24. Master Services Agreement between AthenaHealth, Inc. and Carlos R. Hamilton, III, M.D., PA.

Exhibit G to Amended and Restated Asset Purchase Agreement

25. Master Services Agreement, dated December 15, 2014, General Terms and Conditions (available online) and Specific Attachment Ethernet Dedicated Internet Services Terms and Conditions, between Comcast Cable Communications Management, LLC and Hamilton Vein Center.
26. Customer Technology Systems Agreement, Customer Technology Systems License Agreement and Rebate Agreement, dated June 15, 2016, and Terms of Sale (available online), between McKesson Medical-Surgical Minnesota Supply Inc. and Hamilton Physician Services, LLC.
27. Software License, Support and Warranty, dated December 1, 2013, between Smaart Medical Systems, Inc. and Hamilton Vein Center.
28. Master Service Agreement and Customer Sales Order, dated June 8, 2015, and Terms of Service (available online), between Vonage Business, Inc. and Hamilton Vein.
29. Software as a Subscription Agreement, dated October 18, 2016, between Clinect Healthcare, Inc. and Carlos R. Hamilton, III, M.D., PA.
30. Services Agreement, dated October 29, 2015, between Hamilton Vein Center and Excel Medical Waste Disposal.
31. Collection Service Agreement, dated April 25, 2016, between Prince Parker & Associates and Carlos R. Hamilton, III, M.D., P.A.
32. Coverall's Cleaning Contract between Coverall of Central Texas and Hamilton Vein Center.
33. Service Agreement, dated May 3, 2016, between Office Pride and Hamilton Vein Center.
34. Janitorial Service Agreement, dated September 16, 2013, between Ultra Medical Cleaning and Environmental Services and Hamilton Vein Center.
35. Annual Medical Physics Radiation/QA survey by Benjamin Archer, Ph.D. (for Katy facility).
36. Proposal, Investment Summary and Sales Order, dated May 23, 2014, between ADP, Inc. and Hamilton Vein Center.
37. Quote, dated May 6, 2015, between The Weston Group and The Hamilton Institute.
38. Combination Loan and Security Agreement (Contract Number 404858-700), dated October 10, 2013, between Hamilton Physician Services, LLC, as Debtor, and Wells Fargo, as Secured Party. **Note:** This agreement is not assignable by Debtor (see Schedule 2.3).
39. Combination Loan and Security Agreement (Contract Number 404858-701), dated June 11, 2013, between Hamilton Physician Services, LLC, as Debtor, and Wells Fargo, as Secured Party. **Note:** This agreement is not assignable by Debtor (see Schedule 2.3).

Location	Category	Item Description	Manufacturer	Model Number	Serial Number	Date Purchased	Purchase Price	Warranty Expiration	Owned/Leased	Condition	Notes
Clear Lake	Furniture - Medical	5 tilt bed	Hill Labs (Tilt)	HA90V						Excellent	

Exhibit G to Amended and Restated Asset Purchase Agreement

Clear Lake	Furniture - Medical	9	exam table with stool	Hill Labs (Tilt)	9133-30						Good	
Clear Lake	Furniture - Medical	2	300 lbs weight scale	Other	4500007237						Excellent	
Clear Lake	Appliances	1	refrigerator	Other	FFHS2622MS5	4A31604587					Good	
Clear Lake	Furniture - General	2	pier 1 end round table	Other	32011						Excellent	
Clear Lake	Lamps	2	table lamp	Circa Lighting	s 30151BR-NP							
Clear Lake	Furniture - General	26	EXAM / BREAK CHAIR W ARMS	Debner	N60CC						Excellent	
Clear Lake	Furniture - General	5	EXAM/BRAKE CHAIR ARMLESS	Debner	N60DD						Excellent	
Clear Lake	Furniture - General	8	task chairs	Debner	HMH01						Good	
Clear Lake	Furniture - General	3	lobby chair- beige	Debner	39L-GWXX	4631					Excellent	
Clear Lake	Furniture - General	12	lobby cahir - green	Debner	39U-GWXX	98233					Excellent	
Clear Lake	Furniture - General	7	lobby Bariatric chair	Debner	39A-BWAA						Excellent	some are stained worn out
Clear Lake	Furniture - General	1	one seat lobby lounge	Debner	N78LAU						Excellent	
Clear Lake	Furniture - General	1	Bariatric lounge chair	Debner	N78LEU						Excellent	one leg is missing the stopper, overall good.
Clear Lake	Furniture - General	1	conference table	Debner	32WX28H						Good	not stable
Clear Lake	Appliances	1	panasonic microwave	Other	NN-SN6155						Fair	
Clear Lake	Furniture - General	4	console table	Debner	ECN1948CSW						Excellent	
Clear Lake	Furniture - General	1	24X24 end table	Debner	ECN2424ENW						Excellent	
Clear Lake	Furniture - General	4	fabric blue armless chair	Other	912615						Excellent	
Clear Lake	Lamps	1	green hourglass lamp	Other	L113547K0	76,250					Excellent	
Clear Lake	Furniture - Medical	7	single mayo stand	Other								
Clear Lake	Furniture - Medical	7	large 4wheel cart	Quick Medical (Exam)	N/A						Poor	2 OF THEM ARE BENT FROM THE SIDES
Clear Lake	Furniture - Medical	1	XL 4 wheel cart	Quick Medical (Exam)	3G010420						Fair	
Clear Lake	Appliances	1	M9 ultra autoclave	Other	M9-022	V1177843					Excellent	

Clear Lake	Appliances	1	M7 speed clave-autoclave	Other	M7-022	V10516					Fair	
Clear Lake	Miscellaneous	2	Everst&Jennings Wheelchair	Other	11T-1578308						Excellent	
Clear Lake	Artwork	2	sunflower canvas yellow	MadHam Photography	N/A						Excellent	
Clear Lake	Artwork	2	sunflower canvas black/white	MadHam Photography							Excellent	
Clear Lake	Artwork	1	beach/turtle canvas	MadHam Photography							Excellent	
Clear Lake	Artwork	1	dog on rail tracks canvas x1	MadHam Photography							Excellent	
Clear Lake	Artwork	1	kayak on the water canvas x1	MadHam Photography							Excellent	

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

Clear Lake	Artwork	1	roots/tree vertical canvas x1	MadHam Photography						Excellent	
Clear Lake	Artwork	2	roots/tree horizontal canvas x2	MadHam Photography						Excellent	
Clear Lake	Artwork	3	yellow rose canvas x 3	MadHam Photography						Excellent	
Clear Lake	Artwork	1	Houston skyline canvas x1	MadHam Photography						Excellent	
Clear Lake	Furniture - General	1	6ft 30x72 four door x1	Office Depot	KT613	3072E				Excellent	
Clear Lake	Furniture - General	3	5ft 4door storage cabinet 61x23- x3	Office Depot	7159971					Excellent	
Clear Lake	Furniture - General	3	6ft 71x29 2door storage cabinet x3	Office Depot	n/a					Excellent	
Clear Lake	Furniture - General	1	5ft 60x21 four door file cabinet x1	Office Depot	N/A					Excellent	
Clear Lake	Furniture - Medical	4	bowmen metal glove dispenser x 4	Other	N/A					Excellent	
Clear Lake	Furniture - General	1	pier 1 import console table 48x14 - 1	Other	112010					Good	
Clear Lake	Furniture - General	1	54x19 four door file x1	Other	N/A					Excellent	
Clear Lake	Furniture - General	1	tv stand 29x19	Other	W176510	509926				Excellent	
Clear Lake	Furniture - General	2	71x23 long cherry desk x2	Other	N/A					Excellent	
Clear Lake	Miscellaneous	14	black trash can x 14	Other	N/A					Excellent	
Clear Lake	Furniture - Medical	4	plastic 30x5.5 glove dispenser x4	Other	N/A					Excellent	
Clear Lake	Appliances	3	RFA generator	Other	RFG2	20122025AR				Excellent	
Clear Lake	Appliances	2	Klein infiltration pump	Other	KIP-11	HK15M041912				Excellent	
Clear Lake	Appliances	1	Vnus infiltration pump	Other	TPMP-01	2194V1109R				Excellent	
Clear Lake	Appliances	2	Medco infiltration pump	Other	755490	E13002730				Fair	
Clear Lake	Appliances	1	keurig black	Other	K150P	M0064953				Fair	
Clear Lake	Appliances	1	Keurig maroon	Other	K70	24ZV				Good	
Clear Lake	Appliances	1	Keurig black/silver	Other	KB200	E0088645				Excellent	
Clear Lake	Appliances	1	Keurig black	Other	K150	J0212612				Good	
Clear Lake	Storage	1	Milwauwke dolly	Office Depot	30087					Good	
Clear Lake	Appliances	1	BioMedix stand	Other	N/A	21XYP12				Excellent	
Clear Lake	Appliances	1	HP SEND SCANNER	Other	desk jet 2540	CN48L475DF				Excellent	
CBO	Storage	11	47x68 (5) shelf unit	Office Depot						Excellent	
CBO	Miscellaneous	2	mayo stands	Other						Excellent	
CBO	Miscellaneous	2	(3) tier stands	Other						Fair	
CBO	Miscellaneous	15	trash cans	Office Depot							

CBO	Furniture - General	28	cubicles	Other								
CBO	Appliances	1	floor fan	Other								
CBO	Storage	3	36x65 (5) shelf unit	Office Depot								
CBO	Storage	1	77x68x24 (4) shelf unit	Office Depot								
CBO	Furniture - General	1	conference table	Other								
CBO	Furniture - General	50	executive chairs with arms	Other								
CBO	Furniture - General	1	chair without arms	Other								
CBO	Artwork	34	art pieces	MadHam Photography								
CBO	Furniture - General	4	"L" shaped wooden desk	Office Depot							Fair	desks are old and scratched

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

CBO	Furniture - General	3	desk	Office Depot							Good	these desks are in pretty good condition
CBO	Furniture - General	1	sofa table	Office Depot								
CBO	Furniture - General	1	coffee table	Office Depot								
CBO	Furniture - General	3	15x21 file cabinets	Office Depot								
CBO	Furniture - General	9	36x28 file cabinet	Office Depot								
CBO	Furniture - General	1	task chair	Debner	HMH01						Excellent	
CBO	Miscellaneous	16	recycle cans	Other								
CBO	Miscellaneous	1	AED	Other	Zoll AEDPLUS IP55	X1C657129		1500			Excellent	gently used
CBO	Miscellaneous	2	adult CPR mannequins	Other							Excellent	
CBO	Miscellaneous	1	infant CPR mannequin	Other							Excellent	
CBO	Miscellaneous	1	Hamilton Vein sign	Other							Excellent	
CBO	Miscellaneous	4	O2 tank carts	Other							Excellent	
CBO	Miscellaneous	1	folding screen	Other							Excellent	
CBO	Appliances	1	medication freezer	Other	Edgestar CRF150SS-1	15072070220		179			Excellent	
CBO	Appliances	1	whirlpool frig	Other	ER8AHKXRS03	VSW2691038					Excellent	
CBO	Appliances	1	microwave	Other	UMC25200BAS	12216606NL					Excellent	
CBO	Furniture - General	3	36x67 (5) drawer file cabinets	Other							Excellent	
CBO	Miscellaneous	1	2 step ladder	Other								
CBO	Furniture - General	1	15x28 (2) drawer file cabinet	Other								
Katy	Furniture - Medical	5	Hill adjustable tilt tables	Hill Labs (Tilt)	HA90V	111522, 131106, 141426, 131108, 131105					Excellent	
Katy	Furniture - General	2	One seat lounge chair (pre/postop)	Debner	N78LAU	1255, 1254					Excellent	
Katy	Furniture - General	1	Bariatric Lounge chair (pre/postop)	Debner	N78LEU	131					Excellent	
Katy	Lamps	4	Table lamps (circa aspen)	Circa Lighting	S 3051BR-NP	BZ13072777(2), BZ13072876(2)					Excellent	
Katy	Furniture - General	12	computer chairs	Other	N15MMS	3723, 3732, 3726, 3720, 3727, 3730, 3728, 3725, 3722, 3721, 3724, 3729					Excellent	
Katy	Furniture - General	1	computer chair	Other	N80AA	n/a					Excellent	
Katy	Furniture - General	1	computer chair	Other	SKU# 817765	n/a					Excellent	
Katy	Miscellaneous	3	RF Generators	Other	RFG2 (2), RFG3 (1)	2013518AR3, 20132534AR3, 20150104PX16					Excellent	
Katy	Miscellaneous	3	Pumps	Other	KIP-11 (2), TPMP-01 (1)	HK14M071501, HK14M071479, 5847U1203R					Excellent	

Katy	Miscellaneous	6	3 tier carts	Other	n/a	n/a					Good	
Katy	Miscellaneous	7	mayo stands									
Katy	Miscellaneous	1	Scale	Other	450KL	4500007347					Excellent	
Katy	Miscellaneous	1	Autoclave	Other	M9-022	V1408363					Excellent	
Katy	Storage	4	Tall silver shelves (48Wx24Lx75H)	Other	n/a	n/a					Good	

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

Katy	Storage	4	Husky Stackables (31.5Wx17Lx14H)	Other	SKU# 698805	n/a					Fair	
Katy	Storage	1	Medium Metal Shelf (35Wx13.5Lx54H)	Other	16510	n/a					Good	
Katy	Miscellaneous	2	Paper towel holders	Other	n/a	n/a					Excellent	
Katy	Artwork	21	MadHam pictures	MadHam Photography	n/a	n/a					Excellent	
Katy	Artwork	1	HVC sign	Other	n/a	n/a					Excellent	
Katy	Miscellaneous	18	Misc. picture frames throughout office	Other	n/a	n/a					Good	
Katy	Appliances	1	Breakroom refrigerator	Other	FFHS2622MSF	4A31604677					Excellent	
Katy	Appliances	1	Breakroom microwave	Other	NN-SN6615	6B73230002					Excellent	
Katy	Miscellaneous	2	Lg gray trash can	Other	FG354000GRAY	n/a					Good	
Katy	Miscellaneous	13	Medium black trash cans	Other	FG295700BLA	n/a					Excellent	
Katy	Miscellaneous	7	small black trash cans	Other	FG295600BLA	n/a					Excellent	
Katy	Furniture - General	3	"L" computer desks	Other	n/a	n/a					Fair	
Katy	Furniture - General	1	computer desk	Other	n/a	n/a					Fair	
Katy	Appliances	1	front office refrigerator	Other	FFPE45B2QM	KA51360345					Excellent	
Katy	Miscellaneous	5	fire escape plans	Other	n/a	n/a					Excellent	
Katy	Furniture - General	1	Bathroom cabinet	Other	n/a	n/a					Good	
Katy	Furniture - General	1	cabinet in checkout cubby	Other	n/a	n/a					Good	
Katy	Storage	1	safety deposit box at nurse's station	Other	n/a	n/a					Excellent	
Katy	Storage	1	4 drawer plastic storage container at nurse's station	Other	n/a	n/a					Good	
Katy	Miscellaneous	8	recycle bins	Other	n/a	n/a					Excellent	
Katy	Storage	2	single tier locker (6/ tier)	Other	n/a	n/a					Excellent	
Katy	Miscellaneous	1	clothing rack	Other	n/a	n/a					Excellent	
Katy	Miscellaneous	10	glove boxes	Other	n/a	n/a					Good	
Katy	Miscellaneous	1	x-mas tree with lights and ornaments	Other	n/a	n/a					Excellent	
Katy	Miscellaneous	1	white fold up table	Other	n/a	n/a					Fair	
Katy	Storage	1	Black shelf (72Hx42.5Lx17.5W)	Other	n/a	n/a					Excellent	
Katy	Miscellaneous	2	2 step stool	Other	n/a	n/a					Good	
Katy	Miscellaneous	2	AED	Other	n/a	n/a					Excellent	
Katy	Miscellaneous	1	Large Round Black trash can	Other	n/a	n/a						
Katy Angio	Furniture - Medical	4	Amico Transport stretchers	Other	n/a	C001-075, C001-076, C001-077, C001-078					Excellent	
Katy Angio	Furniture - Medical	4	Angiosuite over bed tables	Other	n/a	GF8902					Excellent	
Katy Angio	Miscellaneous	4	Utility Baskets	Other	n/a	130907-MON-BB					Excellent	

Katy Angio	Furniture - General	1	Restroom storage table	Other	12011	n/a					Excellent	
Katy Angio	Appliances	1	Refrigerator	Other	FFPE45L2QM	D89-43726101-15414					Excellent	
Katy Angio	Furniture - Medical	1	Procedure table (59.5x24)	Other	T0005	080415-032					Excellent	
Katy Angio	Appliances	1	towel warmer	Other	DC350	1614598-000					Excellent	
Katy Angio	Miscellaneous	1	Lg step on waste can	Other	9923BL	n/a					Good	
Katy Angio	Storage	1	Lead Rack	Other	16410	n/a					Excellent	
Katy Angio	Storage	1	4 Skirt Hangers	Other	16402	n/a					Excellent	

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

Katy Angio	Furniture - Medical	1	Float table	Other	STI-VASCTOP	071715-01					Excellent	
Katy Angio	Furniture - Medical	1	Emergency stop on float table	Other	VMAX-T	081815-01					Excellent	
Katy Angio	Appliances	5	5 Cardiogram monitors	Other	CAT 8100EP-US	216061252, 216061253, 216061254, 216061255, 216061256					Excellent	
Katy Angio	Storage	1	crash cart	Other	n/a	n/a					Excellent	
Katy Angio	Miscellaneous	1	double step stool	Other	n/a	n/a					Excellent	
Sugar Land	Storage	5	wooden cabinet	Office Depot							Fair	black
Sugar Land	Furniture - General	1	Small coffee table	Other							good	green
Sugar Land	Appliances	4	generators		RFG2	20113729BP, 20113615BP, 20111630BP, 2011707001						
Sugar Land	Appliances	4	pumps		TPMP-01, Klein	HK14M111677, HK14M10166, 3812u1106R, 3587u1006R						
Sugar Land	Furniture - Medical	8	Tilt table/stool	Hill Labs (Tilt)							Excellent	room 6
Sugar Land	Furniture - General	1	Task Chairs	Other	HMH01						good	brown
Sugar Land	Furniture - Medical	1	Mayo stand	Other							Good	IKEA
Sugar Land	Furniture - General	1	Computer stand	Other							Good	black
Sugar Land	Lamps	1	Standing lamp	Circa Lighting							Excellent	Tv room
Sugar Land	Furniture - General	4	Lobby Chair With Upholstered Back	Debner	39U-GWXX						Good	Zebra print
Sugar Land	Furniture - General	2	Lobby Chair with Wood Back	Debner	39B-GWXX							
Sugar Land	Furniture - General	2	Lobby Chair with Wood Back with arms	Debner	39B-GWXX							
Sugar Land	Furniture - General	1	Coffee table	Other							Fair	Brown wood
Sugar Land	Artwork	41	medium	MadHam Photography							Excellent	
Sugar Land	Furniture - General	2	Zebra print chairs	Other								
Sugar Land	Furniture - General	2	oversized Upholstered chair	Debner	N78LAU							
Sugar Land	Miscellaneous	1	44" TV	Other		MC11430060					Excellent	Panasonic
Sugar Land	Furniture - General	1	Dinner table	Other							Poor	
Sugar Land	Furniture - General	4	Tall kitchen chair	Other							Poor	
Sugar Land	Appliances	1	Toaster oven	Other							Good	Black & Decker
Sugar Land	Appliances	2	Microwave	Other							Good	Emerson

Sugar Land	Appliances	1	Refrigerator	Other							Excellent	Frigidaire Gallery
Sugar Land	Miscellaneous	1	Large picture frame	Other							Good	
Sugar Land	Storage	1	brown cubby	Other							Fair	
Sugar Land	Miscellaneous	1	K cup carousel stand	Other							Good	
Sugar Land	Miscellaneous	1	Tall garbage can	Other							Fair	grey
Sugar Land	Miscellaneous	2	Step on waste can	Quick Medical (Exam)							Good	silver/black
Sugar Land	Furniture - Medical	2	Ikea table (silver)	Other							Good	IKEA

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

Sugar Land	Miscellaneous	2	IV Pole	Other							Excellent	
Sugar Land	Miscellaneous	12	space heater	Office Depot							Good	Holmes
Sugar Land	Miscellaneous	5	Napkin holder	Other							Excellent	
Sugar Land	Furniture - General	2	Computer stand	Other							Good	black
Sugar Land	Furniture - General	5	Exam /Break Chair Armless	Debner	N60DD						Good	
Sugar Land	Miscellaneous	1	Clock	Office Depot							Poor	
Sugar Land	Furniture - General	5	Exam/ break green chair arms	Debner	N60CC						Good	
Sugar Land	Miscellaneous	4	Large Hvc frame	Other							Excellent	
Sugar Land	Furniture - Medical	3	Rolling stools (walmart)	Other							Good	Midmark
Sugar Land	Miscellaneous	9	glove holder	Other							Good	In all the rooms
Sugar Land	Miscellaneous	3	Recyclin bin	Other							Good	
Sugar Land	Furniture - General	6	Leather rolling chair	Other							Fair	black
Sugar Land	Furniture - General	2	Cloth rolling chair	Other							Good	black
Sugar Land	Furniture - Medical	10	Mayo stand	Other							Good	
Sugar Land	Furniture - Medical	5	3 tier Carts	Other							Good	
Sugar Land	Storage	1	3 tier basket organizer	Office Depot							Good	restroom
Sugar Land	Storage	2	Rolling Plastic drawer	Office Depot							Good	
Sugar Land	Furniture - General	3	Big desk	Office Depot							Fair	
Sugar Land	Furniture - General	2	small desks	Office Depot							Fair	
Sugar Land	Appliances	1	mini refrigerator	Other							Good	Haier
Sugar Land	Furniture - Medical	4	step stool	Other							Good	
Sugar Land	Furniture - General	1	Small table	Other							Good	black
Sugar Land	Furniture - General	17	Lobby Chair With Upholstered Back Debner	Debner	39U-GWXX						Fair	
Sugar Land	Lamps	2	table lamp	Circa Lighting	Circa Aspen Table Lamp Model S 3051BR-NP						Good	
Sugar Land	Furniture - General	2	Side table	Other							Good	
Sugar Land	Furniture - General	1	wall table	Other							Good	brown wood
Sugar Land	Miscellaneous	5	small frames	Other							Good	
Sugar Land	Miscellaneous	12	trash can	Office Depot							Good	

Sugar Land	Storage	1	2 drawer file cabinet	Office Depot							Good	
Sugar Land	Storage	3	4 tiered organizer	Office Depot							Good	
Sugar Land	Storage	1	Big shelves (63X47)	Office Depot							Good	
Sugar Land	Storage	1	small shelves (35.25X55)	Office Depot							Good	
Sugar Land	Storage	2	Big shelves (72X35)	Office Depot							Good	
Sugar Land	Storage	1	Small shelves (55X44)	Office Depot							Good	
Sugar Land	Appliances	1	Autoclave	Other	Midmark M9	V1404937					Good	
Sugar Land	Storage	1	Small shelves with bin (57X44)	Office Depot							Poor	
Sugar Land	Miscellaneous	1	Christmas tree and decorations	Other							Poor	
Round Rock	Lamps	2	lamps in waiting room	Circa Lighting	Circa Aspen Table Lamp Model S 3051BR-NP						Excellent	
Round Rock	Artwork	20	20 pictures	MadHam Photography								

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

Round Rock	Furniture - General		Lobby Chair with Wood Back	Debner	Debner Timberland Model 39B-GWXX									
Round Rock	Furniture - General		Lobby Chair With Upholstered Back	Debner	Debner Timberlane Model 39U-GWXX									
Round Rock	Furniture - General		End Tables	Debner	Debner Escalade 24X24 End Table; Model ECN2424ENW									
Round Rock	Furniture - General	2	Console Tables	Debner	Debner Escalade 19DX48W Console Table; Model ECN1948CSW									
Round Rock	Furniture - General	2	Kitchen tables rectangle	Debner	Debner 32WX28H Conference Table									
Round Rock	Furniture - General	1	kitchen table round	Debner										
Round Rock	Furniture - General	15	green chairs	Debner	Debner Model N60CC									
Round Rock	Miscellaneous	19	trash cans	Office Depot										
Round Rock	Furniture - Medical	3	exam tables	Debner	Model 9133-30; Styeline Specialty Exam Table w/ Stool									
Round Rock	Furniture - Medical	7	rolling chairs	Office Depot										
Round Rock	Furniture - General	17	desk rolling chairs	Office Depot										
Round Rock	Furniture - Medical	5	72X55 black shelves	Office Depot										
Round Rock	Furniture - Medical	1	77X48 black shelf rack	Office Depot										
Round Rock	Furniture - Medical	1	metal cabinet 36X71	Office Depot										
Round Rock	Furniture - Medical	4	black wooden cabinets	Office Depot										
Round Rock	Furniture - Medical	1	computer stand	Office Depot										
Round Rock	Furniture - Medical	6	select metal rolling carts	Quick Medical (Exam)										
Round Rock	Furniture - Medical	3	terason stands	Other										
Round Rock	Furniture - General	4	bariatric chairs	Debner	Debner Timberlane; Model 39A-BWAA									
Round Rock	Furniture - General	3	bariatric chairs	Debner	Debner Model N78LEU - Lobby Bariatric Lounge Chair									
Round Rock	Furniture - General	5	single lounge chairs	Debner	Debner Model N78LAU - Lobby Lounge									
Round Rock	Furniture - Medical	10	mayo stands	Quick Medical (Exam)										
Round Rock	Furniture - Medical	1	33X32 white push cart	Other										
Round Rock	Furniture - Medical	6	tilt tables	Hill Labs (Tilt)	Hill Adjustable HA90V - 30" Wide w/ Footboard, Paper Roll, Pneumatic									

					Stool Serial# R12-111048							
Round Rock	Appliances	4	pumps	Other	Model KIP II							
Round Rock	Appliances	4	generators	Other	Serial#20134808AR3							
Round Rock	Furniture - Medical	1	m9 utraclave autoclave	Other	M9-022	V1507560						
Round Rock	Appliances	2	parks keurig machines	Other								
Round Rock	Appliances	1	single serve keurig	Other								
Round Rock	Appliances	1	microwave	Other		6B44060769						
Round Rock	Appliances	1	dishwasher	Other	GLD696DOSS	AF800526C						
Round Rock	Appliances	1	refrigerator	Other		4A35001279						

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

Round Rock	Furniture - General	2	L shaped desks-Physicians	Office Depot										
Round Rock	Furniture - General	2	desks	Office Depot										
San Antonio	Furniture - Medical	5	Tilt Table w/ (4) stool	Hill Labs (Tilt)	HA90V									
San Antonio	Furniture - Medical	2	Styeline Specialty Exam Table w/ Stool	Quick Medical (Exam)	9133-30									
San Antonio	Furniture - Medical	6	Pedigo Mayo Stand 21.25 Inch	Other	P-1069-SS									
San Antonio	Miscellaneous	1	Health o Meter 350lb Scale	Other										
San Antonio	Furniture - General	9	Rolling High back office Chairs	Debner	HMH01									
San Antonio	Furniture - General	4	Shelving Units 48x72	Office Depot										
San Antonio	Furniture - General	2	Shelving Unit 36x54	Office Depot										
San Antonio	Appliances	2	Radiofrequency Generators	Other	RFG3	20152021PX16, 20152006PX16								
San Antonio	Appliances	1	Radiofrequency Generators	Other	RFG2	20121838AR								
San Antonio	Appliances	1	M9 Ultraclave	Other	M9-022	V1613808								
San Antonio	Furniture - Medical	3	Medical Stools	Other	305US393 Select medical									
San Antonio	Furniture - Medical	1	Juzo Shelving Unit 60x24	Other										
San Antonio	Furniture - Medical	7	Rolling Carts 24x16	Other	Select Medical									
San Antonio	Furniture - General	15	Exam Room Chairs w/ armrest	Debner	N60CC									
San Antonio	Furniture - General	7	Exam Room Chairs w/o armrest	Debner	N60DD									
San Antonio	Furniture - Medical	3	Klein Pumps	Other	HK Surgical- KIP II	HK14M111682, HK14M101644, HK14M011038								
San Antonio	Furniture - Medical	1	Ultrasound Stand-Terason	Other										
San Antonio	Furniture - General	1	Wood Shelving unit 55x22.5	Other									Fair	Bottom Cabinet Glass door broken
San Antonio	Appliances	1	Frigidare Gallery	Other		4A52930259								
San Antonio	Appliances	1	Panasonic The Genius Microwave	Other	AP104A	F00064W72AP								
San Antonio	Artwork	13	Photographs	MadHam Photography										
San Antonio	Furniture - General	3	Wood Desk 65x30	Office Depot										
San Antonio	Furniture - General	2	Round Tables	Debner	32WX28H									
San Antonio	Appliances	1	GE Dishwasher	Other	GLDT696D00SS	GF8013276								
San Antonio	Miscellaneous	8	Paper Towel Holder	Office Depot										

San Antonio	Miscellaneous	14	Medium Size Trash Cans 7gal	Office Depot								
San Antonio	Miscellaneous	17	Large Trash Cans 10.25gal	Office Depot								
San Antonio	Furniture - General	4	Bariatric Chairs	Debner	Debner Timberlane; Model 39A-BWAA							
San Antonio	Furniture - General	15	Single Lobby Chairs	Debner	Timberlane Model 39U-GWXX							
San Antonio	Furniture - General	4	Lamps	Circa Lighting	Circa Aspen Table Lamp Model S 3051BR-NP							
San Antonio	Furniture - General	3	End Tables	Debner	Debner Escalade 24X24 End Table; Model ECN2424ENW							

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

San Antonio	Furniture - General	2	Long Tables	Debner	Debner Escalade 19DX48W Console Table; Model ECN1948CSW													
San Antonio	Artwork	6	Blue Recycle Bins	Other														
San Antonio	Artwork	4	Framed Vein Disease Posters	Other														
San Antonio	Artwork	1	Hamilton Vein Sign	Other														
San Antonio	Miscellaneous	1	AED	Other	Zoll AEDPLUS IP55	X15C746668												
San Antonio	Furniture - General	1	File Cabinet 28x30	Office Depot														
San Antonio	Furniture-General	1	File Cabinet 14x28	Office Depot														
Woodlands	Furniture - General	30	red chairs with arms	Debner														
Woodlands	Furniture-General	18	green chairs without arms	Debner														
Woodlands	Furniture-General	3	Small wooden tables Lobby	Debner														
Woodlands	Furniture-General	2	Long wooden tables Lobby	Debner														
Woodlands	Lamps	4	Table lamps (circa aspen)	Circa Lighting														
Woodlands	Artwork	25	25 Pictures in total	MadHam Photography														
Woodlands	Furniture-General	3	Bariactic Chairs	Debner														
Woodlands	Furniture-Medical	2	Terason stands	Other														
Woodlands	Miscellaneous	9	Recycle Bins	Office Depot														
Woodlands	Miscellaneous	23	black trash can	Office Depot														
Woodlands	Appliances	3	Generators	Covidien	RFG2	20151228PX16, 20134813AR3												
Woodlands	Appliances	4	Pumps	Other	KIP II, TPMP-01													
Woodlands	Furniture - Medical	4	IV Poles	Other														
Woodlands	Furniture-General	2	Clear bens	Office Depot														
Woodlands	Appliances	3	Long stand Fans	Office Depot														
Woodlands	Appliances	4	Small round heaters	Office Depot														
Woodlands	Furniture-General	7	Provider Wood desk	Other														
Woodlands	Miscellaneous	3	White erase board	Other														
Woodlands	Furniture-Medical	1	Scale	Other														
Woodlands	Furniture Medical	3	Black Rackets 46Wx71.5L,36Wx71.5L,47Wx71.5L 4 Tier	Office Depot														

Woodlands	Furniture Medical	1	Silver Racket 35Wx52L 7 Tier	Other								
Woodlands	Furniture Medical	7	Tilt Table with Stools	Hill Adjustable								
Woodlands	Furniture Medical	4	Black extra Stools	Other								
Woodlands	Miscellaneous	2	Medical carts 34Wx33L	Other								
Woodlands	Furniture-General	2	Half Circle tables by Nurses station	Other								
Woodlands	Furniture-General	7	Black Cloth Desk Top Chairs	Other		8DE95Q, 8D09KQ, 8C29NQ, 8DE9DQ, 8C29ZQ						
Woodlands	Artwork	1	Hamilton Vein Center sign	Other								
Woodlands	Furniture-General	4	Black Leather desktop Chairs	Other								

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

Woodlands	Miscellaneous	4	Metal Towel Holders	Other								
Woodlands	Furniture-General	2	Small Glass Tables (Holds brochures) RM 3and4	Other								
Woodlands	Furniture-General	1	3 Row Wooden Shelve (holds brochures in consult rm)	Other								
Woodlands	Furniture-General	1	Gold Mirror 48Wx32L (Rm2)	Other								
Woodlands	Miscellaneous	1	Christmas tree with lights and Ornaments	Other								
Woodlands	Furniture-General	1	Black Shelve for stocking 29Wx70L	Other								
Woodlands	Miscellaneous	1	Autoclave	Other	M9-022	V1513501						
Woodlands	Miscellaneous	1	Microwave	Panasonic								
Woodlands	Miscellaneous	1	Refrigerator	Other								
Woodlands	Furniture-General	2	White Leather Chairs	Other								
Woodlands	Furniture-General	6	Brown Leather Chairs	Other								
Woodlands	Furniture-Medical	9	Mayo Stands	Other								
Woodlands	Furniture-Medical	2	3 Tier Carts	Other								
Kingwood	Appliances	1	Refrigerator	Other	FFHS2322MS6	4A31606683						Good
Kingwood	Appliances	1	Microwave	Other	MW899SB	301021978MM						Good
Kingwood	Furniture - General	1	Round Kitchen table	Debner	Debner 32WX28H Conference Table							Good
Kingwood	Furniture - General	18	Break room chairs	Debner	Debner Model N60CC							Good
Kingwood	Storage	3	Black Lateral file cabinets	office depot								Good
Kingwood	Furniture - General	10	Desk Chairs	office depot								Good
Kingwood	Furniture - General	3	L shape Desk	office depot								Good
Kingwood	Furniture - General	15	Lobby Chair With Upholstered Back	Debner	Debner Timberlane Model 39U-GWXX							Excellent
Kingwood	Furniture - General	2	Lobby Bariatric Chair	Debner	Debner Timberlane; Model 39A-BWAA							Excellent
Kingwood	Lamps	3	Table Lamp	Debner	Circa Aspen Table Lamp Model S 3051BR-NP							Good
Kingwood	Furniture - General	1	Lobby coffee table	Other								Excellent
Kingwood	Furniture - General	7	Break room chairs	Debner	Debner Model N60DD							Good
Kingwood	Furniture - General	1	Lobby long middle table	Other								Good
Kingwood	Furniture - General	1	End table	Other								Good
Kingwood	Furniture - General	1	Middle Lobby table	Other								Good
Kingwood	Miscellaneous	1	Lobby Rug	Other								Good

Kingwood	Furniture - General	1	Book shelf	office depot							Good	3 shelf
Kingwood	Furniture - Medical	4	Exam table	Quick Medical (Exam)	Model 9133-30; Styeline Specialty Exam Table w/ Stool						Excellent	
Kingwood	Furniture - Medical	1	Tilt exam table	Hill Labs (Tilt)	HA90V	130616					Excellent	
Kingwood	Miscellaneous	1	Scale	Other							Excellent	Health o meter
Kingwood	Storage	3	Storage rack shelves	office depot							Good	47X68X17 Storage Shelves

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

Kingwood	Furniture - General	1	3 shelf with bottom cabinet	office depot							Good	3 shelf/2 cabinet book shelf
Kingwood	Artwork	15	Wall Art	MadHam Photography							Good	
Kingwood	Miscellaneous	9	Trash cans	office depot							Good	8-Gallon Trash Can
Kingwood	Miscellaneous	2	recycle bins	office depot							Good	
Kingwood	Miscellaneous	1	entry rug	Other							Poor	
Kingwood	Miscellaneous	1	1-step step ladder	Other							Good	
Kingwood	Miscellaneous	1	2-step step ladder	Other							Good	
Kingwood	Miscellaneous	4	3-tier cart (small)	Other							Good	
Kingwood	Miscellaneous	2	gel warmer	Other							Good	
Kingwood	Furniture - Medical	4	rolling stool	Other							Good	
Kingwood	Miscellaneous	1	Tuttnauer autoclave	Other	1730MKV						Good	
Kingwood	Miscellaneous	2	3-tier cart (large)	Other							Good	
Kingwood	Miscellaneous	5	Mayo Stand	Other							Good	
Kingwood	Storage	1	Juzo Cabinets	Other							Good	
Kingwood	Miscellaneous	2	O2 cart with regulator	Other							Good	
Kingwood	Miscellaneous	1	Wheelchair	Other							Good	
Kingwood	Miscellaneous	1	IV pole	Other							Good	
Kingwood	Miscellaneous	1	Zonare US Machine	Other	OO86						Good	
Kingwood	Miscellaneous	1	Sonosite US machine w/wand	Other	PO88-40-20						Good	
Kingwood	Miscellaneous	1	AED	Other							Good	
Kingwood	Miscellaneous	7	Hamilton Vein Posters w/frames	Other							Good	
Kingwood	Lamps	4	Floor Lamps	Other							Good	
Kingwood	Storage	1	35X56X14 Storage Bin	Other							Good	

Exhibit G to Amended and Restated Asset Purchase Agreement

NETWORK EQUIPMENT							
Product	Model/Type #	Serial/ Number	Service Tag	Service Code	Bar Code	MAC #	Authentication Code
8 PORT SWITCH	TLSG108		N/A	N/A	N/A	N/A	N/A
16 Port Switch			N/A	N/A	N/A	N/A	N/A
APC-Smart UPS	1000	AS0945212709	N/A	N/A	N/A	N/A	N/A
APC-UPS		2329AS0	N/A	N/A	N/A	N/A	N/A
APC-UPS	ES350	AB0540146Z16	N/A	N/A	N/A	N/A	N/A
APC-UPS	750	AB1351P52364	N/A	N/A	N/A	N/A	N/A
APC-UPS	750	AB1424P17189	N/A	N/A	N/A	N/A	N/A
APC-UPS	500	AB1330P33024	N/A	N/A	N/A	N/A	N/A
APC-UPS	1000	3B1343X0096	N/A	N/A	N/A	N/A	N/A
CISCO	WAP 200	GKS151501TY	N/A	N/A	N/A	E8404080D18C	
Cisco 5 Port Switch	SP205	PSJ13408F7	N/A	N/A	N/A	N/A	N/A
Cisco Meraki	MR18-HW	Q2GD-Q4N2-27XY	N/A	N/A	N/A	00:18:0A:E6:DA:F0	N/A
Cisco Meraki	MR18-HW	Q2GD-QZEY-QBTM	N/A	N/A	N/A	00:18:0A:E6:DA:00	N/A
Cisco Small Business	WAP20	GKS151501TY	N/A	N/A	N/A	E8404080D18C	N/A
CyberPower		GABAV2000150	N/A	N/A	N/A	N/A	N/A
Dell APC SMART-UPS	SURT8000RMXL16U	QS1410170236	N/A	N/A	N/A	N/A	N/A
Dell Digital DMPU KVM Switch	DMPU2016	510219510	N/A	N/A	N/A	N/A	N/A
Net Gear ProSafe	GS116	1mn199wx00227	N/A	N/A	N/A	N/A	N/A
Power Connect	2808	N/A	DCXTS1	N/A	(01)07898349893659	D067E5C9C0A7	N/A
Power Connect	2808	N/A	7NS8VS1	1.66676E+11	(01)07898349893659	F8B156165289	CN-0C752K-28298-342-0010-A08
Power Connect	2816	N/A	CDZ1VS1	26966322721	(01)0789834989349893758	F8B156165289	CN-0D559K-28298-3AE-0300-A08
Power Connect	2824	N/A	70GTTS1	N/A	(01)07898349893857	D067E5B80119	CN-0F491K-28298-2CR-0290-A09
Power Connect	2824	N/A	37357M1	349893857	(01)07898349893857	5CZ60AD566F9	CN-0F491K-28298-193-0317-A07
Sonic Wall	TZ 210 SERIES/ APL20-063/C-11164	0017C5AD13D4	N/A	N/A		N/A	JEBD-CM5F
SonicWALL	TZ 215 SERIES/ APL24-08E	C0DEAE433DA04	N/A	N/A	(01)07899489500896	N/A	52H6-T9NM
SonicWALL	TZ 215 SERIES/ APL24-08E	C0EAE4716F64	N/A	N/A	(01)07899489500896	N/A	HAKY-TRPV
SonicWALL	TZ 215 SERIES/ APL24-08E	C0EAE4323760	N/A	N/A	(01)07899489500896	N/A	24JV-E7H8
SonicWALL	TZ 215 SERIES/ APL24-08E	COEAE4337170	N/A	N/A	(01)07899489500896	N/A	V3L5EUUK
SonicWALL Consoles	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SonicWALL Consoles	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TRIPP-LITE	AGIB6097	2316AS0	N/A	N/A	N/A	N/A	N/A
TRIPP-LITE	PDUMV15	PD6967	N/A	N/A	N/A	N/A	N/A
TRIPPLITE SmartPro UPS		2318NLC5M628401329	N/A	N/A	N/A	N/A	N/A

Exhibit G to Amended and Restated Asset Purchase Agreement

Location	Manufacturer	Model	Serial	Transducer Serial No.	Warranty Expiration	Condition
Woodlands	Terason	t3200	B4564	11431	9/9/2019	Operational
Woodlands	Terason	t3200	B4470	11139	5/5/2019	Operational
Woodlands	Terason	t3200	B4497	10657	7/7/2019	Operational
Woodlands	Terason	T3200	B4495	11140	7/7/2019	Operational
Woodlands	Terason	T3200	B4107	9584	9/12/2018	Operational
Woodlands	GE	VIVID S5	0844VS5	55274YP5		Operational
Woodlands	BIOMEDIX	PADNET	14200186A			Operational
Sugar Land	Terason	t3200	B4449	9696	2/6/2019	Operational
Sugar Land	Terason	t3200	B4488	11142	7/17/2019	Operational
Sugar Land	Terason	t3200	B4567	11725	10/16/2019	Operational
Sugar Land	Terason	t3200	B4329	10043	12/20/2018	Operational
Sugar Land	Terason	t3200	B4162	11442	10/4/2018	Operational
Sugar Land	Terason	t3200	B3799	6552	9/12/2018	Operational
Sugar Land	GE	Vivid S5	VS53937	99946YP6		Operational
Sugar Land	Sonosite	MICROMAXX	WK03R2	03XJQG		Operational
Sugar Land	BIOMEDIX	PADNET	14200195	N/A		Operational
Sugar Land		Abdominal transducer	12880			Operational
San Antonio	Terason	t3200	B4614	13907	12/31/2019	Operational
San Antonio	Terason	t3200	B4615	12306	12/31/2019	Operational
San Antonio	SONOSITE	Micromaxx	WKOMWK	03MLGG		Operational
San Antonio	Terason	T3200	B4645	LINEAR:14315	12/31/2019	Operational
San Antonio				CURVED:12887		Operational
San Antonio	BIOMEDIX	PADNET	14200196A			Operational
Round Rock	Terason	t3200	B4651	9186	6/5/2020	Operational
Round Rock	Terason	t3200	B4558	14324		Operational
Round Rock	Terason	t3200	B4681	14323	6/11/2020	Operational
Round Rock	Terason	t3200	B3587	12304	7/10/2018	Operational
Round Rock	Terason	T3200	B4479	14325	7/17/2019	Operational
Round Rock	MINDRAY	M5	12003091			Operational
Round Rock	SONOSITE	MICROMAXX	034FXC			Operational
Kingwood	Sonosite	Micromaxx	WK056F	03P10Q		Operational
Kingwood	Zonare	n/a	05080LX111K	06574C3120		Operational
Katy	Terason	t3200	B4068	Linear:9482	8/13/2018	Operational
Katy				Curved:12888		
Katy	Terason	t3200	B4217	9785	11/4/2018	Operational
Katy	Terason	t3200	B3870	12890		Operational
Katy	Terason	t3200	B4650	9483	6/5/2020	Operational
Katy	GE	Vivid s5	VS50076	LINEAR:429045WX8		Operational
Katy				Linear:138174PD8		Operational
Katy	BIOMEDIX	PADNET	14200197A			Operational
Katy	Sonosite	Micromaxx	WK02HZ	03XWQ5		Operational
Clear Lake	Terason	t3200	B4156	10572	3/13/2019	Operational
Clear Lake	Terason	t3200	B3791	8980	4/29/2018	Operational
Clear Lake	Terason	t3200	B3751	8761	3/29/2018	Operational
Clear Lake	Terason	t3200	B4288	9953	12/10/2018	Operational
Clear Lake	GE	Vivid S5	0016vs56	Linear: 118553		Operational
Clear Lake				Curved: 429057WX3		Operational

Clear Lake	BIOMEDIX	Padnet	14200191A			Operational
Katy	GE	Vivids5	4447VSS			Operational

COMPUTERS

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

Unit Code	Express Service Code	Service Tag S/N Number	Operating System	Model	Placement	User	HVC Bag	Mouse	Date placed into service	Location
LAP-THI-001	36015668677	GJMSRT1	Windows 7 Pro	Dell Latitude E3330	AVAILABLE	AVAILABLE	No	Yes	Sep-13	SL
LAP-THI-004	8705399113	3ZYYWY1	Windows 7 Pro	Dell Latitude E6330	AVAILABLE	AVAILABLE	No	Yes	Dec-13	SL
LAP-THI-006	13349411569	64RW7W1	Windows 7 Pro	Dell Latitude E6530	Round Rock - Josh Reed	Josh Reed	No	Yes	Dec-13	RR
LAP-THI-007	15495800149	749SRX1	Windows 7 Pro	Dell Latitude E3540	Round Rock - RFA/Exam Room 5	RFA/Exam Room 5	Yes	Yes	Dec-13	RR
LAP-THI-010	19732145473	92C0CW1	Windows 7 Pro	Dell Latitude E6430	Bellaire - Diana Garcia	Bellaire - Diana Garcia	Yes	Yes	Mar-13	WL
LAP-THI-012	29630942929	DM1HXW1	Windows 7 Pro	Dell Latitude E6430	AVAILABLE	AVAILABLE	No	Yes	Apr-13	SL
LAP-THI-013	6687387073	32LHWW1	Windows 7 Pro	Dell Latitude E6430	Sugar Land - Julia Curl	Julia Curl	No	Yes	Apr-13	N/A
LAP-THI-015	25157430973	BK231Z1	Windows 7 Pro	Dell Latitude 3330	Woodlands - RFA/Exam Room	Woodlands - RFA/Exam Room	No	Yes	Nov-13	WL
LAP-THI-016	37734395581	HC231Z1	Windows 7 Pro	Dell Latitude 3330	Woodlands - RFA/Exam Room	Woodlands - RFA/Exam Room	No	Yes	Nov-13	KW
LAP-THI-017	26187035581	C1331Z1	Windows 7 Pro	Dell Latitude 3330	Woodlands - RFA/Exam Room	Woodlands - RFA/Exam Room	No	Yes	Nov-13	KW
LAP-THI-018	7443012061	3F3DKV1	Windows 7 Pro	Dell Latitude 6530	AVAILABLE	AVAILABLE	Yes	Yes	Oct-14	SL
LAP-THI-021	25649630893	BS74LV1	Windows 7 Pro	Dell Latitude E6330	Sugar Land - Kim Uddin-Perez	Kim Uddin-Perez	No	Yes	Oct-12	SL
LAP-THI-024	13657114225	69V3CS1	Windows 7 Pro	Dell Latitude E6520	Woodlands - RFA/Exam Room	Woodlands - RFA/Exam Room	No	Yes		KW
LAP-THI-026	15248074717	706B5R1	Windows 7 Pro	Dell Latitude E6520	Sugar Land - Jamie Minimyer	Sugar Land - Jamie Minimyer	No	Yes		SL
LAP-THI-027	13139735401	61B24Q1	Windows 7 Pro	Dell Latitude E6520	AVAILABLE	AVAILABLE	No	Yes		SL
LAP-THI-029	4229626717	1XY7KV1	Windows 7 Pro	Dell Latitude E6330	IT Help Desk - Under Construction	IT Help Desk - Under Construction	Yes	Yes	Oct-12	SL
LAP-THI-030	7532638237	3GKQKV1	Windows 7 Pro	Dell Latitude E6530	Sugar Land - Ultrasound Room 8	Ultrasound Room 8	No	No	Oct-12	SL
LAP-THI-031				Dell Latitude	AVAILABLE	AVAILABLE				SL
LAP-THI-033	38572378705	HPWZXW1	Windows 7 Pro	Dell Latitude E6530	Sugar Land/ Georgia - Mariana Cordona	Mariana Cordona	No	Yes	Apr-13	SL
LAP-THI-034	4414028113	20ZZXW1	Windows 7 Pro	Dell Latitude E6530	Sugar Land - Rebecca Swearengin	Rebecca Swearengin	Yes	Yes	Apr-13	SL
LAP-THI-035	16683622993	7NWZXW1	Windows 7 Pro	Dell Latitude E6530	AVAILABLE	AVAILABLE	Yes	Yes	Apr-13	SL
LAP-THI-036	21480465025	9VWWW1	Windows 7 Pro	Dell Latitude E6430	Sugar Land - Chris Johnson	Chris Johnson	No	No	Jun-13	KT
LAP-THI-037	33497100181	FDZB3X1	Windows 7 Pro	Dell Latitude E6430	Woodlands - Katie Riley	Woodlands - Katie Riley	Yes	Yes	Jun-13	WL
LAP-THI-038	17043581845	7TVB3X1	Windows 7 Pro	Dell Latitude E6430	AVAILABLE	AVAILABLE	No	No	Jun-13	SL
LAP-THI-039	28516743109	D3M4RT1	Windows 7 Pro	Dell Latitude E3330	AVAILABLE	AVAILABLE	No	Yes	Jun-13	SL
LAP-THI-040	26082979525	BZD4RT1	Windows 7 Pro	Dell Latitude E3330	Clear Lake Clinic - RFA/Exam Room	Clear Lake Clinic - RFA/Exam Room	No	No	Jun-13	SL
LAP-THI-041	8182005445	3RBCR11	Windows 7 Pro	Dell Latitude E3330	Sugar Land - RFA/Exam Room	Sugar Land - RFA/Exam Room	No	Yes	Jul-13	SL
LAP-THI-042	34666190533	FXBCRT1	Windows 7 Pro	Dell Latitude E3330	Katy - RFA/Exam Room	Katy RFA - RFA/Exam Room	Yes	Yes	Aug-13	KTY
LAP-THI-043	6368020165	2XBCRT1	Windows 7 Pro	Dell Latitude E3330	Katy Clinic - RFA/Exam Room	Katy Clinic - RFA/Exam Room	No	Yes	Aug-13	BL
LAP-THI-044	35412552757	G9NPWL1	Windows 7 Pro	Dell Latitude E5420	Sugar Land - Room 6	Sugar Land - Room 6	No	Yes	Aug-13	SL
LAP-THI-045	10719013717	4X9TNX1	Windows 7 Pro	Dell Latitude E6530	AVAILABLE	AVAILABLE	No	Yes	Aug-13	SL
LAP-THI-047	1026229133	4PPWNX1	Windows 7 Pro	Dell Latitude E6330	Clear Lake - David Behr	David Behr	Yes	Yes	Aug-13	SL
LAP-THI-048	18480477637	8HMSRT1	Windows 7 Pro	Dell Latitude E6330	Sugar Land - RFA/Exam Room	Sugar Land - RFA/Exam Room	No	Yes	Sep-13	SL
LAP-THI-049			Windows 7 Pro	Dell Latitude 3330	Sugar Land - RFA/Exam Room	Sugar Land - RFA/Exam Room	No	Yes		SL
LAP-THI-050	30207556549	DVKSRT1	Windows 7 Pro	Dell Latitude E6330	Katy - RFA/EXAM	Katy - RFA/EXAM Room	No		Sep-13	KT
LAP-THI-051	33838886341	FJMSRT1	Windows 7 Pro	Dell Latitude E6330	Katy - RFA/EXAM	Katy - RFA/EXAM Room	No		Sep-13	KT
LAP-THI-052	34193285317	FPHSRT1	Windows 7 Pro	Dell Latitude E6330	Clear Lake - RFA/Exam	Clear Lake - RFA/Exam Room	No		Sep-13	CL
LAP-THI-053	16303695301	7HMSRT1	Windows 7 Pro	Dell Latitude E6330	Clear Lake - RFA/Exam	Clear Lake - RFA/Exam Room	No		Sep-13	CL
LAP-THI-055	42056021405	JBD45R1	Windows 7 Pro	Dell Latitude E6530	AVAILABLE	AVAILABLE	Yes	Yes	Dec-13	SL
LAP-THI-056	15041262961	6WR6GS1	Windows 7 Pro	Dell Latitude E6330	AVAILABLE	AVAILABLE	No	Yes	Oct-12	SL
LAP-THI-057	12696447889	STZ4XW1	Windows 7 Pro	Dell Latitude E6430	AVAILABLE	AVAILABLE	Yes	Yes		SL
LAP-THI-058	29594505889	DLFSYW1	Windows 7 Pro	Dell Latitude E6530	AVAILABLE	AVAILABLE	No	No	Apr-13	SL
LAP-THI-059	7284442681	3CGVYV1	Windows 7 Pro	Dell Latitude E3540	Sugar Land - IT - Under Construction	Tina Elackatt	Yes	Yes	Jan-14	SL

LAP-THI-060	18576501049	8J7YVY1	Windows 7 Pro	Dell Latitude E3540	Woodlands - Christina Gilbert	Christina Gilbert	Yes	Yes	Jan-14	WL
-------------	-------------	---------	---------------	------------------------	-------------------------------	-------------------	-----	-----	--------	----

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

LAP-THI-061	6606901693	319KTZ1	Windows 7 Pro	Dell Latitude E6440	Sugar Land - Micah Grossman	Micah Grossman	No	Yes	Jan -14	SL
LAP-THI-062	2426693725	144SGV1	Windows 7 Pro	Dell Latitude E6530	Arkansas - Sandy Page	Sandy Page			Aug-12	N/A
LAP-THI-064	N/A	C1MK38R0DTY4	Windows 7 Pro	MacBook Pro	Sugar Land - IT HelpDesk Use - ONLY - Micah	IT HelpDesk Use - ONLY - Micah Grossman	No	No	Mar -13	SL
LAP-THI-065	19888562377	94X4WY1	Windows 7 Pro	Dell Latitude E3540	Round Rock - RFA/Exam Room	Round Rock - RFA/Exam Room	No	No	Mar -14	RR
LAP-THI-066	43023593161	JRJ4WY1	Windows 7 Pro	Dell Latitude E3540	Sugar Land Checkout Station 1	Checkout Station 1 - Hilla Janjua	Yes	Yes	Mar -14	SL
LAP-THI-067	11280530377	56K4WY1	Windows 7 Pro	Dell Latitude E3540	Round Rock - Heather Ledbetter	Heather Ledbetter	Yes	Yes	Mar -14	RR
LAP-THI-070	2335408813	12MFWZ1	Windows 7 Pro	Dell Latitude E6440	Sugar Land - Tina Elackatt	Tina Elackatt	No	Yes	May-14	SL
LAP-THI-072	24031873226	B1FYG22	Windows 7 Pro	Dell Latitude E3540	Sugar Land - Vanessa Battaglia	Vanessa Battaglia	Yes	Yes	Aug-14	SL
LAP-THI-073	523844042	2F1YG22	Windows 7 Pro	Dell Latitude E3540	Sugar Land - Joanne Alvarado	Joanne Alvarado	Yes	No	Aug-14	SL
LAP-THI-074	4307338982	1Z8h12	Windows 7 Pro	Dell Latitude E3340	Woodlands - RFA/Exam Room	Woodlands - RFA/Exam Room	No	Yes	Aug-14	WL
LAP-THI-075	12829062566	5W63C12	Windows 7 Pro	Dell Latitude E3340	Sugar Land - RFA/Exam Room 3	Sugar Land - RFA/Exam Room 3	No	Yes	Oct-14	SATX
LAP-THI-076	37984671398	HG73C12	Windows 7 Pro	Dell Latitude E3340	Sugar Land - RFA/Exam Room 4	Sugar Land - RFA/Exam Room 4	No	Yes	Oct-14	SATX
LAP-THI-078	5134501874	2CWY702	Windows 7 Pro	Dell Latitude E3540	Sugar Land - Daniel Parson	Daniel Parson	Yes	Yes	Dec-14	SL
LAP-THI-079	42424700042	JHMKK22	Windows 7 Pro	Dell Latitude E3550	Sugar Land - BioMedic Padnet Machines 1	BioMedic Padnet Machines 1	No	No	Jan -14	SL
LAP-THI-080	41529464714	J2TKK22	Windows 7 Pro	Dell Latitude E3550	Sugar Land - BioMedic Padnet Machines 2	BioMedic Padnet Machines 2	No	No	Jan -14	SL
LAP-THI-081	38685127034	HRS4J22	Windows 7 Pro	Dell Latitude E3540	Sugar Land - Dr. Michael Di Iorio	Micheal Di Iorio	Yes	Yes	Jan -14	SL
LAP-THI-082	13979608634	6F73J22	Windows 7 Pro	Dell Latitude E3540	AVAILABLE	AVAILABLE	Yes	Yes	Mar -15	SL
LAP-THI-083	10285854446	4Q3XK32	Windows 7 Pro	Dell Latitude E6440	San Antonio - Dr. Justin Smith	Dr. Justin Smith	Yes	Yes	Mar -15	SANTX
LAP-THI-084	2860475582	1BB1X32	Windows 7 Pro	Dell Latitude E3550	Sugar Land - Heather Grizzle	Heather Grizzle	Yes	Yes	Apr-15	SL
LAP-THI-085	15966965018	7C2BH22	Windows 7 Pro	Dell Latitude 3450	Round Rock - RFA/Exam Room	Round Rock - RFA/Exam Room	No	Yes	Mar -15	RR
LAP-THI-086	42358677914	JGJ9H22	Windows 7 Pro	Dell Latitude 3450	Round Rock - RFA/Exam Room	Round Rock - RFA/Exam Room	No	Yes	Mar -15	RR
LAP-THI-087	7245706718	3BTWN32	Windows 7 Pro	Dell Latitude E6440	San Antonio - Jami Ryals	Jami Ryals	Yes	Yes	Apr-15	SANTX
LAP-THI-088	36637402934	GTWYP12	Windows 8	Dell Latitude E5440	Woodlands - BioMedic Padnet Machine 3	BioMedic Padnet Machines 3	No	No	N/A	RR
LAP-THI-089	4471076918	2XYPIw2	Windows 8	Dell Latitude E5440	Clearlake - BioMedic Padnet Machine 4	BioMedic Padnet Machines 4	No	No	N/A	CL
LAP-THI-090	10334616374	4QWYP12	Windows 8	Dell Latitude E5440	Katy - BioMedic Padnet Machines 5	BioMedic Padnet Machines 5	No	No	N/A	KT
LAP-THI-091	28265583818	CZGLK22	Windows 7 Pro	Dell Latitude E3550	Katy - Paula Davies	Paula Davies	Yes	Yes	Apr-15	SL
LAP-THI-092	14777242238	65DZL32	Windows 7 Pro	Dell Latitude E6440	Clear Lake - Dr. Valenson	AJ Valenson	Yes	Yes	May	CL
LAP-THI-093	3012603914	1DTMK22	Windows 7 Pro	Dell Latitude E3550	Katy Clinic - Sheri Macrino	Sheri Macrino	Yes	Yes	May-15	KTY
LAP-THI-094	4669313150	2572L32	Windows 7 Pro	Dell Latitude E6440	Sugar Land - Naina Janjua	Sugar Land - Naina Janjua	Yes	Yes	May-15	SL
LAP-THI-096	14091958910	6H1ZL32	Windows 7 Pro	Dell Latitude E6440	Sugar Land - Shauna Gordon	Shauna Gordon	No	Yes	May-15	SL
LAP-THI-097	35315586686	G81ZL32	Windows 7 Pro	Dell Latitude E6440	Sugar Land - Nisha Franklin	Nisha Franklin	No	Yes	May-15	SL
LAP-THI-098	5309310350	2FT0Y32	Windows 7 Pro	Dell Latitude E3450	San Antonio - RFA/Exam Room	San Antonio - RFA/Exam Room	No	Yes		SL
LAP-THI-099	32685183614	F0JWX32	Windows 7 Pro	Dell Latitude E3450	UNKNOWN	UNKNOWN	No	Yes		??
LAP-THI-100	37448574590	H7BWX32	Windows 7 Pro	Dell Latitude E3450	San Antonio - RFA/Exam Room	San Antonio - RFA/Exam Room	No	Yes		SA
LAP-THI-101	34798140542	FZHWX32	Windows 7 Pro	Dell Latitude E3450	San Antonio - RFA/Exam Room	San Antonio - RFA/Exam Room	No	Yes		SA
LAP-THI-102	26564662910	C7BWX32	Windows 7 Pro	Dell Latitude E3450	San Antonio - RFA/Exam Room	San Antonio - RFA/Exam Room	No	Yes		SL
LAP-THI-104	28358297102	D0ZSQ32	Windows 7 Pro	Dell Latitude E6440	Katy - Meagan Ong	Meagan Ong	Yes	Yes		KTY
LAP-THI-106	3741855374	1PVSY32	Windows 7 Pro	Dell Latitude E3550	Sugar Land - Takia Gray	Takia Gray	Yes	Yes		SL
LAP-THI-107	29003186702	DBNQY32	Windows 7 Pro	Dell Latitude E3550	Woodlands - Pam Moore	Pam Moore	No	Yes		SL
LAP-THI-108	42124346894	JCNQY32	Windows 7 Pro	Dell Latitude E3550	Sugar Land - Emily Gonzales	Sugar Land - Emily Gonzales				SL
WKS-THI-003	3339321481	1J858Y1	Windows 7 Pro	Dell Optiplex 3010	Sugar Land - Billing	Billing	No	Yes		SL
WKS-THI-004	333735177	1J778Y1	Windows 7 Pro	Dell Optiplex 3010	Sugar Land - Billing	Billing	No	Yes		SL
WKS-THI-005	3337781833	1J788Y1	Windows 7 Pro	Dell Optiplex 3010	Sugar Land - Billing	Billing	No	Yes		SL

WKS-THI-006	21680261641	9YJV8Y1	Windows 7 Pro	Dell Optiplex 3010	Sugar Land - Business Admin - 2	Sugar Land - Business/Admin - 2 8tts Admin - 2	No	No	Aug-13	SL
WKS-THI-007	21680308297	9YJW8Y1	Windows 7 Pro	Dell Optiplex 3010	Sugar Land - Business Admin - 1	Sugar Land - Business/Admin - 1 8tts Admin - 1	No	No	Aug-13	SL

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

WKS-THI-008	34793588809	FZF7CY1	Windows 7 Pro	Dell Optiplex 3010	Sugar Land - Business Admin - 4	Sugar Land - Business/Admin - 4 Cts Admin - 4	No	No	Oct-13	SL
WKS-THI-009	3236959513	1HJ79Y1	Windows 7 Pro	Dell Optiplex 3010	Sugar Land - Business Admin - 3	Sugar Land - Business/Admin - 3 9pts Admin - 3	No	No	Sep-13	SL
WKS-THI-015	11485465525	59Y5DX1	Windows 7 Pro	Dell Optiplex 3010	AVAILABLE	AVAILABLE	No	Yes		SL
WKS-THI-016	11483832565	59X6DX1	Windows 7 Pro	Dell Optiplex 3010	Woodlands - PCC - Ext: 902	Sylvia Lopez	No	Yes		KW
WKS-THI-017	11483879221	59X7DX1	Windows 7 Pro	Dell Optiplex 3010	Woodlands - PCC - Ext: 913	Cristina Valdez	No	Yes		KW
WKS-THI-018	11483785909	59X5DX1	Windows 7 Pro	Dell Optiplex 3010	Woodlands - PCC - Ext: 907	Amanda Walle	No	Yes		KW
WKS-THI-019	9263980297	496L8Y1	Windows 7 Pro	Dell Optiplex 3010	Clear Lake - Front Desk	Irma Garza	No	Yes	Sep-13	CL
WKS-THI-020	9262393993	497J8Y1	Windows 7 Pro	Dell Optiplex 3010	Clear Lake - Checkout	Clear Lake- Checkout/Checkout 8ttt	No	Yes	Sep-13	CL
WKS-THI-021	9264026953	497K8Y1	Windows 7 Pro	Dell Optiplex 3010	Clear Lake - Nurses Station	Clear Lake - Nurses Station	No	Yes	Sep-13	CL
WKS-THI-022	9263886985	497H8Y1	Windows 7 Pro	Dell Optiplex 3010	Clear Lake - Nurses Station	Clear Lake - Nurses Station	No	Yes	Sep-13	CL
WKS-THI-023	32834638153	F3OW8Y1	Windows 7 Pro	Dell Optiplex 3010	Katy - Nurse Station 1	Katy - Nurse Station 1	No	No	Sep-13	KT
WKS-THI-024	32834498185	F3OT8Y1	Windows 7 Pro	Dell Optiplex 3010	Katy - Nurse Station 2	Katy - Nurse Station 2	No	No	Sep-13	KT
WKS-THI-025	32834591497	F3OV8Y1	Windows 7 Pro	Dell Optiplex 3010	Katy - Checkout - Ext: 701	- Katy/Checkout 8ttt	No	No	Sep-13	KT
WKS-THI-026	32834684809	F3OX8Y1	Windows 7 Pro	Dell Optiplex 3010	Katy - Front Desk - Ext: 700	- Katy/Reception 8ttt	No	No	Sep-13	KT
WKS-THI-027	24883811677	BFJ6FZ1	Windows 7 Pro	Dell Optiplex 3020	Sugar Land - Business Admin 5	Sugar Land - Business/Admin 5 Ffts Admin 5	No	No	Jan-14	SL
WKS-THI-028	24883858333	BFJ7FZ1	Windows 7 Pro	Dell Optiplex 3020	Sugar Land - Billing	Sugar Land - Billing	No	No	Jan-14	SL
WKS-THI-029	20413145666	9DLGK02	Windows 7 Pro	Dell Optiplex 3020	Sugar Land - Billing	Sugar Land - Billing	No	Yes	Apr-14	SL
WKS-THI-030	10777331234	4Y8M02	Windows 7 Pro	Dell Optiplex 3020	Round Rock - Front Desk - Ext: 850	Round Rock - Front Desk	No	Yes	Jun-14	RR
WKS-THI-031	21714163778	9Z41W02	Windows 7 Pro	Dell Optiplex 3020	AVAILABLE	AVAILABLE	No	Yes	Aug-14	SL
WKS-THI-032	5352977666	2GJ0W02	Windows 7 Pro	Dell Optiplex 3020	Woodlands - Front Desk - Ext: 900	Woodlands - Front Desk	No	Yes	Aug-14	WL
WKS-THI-033	7059576422	38R3812	Windows 7 Pro	Dell Optiplex 3020	Woodlands - Nurse Station 1	Woodlands - Nurse Station 1	No	Yes	Oct-14	WL
WKS-THI-034	28585535078	D4R3812	Windows 7 Pro	Dell Optiplex 3020	Woodlands - Nurse Station 2	Woodlands - Nurse Station 2	No	Yes	Oct-14	WL
WKS-THI-035	19081753238	8RKS712	Windows 7 Pro	Dell Optiplex 3020	Sugar Land - Billing - Ext: 336	Sugar Land - Billing	No	Yes	Oct-14	SL
WKS-THI-036	17340552614	7YS4812	Windows 7 Pro	Dell Optiplex 3020	Sugar Land - Billing - Ext: 332	Sugar Land - Billing	No	Yes		SL
WKS-THI-038	26895888038	CCT4812	Windows 7 Pro	Dell Optiplex 3020	Sugar Land - Billing - Ext: 329	Sugar Land - Billing	No	Yes		SL
WKS-THI-039	4765267622	26T4812	Windows 7 Pro	Dell Optiplex 3020	Sugar Land - PCC - Ext: 140	Sugar Land - PCC	No	Yes		SL
WKS-THI-040	29555861978	DKSSP22	Windows 7 Pro	Dell Optiplex 3020	Round Rock - Nurses Station	Round Rock - Nurses Station 1	No	Yes	Dec-14	RR
WKS-THI-041	27762406634	CR50Q22	Windows 7 Pro	Dell Optiplex 3020	Round Rock - Nurses Station	Round Rock - Nurses Station 2	No	Yes	Dec-14	RR
WKS-THI-042	27723727514	CQH2P22	Windows 7 Pro	Dell Optiplex 3020	Round Rock - Checkout Station - Ext: 851	Round Rock - Checkout Station	No	Yes	Dec-14	RR
WKS-THI-043	5552774354	2JTZ842	Windows 7 Pro	Dell Optiplex 3020	AVAILABLE	AVAILABLE	No	Yes	Feb-14	SL
WKS-THI-044	16916637602	7RRQ942	Windows 7 Pro	Dell Optiplex 3020	AVAILABLE	AVAILABLE	No	Yes	Mar-15	SL
WKS-THI-045	16914911330	7RQP942	Windows 7 Pro	Dell Optiplex 3020	AVAILABLE	AVAILABLE	No	Yes	Mar-15	SL
WKS-THI-046	17992991522	89KK942	Windows 7 Pro	Dell Optiplex 3020	Sugar Land - Nurse Station	Sugar Land - Nurse Station	No	Yes	Mar-15	SL
WKS-THI-047	13295432162	63VR942	Windows 7 Pro	Dell Optiplex 3020	AVAILABLE	AVAILABLE	No	Yes	Mar-15	SL
WKS-THI-048	13272104162	63HV942	Windows 7 Pro	Dell Optiplex 3020	Sugar Land Billing - Ext: 330	Sugar Land - Billing	No	Yes	Mar-15	SL
WKS-THI-049	16517593982	7L65D32	Windows 7 Pro	Dell Optiplex 3020	AVAILABLE	AVAILABLE	No	Yes	May-15	SL
WKS-THI-050	25466588030	8P65D32	Windows 7 Pro	Dell Optiplex 3020	San Antonio - Front Desk - Ext: 861	San Antonio - Front Desk	No	Yes	May-15	SANTX
WKS-THI-051	3.74439E+11	H765D32	Windows 7 Pro	Dell Optiplex 3020	San Antonio - Checkout - Ext: 860	San Antonio - Checkout	No	Yes	May-15	SANTX
WKS-THI-053	15192047774	6Z8YB32	Windows 7 Pro	Dell Optiplex 3020	Sugar Land - Nurses Station - Ext: 105	Sugar Land - Nurses Station	No	Yes		
WKS-THI-054	32950814366	F4Y2B32	Windows 7 Pro	Dell Optiplex 3020	Woodlands - PCC - Ext: 910	Woodlands - PCC	No	Yes		WL
WKS-THI-055	28839114398	D8Y2B32	Windows 7 Pro	Dell Optiplex 3020	San Antonio - Nurses Station	San Antonio - Nurses Station	No	Yes	Jul-15	SA
WKS-THI-056	14141516726	6HVHS52	Windows 7 Pro	Dell Optiplex 3020	San Antonio - Nurses Station	San Antonio - Nurses Station	No	Yes	Jul-15	SA
WKS-THI-057	16837472774	7QGLH52	Windows 7 Pro	Dell Optiplex 3020	Woodlands - Checkout Station - Ext: 901	Woodlands - Checkout Station	No	Yes		WL

WKS-THI-058	7134520358	39ZPJ52	Windows 7 Pro	Dell Optiplex 3020	Sugar Land - Billing	Sugar Land - Billing	No	Yes	Aug-15	SL
-------------	------------	---------	---------------	-----------------------	----------------------	----------------------	----	-----	--------	----

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

WKS-THI-059	15841649702	79ZPJ52	Windows 7 Pro	Dell Optiplex 3020	Sugar Land - PCC	Sugar Land - PCC	No	Yes	Aug-15	SL
WKS-THI-060	35372224550	G8ZPJ52	Windows 7 Pro	Dell Optiplex 3020	Sugar Land - PCC	Sugar Land - PCC	No	Yes	Aug-15	SL
WKS-THI-061	20013815846	96ZPJ52	Windows 7 Pro	Dell Optiplex 3020	Sugar Land - PCC	Sugar Land - PCC	No	Yes	Aug-15	SL
WKS-THI-062	13543925014	67ZPJ52	Windows 7 Pro	Dell Optiplex 3020	Sugar Land - PCC	Sugar Land - PCC	No	Yes	Aug-15	SL
WKS-THI-063	15660251174	76ZPJ52	Windows 7 Pro	Dell Optiplex 3020	Sugar Land - PCC	Sugar Land - PCC	No	Yes	Aug-15	SL
WKS-THI-064	20678943782	9HZPJ52	Windows 7 Pro	Dell Optiplex 3020	Sugar Land - PCC	Sugar Land - PCC	No	Yes	Aug-15	SL
WKS-THI-065	2599557158	16ZPJ52	Windows 7 Pro	Dell Optiplex 3020	Clear Lake - Clinic Workstation - Dr. Valenson Office	Clear Lake - Clinic Workstation	No	Yes	Aug-15	SL
WKS-THI-066	24246448166	B4ZPJ52	Windows 7 Pro	Dell Optiplex 3020	AVAILABLE	AVAILABLE	No	Yes	Aug-15	SL
WKS-THI-067	34381297766	FSLQJ52	Windows 7 Pro	Dell Optiplex 3020	Katy - Angio Suite - Front Desk - Ext: 712	Katy - Angio Suite - Front Desk	NO	Yes	Aug-15	SL
WKS-THI-068	38298023606	HLDNK52	Windows 7 Pro	Dell Optiplex 3020	Clearlake - PCC - Ext: 602	Clear Lake - PCC	No	Yes	Oct-15	CL

Exhibit G to Amended and Restated Asset Purchase Agreement

MONITORS

Model	Serial Number	Workstation	Location
Dell P2414h, 23.8"	CN-0524N3-74261-54I-2GCL	San Antonio - Nurses Station - Ext: 864 or 865	SA
Dell P2414h, 23.8"	CN-0524N3-74261-		SL
Dell P2414h, 23.8"	CN-5024N3-74261-4CO-15DB	Woodlands - PCC - Ext: 902	WL
Dell P2414h, 23.8"	CN-5024N3-74261-46B-109U	Front Desk - South Austin	SA
Dell P2414h, 23.8"	CN-5024N3-74261-46B-1P4U	Front Desk - South Austin	SA
Dell P2414h, 23.8"	CN-5024N3-74261-74A-1P7U	Sugar Land - Front Desk - Ext: 100	SL
Dell P2414h, 23.8"	CN-5024N3-74261-46A-1P7U	Front Desk - South Austin	SA
Dell P2414h, 23.8"	CN-0524N3-74261-53R-380B	South Austin - Front Desk - Ext: 820	SA
Dell P2414h, 23.8"	CN-0524N3-74261-51R-1DNL	Sugar Land - Billing - Ext: 331	SL
Dell P2414h, 23.8"	CN-0524N3-74261-	Round Rock - Front Desk - Ext: 850	RR
Dell P2414h, 23.8"	CN-0524N3-74261-53S-0H0B	San Antonio - Business Desk - Ext: 869	SANTX
Dell P2414h, 23.8"	CN-0524N3-74261-53R-381B	San Antonio - Front Desk - Ext: 860	SANTX
Dell P2414h, 23.8"	CN-0524N3-74261-53S-0H4B	San Antonio - Front Desk - Ext: 860	SANTX
Dell P2414h, 23.8"	CN-0524N3-74261-53R-380B	San Antonio - Checkout Station - Ext: 861	SANTX
Dell P2414h, 23.8"	CN-0524N3-74261-54I-2JAL		SANTX
Dell P2414h, 23.8"	CN-0524N3-74261-36J-OC3L	Sugar Land - Chris Johnson - EXT: 312	SL
Dell P2414h, 23.8"	CN-0524N3-74261-54I-2GKL	Sugar Land - Sandy Page	SL
Dell P2414h, 23.8"	CN-0524N3-74261-54I-4EVL	San Antonio - Nurses Station - Ext: 864 or 865	SL
Dell P2414h, 23.8"	CN-0524N3-74261-567-1VVB	Sugar Land -	SL
Dell P2414h, 23.8"	CN-0524N3-74261-		SL
Dell P2414h, 23.8"	CN-0524N3-74261-		SL
Dell P2414h, 23.8"	CN-0524N3-74261-53S-04FB	Woodlands - Ann Hull - Ext: 910	WL
Dell P2414h, 23.8"	CN-0524N3-74261-53S-0Y3B	Woodlands - Ann Hull - Ext: 910	WL
Dell P2414h, 23.8"	CN-0524N3-74261-567-16TB	Woodlands - Provider Desk - Ext: 908	WL
Dell P2414h, 23.8"	CN-0W4XCG-74445-180-ELEM		BL
Dell P2414h, 23.8"	CN-0524N3-74261-51-1HFL	Sugar Land - Billing - Ext: 335	SL
Dell P2414h, 23.8"	CN-0524N3-74261-51R-20VL	Sugar Land - Billing - Ext: 336	SL
Dell P2414h, 23.8"	CN-0524N3-74261-51R-1DNL		BL
Dell P2414h, 23.8"	CN-0524N3-74261-51R-1HDL	Sugar Land - Billing - Ext: 335	SL
Dell P2414h, 23.8"	CN-0524N3-74261-51R-20HL	Sugar Land - Conference Room - 339	SL
Dell P2414h, 23.8"	CN-0524N3-74261-391-1PFL		CL
Dell P2414h, 23.8"	CN-0524N3-74261-363-OMTL	Clearlake - Nurse's Station - Ext: 604 or 605	CL
Dell P2414h, 23.8"	CN-0524N3-74261-363-O6YL	Clearlake - Nurse's Station - Ext: 604 or 605	CL
Dell P2414h, 23.8"	CN-0524N3-74261-363-06VL	Clearlake - PCC - Ext: 601	CL
Dell P2414h, 23.8"	CN-0524N3-74261-370-39RL	Clearlake - Front Desk - Ext: 600	CL
Dell P2414h, 23.8"	CN-0524N3-74261-363-077L	Clearlake - Front Desk - Ext: 600	CL
Dell P2414h, 23.8"	CN-0524N3-74261-391-1PVV	Katy - Provider Office - Ext: 708	KT

Dell P2414h, 23.8"	CN-0524N3-74261-36J-0CYL	Katy - Front Desk - Ext: 700	KT
Dell P2414h, 23.8"	CN-0524N3-74261-36J-0D6L	Katy - Checkout Station - Ext: 701	KT

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

Dell P2414h, 23.8"	CN-0524N3-74261-36J-0D5L	Katy - Nurses Station - Ext: 704 or 705	KT
Dell P2414h, 23.8"	CN-0524N3-74261-36J-0CWL	Katy - Nurses Station - Ext: 704 or 706	KT
Dell P2414h, 23.8"	CN-0524N3-74261-541-57D-4H4U	Clear Lake -	KT
Dell P2414h, 23.8"	CN-0524N3-74261-541-57E-49MB	Katy - Angio Suite - Ext: 712	KT
Dell P2414h, 23.8"	CN-ORNMH6-74445-14E-338L	Woodlands - Checkout Station Ext: 901	WL
ASUS VS247H	D3LMTF145072	Woodlands - Front Desk	WL
Dell P2414h, 23.8"	CN-OGFXN4-7445-33F-380L	Woodlands - PCC - Ext: 907	WL
Dell P2414h, 23.8"	CN-ODTOPH-74261-333-2Y6L	Woodlands - PCC - Ext: 913	WL
Dell P2414h, 23.8"	CN-ODTOPH-74261-333-2WFL	Woodlands - PCC - Ext: 902	WL
ASUS VS247H-P	D3LMTF145070	IT Help Desk - TO BE SOLD	SL
Dell P2414h, 23.8"	CN-0524N3-74261-49Q-694L	Woodlands - PCC - Ext: 907	WL
Dell P2414h, 23.8"	TW-027HW3-74264-49A-040L	Round Rock - Nurse Station - Ext: 854	RR
Dell P2414h, 23.8"	CN-0524N3-74261-48R-101L	Round Rock - Nurse Station - Ext: 854	RR
Dell P2414h, 23.8"	TW-027HW3-74264-49A-03NL	Round Rock - Checkout - Ext: 851	RR
Dell P2414h, 23.8"	CN-0524N3-74261-4CO-15DB	Woodlands - Business Desk - Ext:909	RR
ASUS VS247H-P	D3LMTF145073	IT Help Desk - TO BE SOLD	SL
ASUS VS247H-P	D7LMTF224008	IT Help Desk - TO BE SOLD	SL
Dell P2414h, 23.8"	CN-0524N3-74261-363-03FL	Sugar Land - Billing - Ext: 342	SL
Dell P2414h, 23.8"	CN-0524N3-74261-36J-03CL		SL
Dell P2414h, 23.8"	CN-0524N3-74261-391-1PGL	Sugar Land - Billing - Ext: 344	SL
Dell P2414h, 23.8"	CN-0524N3-74261-363-07TL		SL
Dell P2414h, 23.8"	CN-0524N3-74261-3BH-46ML	Sugar Land - PCC - Ext: 341	SL
Dell P2414h, 23.8"	CN-0524N3-74261-3BH-446L	Sugar Land - PCC - Ext: 341	SL
Dell P2414h, 23.8"	CN-0524N3-74261-3BH-48DL	Sugar Land - Operations - Ext: 300	SL
Dell P2414h, 23.8"	CN-0524N3-74261-3BH-48EL	Sugar Land - Billing - Ext: 340	SL
Dell P2414h, 23.8"	CN-0524N3-74261-3BH-46CL		SL
Dell P2414h, 23.8"	CN-0524N3-74261-3BH-4CCL	Sugar Land - CBO - Micah Grossman (Home Use)	SL
Dell P2414h, 23.8"	CN-0524N3-74261-420-53AL		SL
Dell P2414h, 23.8"	CN-0524N3-74261-420-5FFL		SL
Dell P2414h, 23.8"	CN-0524N3-74261-43R-9DWL	Sugar Land - Nurses Station - Ext: 104 or 105	SL
Dell P2414h, 23.8"	CN-0524N3-74261-43R-9E9L	Sugar Land - Nurses Station - Ext: 104 or 105	SL
Dell P2414h, 23.8"	CN-0524N3-74261-43S-2N1L		SL
Dell P2414h, 23.8"	CN-0524N3-74261-45C-5EOL		SL
Dell P2414h, 23.8"	CN-0524N3-74261-45C-5EIL	NO Ext: Desk Next to Naina	SL
Dell P2414h, 23.8"	CN-5024N3-74261-46C-OD3U	AVAILABLE	SL
Dell P2414h, 23.8"	CN-0524N3-74261-49Q-68WL	Sugar Land - Checkout Station - Ext: 102	SL
Dell P2414h, 23.8"	CN-0524N3-74261-51R-0EKL	Sugar Land - Billing - Ext: 320	SL
Dell P2414h, 23.8"	CN-0524N3-74261-57E-06BU	Sugar Land - PCC	SL
Dell P2414h, 23.8"	CN-0524N3-74261-57D-4H6U	Clear Lake - Provider Workstation	CL
Dell P2414h, 23.8"	CN-0524N3-74261-57E-0G8U	Sugar Land - Operations: Ext: 303	SL
Dell P2414h, 23.8"	CN-0524N3-74261-57E-49KB	Sugar Land - PCC: Ext: 147	SL
Dell P2414h, 23.8"	CN-0524N3-74261-57D-4H7U	Sugar Land -	SL
Dell P2414h, 23.8"	CN-0524N3-74261-541-57D-OHSU	Sugar Land - PCC: Ext: 145	SL

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

Dell P2414h, 23.8"	CN-0524N3-74261-541-51R-OERL	Sugar Land - PCC: Ext: 145	SL
Dell P2414h, 23.8"	CN-0524N3-74261-541-57G-0G2U	Sugar Land - PCC: Ext: 146	SL
Dell P2414h, 23.8"	CN-0524N3-74261-541-3BH-46CL	Sugar Land - PCC: Ext: 146	SL
Dell P2414h, 23.8"	CN-0524N3-74261-48N-1MGL	Sugar Land - Billing - Ext: 326	SL
Dell P2414h, 23.8"	CN-0524N3-74261-48O-1TGL		SL
Dell P2414h, 23.8"	CN-0524N3-74261-48F-3FGL	Katy - Checkout Station - Ext: 701	KTY
Dell P2414h, 23.8"	CN-0524N3-74261-48F-3FDL	Sugar Land - PCC: Ext: 140	SL
Dell P2414h, 23.8"	CN-0524N3-74261-48F-3K6L	Sugar Land - PCC - Ext: 140	SL
Dell P2414h, 23.8"	CN-0524N3-74261-48F-3K5L	Sugar Land - Billing - Ext: 344	SL
Dell P2414h, 23.8"	CN-0524N3-74261-48F-3K4L	Sugar Land - Billing - Ext: 331	SL
Dell P2414h, 23.8"	CN-0524N3-74261-48F-117L	Katy - Business Desk - Ext: 709	SL
Dell P2414h, 23.8"	CN-0524N3-74261-48F-118L	Sugar Land - PCC - Ext: 142	SL
Dell P2414h, 23.8"	CN-0524N3-74261-48F-OAAL	Sugar Land - PCC - Ext: 144	SL
Dell P2414h, 23.8"	CN-0524N3-74261-48F-OACL	Sugar Land - PCC - Ext: 142	SL
Dell P2414h, 23.8"	CN-0524N3-74261-48F-3FKL	Sugar Land - PCC - Ext: 144	SL
Dell P2414h, 23.8"	CN-0524N3-74261-48F-116L	Sugar Land - PCC - Ext: 143	SL
Dell P2414h, 23.8"	CN-0524N3-74261-57D-4H1U	Sugar Land - Operations - Ext:310	SL
Dell P2414h, 23.8"	CN-0524N3-74261-57E-0G7U	Sugar Land - PCC:	SL
Dell P2414h, 23.8"	CN-0524N3-74261-57D-4HAU	Sugar Land - Operations - Ext: 315	SL
Dell P2414h, 23.8"	CN-0524N3-74261-57D-4HPU	Katy - Front Desk - Ext: 700	SL
Dell P2414h, 23.8"	CN-0524N3-74261-57D-4HHU	Sugar Land - PCC: Ext:144	SL
Dell P2414h, 23.8"	CN-0524N3-74261-57D-4HDU	Sugar Land - PCC: Ext: 316	SL
Dell P2414h, 23.8"	CN-0524N3-74261-57D-4HCU	Sugar Land - PCC: Ext: 149	SL
Dell P2414h, 23.8"	CN-0524N3-74261-57D-4HGU	Sugar Land - PCC	SL
Dell P2414h, 23.8"	CN-0524N3-74261-57E-OHRU	Woodlands - PCC - Ext: 913	SL
Dell P2414h, 23.8"	CN-0524N3-74261-57E-0G9U	Sugar Land - PCC: Ext:148	SL
Dell P2414h, 23.8"	CN-0524N3-74261-57D-4HJU	Sugar Land - Operations - Ext:314	SL
Dell P2414h, 23.8"	CN-0524N3-74261-57D-4J9U	Sugar Land - Operations - Ext: 313	SL
Dell P2414h, 23.8"	CN-0524N3-74261-45C-OCYU	Woodlands - Front Desk	WL
Dell P2414h, 23.8"	CN-0524N3-74261-46C-0D3U	Woodlands - Nurses Station	WL
Dell P2414h, 23.8"	CN-0524N3-74261-48A-OLEU	Woodlands - Nurses Station	WL
Dell P2414h, 23.8"	CN-0524N3-74261-48A-OKKU	Woodlands - Business Desk	WL
Dell P2414h, 23.8"	CN-0524N3-74261-363-083L	Available	
ASUS VS247H-P	CBLMTF215552		
Dell P2414h, 23.8"	CN-0524N5-74261-370-394L	WKS- THI-BIL07	
Dell P2414h, 23.8"	CN-0524N3-74261-327-290L	Sugar Land - Billing - Ext: 342	SL
Dell P2414h, 23.8"	CN-0524N3-74261-48F-3K4L	Sugar Land - PCC - Ext: 141	SL
Dell P2414h, 23.8"	CN-0524N3-74261-36J-074L	Sugar Land - Billing - Ext: 331	SL
Dell P2414h, 23.8"	CN-0524N3-74261-36J-0MVL	Sugar Land - Billing - Ext: 334	SL
Dell P2414h, 23.8"	OGFXN4-74445-33F-385L	Sugar Land - Billing - Ext: 332	SL
Dell P2414h, 23.8"	CN-0524N3-74261-36J-0N0L	Sugar Land - Billing - Ext: 332	SL
Dell P2414h, 23.8"	CN-0524N3-74261-48N-1MGL	Sugar Land - Billing - Ext: 336	SL
Dell P2414h, 23.8"	CN-0524N3-74261-43S-ZN1L	Sugar Land - Billing - Ext: 336	SL

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

Dell P2414h, 23.8"	CN-0524N3-74261-51R-OEKL	Sugar Land - Billing - Ext: 330	SL
Dell P2414h, 23.8"	CN-0524N3-74261-36J-07TL	Sugar Land - Billing - Ext: 330	SL
Dell P2414h, 23.8"	CN-0524N3-74261-42O-5FFL	Sugar Land - Billing - Ext: 337	SL
Dell P2414h, 23.8"	CN-0524N3-74261-42O-53AL	Sugar Land - Billing - Ext: 337	SL
Dell P2414h, 23.8"	CN-0524N3-74261-51R-20KL	Sugar Land - Billing - Ext: 339	SL
Dell P2414h, 23.8"	CN-0524N3-74261-57D-4JDU	Sugar Land - Billing - Ext: 302	SL
Dell P2414h, 23.8"	CN-0524N3-74261-36Q-1JRL	Sugar Land - Operations - Ext:302	SL
Dell P2414h, 23.8"	CN-0524N3-74261-54I-4F5L	Sugar Land - Checkout Station - Ext:101	SL
Dell P2414h, 23.8"	CN-0524N3-74261-54I-2JUL	Sugar Land - Front Desk - Ext: 100	SL
Dell P2414h, 23.8"	CN-DRNMH6-74445-74E-338L	Woodlands - Checkout Station Ext: 901	WL
ASUS VS13518H-P	CBLMTF54222123973	Katy - Provider Office - No Extension	KTY
ASUS VS13518H-P	CBLMTF223055	IT Help Desk - TO BE SOLD	SL
ASUS VS13518H-P	CBLMTF215563	IT Help Desk - TO BE SOLD	SL
Dell Neo Flex/ 13067-K12	33-310-060-00	IT Help Desk - TO BE SOLD	SL
Dell Neo Flex/ 13067-K12	33-310-060-00	IT Help Desk - TO BE SOLD	SL
Dell Flat Panel	CN-0W4XCG-7445-180-ELEM	IT Help Desk - TO BE SOLD	SL
ASUS VS13518H-P	CBLMTF166539	IT Help Desk - TO BE SOLD	SL
ASUS VS13518H-P	CZLMTF079905	Sugar Land - Billing - Ext: 342	SL
ASUS VS13518H-P	CCLMTF112864	Sugar Land - Billing - Ext: 342	SL

APPLE IPAD										
#	Last Update/ Software Version	Name	IPad Series	Model #	Serial Number	Location	Vendor	Chargers ?	Apple Care?	Case?
1	11/21-16/9.3.5	HVC Sugar Land 1	RFB IPAD WI-FI CELL 16GB WHT	FE198LL/A	F8QMM05WF190	SL	Apple	Yes	Yes	Yes
2	11/21-16/9.3.5	HVC Sugar Land 2	RFB IPAD WI-FI CELL 16GB WHT	FE198LL/A	F8QMM03HF190	SL	Apple	Yes	Yes	Yes
3	11/21-16/9.3.5	HVC The Woodlands 1	RFB IPAD WI-FI CELL 16GB WHT	FE198LL/A	F8QMM058F190	SL	Apple	Yes	Yes	Yes
4	11/21-16/9.3.5	HVC The Woodlands 2	RFB IPAD WI-FI CELL 16GB WHT	FE198LL/A	F8QMM02AF190	SL	Apple	Yes	Yes	Yes
5	10/19-16/9.3.5	HVC Round Rock 1	RFB IPAD WI-FI CELL 16GB WHT	MC989LL/A	DYTKW451DKPH	SL	Apple	Yes	Yes	Yes
6	6-22-16/9.3.2	HVC Round Rock 2	RFB IPAD WI-FI CELL 16GB WHT	MC989LL/A	DYTKV4SKDKPH	SL	Apple	Yes	Yes	Yes
7	10/19-16/9.3.5	HVC South Austin	RFB IPAD WI-FI CELL 16GB WHT	MC989LL/A	DYTKW2WHDKPH	SL	Apple	Yes	Yes	Yes
8	9.3.5	HVC - IT Help Desk 5	RFB IPAD WI-FI CELL 16GB WHT	MC989LL/A	DMPPGX13PDKPH	SL	Apple	Yes	Yes	Yes
9	11/21-16/9.3.5	HVC Bellaire 1	RFB IPAD 2 WI-FI 32GB WHT	FC980LL/A	F8QNW023DKPJ	SL	Apple	Yes	Yes	Yes
10	11/21-16/9.3.5	HVC Bellaire 2	RFB IPAD 2 WI-FI 32GB WHT	FC980LL/A	F8QNW07JDKPJ	SL	Apple	Yes	Yes	Yes
11	11/21-16/9.3.5	HVC Clearlake 1	RFB IPAD 2 WI-FI 32GB WHT	FC980LL/A	F8QNW044DKPJ	SL	Apple	Yes	Yes	Yes
12	11/21-16/9.3.5	HVC Clearlake 2	RFB IPAD 2 WI-FI 32GB WHT	FC980LL/A	F8QNW02EDKPJ	SL	Apple	Yes	Yes	Yes
13	11/21-16/9.3.5	HVC Katy 1	RFB IPAD 2 WI-FI 32GB WHT	FC980LL/A	F8QNW06VDPKJ	SL	Apple	Yes	Yes	Yes
14	11/21-16/9.3.5	HVC Katy 2	RFB IPAD 2 WI-FI 32GB WHT	FC980LL/A	F8QNW05VDPKJ	SL	Apple	Yes	Yes	Yes
15	11/21-16/9.3.5	HVC - South Austin	RFB IPAD 2 WI-FI 32GB WHT	FC980LL/A	F8QNW012DKPJ	SL	Apple	Yes	Yes	Yes
16	10/19-16/9.3.5	HVC Kingwood 1	RFB IPAD 2 WI-FI 32GB WHT	FC980LL/A	F8QNW09JDKPJ	TB	Apple	Yes	Yes	Yes
14	11/21-16/9.3.5	HVC Kingwood 2	RFB IPAD 2 WI-FI 32GB WHT	FC980LL/A	F8QNW02NDKPJ	TB	Apple	Yes	Yes	Yes
18	11/21-16/9.3.5	HVC - IT HelpDesk 4	RFB IPAD 2 WI-FI 32GB WHT	FC980LL/A	F8QNW07ADKPJ	TB	Apple	Yes	Yes	Yes
19	11/21-16/9.3.5	HVC - IT HelpDesk 1	RFB IPAD 2 WI-FI 32GB WHT	FC980LL/A	F8QNW02PDKPJ	TB	Apple	Yes	Yes	Yes
20	11/21-16/9.3.5	HVC San Antonio 1	RFB IPAD 2 WI-FI 32GB WHT	FC980LL/A	F8QNW04JDKPJ	TB	Apple	Yes	Yes	Yes
21	11/21-16/9.3.5	HVC - IT HelpDesk 3	RFB IPAD 2 WI-FI 32GB WHT	FC980LL/A	F8QNW019DKPJ	TB	Apple	Yes	Yes	Yes
22	11/21-16/9.3.5	HVC - IT HelpDesk 2	RFB IPAD 2 WI-FI 32GB WHT	FC980LL/A	F8QNW02BDKPJ	TB	Apple	Yes	Yes	Yes
24	11/21-16/9.3.5	HVC San Antonio 2	RFB IPAD 2 WI-FI 32GB WHT	FC980LL/A	F8QNW07JDKPJ	TB	Apple	Yes	Yes	Yes

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

COMPUTER SPEAKERS

Model	Serial Number	Ext	Workstation	Location	User
Logitech Z130 Stereo Speakers	N/A	330	WKS-THI-048	SL	Billing Workstation
Logitech Z130 Stereo Speakers	N/A	335	WKS-THI-005	SL	Billing Workstation
Logitech Z130 Stereo Speakers	N/A	339	WKS-THI-038	SL	Billing Workstation
Logitech Z130 Stereo Speakers	N/A	331	WKS-THI-003	SL	Billing Workstation
Logitech Z130 Stereo Speakers	N/A	334	WKS-THI-004	SL	Billing Workstation
Logitech Z130 Stereo Speakers	N/A	332	WKS-THI-028	SL	PCC Workstation
Logitech Z130 Stereo Speakers	N/A	140	WKS-THI-039	SL	PCC Workstation
Logitech Z130 Stereo Speakers	N/A	141	WKS-THI-007	SL	PCC Workstation
Logitech Z130 Stereo Speakers	N/A	339	WKS-THI-038	SL	Billing Workstation
Logitech Z130 Stereo Speakers	N/A	333	WKS-THI-039	SL	Billing Workstation
Logitech Z130 Stereo Speakers	N/A	336	WKS-THI-035	SL	Billing Workstation
Logitech Z130 Stereo Speakers	N/A	910	WKS-THI-054	WL	PCC Workstation
Logitech Z130 Stereo Speakers	N/A	344	WKS-THI-036	SL	Billing Workstation
Logitech Z130 Stereo Speakers	N/A	343	WKS-THI-	SL	Billing Workstation
Logitech Z130 Stereo Speakers	N/A	342	WKS-THI-062	SL	Billing Workstation
Logitech Z130 Stereo Speakers	N/A	341	WKS-THI-058	SL	Billing Workstation
Logitech Z130 Stereo Speakers	N/A	337	WKS-THI-029	SL	Billing Workstation
Logitech Z130 Stereo Speakers	N/A	148	WKS-THI-060	SL	PCC Workstation
Logitech Z130 Stereo Speakers	N/A	142	WKS-THI-006	SL	PCC Workstation
Logitech Z130 Stereo Speakers	N/A	143	WKS-THI-009	SL	PCC Workstation
Logitech Z130 Stereo Speakers	N/A	144	WKS-THI-027	SL	PCC Workstation
Logitech Z130 Stereo Speakers	N/A	145	WKS-THI-064	SL	PCC Workstation
Logitech Z130 Stereo Speakers	N/A	146	WKS-THI-061	SL	PCC Workstation
Logitech Z130 Stereo Speakers	N/A	907	WKS-THI-018	WL	PCC Workstation
Logitech Z130 Stereo Speakers	N/A	701	WKS-THI-025	KTY	PCC Workstation
Jawbone Jambox Wireless Bluetooth Speakers	JBE4270012FD2		RFA ROOM 1	SL	N/A
Jawbone Jambox Wireless Bluetooth Speakers	JBE42700762D2		RFA ROOM 2	SL	N/A
Jawbone Jambox Wireless Bluetooth Speakers	JBE427004C502		RFA ROOM 3	SL	N/A
Jawbone Jambox Wireless Bluetooth Speakers	JBE42501338D2		RFA ROOM 4	SL	N/A
Sonos Speaker Set	1304-00-0E-58-8F-3E-A0-B		SL CLINIC	SL	N/A
Sonos Speaker Set	1309-00-0E-58-C8-A3-7C-E		SL CLINIC	SL	N/A
Sonos Speaker Set	1311-00-0E-58-CC-C4-20-A		SL CLINIC	SL	N/A
Sonos Speaker Set	1309-00-0E-58-C067-4E-2		SL CLINIC	SL	N/A

Exhibit G to Amended and Restated Asset Purchase Agreement

PRINTERS AND COPY MACHINES								
Serial Number	IP ADDRESS	Model	Eqt. I.D.	Printer Name	User	PW	Location	Vendor
MX4361359	https://192.168.50.50/	Xerox Color Cube 7845PTS	J7146	SUGARLAND-PTR-SUITE 113	Admin	1111	SUGAR LAND - CBO - SUITE 113	Dahill
XL3612020	http://192.168.50.250	Xerox 6605DN	J2040	SUGAR LAND - NURSE STATION	Admin	N/A	SUGAR LAND - NURSE STATION	Dahill
MX4357869	http://192.168.50.90	Xerox Color Cube 7845PTS	J8902	SUGARLAND-PTR-FRONTDESK	Admin	1111	SUGAR LAND - FRONT DESK	Dahill
E5B587695	http://192.168.50.60	Xerox Color Cube 4265	J7424	SUGARLAND-PTR-SUITE 160	Admin	1111	SUGARLAND - CBO - SUITE 160	Dahill
XL3614769	http://192.168.100.10	Xerox 6605DN	J7151	KATY - PTR - FRONTDESK	Amin	1111	BELLAIRE - FRONT DESK	Dahill
A2T204144	http://192.168.100.12	Xerox 3615	K1979	KATY - PTR - NURSESTATION	Admin	1111	BELLAIRE - NURSES STATION	Dahill
LBP262057	http://192.168.90.10	Xerox 3635X	H4034	CLEARLAKE - PTR - FRONTDESK	Admin	N/A	CLEARLAKE/ WEBSTER - FRONT DESK	Dahill
XL3619829	http://192.168.90.12	Xerox 6605DN	K2068	CLEARLAKE - PTR - NURSESTATION	Nurse Station	N/A	CLEARLAKE/ WEBSTER - NURSE	Dahill
A2T379496	http://192.168.100.13	Xerox 3615DN	H4811	KATY - PTR - ANGIO SUITE	Admin	1111	KATY - ANGIO SUITE	Dahill
XL3604843	http://192.168.120.50/	Xerox 6605DN	H6012	ROUND ROCK - PTR - FRONTDESK	Admin	N/A	ROUND ROCK - FRONT DESK	Dahill
A2T199855	http://192.168.120.60	Xerox 3615	J7152	ROUND ROCK - PTR - NURSESTATION	Admin	1111	ROUND ROCK - NURSES STATION	Dahill
XL3609794	http://192.168.80.50	Xerox 6605DN	J1343	WOODLANDS - PTR - FRONTDESK	Admin	N/A	WOODLANDS - FRONTDESK	Dahill
A2T199853	http://192.168.80.60	Xerox 3615	J6266	WOODLANDS - PTR - NURSESTATION	Admin	1111	WOODLANDS - NURSE STATION	Dahill
XL3620476	http://192.168.110.10	Xerox 6605DN	K2848	SANANTONIO - PTR - FRONT DESK	Admin	N/A	SANANTONIO - FRONT DESK	Dahill
A2T381528	http://192.168.110.11	Xerox 3615	K9409	SANANTONIO - PTR - NURSESTATION	Admin	N/A	SANANTONIO - NURSE STATION	Dahill
5D2F191454	N/A	Brother MFC - J430W	N/A	IT HelpDesk - HAMILTON - PTR - 003	N/A	N/A	IT HELPDESK - AVAILABLE	Brother
5A3F381193	N/A	Brother MFC - J430W	N/A	IT HelpDesk - HAMILTON - PTR - 009	N/A	N/A	IT HELPDESK - AVAILABLE	Brother
U63536A4F224390	N/A	Brother MFC - J470DW	N/A	HAMILTON - PTR - 004 - EXT: 701	N/A	N/A	KATY - CHECKOUT STATION EXT: 701	Brother
CN31U3RG7P	N/A	HP Officejet 6100	N/A	IT HelpDesk - HAMILTON - PTR - 005	N/A	N/A	IT HELPDESK - AVAILABLE	Hewlett
CN55L690D9	N/A	HP Officejet 4630 All-in-One	B4L03A-80020	IT HelpDesk - HAMILTON - PTR - 006 (CL)	N/A	N/A	IT HELPDESK - AVAILABLE	Hewlett
CN54M571N2	N/A	HP Officejet 4630 All-in-One	B4L03A-80020	IT HelpDesk - HAMILTON - PTR - 007 (SL)	N/A	N/A	CLEARLAKE CLINIC - SUITE 210	Hewlett
CN510593JM	N/A	HP Officejet 4630 All-in-One	B4L03A-80020	IT HelpDesk - HAMILTON - PTR - 008 (SL)	N/A	N/A	IT HELPDESK - AVAILABLE	Hewlett

Exhibit G to Amended and Restated Asset Purchase Agreement

SCANNERS			
Model	Serial Number	Eqt ID	Location
Kodak Scanmate i1120	46498079	N/A	SUGAR LAND - IT HELP DESK - AVAILABLE
KodaK Scanmate i1120	46489659	N/A	CLEAR LAKE - FRONT DESK - EXT. 600
Kodak ScanMate i1120	52481940	N/A	SUGARLAND - IT HELP DESK - AVAILABLE
DocuMate 3115	2ARCU50655	G7663	SUGAR LAND - FRONT DESK EXT. 100
DocuMate 3115	2ARCU50470	G7664	SUGAR LAND - IT HELP DESK - AVAILABLE
DocuMate 3115	2ARCU50100	G2825	KATY - FRONT DESK - EXT. 700
DocuMate 3115	2ARCU50022	G2824	SUGAR LAND - AVAILABLE IT HELPDESK
DocuMate 3115	357CU21512	H4983	SUGAR LAND - BILLING DEPARTMENT - EXT: 340
DocuMate 3115	357CU21060	N/A	WOODLANDS - FRONT DESK - EXT. 900
Brother Dsmobile 620	U63543B4U113426	5wD70100101	Sugar Land - Clinic
Brother Dsmobile 620		5wD70100101	Willowbrook - Clinic
Brother Dsmobile 620	U63543G4U114455	5wD70100101	Clear Lake - Clinic
Brother Dsmobile 620	U63543D4U114970	5wD70100101	Woodlands - Clinic
Brother Dsmobile 620	U63543F4U113929	5wD70100101	Bellaire - Clinic
Brother Dsmobile 620	U63543L3U112972	5wD70100101	South Austin - Clinic
Brother Dsmobile 620	U63543A4U114194	5wD70100101	Round Rock - Clinic

Schedule 1.1(a)
Purchased Assets/Contracts

3688526.6 34

3688526.6 32

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

WIRELESS HEADSETS

Model	Serial Number	Workstation	Location
Plantronics, Convertible, 900MHZ	02C350	Sugar Land - Billing - 337	SL
Plantronics, Convertible, 900MHZ	02C34X	Sugar Land - Billing - 344	SL
Plantronics, Convertible, 900MHZ	02C2355	Sugar Land - Checkout Station 101	SL
Plantronics, Convertible, 900MHZ	02C34W	Katy - Checkout 701	KT
Plantronics, Convertible, 900MHZ	N/A	Sugar Land - Billing - 331	SL
Plantronics, Convertible, 900MHZ	N/A	Sugar Land - Billing - 332	SL
Plantronics, Convertible, 900MHZ	N/A	Sugar Land - PCC Admin - 140	SL
Plantronics, Convertible, 900MHZ	N/A	Sugar Land - PCC Admin - 141	SL
Plantronics, Convertible, 900MHZ	N/A	Sugar Land - PCC Admin - 142	SL
Plantronics, Convertible, 900MHZ	N/A	Sugar Land - Billing - 342	SL
Plantronics, Convertible, 900MHZ	N/A	Sugar Land - Billing - 343	SL
Plantronics, Convertible, 900MHZ	N/A	Sugar Land - Biliing - 339	SL
Plantronics, Convertible, 900MHZ	0643PN	Sugar Land - Billing - 330	SL
Plantronics, Convertible, 900MHZ	0643PD	IT HELPDESK	SL
Plantronics, Convertible, 900MHZ	064DDJ	Sugar Land - Billing - 341	SL
Plantronics, Convertible, 900MHZ	0643PW	Georgia - PCC Admin - 151	SL
Plantronics, Convertible, 900MHZ	064DDU	Woodlands - PCC - 910	WL
Plantronics, Convertible, 900MHZ	064DDL	Sugar Land - Billing - 335	SL
Plantronics, Convertible, 900MHZ	03PMDH	Sugar Land - PCC Admin -	SL
Plantronics, Convertible, 900MHZ	03PMDI	Sugar Land - PCC Admin - 144	SL
Plantronics, Convertible, 900MHZ	03X37C	Sugar Land - PCC Admin - 145	SL
Plantronics, Convertible, 900MHZ	03X37D	Sugar Land - PCC Admin - 150	SL
Plantronics, Convertible, 900MHZ	03X36F	Sugar Land - PCC Admin - 147	SL
Plantronics, Convertible, 900MHZ	03X37R	Sugar Land - PCC Admin - 143	SL
Plantronics, Convertible, 900MHZ	03X37K	Sugar Land - Billing - 336	SL
Plantronics, Convertible, 900MHZ	07RRGR	Future Sugar Land - PCC Admin - 148	SL
Plantronics, Convertible, 900MHZ	07RGGT	Futurer Sugar Land - PCC Admin - 149	SL
Plantronics, Convertible, 900MHZ	03X36N	Sugar Land - Billing - 334	SL
Plantronics, Convertible, 900MHZ	07RRGU	Sugar Land - IT HELPDESK - 317	SL
Plantronics, Convertible, 900MHZ	03X36M	Woodlands - PCC - 902	WL
Plantronics, Convertible, 900MHZ	03PME2	Woodlands - PCC - 914	WL
Plantronics, Convertible, 900MHZ	03PME3	Sugar Land - Billing - 340	SL
Plantronics, Convertible, 900MHZ	N/A	Clear Lake - PCC - 601	CL
Plantronics, Convertible, 900MHZ	N/A	Clear Lake - PCC - 602	CL
Plantronics, Convertible, 900MHZ	N/A	Round Rock - Front Desk - 850	RR
Plantronics, Convertible, 900MHZ	N/A	Woodlands - PCC - 907	WL
Plantronics, Convertible, 900MHZ	N/A	Woodlands - PCC - 914	WL
Plantronics, Convertible, 900MHZ	N/A	Woodlands - PCC - 901	WL
HDI Wireless Headset Training Adapter 03929-63	703929-63	Sugar Land - IT HelpDesk Training 1	SL - PCC
HDI Wireless Headset Training Adapter 03929-63	703929-63	Sugar Land - IT HelpDesk Training 2	SL - PCC
HDI Wireless Headset Training Adapter 03929-63	703929-63	Sugar Land - IT HelpDesk Training 3	SL - PCC
HDI Wireless Headset Training Adapter 03929-63	703929-63	Sugar Land - IT HelpDesk Training 4	SL - PCC
HDI Wireless Headset Training Adapter 03929-63	703929-63	Sugar Land - IT HelpDesk Training 5	SL - PCC
HDI Wireless Headset Training Adapter 03929-63	703929-63	Sugar Land - IT HelpDesk Training 6	SL - PCC

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

Schedule 1.1(b)

Accounts Receivable

All accounts receivable and other rights to payment from patients and customers of Sellers, but excluding Government Programs, with respect to goods sold and services provided within the 90-day period immediately preceding the Closing, as set forth below:

DOS 10.7.16 - 3.7.17

Aging	< 31	31-60	61-90	91 - 120	120 +	TOTAL	Sum of TOTAL
Commercial	\$342,882.63	\$ 83,618.75	\$120,167.19	\$ 79,791.69	\$ 34,572.59	\$ 661,032.85	63%
BCBS	\$109,713.26	\$ 27,304.37	\$ 39,793.79	\$ 43,640.45	\$ 14,395.09	\$ 234,846.96	36%
UHC	\$101,618.04	\$ 29,628.76	\$ 61,784.81	\$ 27,835.09	\$ 11,724.53	\$ 232,591.23	35%
Cigna	\$ 56,925.64	\$ 18,900.05	\$ 259.17	\$ 2,688.69	\$ 3,612.70	\$ 82,386.25	12%
Aetna	\$ 45,813.33	\$ 6,345.38	\$ 8,659.98	\$ 3,322.01	\$ 589.10	\$ 64,729.80	10%
Other	\$ 26,547.49	\$ 1,440.19	\$ 9,669.44	\$ 2,305.45	\$ 4,251.17	\$ 44,213.74	7%
Humana	\$ 2,264.87	\$ -	\$ -	\$ -	\$ -	\$ 2,264.87	0%
Medicare	\$200,023.92	\$ 49,914.30	\$ 42,130.84	\$ 25,606.63	\$ 10,068.23	\$ 327,743.92	31%
Medicare	\$144,865.93	\$ 14,807.43	\$ 17,158.18	\$ 1,364.88	\$ 464.20	\$ 178,660.62	55%
Other	\$ 16,799.27	\$ 23,977.61	\$ 9,699.96	\$ 4,194.60	\$ 7,149.39	\$ 61,820.83	19%
UHC	\$ 13,773.02	\$ 701.31	\$ 7,707.82	\$ 18,852.17	\$ 40.59	\$ 41,074.91	13%
Humana	\$ 16,941.23	\$ 2,125.36	\$ 949.41	\$ 101.60	\$ 1,000.00	\$ 21,117.60	6%
BCBS	\$ 424.21	\$ 1,572.75	\$ 5,779.80	\$ 788.18	\$ 1,414.05	\$ 9,978.99	3%
Aetna	\$ 4,193.91	\$ 4,794.92	\$ 343.57	\$ 305.20	\$ -	\$ 9,637.60	3%
Texan Plus	\$ 3,026.35	\$ 1,934.92	\$ 492.10	\$ -	\$ -	\$ 5,453.37	2%
Self Pay	\$ 9,651.07	\$ 8,998.05	\$ 13,949.35	\$ 14,787.26	\$ 11,856.66	\$ 59,242.39	6%
Grand Total	\$552,557.62	\$142,531.10	\$176,247.38	\$ 120,185.58	\$ 56,497.48	\$ 1,048,019.16	100%

Medicare inclusive of all federal and state products - advantage plans, tricare, champva, etc.

Schedule 1.2(c)

Excluded Assets - Contracts

1. Mid-level Provider Employment Agreement, dated October 14, 2016, between Carlos R. Hamilton, III, M.D., P.A. and Natalie Bernard, NP.
2. Mid-level Provider Employment Agreement, dated April 15, 2016, between Carlos R. Hamilton, III, M.D., P.A. and Melanie Johnson, P.A.
3. Physician Employment Agreement, dated March 3, 2016, between Carlos R. Hamilton, III, M.D., P.A. and Sheri Macrino, M.D.
4. Letter Employment Agreement, dated January 20, 2015, between Carlos R. Hamilton, III, M.D., P.A. and Justin Smith, M.D.

Exhibit G to Amended and Restated Asset Purchase Agreement

5. Letter Employment Agreement, dated April 26, 2013, between Carlos R. Hamilton, III, M.D., P.A. and A.J. Valenson, M.D.

6. First Amendment to Lease Agreement, dated May 13, 2015, between Hamilton Physician Services, LLC and WMPT Stone Oak, LLP for property located at 19016 Stone Oak Parkway, Suite 150, San Antonio, Texas 78258.

7. Transaction Agreement, dated December 16, 2016, between Hamilton Physician Services, LLC and Carlos R. Hamilton, III, M.D., P.A. and Micah Grossman.

Schedule 1.2(d)

Excluded Assets - Other Assets

1. 2012 Land Rover
2. Peter Lik photographs at Sugar Land location
3. David West photograph "Burning House" at Kingwood location
4. Peter Lik photograph at Katy location

Schedule 1.3(a)

Trade Accounts Payable

Hamilton Physician Services, LLC

DATE	TRANSACTION TYPE	NUM	DUE DATE	AMOUNT	OPEN BALANCE	BALANCE
	ADP LLC					
02/10/2017	Bill	488180162	02/17/2017	155.10	155.10	155.10
	Total for ADP LLC			\$155.10	\$155.10	
	Airgas USA, LLC. 01/31/2017	9942505429	03/02/2017	37.50	37.50	37.50
02/20/2017	Bill	9060490922	03/22/2017	92.77	92.77	130.27
	Total for Airgas USA, LLC.			\$130.27	\$130.27	
	Angiodynamics 12/30/2016	2917270	01/29/2017	785.94	785.94	785.94
12/30/2016	Bill	2916673	01/29/2017	565.94	565.94	1,351.88
	Total for Angiodynamics			\$1,351.88	\$1,351.88	
	Bard Peripheral Vascular Inc. 12/31/2016	13751		-142.32	-142.32	-142.32
01/13/2017	Vendor Credit	14635076		-141.32	-141.32	-283.64
02/02/2017	Bill	76232426	03/04/2017	466.25	466.25	182.61
	Total for Bard Peripheral Vascular Inc.			\$182.61	\$182.61	

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

Boston Scientific 01/23/2017Bill	953245330	02/22/2017	5,436.28	5,436.28	5,436.28	
Total for Boston Scientific			\$5,436.28	\$5,436.28		
Cimarron M.U.D. 02/01/2017Bill		03/01/2017	522.58	522.58	522.58	
Total for Cimarron M.U.D.			\$522.58	\$522.58		
Comcast Business 01/15/2017Bill	49744624	02/14/2017	6,793.25	6,793.25	6,793.25	
02/15/2017Bill	50575600	03/15/2017	6,691.30	6,691.30	13,484.55	
Total for Comcast Business			\$13,484.55	\$13,484.55		
Cook Medical Incorporated 11/30/2016Bill	V14867296	12/30/2016	272.40	272.40	272.40	
01/18/2017Bill	V15044630	02/17/2017	57.89	57.89	330.29	
01/18/2017Bill	V15045355	02/17/2017	171.39	171.39	501.68	
01/18/2017Bill	V15042409	02/17/2017	119.99	119.99	621.67	
01/23/2017Bill	V15060042	02/22/2017	89.73	89.73	711.40	
01/26/2017Bill	V15076494	02/25/2017	171.39	171.39	882.79	
02/01/2017Bill	V15100048	03/03/2017	80.59	80.59	963.38	
Total for Cook Medical Incorporated			\$963.38	\$963.38		
Covidien 12/13/2016Bill	24304280	02/11/2017	1,623.75	1,623.75	1,623.75	
12/13/2016Bill	24272748	02/11/2017	10,716.75	10,716.75	12,340.50	
12/13/2016Bill	24279549	02/11/2017	11,049.88	11,049.88	23,390.38	
12/19/2016Bill	24321979	02/17/2017	4,546.50	4,546.50	27,936.88	
12/21/2016Bill	24352512	02/19/2017	6,495.00	6,495.00	34,431.88	
12/21/2016Bill	24352551	02/19/2017	3,791.39	3,791.39	38,223.27	
12/27/2016Bill	24376037	02/25/2017	6,859.49	6,859.49	45,082.76	
DATE	TRANSACTION TYPE	NUM	DUE DATE	AMOUNT	OPEN BALANCE	BALANCE
12/28/2016Bill		24381495	02/26/2017	15,263.25	15,263.25	60,346.01
01/03/2017Bill		24396329	03/04/2017	8,258.25	8,258.25	68,604.26
01/09/2017Bill		24423236	03/10/2017	13,314.75	13,314.75	81,919.01
01/19/2017Bill		24473577	03/20/2017	12,340.50	12,340.50	94,259.51
01/19/2017Bill		24473534	03/20/2017	10,836.80	10,836.80	105,096.31
01/20/2017Bill		24480501	03/21/2017	6,495.00	6,495.00	111,591.31
01/26/2017Bill		24541838	03/27/2017	16,237.50	16,237.50	127,828.81
02/13/2017Bill		24628879	04/14/2017	6,435.00	6,435.00	134,263.81
Total for Covidien			\$134,263.81	\$134,263.81		
Dahill						
02/06/2017Bill	IN1062450		02/16/2017	66.96	66.96	66.96
02/06/2017Bill	IN1062451		02/16/2017	138.40	138.40	205.36
02/06/2017Bill	IN1062452		02/16/2017	645.21	645.21	850.57
02/15/2017Bill	IN1075202		02/25/2017	153.67	153.67	1,004.24
02/16/2017Bill	IN1076743		02/26/2017	139.58	139.58	1,143.82
02/16/2017Bill	IN1076742		02/26/2017	66.96	66.96	1,210.78
02/20/2017Bill	IN1081239		03/02/2017	58.46	58.46	1,269.24
Total for Dahill			\$1,269.24	\$1,269.24		
Data Imaging Systems Inc. 01/26/2017Bill	024382-00		02/25/2017	432.84	432.84	432.84
01/26/2017Bill	024380-00		02/25/2017	825.79	825.79	1,258.63
01/26/2017Bill	024381-00		02/25/2017	2,458.20	2,458.20	3,716.83
02/09/2017Bill	024417-00		03/11/2017	623.36	623.36	4,340.19
Total for Data Imaging Systems Inc.			\$4,340.19	\$4,340.19		

Edwards Lifesciences LLC 11/28/
2016 Vendor Credit

6061558

-432.12

-432.12

-432.12

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

Total for Edwards Lifesciences LLC			\$ -432.12	\$ -432.12	
Excel Medical Waste 01/31/2017Bill	0000111405	03/02/2017	168.50	168.50	168.50
01/31/2017Bill	0000111404	03/02/2017	72.00	72.00	240.50
01/31/2017Bill	0000111406	03/02/2017	137.50	137.50	378.00
01/31/2017Bill	0000111399	03/02/2017	75.50	75.50	453.50
01/31/2017Bill	0000111400	03/02/2017	72.00	72.00	525.50
01/31/2017Bill	0000111402	03/02/2017	171.50	171.50	697.00
01/31/2017Bill	0000111403	03/02/2017	137.50	137.50	834.50
Total for Excel Medical Waste			\$834.50	\$834.50	
Fort Bend Co. L.I.D. #2 02/21/2017Bill	100 9900-133-0007	03/23/2017	350.40	350.40	350.40
03/01/2017Bill		03/01/2017	99.30	99.30	449.70
Total for Fort Bend Co. L.I.D. #2			\$449.70	\$449.70	
Genworth Life Insurance Co 01/27/2017Bill		01/27/2017	676.38	676.38	676.38
Total for Genworth Life Insurance Co			\$676.38	\$676.38	
Graphics Impression 02/09/2017Bill	36120	02/13/2017	311.76	311.76	311.76
02/24/2017Bill	36190	02/24/2017	436.79	436.79	748.55
03/01/2017Bill	36222	03/01/2017	169.95	169.95	918.50
Total for Graphics Impression			\$918.50	\$918.50	
Guardian					
DATE	TRANSACTION TYPE NUM	DUE DATE	AMOUNT	OPEN BALANCE	BALANCE
02/14/2017Bill	MAR 2017	03/01/2017	3,461.06	3,461.06	3,461.06
Total for Guardian			\$3,461.06	\$3,461.06	
Health Care Service Corporation					
01/23/2017Bill	FEB 2017	02/01/2017	31,038.35	31,038.35	31,038.35
02/27/2017Bill	MAR 2017	03/01/2017	32,212.53	32,212.53	63,250.88
Total for Health Care Service Corporation			\$63,250.88	\$63,250.88	
HEDE FLP					
01/24/2017Bill		02/23/2017	274.78	274.78	274.78
Total for HEDE FLP			\$274.78	\$274.78	
Hill, Long & Co, PC					
02/24/2017Bill	30560	03/06/2017	2,625.00	2,625.00	2,625.00
Total for Hill, Long & Co, PC			\$2,625.00	\$2,625.00	
Hodell Window Covering					
02/01/2017Bill	11445	03/03/2017	206.54	206.54	206.54
Total for Hodell Window Covering			\$206.54	\$206.54	
Imperial Linen Services, Inc.					
01/31/2017Bill	1623823	03/02/2017	144.79	144.79	144.79
Total for Imperial Linen Services, Inc.			\$144.79	\$144.79	
IWS Gas and Supply of Texas, LTD					
01/31/2017Bill	33261981	03/02/2017	29.58	29.58	29.58
01/31/2017Bill	33261733	03/02/2017	40.24	40.24	69.82
01/31/2017Bill	33257187	03/02/2017	112.41	112.41	182.23
01/31/2017Bill	33261734	03/02/2017	74.75	74.75	256.98
Total for IWS Gas and Supply of Texas, LTD			\$256.98	\$256.98	
Juzo		12/30/2016	755.16	755.16	755.16

11/30/2016Bill01066735				
01/13/2017Bill01082240	02/12/2017	651.07	651.07	1,406.23
01/13/2017Bill01083918	02/12/2017	94.39	94.39	1,500.62
01/13/2017Bill01082232	02/12/2017	89.38	89.38	1,590.00

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

01/13/2017Bill01085208			02/12/2017	76.42	76.42	1,666.42
01/17/2017Bill01083927			02/16/2017	99.92	99.92	1,766.34
01/17/2017Bill01086844			02/16/2017	38.21	38.21	1,804.55
01/17/2017Bill01088146			02/16/2017	59.46	59.46	1,864.01
01/30/2017Bill01089683			03/01/2017	518.07	518.07	2,382.08
02/01/2017Bill01093735			03/03/2017	37.36	37.36	2,419.44
02/01/2017Bill01091115			03/03/2017	471.96	471.96	2,891.40
02/03/2017Bill01092281			03/05/2017	443.00	443.00	3,334.40
Total for Juzo				\$3,334.40	\$3,334.40	
Lincoln National Life Insurance 03/01/2017Bill			03/01/2017	3,418.90	3,418.90	3,418.90
Total for Lincoln National Life Insurance				\$3,418.90	\$3,418.90	
LOVE Advertising						
01/13/2017Bill38560			02/12/2017	7,600.00	7,600.00	7,600.00
01/13/2017Bill38455			02/12/2017	4,400.00	4,400.00	12,000.00
01/13/2017Bill38457			02/12/2017	3,048.00	3,048.00	15,048.00
01/13/2017Bill38459			02/12/2017	2,000.00	2,000.00	17,048.00
01/13/2017Bill38458			02/12/2017	750.00	750.00	17,798.00
01/13/2017Bill38454			02/12/2017	14,200.00	14,200.00	31,998.00
DATE	TRANSACTION TYPE	NUM	DUE DATE	AMOUNT	OPEN BALANCE	BALANCE
01/13/2017	Bill	38456	02/12/2017	2,000.00	2,000.00	33,998.00
01/16/2017	Bill	38555	02/15/2017	3,535.00	3,535.00	37,533.00
01/16/2017	Bill	38993	03/13/2017	3,610.21	3,610.21	41,143.21
02/06/2017	Bill	38764	03/08/2017	1,292.84	1,292.84	42,436.05
02/13/2017	Bill	38987	03/15/2017	5,925.00	5,925.00	48,361.05
02/13/2017	Bill	38989	03/15/2017	3,048.00	3,048.00	51,409.05
02/13/2017	Bill	38990	03/15/2017	2,000.00	2,000.00	53,409.05
02/13/2017	Bill	38991	03/15/2017	2,000.00	2,000.00	55,409.05
02/13/2017	Bill	38988	03/15/2017	19,000.00	19,000.00	74,409.05
02/16/2017	Bill	38994	03/13/2017	2,954.85	2,954.85	77,363.90
02/16/2017	Bill	38995	03/18/2017	3,000.00	3,000.00	80,363.90
02/17/2017	Bill	39035	03/19/2017	1,250.29	1,250.29	81,614.19
02/28/2017	Bill	39400	03/30/2017	1,399.26	1,399.26	83,013.45
Total for LOVE Advertising				\$83,013.45	\$83,013.45	
Martin, Disiere, Jefferson, & Wisdom, L.L.P. 02/22/2017Bill140609			03/06/2017	206.50	206.50	206.50
Total for Martin, Disiere, Jefferson, & Wisdom, L.L.P.				\$206.50	\$206.50	
McKesson Medical-Surgical						
01/03/2017	Bill	91928650	02/15/2017	744.71	744.71	744.71
01/03/2017	Bill	91925153	02/15/2017	385.93	385.93	1,130.64
01/03/2017	Bill	91894898	02/15/2017	57.36	57.36	1,188.00
01/04/2017	Bill	92021745	02/15/2017	1,813.04	1,813.04	3,001.04
01/05/2017	Bill	92103668	02/15/2017	491.86	491.86	3,492.90
01/12/2017	Bill	92547790	02/15/2017	2,181.50	2,181.50	5,674.40
01/12/2017	Bill	92553653	02/15/2017	749.67	749.67	6,424.07
01/13/2017	Bill	92623222	02/15/2017	1,042.65	1,042.65	7,466.72
01/17/2017	Bill	92801481	02/15/2017	54.13	54.13	7,520.85
01/18/2017	Bill	92872537	02/15/2017	822.22	822.22	8,343.07
01/19/2017	Bill	92955275	02/15/2017	1,492.37	1,492.37	9,835.44

01/19/2017	Bill	92932606	02/15/2017	76.86	76.86	9,912.30
01/20/2017	Bill	93027895	02/15/2017	996.54	996.54	10,908.84

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

DATE	TRANSACTION TYPE	NUM	DUE DATE	AMOUNT	OPEN BALANCE	BALANCE
01/22/2017	Bill	93036532	02/15/2017	51.43	51.43	10,960.27
01/24/2017	Bill	93174606	02/15/2017	154.67	154.67	11,114.94
01/25/2017	Bill	93296663	02/15/2017	1,362.72	1,362.72	12,477.66
01/25/2017	Bill	92855124	02/15/2017	742.29	742.29	13,219.95
01/25/2017	Bill	92366116	02/15/2017	545.45	545.45	13,765.40
01/25/2017	Bill	93287429	02/15/2017	354.24	354.24	14,119.64
01/25/2017	Bill	93285209	02/15/2017	353.78	353.78	14,473.42
01/25/2017	Bill	92623520	02/15/2017	325.71	325.71	14,799.13
01/25/2017	Bill	93212142	02/15/2017	182.94	182.94	14,982.07
01/25/2017	Bill	93163200	02/15/2017	138.14	138.14	15,120.21
01/25/2017	Bill	92075666	02/15/2017	134.24	134.24	15,254.45
01/25/2017	Bill	92872601	02/15/2017	131.92	131.92	15,386.37
01/25/2017	Bill	91995281	02/15/2017	75.78	75.78	15,462.15
01/25/2017	Bill	92844337	02/15/2017	55.51	55.51	15,517.66
01/25/2017	Bill	92738356	02/15/2017	53.14	53.14	15,570.80
01/25/2017	Bill	92204155	02/15/2017	46.28	46.28	15,617.08
01/25/2017	Bill	92162590	02/15/2017	5.03	5.03	15,622.11
01/26/2017	Bill	93319394	02/15/2017	75.90	75.90	15,698.01
01/30/2017	Bill	93478363	02/15/2017	50.21	50.21	15,748.22
Total for McKesson Medical-Surgical				\$20,278.38	\$20,278.38	
Medi USA, L.P.						
01/18/2017	Bill	IN2507250	02/17/2017	247.00	247.00	247.00
Total for Medi USA, L.P.				\$247.00	\$247.00	
Medical Arts Press 12/10/2014 Vendor Credit				-212.68	-104.45	-104.45
Total for Medical Arts Press				\$ -212.68	\$ -104.45	
Merit Medical Systems, Inc. 01/17/2017 Bill				453.07	453.07	453.07
Total for Merit Medical Systems, Inc.				\$453.07	\$453.07	
Office Pride 02/01/2017 Bill				963.37	963.37	963.37
Total for Office Pride				\$963.37	\$963.37	
ProStar Services Inc. DBA Parks Coffee						
01/03/2017	Bill	1370375	02/02/2017	407.21	407.21	407.21
01/03/2017	Bill	1370378	02/02/2017	180.31	180.31	587.52
01/05/2017	Bill	1372848	02/04/2017	53.51	53.51	641.03
01/06/2017	Bill	1372847	02/05/2017	163.84	163.84	804.87
01/10/2017	Bill	1375866	02/09/2017	40.47	40.47	845.34
01/17/2017	Bill	1380868	02/16/2017	637.08	637.08	1,482.42
01/17/2017	Bill	1380871	02/16/2017	144.44	144.44	1,626.86
01/17/2017	Bill	1380880	02/16/2017	42.85	42.85	1,669.71

01/19/2017Bill	1384597	02/18/2017	86.32	86.32	1,756.03
01/24/2017Bill	1387571	02/23/2017	18.83	18.83	1,774.86

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

01/31/2017	Bill	1392627	03/02/2017	225.17	225.17	2,000.03
Total for ProStar Services Inc. DBA Parks Coffee				\$2,000.03	\$2,000.03	
Safesite, Inc						
02/01/2017	Bill	SH-99687	03/03/2017	50.00	50.00	50.00
Total for Safesite, Inc				\$50.00	\$50.00	
Stradis Medical, LLC						
01/03/2017	Bill	258767	02/02/2017	282.75	282.75	282.75
01/13/2017	Bill	259362	02/12/2017	933.95	933.95	1,216.70
01/19/2017	Bill	259644	02/18/2017	509.70	509.70	1,726.40
01/20/2017	Bill	259694	02/19/2017	248.75	248.75	1,975.15
01/20/2017	Bill	259698	02/19/2017	248.75	248.75	2,223.90
01/20/2017	Bill	259712	02/19/2017	497.50	497.50	2,721.40
01/24/2017	Bill	259871	02/23/2017	248.75	248.75	2,970.15
01/24/2017	Bill	259859	02/23/2017	248.75	248.75	3,218.90
01/24/2017	Bill	259872	02/23/2017	248.75	248.75	3,467.65
Total for Stradis Medical, LLC				\$3,467.65	\$3,467.65	
Terumo Medical Corporation						
02/06/2017	Corporation Bill	12302458	03/08/2017	773.98	773.98	773.98
DATE	TRANSACTION TYPE	NUM	DUE DATE	AMOUNT	OPEN BALANCE	BALANCE
Total for Terumo Medical Corporation				\$773.98	\$773.98	
The Hartford	02/21/2017	Bill	13975666	02/21/2017	26,382.40	26,382.40
Total for The Hartford				\$26,382.40	\$26,382.40	
The Weston Group	01/31/2017	Bill	2020458	03/02/2017	79.37	79.37
01/31/2017	Bill	2020459	03/02/2017	408.46	408.46	487.83
01/31/2017	Bill	2020455	03/02/2017	2,685.20	2,685.20	3,173.03
01/31/2017	Bill	2020457	03/02/2017	52.91	52.91	3,225.94
Total for The Weston Group				\$3,225.94	\$3,225.94	
Total Vein Systems	01/31/2017	Bill	115537	02/10/2017	233.32	233.32
02/01/2017	Bill	115596	02/11/2017	286.92	286.92	520.24
02/06/2017	Bill	115688	02/16/2017	649.35	649.35	1,169.59
02/15/2017	Bill	115962	02/25/2017	324.09	324.09	1,493.68
Total for Total Vein Systems				\$1,493.68	\$1,493.68	
TY Art, LLC						
10/17/2016	Bill	16230	11/16/2016	180.00	180.00	180.00
Total for TY Art, LLC				\$180.00	\$180.00	
Ultra Chemicals - 2	02/03/2017	Bill	01630p	03/05/2017	105.03	105.03
Total for Ultra Chemicals - 2				\$105.03	\$105.03	
Ultra-MC&E Services, Inc.	02/01/2017	Bill	14062	02/16/2017	643.55	643.55
02/01/2017	Bill	14061	02/16/2017	647.88	647.88	1,291.43
02/01/2017	Bill	14060	02/16/2017	886.89	886.89	2,178.32
Total for Ultra-MC&E Services, Inc.				\$2,178.32	\$2,178.32	
Vanish Document Shredding	01/13/2017	Bill	36465	02/12/2017	50.00	50.00
01/24/2017	Bill	36550	02/23/2017	40.00	40.00	90.00
02/08/2017	Bill	36785	03/10/2017	40.00	40.00	130.00
02/21/2017	Bill	36962	03/23/2017	40.00	40.00	170.00

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

02/27/2017Bill	36760	03/29/2017	40.00	40.00	210.00
Total for Vanish Document Shredding			\$210.00	\$210.00	
WMPT Stone Oak, L.P. 01/01/2017Bill	00005079	01/31/2017	329.00	329.00	329.00
Total for WMPT Stone Oak, L.P.			\$329.00	\$329.00	
TOTAL			\$386,865.30	\$386,973.53	

CARLOS R. HAMILTON, III, M.D., P.A.

DATE	TRANSACTION TYPE NUM	DUE DATE	AMOUNT	OPEN BALANCE	BALANCE
Elsevier Health Science					
01/17/2017Bill	21681440-1	02/16/2017	216.60	216.60	216.60
Total for Elsevier Health Science			\$216.60	\$216.60	
Guardian 02/14/2017Bill	MAR 2017	03/01/2017	393.45	393.45	393.45
Total for Guardian			\$393.45	\$393.45	
Health Care Service Corporation 01/18/2017Bill					
02/27/2017Bill	0000713745-COBRA	02/01/2017	4,816.68	4,816.68	4,816.68
02/27/2017Bill	MAR 2017	03/01/2017	6,740.12	6,740.12	11,556.80
Total for Health Care Service Corporation			\$11,556.80	\$11,556.80	
Lincoln National Life Insurance Company					
02/01/2017Bill		03/01/2017	869.59	869.59	869.59
Total for Lincoln National Life Insurance Company			\$869.59	\$869.59	
The Hartford					
02/21/2017Bill14064793		03/03/2017	9,161.00	9,161.00	9,161.00
02/24/2017Bill14064793		03/03/2017	916.10	916.10	10,077.10
Total for The Hartford			\$10,077.10	\$10,077.10	
TOTAL			\$23,113.54	\$23,113.54	

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

Schedule 1.3(c)

Equipment Indebtedness

1. Combination Loan and Security Agreement (Contract Number 404858-700), dated October 10, 2013, between Hamilton Physician Services, LLC, as Debtor, and Wells Fargo, as Secured Party. **Note:** This agreement is not assignable by Debtor (see Schedule 2.3).
2. Combination Loan and Security Agreement (Contract Number 404858-701), dated June 11, 2013, between Hamilton Physician Services, LLC, as Debtor, and Wells Fargo, as Secured Party. **Note:** This agreement is not assignable by Debtor (see Schedule 2.3).

Schedule 1.3(e)

Clinic Leases

1. Lease Agreement, dated February 11, 2016, as amended, between Carlos R. Hamilton III, M.D., PA and FCB Fort Bend Holdings LLC for property located at 4690 Sweetwater Boulevard, Suite 200 and Suite 160, Sugar Land, Texas, 77479.
2. Sublease, dated December 20, 2012, between Hamilton Physician Services, LLC and Community Bank of Texas (successor-by-merger of Founders Bank, SSB and Vista Bank Texas) for property located at 4690 Sweetwater Boulevard, Suite 113, Sugar Land, Texas, 77479.
3. Office Building Lease Agreement, dated August 7, 2013, between Hamilton Physician Services, LLC and Star 2012 Development, LP for property located at 23510 Kingsland Boulevard, Suite 100, Katy, Texas 77479.
4. Lease Agreement, dated August 30, 2013, between Hamilton Physician Services, LLC and 251 Medical Center, LLC for property located at 251 Medical Center Boulevard, Suites 200 and 210, Webster, Texas 77598.

Exhibit G to Amended and Restated Asset Purchase Agreement

5. Agreement of Lease, dated June 2014, between Hamilton Physician Services, LLC and Hede FLP for property located at 9323 Pinecroft, Suite 200, Woodlands, Texas 77380.
6. Commercial Lease, dated July 16, 2014, as amended, between Hamilton Physician Services, LLC and Westbank Development, LLC for property located at 1650 Round Rock Avenue, Suite 100, Round Rock, Texas 78681.
7. Lease Agreement, dated February 15, 2013, between Hamilton Physician Services, LLC and Office Grove Kingwood, LP for property located at 19701 Kingwood Drive, Building 1, Suite B, Kingwood, Texas 77339.
8. Lease Agreement, dated May 13, 2015, as amended, between Hamilton Physician Services, LLC and WMPT Stone Oak, LLP for property located at 19016 Stone Oak Parkway, San Antonio, Texas 78258. **Note:** Buyer and Sellers acknowledge and agree that, in accordance with the First Amendment to Lease Agreement, dated May 13, 2015 (the “**First Amendment**”), (i) the “Suite 150 Termination Date” has occurred, (ii) Sellers no longer occupy Suite 150 (as defined in the First Amendment), and (iii) Buyer is not assuming any obligation or liability with respect to Suite 150.

Schedule 1.3(f)

Other Assumed Liabilities

Seller entered into mediated settlement agreements (the “Agreements”) with two former Managers of HPS, whereby HPS agreed to indemnify those individuals with respect to any future liabilities related to their involvement in HPS. The Agreements were provided to Buyer and NHC. Additional information is available upon request subject to confidentiality restrictions.

Schedule 1.4

Retained Liabilities

1. Those certain loan documents executed by Hamilton Physician Services, LLC, as Debtor, and Carlos R. Hamilton III, M.D., as Guarantor, in favor of The Bank of River Oaks, including that certain Commercial Promissory Note, dated June 15, 2016, and that certain Business Loan Agreement, dated June 15, 2016, and that certain Commercial Security Agreement, dated June 15, 2016.
2. Those certain loan documents executed by Carlos R. Hamilton, III, M.D., PA, as Debtor, and Carlos R. Hamilton, III, M.D., as Guarantor, in favor of The Bank of River Oaks, including that certain Commercial Line of Credit Agreement and Note, dated June 15, 2016, that certain Business

Exhibit G to Amended and Restated Asset Purchase Agreement

Loan Agreement, dated June 15, 2016, and that certain Commercial Security Agreement, dated June 15, 2016.

3. Equipment Lease, dated November 2, 2011, between TCF Equipment Finance, Inc. and Carlos R. Hamilton, III, M.D., P.A.

4. Equipment Lease, dated May 8, 2012, between TCF Equipment Finance, Inc. and Carlos R. Hamilton, III, M.D., P.A.

5. Lease Agreement, dated May 3, 2012, between Everbank Commercial Finance, Inc. and Carlos R. Hamilton, III, M.D., P.A.

6. Equipment Finance Agreement, dated January 30, 2013, between Everbank Commercial Finance, Inc. and Hamilton Physician Services, LLC and Carlos R. Hamilton, III, M.D., P.A.

7. Equipment Finance Agreement, between Carlos R. Hamilton, III, M.D., P.A. and Spencer Capital Group, Inc. d/b/a Group Financial Services.

8. Image Management Agreement, dated September 5, 2013, as amended, by and among Wells Fargo Financial Services, Inc., Dahill, and Carlos R. Hamilton, III, M.D., P.A., and ImageCare Maintenance Agreement, dated September 5, 2013, between Carlos R. Hamilton, III, M.D., P.A. and Dahill.

Schedule 2.3

Conflicts, Consents, etc.

Sellers' Governing Documents

The execution, delivery and performance of this Agreement requires the consent of the following persons pursuant to Sellers' governing documents:

1. The Restated and Amended Company Agreement of Hamilton Physician Services, LLC (“**HPS**”) requires the consent of a supermajority of the Members for the sale of substantially all of the assets of HPS. Carlos R. Hamilton III, M.D. is the sole Member and Manager of HPS.
2. The Texas Business Organizations Code requires the approval of the Directors and 2/3 of the Members for the sale of substantially all of the assets of Carlos R. Hamilton, III, M.D., PA (the “**PA**”). Carlos R. Hamilton III, M.D. is the sole Member and Director of the PA.

Other Required Consents

The execution, delivery and performance of this Agreement expressly requires the consent of the following persons or entities with respect to the following agreements:

Exhibit G to Amended and Restated Asset Purchase Agreement

1. Cost per Image Rental Agreement, dated April 25, 2013, between CIT Finance, LLC and Dahill, on the one hand, and Carlos R. Hamilton, III, M.D., PA, on the other hand, for:

Model	Serial Number	Date
3635x	BB1566980	4/25/13
6605DN	XL3598539	4/25/13

2. Image Management Agreement, dated September 5, 2013, as amended, by and among Wells Fargo Financial Services, Inc., Dahill, Carlos R. Hamilton, III, M.D., PA and ImageCare Maintenance Agreement, dated September 5, 2013, between Carlos R. Hamilton, III, M.D., PA and Dahill, for:

Model	Serial Number	Date
3635x	LBP263567	9/5/13
3635x	LBP262057	9/5/13
6605DN	XL3600844	9/5/13

3. Dahill 360 Total Print Program agreement, dated December 23, 2013, between Carlos R. Hamilton, III, M.D., PA and Dahill, for:

Model	Serial Number	Date
6605DN	XL3604843	12/23/13

4. Dahill Print Programs agreement, dated August 4, 2014, between Carlos R. Hamilton, III, M.D., PA and Dahill, for:

Model	Serial Number	Date
6605DN	XL3612020	8/4/13

5. Amendment to Image Management Agreement, dated October 16, 2014, between Wells Fargo Financial Services, Inc. and Dahill, on the one hand, and Carlos R. Hamilton, III, M.D., PA, on the other hand, and Maintenance Agreement, dated October 16, 2013, between Carlos R. Hamilton, III, M.D., PA and Dahill, for:

Model	Serial Number	Date
7845	MX4361359	10/16/14
7845	MX4357869	10/16/14
4260x	E58587695 (?)	10/16/14

6. Dahill Print Programs agreement, dated October 16, 2014, between Carlos R. Hamilton, III, M.D., PA and Dahill, for:

Exhibit G to Amended and Restated Asset Purchase Agreement

Model	Serial Number	Date
3615DN	A28199853	10/16/14
3615DN	A28199855	10/16/14
6605DN	XL3614769	10/16/14

7. Dahill Print Programs agreement, dated March 19, 2015, between Carlos R. Hamilton, III, M.D., PA and Dahill, for:

Model	Serial Number	Date
3615	A2T204144	3/19/15

8. Dahill Print Programs agreement, dated April 21, 2015, between Carlos R. Hamilton, III, M.D., PA and Dahill, for:

Model	Serial Number	Date
6605DN	XL3619829	4/21/15

9. Dahill Print Programs agreement, dated May 12, 2015, between Carlos R. Hamilton, III, M.D., PA and Dahill, for:

Model	Serial Number	Date
6605DN	XL3620476	5/12/15

10. Dahill Print Programs agreement, dated July 17, 2015, between Carlos R. Hamilton, III, M.D., PA and Dahill, for:

Model	Serial Number	Date
3615	A2T381528	7/17/15

11. Dahill Print Programs agreement, dated August 14, 2015, between Carlos R. Hamilton, III, M.D., PA and Dahill, for:

Model	Serial Number	Date
3615	A2T379496	8/14/15

12. Lease Agreement, dated February 11, 2016, as amended, between Carlos R. Hamilton III, M.D., PA and FCB Fort Bend Holdings LLC for property located at 4690 Sweetwater Boulevard, Suite 200 and Suite 160, Sugar Land, Texas, 77479.

13. Sublease, dated December 20, 2012, between Hamilton Physician Services, LLC and Community Bank of Texas (successor-by-merger of Founders Bank, SSB and Vista Bank Texas) for property located at 4690 Sweetwater Boulevard, Suite 113, Sugar Land, Texas, 77479.

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

14. Office Building Lease Agreement, dated August 7, 2013, between Hamilton Physician Services, LLC and Star 2012 Development, LP for property located at 23510 Kingsland Boulevard, Suite 100, Katy, Texas 77479.
15. Lease Agreement, dated August 30, 2013, between Hamilton Physician Services, LLC and 251 Medical Center, LLC for property located at 251 Medical Center Boulevard, Suites 200 and 210, Webster, Texas 77598.
16. Agreement of Lease, dated June 2014, between Hamilton Physician Services, LLC and Hede FLP for property located at 9323 Pinecroft, Suite 200, Woodlands, Texas 77380.
17. Commercial Lease, dated July 16, 2014, as amended, between Hamilton Physician Services, LLC and Westbank Development, LLC for property located at 1650 Round Rock Avenue, Suite 100, Round Rock, Texas 78681.
18. Sublease Agreement, dated March 1, 2016, between Hamilton Physician Services, LLC and Health Connections, P.C. d/b/a Lymphwell P.C. for a portion of the property located at 1650 Round Rock Avenue, Suite 100, Round Rock, Texas 78681.
19. Lease Agreement, dated February 15, 2013, between Hamilton Physician Services, LLC and Office Grove Kingwood, LP for property located at 19701 Kingwood Drive, Building 1, Suite B, Kingwood, Texas 77339.
20. Lease Agreement, dated May 13, 2015, as amended, between Hamilton Physician Services, LLC and WMPT Stone Oak, LLP for property located at 19016 Stone Oak Parkway, San Antonio, Texas 78258. **Note:** Buyer and Sellers acknowledge and agree that, in accordance with the First Amendment to Lease Agreement, dated May 13, 2015 (the “**First Amendment**”), (i) the “Suite 150 Termination Date” has occurred, (ii) Sellers no longer occupy Suite 150 (as defined in the First Amendment), and (iii) Buyer is not assuming any obligation or liability with respect to Suite 150.
21. Software License (C-Arm) between Siemens Medical Solutions USA, Inc. and Hamilton Vein Center (“**Purchaser**”). In addition, the agreement requires the Purchaser to give Siemens a right of first refusal if Purchaser sells the equipment covered by the agreement.
22. Luxel+ and Ring Dosimetry Service Order Form and Dosimetry Service Terms and Conditions, dated August 22, 2016, between Hamilton Vein Center and Landauer, Inc.
23. Those certain loan documents executed by Hamilton Physician Services, LLC, as Debtor, and Carlos R. Hamilton III, M.D., as Guarantor, in favor of The Bank of River Oaks, including that certain Commercial Promissory Note, dated June 15, 2016, and that certain Business Loan Agreement, dated June 15, 2016, and that certain Commercial Security Agreement, dated June 15, 2016.*
24. Those certain loan documents executed by Carlos R. Hamilton, III, M.D., PA, as Debtor, and Carlos R. Hamilton, III, M.D., as Guarantor, in favor of The Bank of River Oaks, including that certain Commercial Line of Credit Agreement and Note, dated June 15, 2016, that certain Business

Exhibit G to Amended and Restated Asset Purchase Agreement



- Loan Agreement, dated June 15, 2016, and that certain Commercial Security Agreement, dated June 15, 2016.*
25. Services Agreement, dated August 1, 2012, between Love Advertising, Inc. and Hamilton Vein Center.
26. Master Services Agreement between AthenaHealth, Inc. and Carlos R. Hamilton, III, M.D., PA (the “**Client**”) (the Client may assign the agreement with no less than 90 days prior written notice as part of a sale of substantially all of its assets, provided that the Client and the assignee shall remain liable for any unperformed obligations under the agreement arising prior to the effective date of such transaction).
27. Master Services Agreement, dated December 15, 2014, General Terms and Conditions (available online) and Specific Attachment Ethernet Dedicated Internet Services Terms and Conditions, between Comcast Cable Communications Management, LLC and Hamilton Vein Center.
28. Customer Technology Systems Agreement, Customer Technology Systems License Agreement and Rebate Agreement, dated June 15, 2016, and Terms of Sale (available online), between McKesson Medical-Surgical Minnesota Supply Inc. and Hamilton Physician Services, LLC.
29. Software License, Support and Warranty, dated December 1, 2013, between Smaart Medical Systems, Inc. and Hamilton Vein Center.
30. Master Service Agreement and Customer Sales Order, dated June 8, 2015, and Terms of Service (available online), between Vonage Business, Inc. and Hamilton Vein.
31. Provider Agreement, dated March 30, 2016, between Aetna Health, Inc. and Carlos R. Hamilton, III, M.D., PA.**
32. Specialist Physician Agreement, dated October 1, 2010, between Aetna Health, Inc. and Carlos R. Hamilton, III, M.D., PA.**
33. Physician Participation Agreement, dated May 10, 2010, between Health Value Management, Inc. d/b/a ChoiceCare Network and Carlos R. Hamilton, III, M.D., PA (the “**Physician**”) (the assignment by Physician of the agreement shall require notice to and the written consent of ChoiceCare. Any attempt by Physician to assign the agreement without complying with such terms shall be void and of no effect, and ChoiceCare, at its option, may elect to terminate the agreement upon 30 days written notice to Physician without any further liability or obligation to Physician).**
34. Provider Group Services Agreement, dated June 30, 2010, between Cigna HealthCare of Texas, Inc. and Carlos R. Hamilton, III, M.D., PA.**
35. Physician Participation Agreement, dated May 10, 2010, between Humana Health Plan of Texas, Inc. and Carlos R. Hamilton, III, M.D., PA (the “**Physician**”) (the assignment by Physician of the agreement shall require notice to and the written consent of Humana. Any attempt by Physician to assign the agreement without complying with such terms shall be void and of no effect, and Humana,

Exhibit G to Amended and Restated Asset Purchase Agreement

at its option, may elect to terminate the agreement upon 30 days written notice to Physician without any further liability or obligation to Physician).**

36. Provider Services Agreement, dated June 1, 2012, between Molina Healthcare of Texas, Inc. and Carlos R. Hamilton, III, M.D., PA.**

37. MPI Participating Professional Group Agreement between Multiplan, Inc. and Carlos R. Hamilton, III, M.D., PA.**

38. Participating Group Provider Agreement, dated October 1, 2015, between Scott and White Health Plan and Carlos R. Hamilton, III, M.D., PA.**

39. Physician Agreement, dated January 15, 2014, between Aetna Health, Inc. and Arnold J. Valenson, M.D.**

40. Participating Provider Agreement, dated December 1, 2013, between HealthSmart Inter Plan Health Group and Emerald Health Network and Arnold J. Valenson, M.D.**

41. Agreement and General Terms and Conditions, dated June 1, 2012, between Coventry Health Care, Inc. and Carlos R. Hamilton, III, M.D.**

42. Medical Group Contract between United Healthcare and Carlos R. Hamilton, III, M.D. (the “**Provider**”) (if Provider transfers some or all of its assets to another entity, Provider must first request that United approve the assignment, and the other entity must agree to assume the agreement).**

43. Provider Agreement, dated July 18, 2016, between Aetna Health, Inc. and Katie Beaudoin, P.A.**

44. Provider Agreement, dated November 14, 2016, between Aetna Health, Inc. and Meagan Ong, P.A.**

45. Provider Agreement, dated September 14, 2016, between Aetna Health, Inc. and Sarah Applegate, PA-C.**

46. Provider Agreement, dated June 29, 2016, between Aetna Health, Inc. and Shauna Gordon, PA-C.**

47. Provider Agreement, dated June 29, 2016, between Aetna Health, Inc. and Tina Elackatt, P.A.**

48. Participating Provider Agreement, dated October 27, 2014, between Amerigroup Texas, Inc. and Carlos R. Hamilton, III, M.D., P.A.**

49. Equipment Lease, dated November 2, 2011, between TCF Equipment Finance, Inc. and Carlos R. Hamilton, III, M.D., P.A.*

Exhibit G to Amended and Restated Asset Purchase Agreement

50. Equipment Lease, dated May 8, 2012, between TCF Equipment Finance, Inc. and Carlos R. Hamilton, III, M.D., P.A.*

51. Participating Provider Agreement, dated November 23, 2013 between Universal American Corp. and Carlos R. Hamilton, III, M.D., P.A.**

Other Conflicts

1. That certain Combination Loan and Security Agreement (Contract Number 404858-700), dated October 10, 2013, between Hamilton Physician Services, LLC, as Debtor, and Wells Fargo, as Secured Party, is not assignable by Debtor.

2. That certain Combination Loan and Security Agreement (Contract Number 404858-701), dated June 11, 2013, between Hamilton Physician Services, LLC, as Debtor, and Wells Fargo, as Secured Party, is not assignable by Debtor.

3. Under the loan documents executed by Hamilton Physician Services, LLC, as Debtor, and Carlos R. Hamilton III, M.D., as Guarantor, in favor of The Bank of River Oaks, including that certain Commercial Promissory Note, dated June 15, 2016, and that certain Business Loan Agreement, dated June 15, 2016, and that certain Commercial Security Agreement, dated June 15, 2016, the sale of the Debtor's business or the Collateral constitutes an event of default.*

4. Under the loan documents executed by Carlos R. Hamilton, III, M.D., PA, as Debtor, and Carlos R. Hamilton, III, M.D., as Guarantor, in favor of The Bank of River Oaks, including that certain Commercial Line of Credit Agreement and Note, dated June 15, 2016, that certain Business Loan Agreement, dated June 15, 2016, and that certain Commercial Security Agreement, dated June 15, 2016, the sale of the Debtor's business or the Collateral constitutes an event of default.*

5. That certain Services Agreement, dated October 29, 2015, between Hamilton Vein Center ("**Customer**") and Excel Medical Waste Disposal, is not expressly assignable by Customer.

6. Under that certain Software as a Subscription Agreement, dated October 18, 2016, between Clinect Healthcare, Inc. and Carlos R. Hamilton, III, M.D., PA (the "**PA**"), the PA may not sublicense, assign or otherwise transfer the PA's right to access or use the Licensed Materials (as defined therein). Further, Clinect may terminate the agreement if the PA attempts to assign without Clinect's written permission.

7. Under that certain Master Services Agreement, dated December 15, 2014, General Terms and Conditions (available online) and Specific Attachment Ethernet Dedicated Internet Services Terms and Conditions, between Comcast Cable Communications Management, LLC and Hamilton Vein Center (the "**Customer**"), the Customer may not sell, resell, sublease, assign, license, sublicense, share, provide, or otherwise utilize in conjunction with a third party (including without limitation in any joint venture or as part of any outsourcing activity) the Services (as defined therein) or any component thereof.

Exhibit G to Amended and Restated Asset Purchase Agreement

8. Under that certain Provider Agreement, dated March 30, 2016, between Aetna Health, Inc. and Carlos R. Hamilton, III, M.D., PA. (“**Provider**”), a change in control of Provider to an entity not acceptable to Aetna shall result in the immediate termination or suspension of the agreement by Aetna, upon notice to Provider, at Aetna’s discretion at any time.**
9. Under that certain Specialist Physician Agreement, dated October 1, 2010, between Aetna Health, Inc. and Carlos R. Hamilton, III, M.D., PA. (the “**Provider**”), the agreement relates solely to the provision of Physician Services (as defined therein) by Provider and does not apply to any other organization which succeeds to Provider’s assets, by merger, acquisition or otherwise, or is an affiliate of Provider. Further, a change in control of Provider to an entity not acceptable to Aetna shall result in the immediate termination or suspension of the agreement by Aetna, upon notice to Provider, at Aetna discretion at any time.**
10. Under that certain Physician Contract, dated September 16, 2010, between United Healthcare and Carlos R. Hamilton, III, M.D. (the “**Physician**”), the Physician is not given any express right to assignment (however, United has the right to assign the agreement to any affiliate of United).**
11. Under that certain Provider Agreement, dated July 18, 2016, between Aetna Health, Inc. and Katie Beaudoin, P.A. (the “**Provider**”), a change in control of Provider to an entity not acceptable to Aetna shall result in the immediate termination or suspension of the agreement by Aetna, upon notice to Provider, at Aetna discretion at any time.**
12. Under that certain Provider Agreement, dated November 14, 2016, between Aetna Health, Inc. and Meagan Ong, P.A. (the “**Provider**”), a change in control of Provider to an entity not acceptable to Aetna shall result in the immediate termination or suspension of the agreement by Aetna, upon notice to Provider, at Aetna discretion at any time.**
13. Under that certain Provider Agreement, dated September 14, 2016, between Aetna Health, Inc. and Sarah Applegate, PA-C (the “**Provider**”), a change in control of Provider to an entity not acceptable to Aetna shall result in the immediate termination or suspension of the agreement by Aetna, upon notice to Provider, at Aetna discretion at any time.**
14. Under that certain Provider Agreement, dated June 29, 2016, between Aetna Health, Inc. and Shauna Gordon, PA-C (the “**Provider**”), a change in control of Provider to an entity not acceptable to Aetna shall result in the immediate termination or suspension of the agreement by Aetna, upon notice to Provider, at Aetna discretion at any time.**
15. Under that certain Provider Agreement, dated June 29, 2016, between Aetna Health, Inc. and Tina Elackatt, P.A. (the “**Provider**”), a change in control of Provider to an entity not acceptable to Aetna shall result in the immediate termination or suspension of the agreement by Aetna, upon notice to Provider, at Aetna discretion at any time.**
16. That certain Lease Agreement, dated May 3, 2012, between Everbank Commercial Finance, Inc. and Carlos R. Hamilton, III, M.D., P.A. (“**Lessee**”) is not assignable by Lessee.*

Exhibit G to Amended and Restated Asset Purchase Agreement

17. That certain Equipment Finance Agreement, dated January 30, 2013, between Everbank Commercial Finance, Inc. and Hamilton Physician Services, LLC and Carlos R. Hamilton, III, M.D., P.A. (collectively, “Lessee”) is not assignable by Lessee.*

18. That certain Equipment Finance Agreement, between Carlos R. Hamilton, III, M.D., P.A. (“Customer”) and Spencer Capital Group, Inc. d/b/a Group Financial Services is not assignable by Customer.*

* For purposes of completeness, this Schedule 2.3 includes the loan documents executed in favor of The Bank of River Oaks, notwithstanding that Buyer will not assume the debt evidenced by such documents.

** For purposes of completeness, this Schedule 2.3 includes applicable commercial payor agreements to which Sellers, or the providers affiliated with Sellers, are a party, notwithstanding that Buyer will not assume any managed care agreements of Sellers.

Schedule 2.4

Title, Sufficiency and Condition of Assets

Leased or Licensed Purchased Assets

1. The equipment that is the subject of that certain Equipment Finance Agreement, dated January 30, 2013, between EverBank Commercial Finance, Inc. and Carlos R. Hamilton, III, M.D., P.A.
2. The equipment that is the subject of that certain Lease Agreement, dated May 3, 2012, between EverBank Commercial Finance, Inc. and Hamilton Physician Services, LLC and Carlos R. Hamilton, III, M.D., P.A.
3. The equipment that is the subject of that certain Equipment Lease, dated November 2, 2011, between TCF Equipment Finance, Inc. and Carlos R. Hamilton, III, M.D., P.A.
4. The equipment that is the subject of that certain Equipment Lease, dated May 8, 2012, between TCF Equipment Finance, Inc. and Carlos R. Hamilton, III, M.D., P.A.
5. The equipment that is the subject of that certain Equipment Finance Agreement, between Carlos R. Hamilton, III, M.D., P.A. and Spencer Capital Group, Inc. d/b/a Group Financial Services.
6. The equipment that is the subject of that certain Image Management Agreement, dated September 5, 2013, as amended, by and among Wells Fargo Financial Services, Inc., Dahill, and Carlos R. Hamilton, III, M.D., P.A., and that certain ImageCare Maintenance Agreement, dated September 5, 2013, between Carlos R. Hamilton, III, M.D., P.A. and Dahill.

Exhibit G to Amended and Restated Asset Purchase Agreement

Permitted Encumbrances

1. UCC-1 Financing Statement, Filing Number 13-0019055135, filed on June 14, 2013, with Hamilton Physician Services, LLC as Debtor, and Wells Fargo Equipment Finance, Inc. as Secured Party.
2. UCC-1 Financing Statement, Filing Number 13-0032815730, filed on October 15, 2013, with Hamilton Physician Services, LLC as Debtor, and Wells Fargo Equipment Finance, Inc. as Secured Party.

Schedule 2.5

Financial Statements

Deviations from Cash Basis/Standard Accounting Principles

None

Material Adverse Change

Carlos R. Hamilton, III, M.D., P.A. is in the process of refunding certain amounts to patients and is conducting an internal review of billing and coding practices related to other payors to determine if there are payments that may have been improperly received, as reflected in 2015 and 2016 Balance Sheets and Profit & Loss Statements.

Schedule 2.7

Permits

Schedule 2.9

Excluded IP Assets

None

Schedule 2.10(b)

Health Care Professional Agreements

1. Mid-level Provider Employment Agreement, dated October 14, 2016, between Carlos R. Hamilton, III, M.D., P.A. and Natalie Bernard, NP.
2. Physician Employment Agreement, dated March 3, 2016, between Carlos R. Hamilton, III, M.D., P.A. and Sheri Macrino, M.D.
3. Letter Employment Agreement, dated January 20, 2015, between Carlos R. Hamilton, III, M.D., P.A. and Justin Smith, M.D.

Exhibit G to Amended and Restated Asset Purchase Agreement

4. Letter Employment Agreement, dated April 26, 2013, between Carlos R. Hamilton, III, M.D., P.A. and A.J. Valenson, M.D.

Schedule 2.10(c)

Related Party Agreements

1. That certain Office Building Lease Agreement, dated August 7, 2013, between Star 2012 Development, LP, as “Landlord”, and Hamilton Physician Services, LLC, as “Tenant”, is indirectly an agreement between Hamilton Physician Services, LLC and Carlos R. Hamilton, III, M.D. (“**Dr. Hamilton**”). Dr. Hamilton is a member of Star 6 Ventures, LLC (“**Star 6**”), and Star owns a limited partnership interest in Star 2012 Development, LP.

Schedule 2.10(d)

Lease Payments

None

Schedule 2.11

Sellers’ Legal Proceedings

Sellers entered into mediated settlement agreements (the “Agreements”) with two former Managers of HPS, whereby HPS agreed to indemnify those individuals with respect to any future liabilities related to their involvement in HPS. The Agreements were provided to Buyer and NHC. Additional information is available upon request subject to confidentiality restrictions.

3710223.1

Schedule 2.12(a)

NPIs/Provider Numbers

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

PROVIDER	Type	NPI	MEDICARE	MEDICAID	TX Med License	DEA	TAXONOMY
Bingham, Brigid MD	MD	1235422833			P8857	FB6313984	2085R0204X
Glowczwski, Alan	MD	1306803366	HARRIS 88R998	134531609	H8079	BG2571556	2085R0204X
Hamilton, Carlos R	MD	1225077308	HARRIS 8F24294 ROS 372912ZJ9C	125634906	TX J8564	BH4854015	2085R0204X
GROUP Carlos R Hamilton III MD PA	Group Practice	1649501347	HARRIS 0A6157 ROS 372881	211821801	INCEPT DATE: 12/2009		193200000X
MACRINO, SHERI	MD	1811283856	HARRIS 524028YPBB ROS 524028ZJ9C	362339901	Q9423	FM2577154	2085R0204X
SMITH, JUSTIN G	MD	1508019084	HARRIS 359622YPBB ROS 359622ZJ9C	337364903	P6277	FS3985136	2085R0204X
Valenson, Arnold J	MD	1831337096	HARRIS 322511YPBB ROS 322511ZJ9C	328194101	P7866	FV4164783	2085R0204X
MID-LEVELS							
APPLEGATE, Sarah	PA-C	1093011280	HARRIS 465765YPBB ROS 465765ZJ9C	313727501	PA07767	MA2966034	363AM07X00
Bernard, Natalie	FNP-C	1376936237	HARRIS 405082YPBB ROS 405082ZJ9C	350197502	AP126932	MB3662865	363LF0000X
Elackatt, Tina	PA-C	1063835460	HARRIS 338187YPBB ROS 338187ZJ9C	337238501	PA05158	ME3666192	363AM07X00
Giberga, Kim	FNP-C	1114250651	HARRIS 276740YPBB ROS 276740ZJ9C	215816405	AP118364 RN749278	MG2250087	363LF0000X
Gilbert, Christine	PA-C	1801239785	HARRIS 336393YPBB YPBB 336393ZJ9C	337921601	PA08646	MG1735046	363AM07X00
Gordon, Shauna	PA-C	1639569635	HARRIS 443666YPBB ROS 443666ZJ9C	359046501	PA09472	MS3458088	363AM07X00
Johnson, Melanie	PA-C	1104840677	HARRIS 533709YPBB ROS 533708ZJ9C	363244001	PA10875	MJ3174240	363AM07X00
Ong, Meagan	PA-C	1831455062	HARRIS 297732YPBB ROS 297732ZJ9C	293414302	PA07738	MO3106158	363AM07X00

Schedule 2.12(b)

Billing and Coding Practices

1. During an internal review of billing and coding practices, Carlos R. Hamilton, III, M.D., P.A. noted instances of unintentional billing errors and payments from Medicare and Medicaid that may have been improperly received. All identified amounts due to Medicare and Medicaid and their secondary payors have been refunded voluntarily.
2. Carlos R. Hamilton, III, M.D., P.A. is in the process of refunding certain amounts to patients.
3. Carlos R. Hamilton, III, M.D., P.A. is conducting an internal review of billing and coding practices related to other payors to determine if there are payments that may have been improperly received.

Schedule 2.14

Clinical Staff Matters

List Clinical Staff include Credentials and Medical Specialty (MD, PA, RNP)

HAMILTON, CARLOS R - MD - BOARD CERTIFIED, VASCULAR AND INTERVENTIONAL RADIOLOGY

Exhibit G to Amended and Restated Asset Purchase Agreement

MACRINO, SHERI - MD - - BOARD CERTIFIED, DIAGNOSTIC RADIOLOGY; FELLOWSHIP IN VASCULARY AND INTERVENTIONAL RADIOLOGY

SMITH, JUSTIN G- MD - BOARD CERTIFIED, DIAGNOSTIC RADIOLOGY

VALENSON, ARNOLD J- MD - BOARD CERTIFIED, DIAGNOSTIC RADIOLOGY; FELLOWSHIP IN VASCULARY AND INTERVENTIONAL RADIOLOGY

BINGHAM, BRIGID - MD (July 2017)

APPLEGATE, SARAH - PA-C

BERNARD, NATALIE - FNP-C

ELACKATT, TINA - PA-C

GIBERGA, KIM - FNP-C

GILBERT, CHRISTINE - PA-C

GORDON, SHAUNA - PA-C

ONG, MEAGAN - PA-C

GRIZZLE, HEATHER - RPA

List of Clinical Staff that Have Resigned or Been Terminated Since 1/2014

DI IORIO, MICHAEL - MD

FOX, WILLIAM C - MD

FRANCIOSA, STEFAN V - MD

HARDEE, ERIC - MD

RADHAKRISHNAN, JAY K - MD

REINCKE, TONIE -MD

RAZA - SYED - MD (Contractor)

ASERON, LAUREN - PA-C

BEAUDOIN, KATIE - PA-C

CLARK, JENNIFER - PA-C

DAVIS, LAURA - PA-C

ENGEL, JENNIFER L - PA-C

JOHNSON, MELANIE - PA-C

KRAMER, RACHEL - PA-C

MERCADO, ELLEN - PA-C

PATEL, TINABEN - PA-C

SALAZAR, CRISTINA - PA-C

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

SANFORD, KATHY E - PA-C

YTURRI, LEAH - PA-C

LEMERY, KRISTIN M - RA

GORDON, LAURA - RNP

Clinical Staff Pending or Threatened Claims

NONE

Material Adverse Actions Taken against Clinical Staff

NONE

Schedule 3.1(b)

Buyer Consents

None.

Schedule 4.5

Transferred Employees

Employees and PTO as of Closing

Payroll Name	PTO Balance
Abraham, Elizabeth	49.89
Aguilar, Jannete	4.81
Alvarado, Joanne	119.66
Alvarado, Julianna M	13.52
Arrambide, Yvette	15.63
Artis, Tomika	47.67
Avila, Andres	69.30
Bailey, Chantia	35.20
Battaglia, Vanessa	(13.52)
Behr, David M	87.56
Bewick, Brittani Nichelle	29.85
Brice, Berrica	54.23
Cardona, Mariana	101.55
Carpenter, Erin	82.49
Choudhry, Naina	2.43
Cruz, Tiffany	(4.74)
Curl, Julia	74.51

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

Davie, Paula	35.62
Davis, Sara	19.94
Dunlap, Stefanie	24.06
Farah, Larissa	30.50
Flores, Casandra S	17.43
Flores, Miriam	(7.39)
Franklin, Nisha Mehra	0.00
Fraser, Tiffany	11.72
Garcia, Diana G	18.53
Garza, Irma	111.69
Gomez, Ibeth	40.83
Gonzales, Emily E	219.78
Gray, Takia	30.85
Grossman, Micah	358.30
Gutierrez, Samantha	12.67
Hayden, Taissa	16.92
Holmes, Tawanna L	103.12
Hull, Ann Thi	(6.11)
Humphrey, Heather	56.06
Janjua, Hilla Amanullah	36.48
Jenkins, Kyle	16.40
Johnson, Christopher E	143.83
Jones, Stephanie B	8.01
Kelly, Kellie	29.13
King, Shantell	18.26
Ledbetter, Heather	65.14
Lopez Montalvo, Sylvia	(9.50)
Martinez, Ivanna Juliet	38.12
Matagarza, Kristen	12.06
Matamoras, Vanessa	23.26
Matthews, Jennifer M	41.03
May, Barbara L	(5.55)
Merhi, Litiana	10.94
Minamyler, Jamie	16.50
Montes, Anna Marie	.42
Moore, Pamela P	143.76
Morales, Kenya	52.95
Morales, Michelle	46.73
Moreno, Erika	69.41
Nguyen, Huy	113.95
Ortiz, Jeannie	74.09
Oyesile, Camellia C.	2.65
Pacamara, Maricris R	90.65

Parker, Erin	27.79
Parson, Daniel	16.58
Perez-Uddin, Kimberly A	108.80

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

Pitre, Stephanie	33.63
Quinlan, Brianna	28.96
Reed, Josh	252.97
Reyna, Belinda	3.90
Riley, Katie	(2.04)
Romero, Kimberly	14.99
Ryals, James	4.07
Sajid, Annum	0.00
Saleem, Ameena	53.30
Shadmehr, Maria	(5.35)
Swearengin, Rebecca	69.50
Tran, Karen	69.87
Valdez, Cristina	21.39
Velez, Juan Pablo	66.06
Walle, Amanda	6.15
Ward, English	19.58
Applegate, Sarah G	123.60
Bernard, Natalie	38.97
Elackatt, Tina T	49.58
Giberger, Kimberly	98.42
Gilbert, Christine L	85.58
Gordon, Shauna	56.52
Grizzle, Heather R	175.58
Macrino, Sheri	37.92
Ong, Meagan	150.64
Smith, Justin	63.00
Valenson, Arnold J	182.89

Schedule 4.6

Exceptions to Non-Compete

Nothing contained in the Agreement shall be interpreted to prohibit Sellers or Owner from engaging in, at any time during the Restricted Period or thereafter, the following activities so long as such activities do not interfere with the obligations of Owner under the Physician Employment & Medical Director Agreement:

1. Any advisory, management, consulting, medical directorship, or teaching role (including instruction in surgical technique requiring participation in procedures, and consulting on clinical decision making but not to include routine patient care), and/or financial investment in prostate businesses whether through the Laser Prostate Centers of America, LLC, Texas LPCA, PLLC (collectively “LPCA”) or another entity owned or operated by an owner of LPCA.

With respect to the Physician Employment & Medical Director Agreement, in addition to the above activities, the diagnosis and treatment of prostate disease or dysfunction whether through LPCA or another entity owned or operated by an owner of LPCA shall be excluded from the non-compete.

2. Any business venture involving uterine fibroid embolizations.

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

3. Any business venture involving limb salvage.
4. Any consulting arrangement with Houston Health Ventures related to early stage medical device development.
5. Any financial investment in, Venclose, Inc. or any affiliate of Venclose, Inc.

Nothing contained in the Agreement shall be interpreted to prohibit Sellers or Owner from soliciting, employing or otherwise engaging, at any time during the Restricted Period or thereafter, the following Transferred Employees:

1. Meagan Ong (PA)
2. Nisha Franklin (Marketing)

Exhibit G to Amended and Restated Asset Purchase Agreement

3774916.5

PHYSICIAN EMPLOYMENT & MEDICAL DIRECTOR AGREEMENT

This **PHYSICIAN EMPLOYMENT & MEDICAL DIRECTOR AGREEMENT** (“Agreement”), dated as of January 6, 2017 (“Effective Date”), is entered into by and between Nobilis Health Network, Inc., a Texas certified nonprofit health organization (“Nobilis”), and Carlos R. Hamilton, III, M.D., a Texas licensed physician (“Physician”) (each individually, a “Party”; collectively, the “Parties”).

I. RECITALS

1. Nobilis is a Texas certified nonprofit health organization organized under the Texas Business Organization Code (“TBOC”) to provide health care services to its patient population;
2. Physician is licensed to practice medicine in the State of Texas; and
3. Physician, being willing to be employed by Nobilis, and Nobilis, being willing to employ Physician, on the terms, covenants and conditions hereinafter set forth, agree as follows:

II. EMPLOYMENT, TERM, LICENSE TO PRACTICE, AND SERVICE REQUIREMENTS

1. Employment. Nobilis hereby employs Physician, and Physician hereby accepts such employment, upon all the terms and conditions set forth in this Agreement.
2. Term. The term of employment under this Agreement shall begin no later than March 1, 2017 (“Commencement Date”), and continue for a period of two (2) years (“Initial Term”) and shall automatically renew for additional 1 (one) year terms, unless terminated as provided in Article VI below. The Initial Term and any additional terms together shall constitute the Term of this Agreement.
3. License to Practice; Board Specialization. Physician possesses and shall maintain a valid and unrestricted license to practice medicine in the State of Texas and shall act at all times during the term of this Agreement in accordance with all applicable state and federal statutes and regulations and in a manner that is not reasonably anticipated to injure the reputation of Nobilis or its other physician employees or affiliated physicians. Physician is and shall remain Board Certified in the field of Interventional Radiology.

III. DUTIES

1. Duties. During the Term of this Agreement, Physician shall devote substantially all of his full professional time and efforts to and for the benefit of Nobilis unless otherwise provided herein. Physician shall render professional medical care and treatment, consistent with Physician’s licensing and medical specialty, to patients of Nobilis at such facility or facilities as mutually agreed to by Nobilis and Physician; provided, that Physician shall render professional medical care and treatment related to venous disease to patients of facilities owned by Nobilis or its affiliate entities, within a fifteen (15) mile radius of the vein clinic located at 4690 Sweetwater

Boulevard, Sugar Land, Texas, 77479 (the “Sugar Land Clinic”), and facilities within a fifteen (1) mile radius of Southwest Freeway Surgery Center, LLC located at 4120 Southwest Fwy, Houston, Texas 77027 (“SW Freeway Surgery Center”). In addition, Physician shall serve as the Medical Director of Interventional Radiology (“Medical Director”) at Nobilis Health Network, Inc. and at the acute care

hospital known as Hermann Drive Surgical Hospital located at 2001 Hermann Drive, Houston, Texas (the "Hospital"), which is operated by a Nobilis affiliate entity, and perform the administrative duties set forth on the attached Schedule A. Notwithstanding the foregoing, in addition to Physician's activities at the Sugar Land Clinic, the SW Freeway Surgery Center, and all other clinics currently existing in the Houston Metropolitan area, which activities account for the predominate part of Physician's activities on behalf of Nobilis, Physician hereby agrees to continue to provide temporary and/or limited professional medical services to facilitate professional services at all clinics listed on the Asset Purchase Agreement, defined below, at the dates and times mutually agreed to in advance by Nobilis and Physician. Furthermore, Physician acknowledges and understands that so long as Physician is employed under this Agreement, Physician shall do all of the following:

(a) Physician shall keep and maintain (or cause to be kept and maintained) in a timely fashion accurate and appropriate medical records in connection with all professional medical services rendered by Physician under this Agreement and timely prepare and attend to, in connection with such services, all reports, claims, and correspondence necessary and appropriate in the circumstances or as Nobilis may from time to time require;

(b) Physician shall comply with the policies, procedures, protocols, bylaws, orders, rules, and regulations of Nobilis and of any institutions at which Physician will from time to time perform services for or on behalf of Nobilis;

(c) Physician shall participate in utilization review and management, quality improvement, quality assurance, peer review, risk management and surveys for information deemed appropriate by Nobilis;

(d) Physician shall promote to the extent permitted by law, applicable canons of professional medical ethics, and Nobilis's corporate compliance program, the professional practice of Nobilis;

(e) Physician shall, to the satisfaction of Nobilis, devote Physician's time and best efforts to provide medical services for Nobilis's patients and otherwise further properly the interests of Nobilis;

(f) Physician shall comply with the ethics of the medical professional and all federal, state, and municipal laws, ordinances, and regulations relating to or regulating the practice of medicine and any subspecialty thereof which Physician is practicing under this Agreement;

(g) Physician shall be subject to Nobilis's reasonable direction and control with respect to activities on behalf of Nobilis, including but not limited to, the assignment of patients, the setting of working hours, the setting of vacations and leaves, the times which Physician will be on call, and the establishment of professional policies and procedures, provided such schedules are set with reasonable advance notice and mutually agreed to by Nobilis and Physician;

(h) Physician shall not pursue any activity which materially interferes with Physician successfully carrying out Physician's duties under this Agreement;

(i) Physician shall participate in professional activities consistent with the maintenance and improvement of Physician's professional skills, such as attendance at professional conventions and post-graduate seminars and participation in professional societies;

(j) Physician shall participate in other duties of Nobilis as mutually agreed to by Physician and Nobilis, as reasonably requested or required by Nobilis and as required of similarly situated physicians, take such “on duty” and “on call” assignments at night and on Saturdays, Sundays and holidays, rotated in a reasonable manner at locations reasonably requested by Nobilis and as mutually agreed upon between Physician and Nobilis; and such other normal duties one would have as an employee of Nobilis. Notwithstanding the foregoing, Physician shall not be required to take hospital call but will be required to maintain hospital privileges as reasonably recommended by Nobilis.

(k) Physician shall be courteous and respectful of the rights and dignity of patients with which Physician shall come into contact and shall work cooperatively with other physicians and administrative staff of Nobilis.

(l) Physician shall immediately transfer and deliver to Nobilis as its property any expense reimbursement or income subsidy or other financial assistance received by Physician. In the event any such expense reimbursement, income subsidy, or other financial assistance cannot be transferred to Nobilis, Physician shall be entitled to retain such amounts, and the compensation and other benefits to which Physician would be entitled under this Agreement shall be reduced and offset by any such amounts retained by Physician. This provision shall not apply to Physician’s activities that are excluded from the Covenant Not to Compete at Attachment C.

(m) Physician shall not, without the express prior written consent of Nobilis, which consent shall not be unreasonably withheld, engage in promotional activity for himself/herself for professional services other than on behalf of and for the benefit of Nobilis. This provision shall not apply to Physician’s activities that are excluded from the Covenant Not to Compete at Attachment C.

(n) Physician shall not refer any patients entitled to healthcare benefits under a government funded healthcare program, including but not limited to, Medicare, Medicaid, and Tricare, for treatment at any Nobilis Health Corp. surgery center or hospital or any Nobilis Health Corp. affiliated surgery center or hospital that does not treat patients entitled to benefits under a government funded healthcare program.

2. Employee Status. Except as otherwise set forth herein, Nobilis shall be responsible to direct, control, and supervise the duties and work of Physician; provided, however, Nobilis shall not impose employment duties or constraints of any kind that would require the Physician to infringe upon the ethics of the medical profession, to violate any law, or to differ materially and adversely from those duties placed on any other physician employee or affiliated physician of Nobilis. Physician has no authority to enter into any contract binding Nobilis or to create an obligation on behalf of Nobilis without written authorization from Nobilis.

3. Medical Decisions. Physician’s decisions regarding the diagnosis and treatment of patients are solely the province of Physician, and all such decisions shall be the responsibility of Physician to be rendered in accordance with the standards of medical practice in the community.

4. Temporary and Permanent Disability. If during the term of this Agreement, Physician shall be unable, in the estimation of the Nobilis Board (the “Board”), due to injury or sickness, to perform the essential functions of Physician’s duties under this Agreement, with or without reasonable accommodation, Nobilis shall continue to pay Physician the full monthly compensation in the amount determined under Attachment A hereof for a period not to exceed the exclusionary period of the disability income policy.

Thereafter, if Physician is still unable, in the estimation of the Board, due to injury or sickness, to perform the essential functions of Physician's duties under this Agreement, with or without reasonable accommodation, Physician may remain an employee of Nobilis as a disabled physician and Nobilis shall discontinue payment of all compensation, including Base Compensation. Upon a determination of a physician, engaged either by the Physician or by Nobilis, that Physician is permanently disabled, this Agreement shall be terminated, unless otherwise extended by the mutual agreement of the Physician and Nobilis, and Physician shall be eligible for the Compensation upon Termination set forth in Attachment B. Physician shall submit to a reasonable number of examinations by a physician selected by Nobilis to make the determination of disability, and Physician hereby authorizes the disclosure and release to Nobilis of such determination and all supporting medical records that are relevant to a determination related to the Physician's ability to render safe, quality medical services. If at any time prior to termination of this Agreement Physician ceases to be disabled, Physician may return to full-time employment with Nobilis under the terms and conditions of this Agreement

IV. COMPENSATION AND BENEFITS

1. Compensation. As compensation for services rendered to Nobilis during the Term of this Agreement, Physician shall receive and Nobilis shall pay the compensation recited in Attachment A, attached to and incorporated in this Agreement.

2. Benefits. Physician shall be entitled to participate in the employment-related benefits described in Attachment A, attached to and incorporated in this Agreement,

3. Leave and Holidays. Physician shall be entitled to such personal time off ("PTO"), continuing medical education ("CME") leave, bereavement leave, and other leaves of absence, and holidays, pursuant to company-wide policy implemented by Nobilis human

resources and as made available generally to other physicians employed by Nobilis, as may be set out from time to time by Nobilis. As of the Effective Date of this Agreement, Physician is entitled to seven (7) weeks of PTO and ten (10) working days of leave for CME activities.¹ Physician hereby acknowledges that his PTO and CME includes the sum of all Nobilis' permitted PTO and CME for employed physicians and medical directors and is not in addition to the PTO and CME allotted to employed physicians.

4. Professional Society Membership. Physician is encouraged to join such medical associations and societies as are appropriate to Physician's field of medicine.

5. Continuing Medical Education. Physician is encouraged and is expected, from time to time, to attend meetings, conventions, post-graduate courses and seminars, and other educational meetings in Physician's field of medicine.

V. CONDITIONS DURING EMPLOYMENT

1. Case Records and Histories. All case records, case histories, x-ray films, or personal and regular files concerning patients consulted, interviewed, examined, treated, or cared for by Physician during Physician's employment with Nobilis shall belong to and remain the property of Nobilis; provided, however, that upon termination of this Agreement, Physician shall have the opportunity, within twelve (12) months after such termination, to reproduce at Physician's own expense and at times agreeable with Nobilis, any of such patient's records, histories or files. In the event that Nobilis is dissolved or liquidated during such time as this Agreement is in effect, all files, documents, and records relating to each patient shall be delivered to the physician designated in writing by the patient or in the absence of such designation to the physician who had the responsibility for the care of such patient.

2. Facilities and Expenses Provided by Nobilis. Nobilis shall provide and maintain (or cause to be provided and maintained by any hospital or clinic, if appropriate) such facilities, equipment, and supplies as are customary and reasonably necessary for Physician's performance of Physician's professional duties under this Agreement.

3. Loyalty. Except as otherwise set forth in Attachment C and Schedule 4.6 of that certain Asset Purchase Agreement dated January 6, 2017 between Physician and Northstar Healthcare Acquisitions, LLC and Nobilis Health Corp. (the "Asset Purchase Agreement"), Physician shall devote substantially all of Physician's best efforts to the performance of Physician's duties under this Agreement. During the term of this Agreement, Physician shall not at any time or place whatsoever, either directly or indirectly, without the prior written consent of Nobilis, engage in the practice of medicine or surgery to any extent whatsoever, except under and pursuant to this Agreement, and all fees and other income attributable to Physician's professional services during the term of this Agreement shall belong to Nobilis. Physician may expend reasonable amounts of time in teaching, scientific and clinical study activities, and charitable and professional activities ("Other Activities") so long as such activities do not interfere with the obligations of Physician under this Agreement or violate Article VII hereof. All remuneration to Physician for Other Activities shall be retained by Physician; provided,

however, that Physician's undertaking of Other Activities shall not use Nobilis's assets or personnel to a substantial extent (as determined by Nobilis in its sole and reasonable discretion) or, in the alternative, the substantial use of Nobilis's assets or personnel shall be first approved by Nobilis, which approval shall not be unreasonably withheld.

4. Medical Staff Privileges. Physician shall obtain and maintain unrestricted medical staff privileges at one or more hospitals and surgery centers mutually agreed to by Physician and Nobilis.

5. Malpractice Claims, Board Investigations and Peer Review Notes. Physician represents and warrants that, to the best of his knowledge, Physician is not currently a party to any lawsuits or investigations involving Physician's practice of medicine, except as expressly disclosed in Attachment D which is attached to this Agreement and incorporated by reference. Physician further represents and warrants that, to the best of his knowledge, Physician knows of no facts that would reasonably cause him to believe that such an action or investigation would be initiated. Physician shall promptly notify Nobilis of any pending or threatened malpractice claim or demand for payment made against Physician, or incident which is likely to give rise thereto, and provide such related information as to such claim, demand, or incident as Nobilis may request. Furthermore, Physician shall promptly notify Nobilis of any action or investigation taken by any licensure board to restrict or revoke Physician's license to practice medicine, and of any action taken by a hospital to investigate, restrict, or terminate Physician's medical staff privileges. Additionally, Physician shall promptly notify Nobilis of any notification or determination received by Physician from a utilization or quality control peer review organization.

6. Assignment of Right to Bill. As a condition of Physician's employment hereunder, Physician hereby assigns to Nobilis any right Physician might have from time to time to bill any private third-party payor for professional services rendered during the Term of this Agreement. Physician acknowledges that Nobilis shall submit these billings in its own name, and that Physician is hereby precluded from billing any third-party payor for Physician's professional services rendered pursuant to this Agreement.

VI. TERMINATION

1. Termination. This Agreement may be terminated in accordance with the terms and conditions

of Attachment B, which is attached to and incorporated in this Agreement.

2. Right of Offset. In the event of termination of this Agreement for any reason, Nobilis shall be entitled to withhold reasonable amounts due to Physician under this Agreement and apply such amounts withheld against any obligations owed to Nobilis by Physician. Physician shall receive a credit on any obligations to which such withheld amounts are applied and upon reasonable notice to Nobilis, Physician and Physician's counsel/consultants shall be given access to Nobilis' books and records during typical business hours to validate any such amounts.

VII. COVENANTS

1. Covenants. As a condition of employment, Physician agrees to be bound by the covenant not to compete and the covenant not to solicit described in Attachment C, which is attached to and incorporated in this Agreement.

VIII. MISCELLANEOUS

1. GOVERNING LAW. THIS AGREEMENT SHALL BE INTERPRETED, CONSTRUED, AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS. EXCLUSIVE VENUE FOR ANY ACTIONS ARISING UNDER THIS AGREEMENT SHALL BE IN A COURT OF COMPETENT JURISDICTION IN HARRIS COUNTY, TEXAS.

2. Authority to Contract. Each Party represents and warrants that such Party is authorized to enter this Agreement and to be bound by its terms.

3. Notices. Any and all notices required or permitted to be given under this Agreement shall be sufficient if furnished in writing and personally delivered or sent by registered or certified mail, postage prepaid, return receipt requested, to Physician's last known residence in the case of Physician or to its principal office in Houston, Texas (to the attention of the President), in the case of Nobilis. Notice shall be deemed given (i) if delivered personally, upon delivery; and (ii) if given by mail, the earlier to occur of actual receipt or three (3) days after deposit in the mail.

4. Modification. This Agreement shall not be modified or amended except by a written document executed by both Parties to this Agreement, and such written modification(s) shall be attached to this Agreement.

5. Assignment. This Agreement shall not be assigned by either Party without the express written consent of the non-assigning Party; provided, however, Nobilis may assign this Agreement to an entity wholly-owned or affiliated with Nobilis which is authorized by law to employ physicians to engage in the practice of medicine.

6. No Third Party Rights. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies on any persons other than the Parties and their respective successors and permitted assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any Party, or to give any third persons any right of subrogation or action against any Party.

7. Waiver. No waiver by either of the Parties of any failure by the other Party to keep or perform any provision, covenant, or condition of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision, covenant, or condition. All rights and remedies granted or referred to in this Agreement are cumulative; resort to one shall not preclude resort to another or any other right or remedy provided by law.

8. Headings. The headings set forth in this Agreement are for convenience only and shall have no bearing whatsoever on the actual content of this Agreement.

9. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and together shall constitute one and the same instrument, with one counterpart being delivered to each Party. In making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

10. Additional Documents. Each of the Parties shall execute any document or documents that may be reasonably requested from time to time by the other Party to implement or complete such Party's obligations under this Agreement.

11. Attorney's Fees. In any action brought to interpret or enforce this terms and provisions of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and court costs in addition to any other relief that may be awarded or granted.

12. Impossibility of Performance. Neither Party shall be liable nor deemed to be in default for delay or failure in performance under this Agreement or other interruption of services deemed to be a result, directly or indirectly, from acts of God, civil or military authority, acts of public enemy, war, accidents, fires, explosions, earthquakes, floods, failures of transportation, or any other event beyond the reasonable control of the Party.

13. Severability. In case any one or more of the terms or provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained in this Agreement.

14. Compliance with Law. The Parties enter into this Agreement with the intent of conducting their relationship in full compliance with applicable federal, state, and local laws, including, but not limited to, the Medicare/Medicaid anti-fraud and abuse statutes and regulations, the Health Insurance Portability and Accountability Act of 1996, as amended, the Texas Medical Practice Act, and the Texas Health and Safety Code. Notwithstanding any unanticipated effect of any of the provisions in this Agreement, neither Party shall intentionally conduct itself (and shall take particular care to assure that no employee or agent of the respective Party conducts itself) under the terms and conditions of this Agreement in a manner that constitutes a violation of any law or in a manner that would jeopardize either Party's participation in any federal or state healthcare program, including, without limitation, Medicare or Medicaid. In the event any state or federal laws or regulations, now existing or enacted or promulgated after the effective date of this Agreement, are interpreted by judicial decision, a regulatory agency, or legal counsel of Nobilis or Physician in such a manner as to indicate that the structure of this Agreement may be in violation of such laws or regulations, Nobilis and Physician shall engage in commercially reasonable negotiations to amend this Agreement as necessary. To the maximum extent possible, any such amendment shall preserve the underlying economic and financial arrangements between Nobilis and Physician.

15. Dispute Resolution. In the event of any dispute between the Parties arising out of or relating to this Agreement, or the alleged breach thereof, the Parties shall promptly meet in a good faith effort to resolve the dispute. If the dispute is not resolved within 30 days after the first meeting on that topic, each Party shall be free to pursue and exercise any and all legal rights

and remedies available to them. The Parties shall be free to submit any unresolved dispute to any form of alternative dispute resolution they deem appropriate or, absent such agreement, the dispute shall be

submitted to the state or federal courts located in Harris County, Texas, which forum, the Parties specifically agree, is a proper and convenient forum. The Parties further agree to submit to the jurisdiction of the state or federal courts located in Harris County, Texas, and waive the right to challenge personal jurisdiction and/or subject matter jurisdiction in said courts. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION ARISING OUT THIS AGREEMENT.

16. **ENTIRE AGREEMENT.** THIS AGREEMENT, INCLUDING THE ATTACHMENTS IDENTIFIED AND INCORPORATED BY REFERENCE, CONSTITUTES THE SOLE AND COMPLETE UNDERSTANDING OF THE PARTIES AND SUPERSEDES ANY PRIOR WRITTEN OR ORAL AGREEMENTS OR UNDERSTANDINGS BETWEEN THEM CONCERNING THE SUBJECT MATTER OF THIS AGREEMENT. THIS AGREEMENT AND ITS ATTACHMENTS FURTHER CONTAIN THE ENTIRE AGREEMENT BETWEEN THE PARTIES CONCERNING THE SUBJECT MATTER OF THIS AGREEMENT. THERE ARE NO REPRESENTATIONS, WARRANTIES, COVENANTS, PROMISES, AGREEMENTS, ARRANGEMENTS, OR UNDERSTANDINGS, ORAL OR WRITTEN, EXPRESS OR IMPLIED, BETWEEN THE PARTIES WHICH ARE FULLY EXPRESSED IN THIS AGREEMENT.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date first written above.

NOBILIS:

Nobilis Health Network, Inc.

By:

Date:

PHYSICIAN:

Carlos R. Hamilton III, M.D.

Carlos R. Hamilton III, M.D.

Date:

SCHEDULE A MEDICAL DIRECTOR DUTIES

Medical Director Duties. Physician shall provide the following administrative services in his capacity as Medical Director at the Hospital and at Nobilis Health Network, Inc.:

- (a) Provide administrative direction relating to medical services provided in the Hospital, including the development of new and existing programs, services and policies for the Hospital.
- (b) Assist in the development of an annual operating and capital budget for the Hospital.
- (c) Make recommendations to Nobilis on selection and utilization of space, furnishings and equipment for the Hospital and assist in the selection, operation and maintenance of equipment and the acquisition of supplies.
- (d) Make recommendations to Nobilis on recruitment and employment of professional and administrative personnel.
- (e) Assist Nobilis in training and educating personnel regarding procedures and techniques and use of equipment in the Hospital.
- (f) Assist Nobilis in community education efforts regarding Nobilis services.

(g) Be knowledgeable and provide consultation and input on development and implementation of

operational policies and programs to comply with directives of federal and state regulatory agencies that may affect Nobilis.

- (h) Prepare reports to Nobilis and evaluate reports by others to Nobilis with respect to the Hospital and cooperate with the administrators of Nobilis, all as necessary to carry out the Physician's obligations in accordance with this Agreement.
- (i) Assist Nobilis in formulating and implementing policies and procedures for patient care delivery at the Hospital.
- (j) Assist Nobilis in formulating, implementing and monitoring policies and programs for quality assessment, performance improvement, utilization review, risk management programs and cost reduction measures in the Hospital.
- (k) Represent Nobilis in local, state and national associations.
- (l) Assist Nobilis in maintaining any accreditation, licensure, certification, qualification or registration pursuant to federal or state law, regulations and policies.
- (m) Perform other duties as may from time to time as agreed to by Physician and Nobilis.

ATTACHMENT A COMPENSATION AND BENEFITS

1. Compensation. As consideration for performing Physician's professional duties described herein during the Initial Term, Physician shall receive an annual base salary of Five Hundred Thousand Dollars (\$500,000.00) plus Thirty Thousand Dollars (\$30,000.00) as compensation for Physician's supervision of non-physician practitioners mutually agreed to by Physician and Nobilis for a total base salary of Five Hundred Thirty Thousand Dollars (\$530,000.00) (as may hereinafter be adjusted based on the terms below, the "Base Salary"). In addition, Physician shall receive compensation in the amount of One Hundred Thousand Dollars (\$100,000.00) as consideration for performing the Medical Director duties described herein (the "Medical Director Salary"). The Base Salary and the Medical Director Salary shall be payable by Nobilis in cash in equal installments biweekly or according to Nobilis' standard payroll schedule, subject to applicable withholding as authorized by law. As a condition to receiving the Base Salary, at all times during the Initial Term Physician must maintain personally performed work relative value ("wRVU") productivity at the then current MGMA 25th percentile for productivity for Interventional Radiologists in the Southern Region ("wRVU Threshold"). In the event that the wRVU Threshold is not met or it reasonably appears that it will not be met, Nobilis may reduce Physician's Base Salary proportionately ("Base Salary Reduction"). This wRVU Threshold will be prorated for any partial years. Nobilis shall advise Physician of any Base Salary Reduction at least ninety (90) days in advance, and Base Salary Reductions shall occur no more often than annually.

2. wRVU Performance Bonus. In addition to the Base Salary, Nobilis shall pay Physician an annual productivity bonus on a quarterly basis based on personally performed wRVUs generated by Physician during the Term (the "Productivity Bonus"). Specifically, should Physician's wRVU productivity exceed the wRVU Threshold, a Productivity Bonus payment will be paid to Physician calculated by taking the difference between Physician's actual wRVU productivity and the wRVU Threshold, multiplied by a bonus conversion factor of Fifty Five Dollars (\$55) per wRVU.

3. Quality Bonus. In addition to the Base Salary and Medical Director Salary, Nobilis shall allocate up to One Hundred Thousand Dollars (\$100,000) per calendar year during the Term (prorated for

any period of time less than a full calendar year) to a quality bonus and will pay to Physician any such amounts if (1) certain quality goals, which are listed below, are met or exceeded (“Goals”), and (2) Physician’s productivity meets or exceeds the wRVU Threshold (“Quality Bonus”). With the exception of the clinic accreditation Goal, the dollar value of each Goal is a maximum of Fifteen Thousand Dollars (\$15,000.00). Excluding the Quality Bonus applicable to the accreditation Goal, which shall be paid within the thirty (30) days following notice of clinic accreditation, the Quality Bonus shall be paid on or before January 31 of the calendar year following the year in which such Quality Bonus is earned. In the event that Nobilis is not able to operationalize/measure a Goal, the Quality Bonus applicable to that Goal shall be allocated equally among the remaining Goals.

The metrics for the 2017 Quality Bonus are attached and incorporated herein as Exhibit 1. Nobilis reserves the right to revise the Quality Bonus metrics from time to time upon mutual agreement with Physician. The Goals and value of each Goal for years after 2017 shall be mutually agreed to by Nobilis and Physician.

4. Stock Options. As additional compensation, Physician will participate in Nobilis Health Corp’s (“NHC”) stock option plan. NHC will issue to Physician, pursuant to the terms of the First Amended Stock Option Plan (the “Plan”) and subject to approval by NHC’s Board of Directors, stock options to purchase One Hundred Fifty Thousand (150,000) shares of Common Stock of NHC (the “Options”) in three (3) equal installments to occur upon (i) the execution of this Agreement; (ii) the first anniversary of the Effective Date; and (iii) the second anniversary of the Effective Date. The strike price for each option will be the lowest price permissible pursuant to both the Plan, as amended from time to time, and the rules of the stock exchange upon which NHC’s common stock is traded.

5. Employment-Related Benefits. Physician is entitled to participate in any 401(k) plan, profit-sharing plan, or similar benefit plan, and group life, health, accident, disability, and professional liability insurance or benefits, or other employee benefits available generally to physicians employed by Nobilis to the extent permitted by such plans and the applicable statutes and regulations, as set out in the employee handbook, subject to modification in Nobilis’s sole discretion. Nobilis is under no obligation to provide any specific benefit at any time. In addition, Physician is entitled to the following:

- (a) CME stipend of \$7,000 per calendar year;
- (b) Membership fees and/or dues for the Society of Interventional Radiology, American College of Phlebology, American Venous Forum and Texas Medical license fees;
- (c) Professional liability insurance premium;

6. Automobile Expenses. Physician, at Physician’s own expense, shall furnish Physician’s transportation to the extent required for Physician to perform the services and obligations required of Physician pursuant to this Agreement and shall keep any vehicle used for such purpose properly insured.

7. Other Expenses. Physician may from time to time incur ordinary, necessary, and reasonable expenses for the promotion of the business of Nobilis, including expenses for entertainment and other items of a business promotional nature, including, but not limited to, travel and entertainment, dues to professional societies, subscriptions and fees, educational expenses, and similar items.

1. Insurance.

- (a) Professional Liability Coverage. Nobilis shall provide professional liability

insurance coverage for patient care services performed by Physician within the scope of Physician's duties under this Agreement and shall obtain such coverage from such insurers as Nobilis may from time to time determine. The coverage of such policy shall not be less than \$500,000 per occurrence and \$1,000,000 aggregate. Physician may obtain, at his sole expense, such primary, supplemental, or additional professional liability insurance coverage as Physician desires.

(b) Tail Coverage. In the event professional liability coverage for Physician is provided on a "claims made" basis and extended reporting coverage ("tail coverage") is required upon termination of Physician's employment to continue the coverage protection of Nobilis, Nobilis shall obtain tail coverage, shall pay the premium for such tail coverage, and shall provide Physician with evidence of tail coverage upon request. In the event Physician is terminated for cause, Physician shall obtain tail coverage and shall pay the premium for such tail coverage. Further, if Physician is terminated for cause, Nobilis shall have the right to obtain reasonable tail coverage, pay the premium for the tail coverage and deduct the amount of such premium from any amounts otherwise due Physician under this Agreement or any other agreement between Nobilis and Physician. Physician shall provide Nobilis with evidence of such tail coverage upon request.

(c) General Liability Policy. Nobilis shall include Physician under Nobilis's general liability policy, including coverage of Physician's use of his automobile for professional duties under this Agreement, and Nobilis shall provide evidence of such coverage to Physician within thirty (30) business days of Physician's request for same. If permitted by applicable state laws, Nobilis shall further maintain liability coverage for intentional torts, fraud, liability in the workplace (harassment, discrimination, wrongful termination, etc.), and punitive damages.

ATTACHMENT B

I. TERMINATION

1. Immediate Termination by Nobilis. This Agreement shall terminate immediately upon the occurrence of one any of the following events:

- (a) The suspension, limitation, revocation, or cancellation of the Physician's license to practice medicine in the State of Texas or Physician's Board certification (or recertification) in the field of Interventional Radiology;
- (b) Nobilis's inability to procure professional liability coverage for Physician;
- (c) Suspension, revocation, or cancellation of Physician's DEA license;
- (d) The restriction, suspension, or revocation of the Physician's participation in the Medicare and/or Medicaid programs;
- (e) The conviction of Physician of a felony or misdemeanor involving moral turpitude;
- (f) Physician (i) failure to provide medical care to patients in a manner consistent with the standards established in the community and/or reasonable standards established by Nobilis, (ii) has a Final Adverse Action (as defined in 42 U.S.C. Section 1320a-7e) taken against him/her or enters into a settlement of a matter wherein the allegations, if true and pursued to judgment would have resulted in a Final Adverse Action, or (iii) failure to comply with any state or federal laws, rules or regulations;

(g) The death of Physician.

2. For Cause Termination by Nobilis. This Agreement may be terminated for cause by Nobilis upon the occurrence of any of the following events which remains uncured for a period of ten (10) days following notice to Physician:

(a) Physician's failure or refusal to perform faithfully and diligently the duties required under this Agreement or to comply with the provisions of this Agreement;

(b) Physician's failure or refusal to substantially comply with the policies, standards, and regulations of Nobilis, including, but not limited to, utilization management, quality improvement, or credentialing policies, which from time to time may be established by the Board;

(c) The permanent disability of Physician as defined in Article II, Section 4 of this Agreement;

(d) Physician's engaging in conduct amounting to fraud, dishonesty, gross negligence, willful misconduct, or conduct that is unprofessional, unethical, or detrimental to the reputation, character, or standing of Nobilis or its physician employees or affiliated physicians;

(e) Physician's revocation of Physician's assignment to Nobilis (or Nobilis's designee) of the right to bill and collect for all professional services performed by Physician;

(f) In the event that failure to terminate Physician's employment would be inconsistent with, or detrimental to, appropriate patient care;

(g) Physician commits a breach of any obligation under this Agreement, provided Physician has not remedied the violation to the reasonable satisfaction of Nobilis or provided a plan to remedy such violation, which plan is acceptable to Nobilis in its reasonable judgment, within fifteen (15) days of receipt of written notice of the violation from Nobilis, which notice shall state with reasonable particularity the alleged violation;

(h) Habitual drunkenness, drug addiction or similar impairment, including failing any drug test requested by Nobilis;

(i) Failure or inability of Physician to remain credentialed by payors representing seventy-five percent (75%) or more of the collected revenue as of the Effective Date of this Agreement, however, this provision shall not apply if Physician's failure to remain credentialed due to an act or omission of Nobilis;

(j) Failure or refusal of Physician to provide Nobilis with information reasonably requested by Nobilis for Nobilis to evaluate whether Physician is in violation of this Agreement or has committed any act or omission which might constitute cause for termination.

3. For Cause Termination by Physician. This Agreement may be terminated for cause by Physician upon the occurrence of any of the following events:

(a) Failure of Nobilis to pay to Physician any undisputed amount of compensation, including bonus compensation, as due and when due;

(b) The substantial change to Physician's duties;

Nobilis;

(c) The assignment of this Agreement to an entity that is not majority owned by

(d) A reduction to Physician's Base Salary or Medical Director compensation by more than fifteen percent (15%);

(e) The termination of Physician's position as Medical Director;

(f) The restriction, suspension, revocation or exclusion of Nobilis or any of its officers, directors, or senior management, from participation in government funded healthcare programs; the investigation of Nobilis or any of its officers, directors, or senior management by an enforcement agency for criminal acts involving the activities of Nobilis;

(g) Nobilis applies for or consents to the appointment of a receiver, trustee or liquidator of Nobilis or of all or a substantial part of Nobilis's assets, files a voluntary petition in bankruptcy, makes a general assignment for the benefit of creditors or files a petition or an answer seeking reorganization or arrangement with creditors to take advantage of any insolvency law, or if a final order, judgment or decree shall be entered by any court of competent jurisdiction, on the application of a creditor, adjudicating Nobilis bankrupt or insolvent or approving a petition seeking reorganization of Nobilis or appointing a receiver, trustee or liquidator of Nobilis or of all or a substantial part of its assets; or

(h) Nobilis commits any other breach of any obligation under this Agreement, provided Nobilis has not remedied the violation to the reasonable satisfaction of Physician or provided a plan to remedy such violation, which plan is acceptable to Physician in his reasonable judgement, within fifteen (15) days of receipt of written notice of the violation from Physician, which notice shall state with reasonable particularity the alleged violation.

4. Termination Without Cause. Physician or Nobilis shall have the right to terminate this Agreement without cause at any time upon ninety (90) days prior written notice to the other Party. In the event Nobilis releases Physician prior to the expiration of ninety (90) days from the date of notice, Nobilis shall pay to Physician any compensation and benefits to which Physician would be entitled if he continued to render services throughout the ninety (90) day notice period.

II. COMPENSATION PAYABLE UPON TERMINATION OF THIS AGREEMENT

1. Compensation Upon Termination. Upon termination of this Agreement for any reason, Physician shall be entitled to receive only the compensation earned through the date of termination, including any Productivity Bonus and Quality Bonus compensation prorated through the date of termination, in accordance with the terms and conditions of Attachment A to this Agreement and shall not be entitled to any additional compensation whatsoever, which compensation shall be paid by Nobilis to Physician within thirty (30) days following the date of termination.

III. PATIENT RECORDS

1. Access to Patient Information and Records after Termination. Notwithstanding anything in this Agreement to the contrary, after cessation of Physician's employment, at Physician's request, Nobilis will permit Physician to access a list of patients whom Physician has seen or treated within the 12-month period immediately preceding cessation of Physician's employment with Nobilis, At reasonable times and with proper written patient authorization, Physician shall have the privilege to access and obtain copies of the medical records of any patient. Physician agrees to pay the fees charged by Nobilis for such copies of medical records, which shall be reasonable in accordance with the rules of the Texas Medical Board at 22



Tex.

Admin. Code § 165.2 or corresponding provision in any future statute or regulation. Such list of patients or medical records will be in a format not different than that by which such records are maintained by Nobilis unless a different format is mutually agreed to in writing by Physician and Nobilis.

ATTACHMENT C CONFIDENTIALITY, COVENANT NOT TO COMPETE AND NON-SOLICITATION COVENANT

1. **Background.** Physician will acquire, at the outset and during the course of Physician's employment with Nobilis, certain valuable, proprietary, and confidential information concerning Nobilis, including but not limited to, the patients of Nobilis; the services provided by Nobilis; the referring physicians, hospital administrators, health insurers, third party payors, employers, and employees with which Nobilis has relationships; the business operations of Nobilis, including organizational documents, employment and independent contractor agreements, vendor contracts, accounting methodologies, policy and procedure manuals, forms, protocols; third party payor contracts; policies, trademarks, service marks, designs; the clinical aspect of Nobilis, including protocols, policies, and procedures, patient lists, clinical trials; documentation relating to the provision of services performed hereunder; and other copyrighted, patented, trademarked, or legally protectable information that is confidential and proprietary to Nobilis (all of which is referred to as "Confidential Information"), the revelation to a third party of which would damage the practice, goodwill, and competitive position of Nobilis. Additionally, Physician will acquire at the outset access to and the benefit of the substantial positive name recognition and goodwill of Nobilis and Nobilis's favorable relationships with patients, referring physicians, hospital administrators, health insurers, third party payors, employers, and employees. Physician is entering into the Employment Agreement for, among other purposes, the purpose of making and binding Physician to the covenants regarding confidentiality, non-solicitation, and non-competition contained in this Attachment C and without such agreement of Physician to be so bound, Nobilis would not agree to permit Physician access to and the benefits of such name recognition, goodwill, and relationships.

2. **Confidential Information.** Physician agrees not to use Confidential Information during the term of this Agreement or thereafter for a period of five (5) years, except in furtherance of Physician's obligations under this Agreement, without the express, prior written consent of Nobilis. During the term of this Agreement and for a period of five (5) years thereafter, Physician shall not release, disclose, or disseminate any Confidential Information of Nobilis to any other person or entity except upon the prior written authorization of Nobilis, as specifically required by a court of competent jurisdiction, or pursuant to a subpoena or other validly issued administrative or judicial process or enforcement agency inquiry requesting the information; provided, however, that prompt notice is provided to Nobilis. In addition, Physician may disclose this Agreement and other limited documentation directly related to this Agreement as necessary to obtain professional guidance (e.g., tax advisor and legal counsel). Upon termination of this Agreement, Physician shall promptly return any Confidential Information in Physician's possession or control to Nobilis or, at the sole discretion of Nobilis, execute and deliver an affidavit to the effect that all such Confidential Information has been destroyed.

3. **Covenant Not To Compete.** Physician acknowledges that Nobilis has taken risks and expended a great deal of time, effort, and resources (financial and otherwise) in developing Nobilis's medical practice, including establishing substantial positive name recognition, goodwill, and relationships with patients, other physicians, hospital administrators,

third party payors, health insurers, employers, and employees, which all give Nobilis a significant competitive advantage. Physician further acknowledges that Physician from the outset will benefit and profit significantly from Nobilis's acceptance of Physician into its medical practice and from these

expenditures of time, effort, and resources by Nobilis, including its substantial positive name recognition, goodwill, and relationships, which will permit Physician's practice to grow and thrive. Physician acknowledges Nobilis's legitimate business interest in protecting the value of its investment of time, effort, and resources, and its substantial positive name recognition, goodwill, and relationships with patients, referral sources, hospital administrators, third party payors, health insurers, employers, and employees, as well as in guarding against the improper use of any Confidential information. Physician agrees that this covenant not to compete is reasonably designed to protect these legitimate business interests of Nobilis. Therefore, Physician agrees that during Physician's employment with Nobilis and for a period of twelve (12) months after the date of the termination of this Agreement for any reason, except for termination without cause by Nobilis or Physician's termination of this Agreement with cause, Physician shall not, directly or indirectly, within a geographic area which is within a ten (10) mile radius of any of Nobilis's or its affiliate entities' offices as of the date of termination ("Non-Compete Radius"), establish an office to engage in the practice of medicine or become associated with any medical practice, medical group, professional association, physician-hospital organization, managed care entity, or any other entity delivering medical services, either as an employee, stockholder, investor (other than a publicly-held corporation in which Physician is not an officer, director or employee), partner, sole proprietor, agent, or consultant, which is competitive with the business of Nobilis with respect to Interventional Radiology the ("Services"), it being intended by the Parties that for the agreed period Physician will perform no act which may confer any competitive benefit or advantage on any enterprise in competition with Nobilis as it relates to the Services ("Non-Compete Covenant"). For avoidance of doubt, Physician's contract with a payor shall not be interpreted to violate the Non-Compete Covenant merely because it applies to a patient population within the Non-Compete Radius as long as such payor contract does not require Physician to provide the Services within the Non-Compete Radius if Physicians provision of the Services would violate the Non-Compete Covenant. Notwithstanding the foregoing, the Non-Compete Covenant shall not apply to those activities set forth in Schedule 4.6 of the Asset Purchase Agreement.

4. **Activities Allowed under Non-Compete Covenant.** Notwithstanding the terms and conditions of the Non-Compete Covenant, Nobilis shall:

(a) Not deny Physician access to a list of patients seen or treated by Physician within one (1) year of termination of this Agreement;

(b) Provide Physician access to medical records of patients seen or treated by Physician upon proper authorization from the patient, and Nobilis shall provide such records for a reasonable fee as established by the Texas Medical Board under Section 159.008 of the Texas Occupations Code;

(c) Provide Physician access to a list of patients to patient's medical records in the same format in which such lists or records are maintained, except by mutual agreement by Physician and Nobilis;

(d) Allow Physician to buy-out of the Non-Compete Covenant pursuant to Section 7 of this Attachment C; and

(e) Not prohibit Physician from providing continuing care and treatment to a specific patient during the course of the patient's acute illness; provided, however, Physician shall give Nobilis written notice of any patient for whom Physician is assuming the responsibility to provide such continuing care and treatment, along with a copy of proper written patient authorization for Physician to access and/or obtain copies of the patient's medical records.

5. **Covenant Not to Solicit.** Physician agrees and covenants that during the term of this



Agreement and for a period of twelve (12) months following the termination of this Agreement, Physician shall not either (i) directly as a partner, employer, agent, independent contractor, or employee, or (ii) indirectly through a corporation, partnership, affiliate, subsidiary, employer, or otherwise, unless Nobilis no longer provides the Services, or unless otherwise approved by Nobilis:

- (a) Knowingly solicit, induce, or attempt to induce, in connection with any business competitive with that of Nobilis, patients of any physician employed by or under contract with Nobilis to leave the care of such physician; or
- (b) Excluding Meagan Ong and Nisha Franklin, knowingly solicit, induce, or attempt to induce, any employee, consultant, or other persons associated with Nobilis to leave the employment of, or to discontinue their association with Nobilis or any affiliate thereof unless such employee's or contractor's engagement with Nobilis was terminated by Nobilis. This covenant not to solicit shall apply only to Nobilis locations at which Physician regularly performs Services during the Term of this Agreement.

6. **Remedies.** The Parties acknowledge and agree that (i) the covenants and restrictions contained in this Attachment C are necessary, fundamental, and required for the protection of legitimate business interests of Nobilis; (ii) such covenants and restrictions relate to matters which are of a special, unique, and extraordinary character; (iii) such covenants and restrictions are reasonable as to the time limits, geographical area, and scope of activity to be restrained; (iv) such covenants and restrictions do not impose a greater restraint than is necessary to protect the goodwill or other business interest of Nobilis; and (v) a breach of any such covenants or restrictions will result in irreparable harm and damages to Nobilis, which cannot be adequately compensated by a monetary award. Accordingly, the Parties expressly agree that in the event of an actual or threatened breach by Physician of the obligations not to disclose or use Confidential Information or to solicit or compete contained in this Attachment C, Nobilis shall be entitled to a temporary restraining order and/or an injunction to specifically enforce the provisions of this Attachment C. Further, nothing herein shall be construed as prohibiting compensation to Nobilis for such breach or threatened breach, including the recovery of damages from Physician and for reasonable attorneys' fees.

7. **Buy-Out of the Non-Compete Covenant.** The Parties stipulate and agree that a violation of the Non-Compete Covenant shall result in actual damages to Nobilis that are difficult to accurately estimate. The parties further stipulate and agree that a reasonable calculation of such damages shall be Six Hundred Thirty Thousand and No/100s Dollars (\$630,000.00), and Physician shall pay such amount to Nobilis as a reasonable buy-out of Physician's obligations to abide by the Non-Compete Covenant in the event that Physician, at Physician's option, practices medicine, or intends to practice medicine, in violation of the Non-Compete Covenant upon termination of this Agreement.

8. **Release from Covenant.** Nobilis agrees that in the event Nobilis initiates the termination of Physician's employment hereunder solely because of Nobilis's financial need to decrease the number of physicians employed by Nobilis, if Nobilis terminates this Agreement without cause, or Physician terminates this Agreement with cause, Nobilis will release Physician from Physician's post-employment restrictions of Paragraph 3 and Paragraph 6 above.

ATTACHMENT D DISCLOSURE OF CAUSES OF ACTION

None.

EXHIBIT 1 2017 QUALITY GOALS

1. **Accreditation Goal.** Physician shall assist Nobilis to achieve Venous Testing Accreditation with the Intersocietal Accreditation Commission (“Accreditation”) for the clinic located at 4690 Sweetwater Boulevard, Sugar Land, Texas, 77479 (the “Sugar Land Clinic”). Upon achieving Accreditation at the Sugar Land Clinic, Nobilis shall pay to Physician a bonus of Thirty Thousand Dollars (\$30,000) (the “Accreditation Bonus”).

2. **Other Quality Goals.** Nobilis shall pay to Physician a Quality Bonus of up to Seventy Thousand Dollars (\$70,000), Ten Thousand Dollars (\$10,000) per Goal, based on Physician meeting or exceeding the below benchmarks related to complication rates with respect to Physician’s personally performed services.

Complication Name	Benchmarks		
	RFA	Phleb	USGS
DVT	$\leq 1\%_1$ (0.33 * \$10,000)	$\leq 1\%_2$ (0.33 * \$10,000)	$\leq 1\%_4$ (0.34 * \$10,000)
EHIT1-4	$\leq 2.1\%_1$ (1.0 * \$10,000)	N/A	N/A
Infection/Cellulitis requiring Antibiotics (not to include phlebitis)	$\leq 6\%$ (0.33 * \$10,000)	$\leq 0.3\%_2$ (0.33 * \$10,000)	$\leq 5\%$ (0.34 * \$10,000)
Ischemic Stroke/TIA	N/A	N/A	$\leq 0.01\%_2$ (1.0 * \$10,000)
Pulmonary Embolism (PE)	$\leq 1\%$ (0.33 * \$10,000)	$\leq 1\%$ (0.33 * \$10,000)	$\leq 0.01\%_2$ (0.34 * \$10,000)
Ulceration/Skin Necrosis	$\leq 1\%$ (0.50 * \$10,000)	N/A	$\leq 1\%_2$ (0.50 * \$10,000)
Failure of Treated Vessels to Close	Saphenous Veins $\leq 4\%$ (0.50 * \$10,000) Incompetent Perf. Veins $\leq 50\%$ (0.50 * \$10,000)		

RATIONALE

- Measure post-procedure complications rates, analyze data and compare results to national benchmark (or internal benchmark if national benchmark is not available) to assure that quality care is being provided.
- Develop and apply necessary corrective actions to improve patients’ outcome.
- Position as a Center of Excellence and to achieve IAC Accreditation.

REFERENCES

1. Marsh, P., Price, B. A., Holdstock, J., Harrison, C., & Whiteley, M. S. (2010). Deep Vein Thrombosis (DVT) After Venous Thermoablation Techniques : Rates Of Endovenous Heat-Induced Thrombosis (EHIT) And Classical DVT After Radiofrequency And Endovenous Laser Ablation In A Single Centre. *European Journal of Vascular and Endovascular Surgery*, 40(4),

521-527.

2. Gloviczki, P., Comerota, A. J., Dalsing, M. C., Eklof, B. G., Gillespie, D. L., Gloviczki, M. L., ... & Wakefield, T. W. (2011). *The Care Of Patients With Varicose Veins And Associated Chronic Venous Diseases: Clinical Practice Guidelines Of The Society For Vascular Surgery And The American Venous Forum*. *Journal of vascular surgery*, 53(5), 2S-48S. [http://www.jvascsurg.org/article/S0741-5214\(11\)00327-2/pdf](http://www.jvascsurg.org/article/S0741-5214(11)00327-2/pdf).
3. Shepherd, A. C., Gohel, M. S., Brown, L. C., Metcalfe, M. J., Hamish, M., & Davies, A. H. (2010). *Randomized clinical trial of VNUS® ClosureFAST™ radiofrequency ablation versus laser for varicose veins*. *British Journal of Surgery*, 97(6), 810- 818.
4. Thomasset, S. C., Butt, Z., Liptrot, S., Fairbrother, B. J., & Makhdoomi, K. R. (2010). *Ultrasound guided foam sclerotherapy: factors associated with outcomes and complications*. *European Journal of Vascular and Endovascular Surgery*, 40(3), 389-392.
5. *[Vasc Endovascular Surg] 2013 Apr; Vol. 47 (3), pp. 207-12. Date of Electronic Publication: 2013 Feb 20.*
6. Winterborn, R. J., & Smith, F. C. (2010). *Varicose veins*. *Surgery (Oxford)*, 28(6), 259-262.
7. Neil M. Khilnani, MD, Clement J. Grassi, MD, Sanjoy Kundu, MD, FRCPC, Horacio R. D'Agostino, MD, Arshad Ahmed Khan, MD, J. Kevin McGraw, MD, Donald L. Miller, MD, Steven F. Millward, MD, Robert B. Osnis, MD, Darren Postoak, MD, Cindy Kaiser Saiter, NP, Marc S. Schwartzberg, MD, Timothy L. Swan, MD, Suresh Vedantham, MD, Bret N. Wiechmann, MD, Laura Crocetti, MD, John F. Cardella, MD, and Robert J. Min, MD, for the Cardiovascular Interventional Radiological Society of Europe, American College of Phlebology, and Society of Interventional Radiology Standards of Practice Committees. (2010) *Multi-society Consensus Quality Improvement Guidelines for the Treatment of Lowerextremity Superficial Venous Insufficiency with Endovenous Thermal Ablation from the Society of Interventional Radiology, Cardiovascular Interventional Radiological Society of Europe, American College of Phlebology, and Canadian Interventional Radiology Association*. *Journal of Vascular Interventional Radiology* 2010; 21:14 -31. <http://www.sirweb.org/clinical/cpg/Jan2010b.pdf>.

FIRST AMENDMENT AND ASSIGNMENT

TO

PHYSICIAN EMPLOYMENT & MEDICAL DIRECTOR AGREEMENT

This First Amendment and Assignment to Physician Employment & Medical Director Agreement (this “**Amendment**”) is entered into as of the 8th of March, 2017 (the “**Effective Date**”), by and between Nobilis Health Network, Inc., a Texas certified nonprofit health organization (“**Assignor**”), NH Physicians Group, PLLC, a Texas professional limited liability company (“**NHPG**”), and Carlos R. Hamilton, III, M.D., a Texas licensed physician (“**Physician**”) (each individually, a “**Party**” and collectively, the “**Parties**”).

WHEREAS, the Assignor and Physician entered into that certain Physician Employment and Medical Director Agreement, effective as of January 6, 2017, pursuant to which the Physician was employed by Assignor to engage in the practice of medicine (the “**Original Agreement**”);

WHEREAS, Assignor now wishes to assign the Original Agreement to its wholly-owned subsidiary, NHPG, which is authorized by law to employ physicians to engage in the practice of medicine; and

WHEREAS, the Parties now wish to amend the Original Agreement as set forth below.

NOW, THEREFORE, in consideration of the premises and the mutual promises set forth below, the Parties hereby agree as follows:

1. Assignment and Assumption. Assignor hereby assigns, grants, conveys and transfers to NHPG all of Assignor’s rights, titles and interests in the Original Agreement. NHPG hereby accepts such assignment.
2. Amendment to Section 2. Section 2 of the Original Agreement is amended by deleting “March 1, 2017” and replacing it with “March 8, 2017”.
3. Miscellaneous. All other terms and conditions of the Original Agreement will remain the same. This Amendment may be executed in separate counterparts, each of which so executed and delivered shall constitute an original, but all such counterparts constitute one and the same instrument. Manually-executed counterparts may be delivered in faxed or scanned electronic form, each of which (whether originally executed or such a faxed or scanned electronic document) shall be deemed an original, and all of which together shall constitute one and the same instrument. In making proof of this Amendment, it shall not be necessary to produce or account for more than one counterpart hereof signed by each of the Parties.

[Signature page immediately follows]

IN WITNESS WHEREOF, the Parties have entered into this Amendment as of the Effective Date.

ASSIGNOR NOBILIS HEALTH NETWORK, INC.

By: /s/ Kenneth Efir

Name: Kenneth Efir

Title: President

NHPG NH PHYSICIANS GROUP, PLLC

By: /s/ Kenneth Efir

Name: Kenneth Efir

Title: President

PHYSICIAN CARLOS R. HAMILTON, III, M.D.

By: /s/ Carlos R. Hamilton, III, M.D.

Name: Carlos R. Hamilton, III, M.D.

CONVERTIBLE PROMISSORY NOTE

\$5,000,000 January 23, 2017

Houston, Texas, United States

For value received, Nobilis Vascular Texas, LLC, a Texas limited liability company (the “Maker”), promises to pay to **Carlos R. Hamilton III, M.D. or other such designated payee** (the “Holder”), the principal sum of Five Million Dollars (\$5,000,000). Interest shall accrue from the date of this Note on the unpaid principal amount at a simple rate equal to five percent (5%) per annum. This Note is issued pursuant to that certain Asset Purchase Agreement dated January 6, 2017, by and among Buyer, NHC, Holder, and Sellers (the “Purchase Agreement”). Capitalized terms not otherwise defined herein have the meaning given them in the Purchase Agreement. This Note is subject to the following terms and conditions.

1. **Installments.** Principal under this Note shall be payable in two (2) equal installments, each of which shall be Two Million Five Hundred Thousand Dollars (\$2,500,000), the first of which shall be due and payable on the first anniversary of the date of this Note and the second of which shall be due and payable on the second anniversary of this Note (collectively, the “Installment Dates”). Subject to Sections 3, 4, and 7 below, interest shall accrue on this Note and shall be due and payable on each Installment Date.

2. **Final Maturity Date.** The Final Maturity Date shall be the earlier of the second Installment Date specified above or the date upon which all remaining principal owing under this Note is paid in full.

3. **Conversion Option.** On the Installment Dates, the then outstanding principal (but excluding accrued and unpaid interest under this Note) (the “Conversion Amount”) may be converted, at the sole discretion of Maker, into such number of shares of NHC’s Common Stock, traded on the NYSE, equal to the quotient obtained by dividing the Conversion Amount by the volume weighted average price of NHC’s Common Stock traded on the NYSE in the trailing ten (10) trading days prior to the applicable Installment Date. Notwithstanding the above, if NHC’s Common Stock is not at the time of conversion listed for trading on the NYSE, if NHC has received notice from the NYSE that NHC is not in compliance with one or more continuing listing standards for trading on the NYSE, or if NHC has taken any action to delist the Common Stock from the NYSE, then NHC’s right to convert under this Note shall terminate. Moreover, Maker’s above conversion option shall not be exercisable if an Event of Default occurs (as defined below).

4. **Mechanics and Effect of Conversion.** Maker shall notify the Holder in writing at least five (5) Business Days prior to the Installment Dates as to whether Maker will exercise the Conversion Option in Section 3 above. No fractional shares of NHC’s Common Stock will be issued upon conversion of this Note. In lieu of any fractional share to which the Holder would otherwise be entitled, NHC will pay to the Holder in cash the amount of the unconverted principal balance of this Note that would otherwise be converted



into such fractional share. Upon conversion of this Note, the Holder shall surrender this Note, duly endorsed, at the principal offices of NHC or any transfer agent of NHC. At its expense, NHC will, as soon as practicable thereafter, issue the number of shares to which such Holder is entitled upon such conversion, including a check payable to the Holder for any cash amounts payable as described herein, and shall deliver to such Holder, at such principal office, a certificate or certificates for the number of shares to which such Holder is entitled upon such conversion. Upon full conversion of this Note, the Maker will be forever released from all of its obligations and liabilities under this Note with regard to that portion of the principal amount being converted including without limitation the obligation to pay such portion of the principal amount. Upon conversion of the principal amount of this Note into NHC's Common Stock, any interest accrued on this Note shall be immediately paid to the Holder.

5. **Payment; Prepayment.** All payments shall be made in lawful money of the United States of America at such place as the Holder hereof may from time to time designate in writing to the Maker. Payment shall be credited first to the accrued interest then due and payable and the remainder shall be applied to principal. Maker may prepay this Note at any time without penalty.

6. **Stockholders, Officers and Directors Not Liable.** In no event shall any stockholder, officer or director of the Maker, Company, or NHC be liable for any amounts due or payable pursuant to this Note.

7. **Default; Remedies.**

(a) The occurrence of any one or more of the following events with respect the Maker shall constitute an event of default hereunder ("Event of Default"):

(i) If Maker shall fail to pay when due any payment of principal or interest on this Note.

(ii) If, pursuant to or within the meaning of the United States Bankruptcy Code, any other federal, state, or analogous Canadian law relating to insolvency or relief of debtors (a "Bankruptcy Law"), the Maker shall (A) commence a voluntary case or proceeding, (B) consent to the entry of an order for relief against it in an involuntary case, (C) consent to the appointment of a trustee, receiver, assignee, liquidator or similar official, (D) make an assignment for the benefit of its creditors, or (E) admit in writing its inability to pay its debts as they become due.

(iii) If a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (A) is for relief against the Maker in an involuntary case, (B) appoints a trustee, receiver, assignee, liquidator or similar official for the Maker, or substantially all of their respective properties, or (C) orders the liquidation of the Maker, and in each case the order or decree is not dismissed within sixty (60) days.

(b) The Maker shall notify the Holder in writing no more than five (5) days after the occurrence of any Event of Default of which the Maker has actual knowledge.

(c) Upon the occurrence of an Event of Default hereunder, the Holder may, at its option, (i) by written notice to Maker, declare the entire unpaid principal balance of this Note, together with all accrued interest thereon, immediately due and payable regardless of any prior forbearance and (ii) exercise any and all rights and remedies available to it under applicable law, including, without limitation, the right to collect from Maker all sums due under this Note, including, without limitation, reasonable attorneys' fees.

8. **Interest Rate Limitation.** Notwithstanding anything to the contrary contained in this Note or the Purchase Agreement, the interest paid or agreed to be paid under this Note shall not exceed the maximum rate of non-usurious interest permitted by applicable law (the "Maximum Rate"). If the Holder shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal remaining owed under this Note or, if it exceeds such unpaid principal, refunded to the Maker. In determining whether the interest contracted for, charged, or received by the Holder exceeds the Maximum Rate, the Holder may, to the extent permitted by applicable law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of this Note.

9. **Loss of Note.** Upon receipt by Maker of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Note or any Note exchanged for it, and indemnity satisfactory to Maker (in case of loss, theft or destruction) or surrender and cancellation of such Note (in the case of mutilation), Maker will make and deliver in lieu of such Note a new Note of like tenor.

10. **Subordination.**

(a) **Definitions:** For purposes of this Section 10:

(i) "Bankruptcy Code" shall mean Title 11 of the United States Code, as amended from time to time, and any successor statute and all rules and regulations promulgated thereunder.

(ii) "Payment in Full" shall mean with respect to Senior Indebtedness that: (a) all of such Senior Indebtedness (other than contingent indemnification or reimbursement obligations not yet due and payable or with respect to which a claim has not yet been asserted, (ii) obligations under any Secured Hedge Agreements (as defined in the Senior Financing Agreement) that (A) at the time of determination, are allowed by the Person to whom such obligations are owing to remain outstanding and are not required to be repaid or cash collateralized pursuant to the provisions of the Secured Hedge Agreement or any other document governing such obligation or (B) are intended to be rolled into a refinancing or replacement (in whole or in part) of the Senior Indebtedness (other than obligations under a Secured Hedge Agreement) and (iii) obligations not yet due and payable with respect to letters of credit issued pursuant to the Senior Financing Agreement and applicable Senior Debt Documents (it being understood that such obligations include interest, fees, charges, costs and expenses that accrue in respect of undrawn or drawn letters of credit)) has been paid

in full in cash, (b) no Person has any further right to obtain any loans, letters of credit or other extensions of credit under the Senior Financing Agreement and any applicable Senior Debt Documents, and (c) any and all letters of credit issued under the Senior Financing Agreement and any applicable Senior Debt Documents have been cancelled and returned (or backed by standby letters of credit (issued by a bank, and in form and substance, acceptable to the administrative agent) or cash collateralized, in each case in the Minimum Cash Collateral Amount required by and in accordance with the terms of the Senior Financing Agreement and such applicable Senior Debt Documents).

(iii) “Proceeding” shall mean any voluntary or involuntary insolvency, bankruptcy, receivership, custodianship, liquidation, dissolution, reorganization, assignment for the benefit of creditors, appointment of a custodian, receiver, trustee or other officer with similar powers or any other proceeding for the liquidation, dissolution or other winding up of a Person.

(iv) “Senior Indebtedness” shall mean all Obligations under and as defined in the Senior Financing Agreement, including, without limitation, the principal amount of all debts, claims and indebtedness, accrued and unpaid interest or premium, if any, all fees, costs and expenses, whether primary, secondary, direct, contingent, fixed or otherwise, and all other amounts at any time due or payable under the Senior Financing Agreement, and any renewal, extension or refinancing thereof, whether before or after the filing of a Proceeding under the Bankruptcy Code together with any interest, fees, costs and expenses accruing thereon after the commencement of a Proceeding, without regard to whether or not such interest, fees, costs and expenses are an allowed claim in such Proceeding.

(v) “Senior Debt Documents” shall mean the Senior Financing Agreement and the other Loan Documents (as defined in the Senior Financing Agreement), as the same may be amended, amended and restated, supplemented or otherwise modified from time to time.

(vi) “Senior Lenders” means Compass Bank, each other lender party to the Senior Financing Agreement, and each of their respective successors and assigns.

(b) **Subordination**. Each of the parties hereto hereby agrees, notwithstanding anything to the contrary contained herein or in any other documents related to this Note, that the payment of any and all of the indebtedness evidenced by this Note (including the principal hereof and interest hereon) shall be subordinated and junior in right and time of payment and exercise of remedies to the prior Payment in Full of the Senior Indebtedness of Northstar Healthcare Acquisitions, L.L.C. (hereinafter, the “Borrower”), and the other Loan Parties (as defined in the Senior Financing Agreement, defined below, including the Maker; collectively, the “Debtors”) in all respects. Each Holder acknowledges and agrees that payments under this Note may only be made by the Maker to the extent permitted under that certain Credit Agreement, dated as of October 28, 2016 (as may from time to time be amended, restated, supplemented or otherwise modified, the “Senior Financing Agreement”), by and among the Borrower, NHC, Northstar Healthcare Holdings, Inc.,

a Delaware corporation, the other Debtors from time to time party thereto, each lender from time to time party thereto, and Compass Bank in its individual capacity and as administrative agent. Notwithstanding anything to the contrary contained in this Note, (i) no payments may be made on this Note if, before or after giving effect thereto, any Event of Default (as such term is defined in the Senior Financing Agreement) exists under the Senior Financing Agreement and (ii) the parties acknowledge and agree that (1) Maker's failure to make a payment of principal or interest when due under this Note at any time that such payment is prohibited under the terms of any Senior Indebtedness shall not constitute default or breach hereunder and (2) nothing herein shall be deemed to prohibit the exercise by a Holder of all powers, rights and remedies of such party hereunder. The parties hereby designate all Senior Lenders, from time to time, as intended third-party beneficiaries of this Note. Each holder of Senior Indebtedness, whether now outstanding or hereafter created, incurred, assumed or guaranteed, shall be deemed to have acquired Senior Indebtedness in reliance upon the provisions contained in this Note. The parties hereto and the holders of each Note and Senior Indebtedness intend that the subordination provisions set forth herein be enforceable in any Proceeding as a subordination agreement within the meaning of Section 510(a) of the Bankruptcy Code or any other applicable law.

11. **Miscellaneous.**

(a) **Governing Law.** The validity, interpretation, construction and performance of this Note, and all acts and transactions pursuant hereto and the rights and obligations of the Maker and Holder shall be governed, construed and interpreted in accordance with the laws of the state of Texas, without giving effect to principles of conflicts of law.

(b) **Entire Agreement.** This Note, together with the Purchase Agreement and the documents referred to therein, constitutes the entire agreement and understanding between the Maker and the Holder relating to the subject matter herein and supersedes all prior or contemporaneous discussions, understandings and agreements, whether oral or written between them relating to the subject matter hereof.

(c) **Amendments and Waivers.** Any term of this Note may be amended only with the written consent of the Maker and the Holder.

(d) **Successors and Assigns.** The terms and conditions of this Note shall inure to the benefit of and be binding upon the respective successors and assigns of the Maker and the Holder. Notwithstanding the foregoing, the Holder may not assign, pledge, or otherwise transfer this Note without the prior written consent of Maker, which shall not be unreasonably withheld, except Holder may assign, pledge, or transfer this Note without the prior written consent of Company or NHC, to Holder's spouse, parents or children ("Holder's Family") or an entity controlled by Holder or Holder's Family. Subject to the preceding sentence, this Note may be transferred only upon surrender of the original Note for registration of transfer, duly endorsed, or accompanied by a duly executed written instrument of transfer in form satisfactory to Maker. Thereupon, a new note for the same principal amount and interest will be issued to,

and registered in the name of, the transferee. Interest and principal are payable only to the registered holder of this Note.

(e) **Notices.** Any notice, demand or request required or permitted to be given under this Note shall be in writing and shall be deemed sufficient when delivered in accordance with Section 9.2 of the Purchase Agreement.

(f) **Counterparts.** This Note may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same instrument.

[Signature Page Follows]

3717753.1

IN WITNESS WHEREOF, Maker has executed this Convertible Promissory Note as of the date first set forth above.

THE Maker:

NoBILIS VASCULAR TEXAS, LLC

By: /s/ Harry Fleming

(Signature)

Name: Harry Fleming

Title: Chief Executive Officer

AGREED TO AND ACCEPTED:

The holder:

CARLOS R. HAMILTON III, M.D.

By: /s/ Carlos R. Hamilton, M.D.

(Signature)

Name: Carlos R. Hamilton, M.D.

NOBILIS HEALTH CORP. SUBSIDIARIES

As of December 31, 2016

Name of subsidiary	Jurisdiction of Formation
Northstar Healthcare Holdings, Inc.	Delaware
Northstar Healthcare Acquisitions, L.L.C.	Delaware
Northstar Healthcare Subco, L.L.C.	Delaware
First Nobilis, LLC	Texas
Northstar Healthcare Management Company, LLC	Texas
Northstar Healthcare Surgery Center-Scottsdale, LLC	Arizona
Northstar Healthcare Dallas Management, LLC	Texas
NHC ASC - Dallas, LLC	Texas
Central Dallas Surgery Center, LLC	Texas
Southwest Freeway Surgery Center, LLC	Texas
Northstar Healthcare Surgery Center - Houston, LLC	Texas
First Nobilis Hospital Management, LLC	Texas
First Nobilis Hospital, LLC	Texas
First Nobilis Surgical Center, LLC	Texas
Nobilis Health Network, Inc.	Texas
Northstar Healthcare Limited Partner, L.L.C.	Delaware
Northstar Healthcare General Partner, L.L.C.	Delaware
Hermann Drive Surgical Hospital, LP	Texas
The Palladium for Surgery Houston, LTD.	Texas
Medical Ambulatory Surgical Suites, L.P.	Texas
The Palladium for Surgery-Dallas, LTD.	Texas
Microsurgery Institute LLC	Texas
Nobilis Health Marketing, LLC	Texas
Athas Health, LLC	Texas
Athas Administrative, LLC	Texas
Athas Holdings, LLC	Texas
Peak Surgeon Innovations, LLC	Texas
Peak Neuromonitoring Associates-Texas II, LLC	Texas
Nobilis Surgical Assist, LLC	Texas
Southwest Houston Surgical Assist, LLC	Texas
Marsh Lane Surgical Hospital, LLC	Texas
Central Medical Solutions, LLC	Texas
Perimeter Road Surgical Hospital, LLC	Arizona
Concertis, LLC	Texas
Premier Health Specialists, LLC	Arizona
MPDSC, LLC	Texas
Southwest Freeway Surgery Center Management, LLC	Texas
Central Dallas Management, LLC	Texas
Nobilis Vascular Holding Company, LLC	Arizona

Medical District Surgery Center, LLC
Chandler Surgery Center, LLC
Oracle Surgery Center, LLC
Phoenix Surgery Center, LLC
Bellaire Surgical Hospital Holdings, LLC

Texas
Arizona
Arizona
Arizona
Texas

Nobilis Health Network Specialist Group, PLLC	Texas
ZD Anesthesia, PLLC	Texas
NH Anesthesia Health Network, PLLC	Texas
Aerial Anesthesia, PLLC	Texas
NH Clinical Services, PLLC	Texas
Athelite Holdings, LLC	Texas
Dallas Metro Surgery Center, LLC	Texas
Nobilis Vascular Texas, LLC	Texas

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated April 2, 2015 (January 12, 2016 as to Notes 1, 3, 18, 19, and 20) with respect to the consolidated statements of operations, changes in equity, and cash flows for the year ended December 31, 2014 included in the Annual Report of Nobilis Health Corp. on Form 10-K for the year ended December 31, 2016. We hereby consent to the incorporation by reference of said report in the Form 10-K for the year ended December 31, 2016.

/s/ Calvetti Ferguson
Houston, Texas
March 14, 2017

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-204712 on Form S-8 of Nobilis Health Corp of our report dated March 14, 2017 relating to the 2016 and 2015 financial statements, appearing in this Annual Report on Form 10-K.

/s/ Crowe Horwath LLP

Dallas, Texas
March 14, 2017

**CERTIFICATION PURSUANT TO
18 U.S.C. ss 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Harry Fleming, certify that:

1. I have reviewed the Annual Report on Form 10-K for the period ended December 31, 2016 of Nobilis Health Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 14, 2017

/s/ Harry Fleming

Harry Fleming

Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. ss 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David Young, certify that:

1. I have reviewed the Annual Report on Form 10-K for the period ended December 31, 2016 of Nobilis Health Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 14, 2017

/s/ David Young

David Yound

Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Nobilis Health Corp. (the "Company") on Form 10-K for the period ended December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Harry Fleming, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Harry Fleming

Harry Fleming

Chief Executive Officer

March 14, 2017

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Nobilis Health Corp. (the “Company”) on Form 10-K for the period ended December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David Young, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David Young

David Young

Chief Financial Officer

March 14, 2017

**Document and Entity
Information - USD (\$)**

12 Months Ended
Dec. 31, 2016 Feb. 14, 2017 Jun. 30, 2016

[Document and Entity Information \[Abstract\]](#)

<u>Document Type</u>	10-K	
<u>Amendment Flag</u>	false	
<u>Document Period End Date</u>	Dec. 31, 2016	
<u>Trading Symbol</u>	nhc	
<u>Entity Registrant Name</u>	Nobilis Health Corp.	
<u>Entity Central Index Key</u>	0001409916	
<u>Current Fiscal Year End Date</u>	--12-31	
<u>Entity Filer Category</u>	Accelerated Filer	
<u>Entity Common Stock, Shares Outstanding</u>		77,827,013
<u>Entity Current Reporting Status</u>	Yes	
<u>Entity Voluntary Filers</u>	No	
<u>Entity Well-known Seasoned Issuer</u>	No	
<u>Entity Public Float</u>		\$ 115,150,423
<u>Document Fiscal Year Focus</u>	2016	
<u>Document Fiscal Period Focus</u>	FY	

Consolidated Balance Sheets
- USD (\$)
\$ in Thousands

	Dec. 31,	Dec. 31,
	2016	2015
<u>Current Assets:</u>		
<u>Cash</u>	\$ 24,572	\$ 15,666
<u>Trade accounts receivable, net of allowance for bad debts of \$750 and \$5,165 at December 31, 2016 and 2015, respectively</u>	124,951	92,569
<u>Medical supplies</u>	4,468	4,493
<u>Prepaid expenses and other current assets</u>	10,083	2,789
<u>Total current assets</u>	164,074	115,517
<u>Property and equipment, net</u>	36,723	35,303
<u>Intangible assets, net</u>	19,618	19,619
<u>Goodwill</u>	62,018	44,833
<u>Deferred tax asset</u>	21,652	25,035
<u>Other long-term assets</u>	1,350	1,720
<u>Total Assets</u>	305,435	242,027
<u>Current Liabilities:</u>		
<u>Trade accounts payable</u>	22,184	23,381
<u>Accrued expenses</u>	30,145	16,648
<u>Current portion of capital leases</u>	3,985	5,193
<u>Current portion of long-term debt</u>	2,220	1,243
<u>Current portion of warrant and stock option derivative liabilities</u>	3	332
<u>Other current liabilities</u>	7,561	5,025
<u>Total current liabilities</u>	66,098	51,822
<u>Lines of credit</u>	15,000	3,000
<u>Long-term capital leases, net of current portion</u>	12,387	13,654
<u>Long-term debt, net of current portion</u>	48,323	21,469
<u>Convertible promissory note</u>	2,250	0
<u>Warrant and stock option derivative liabilities, net of current portion</u>	899	2,619
<u>Other long-term liabilities</u>	3,999	3,386
<u>Total liabilities</u>	148,956	95,950
<u>Commitments and Contingencies</u>		
<u>Contingently redeemable noncontrolling interest</u>	14,304	12,225
<u>Shareholders' Equity:</u>		
<u>Common shares, no par value, unlimited shares authorized, 77,805,014 and 73,675,979 shares issued and outstanding, respectively</u>	0	0
<u>Additional paid in capital</u>	222,240	211,827
<u>Accumulated deficit</u>	(79,042)	(85,491)
<u>Total shareholders' equity attributable to Nobilis Health Corp.</u>	143,198	126,336
<u>Noncontrolling interests</u>	(1,023)	7,516
<u>Total shareholders' equity</u>	142,175	133,852
<u>Total Liabilities and Shareholders' Equity</u>	\$ 305,435	\$ 242,027

Consolidated Balance Sheets
(Parenthetical) - USD (\$)
\$ in Thousands

Dec. 31, 2016 Dec. 31, 2015

Statement of Financial Position [Abstract]

<u>Allowance for bad debts</u>	\$ 750	\$ 5,165
<u>Common Stock, Shares, Issued</u>	77,805,014	73,675,979
<u>Common Stock, Shares, Outstanding</u>	77,805,014	73,675,979

**Consolidated Statements of
Operations - USD (\$)
\$ in Thousands**

12 Months Ended

Dec. 31, 2016 Dec. 31, 2015 Dec. 31, 2014

Revenues:

<u>Patient and net professional fees</u>	\$ 264,211	\$ 209,446	\$ 80,917
<u>Contracted marketing revenues</u>	13,346	13,106	2,171
<u>Factoring revenues</u>	8,187	6,664	941
<u>Total revenues</u>	285,744	229,216	84,029
<u>Bad debt (recovery) expense, net</u>	750	3,557	
<u>Income from operations</u>	10,038	31,650	20,491
<u>Other (income) expense:</u>			
<u>Change in fair value of warrant and stock option derivative liabilities</u>	(2,580)	(8,985)	3,721
<u>Interest expense</u>	3,999	1,597	288
<u>Bargain purchase gain</u>	0	(1,733)	0
<u>Other (income) expense, net</u>	(2,970)	34	32
<u>Total other (income) expense</u>	(1,551)	(9,087)	4,041
<u>Income before income taxes and noncontrolling interests</u>	11,589	40,737	16,450
<u>Income tax expense (benefit)</u>	4,487	(23,196)	480
<u>Net income</u>	7,102	63,933	15,970
<u>Net income attributable to noncontrolling interests</u>	653	13,093	13,077
<u>Net income attributable to Nobilis Health Corp.</u>	\$ 6,449	\$ 50,840	\$ 2,893
<u>Net income per basic common share (in dollars per share)</u>	\$ 0.08	\$ 0.76	\$ 0.06
<u>Net income per fully diluted common share (in dollars per share)</u>	\$ 0.08	\$ 0.68	\$ 0.06
<u>Weighted average shares outstanding (basic) (in shares)</u>	76,453,128	67,015,387	46,517,815
<u>Weighted average shares outstanding (fully diluted) (in shares)</u>	77,562,495	75,232,783	47,720,569

Operating Expense

Revenues:

<u>Salaries and benefits</u>	\$ 52,774	\$ 40,845	\$ 11,933
<u>Drugs and supplies</u>	57,011	37,365	11,295
<u>General and administrative</u>	126,848	79,422	31,792
<u>Bad debt (recovery) expense, net</u>	(385)	3,557	0
<u>Depreciation and amortization</u>	8,539	4,531	1,503
<u>Operating Expenses</u>	244,787	165,720	56,523

Corporate Segment

Revenues:

<u>Salaries and benefits</u>	6,974	6,597	2,386
<u>General and administrative</u>	18,897	22,648	4,449
<u>Legal expenses</u>	4,755	2,445	66
<u>Depreciation and amortization</u>	293	156	114
<u>Operating Expenses</u>	\$ 30,919	\$ 31,846	\$ 7,015

Consolidated Statements of Changes in Equity - USD (\$) \$ in Thousands	Total	Common Stock	Additional Paid In Capital	Accumulated Deficit	Equity Attributable to Nobilis Health Corp.	Equity (Deficit) Attributable to Noncontrolling Interests	Total Equity	Contingently Redeemable Noncontrolling Interests
Beginning Balance at Dec. 31, 2013			\$ 148,128	\$ (139,580)	\$ 8,548	\$ 3,491	\$ 12,039	\$ 1,263
Beginning Balance (Shares) at Dec. 31, 2013	42,729,547							
Increase (Decrease) in Stockholders' Equity [Roll Forward]								
Net income				2,893	2,893	3,833	6,726	9,244
Proceeds from private equity offering			3,956		3,956		3,956	
Proceeds from private equity offering (Shares)	5,568,400							
Sale of ownership interest in subsidiary	\$ (705)		705		705		705	
Purchase of investment			490		490		490	
Purchase of investment (Shares)	431,711							
Consolidation of investment						522	522	5,206
Acquisition of Athas Health			16,239		16,239		16,239	
Acquisition of Athas Health (Shares)	6,666,666							
Distributions to noncontrolling interests						(3,713)	(3,713)	(2,846)
Vesting of restricted stock (Shares)	215,896							
Exercise of stock warrants			4,797		4,797		4,797	
Exercise of stock warrants (Shares)	3,206,007							
Exercise of stock options			166		166		166	
Exercise of stock options (Shares)	600,000							
Share-based compensation, net			1,875		1,875		1,875	
Ending Balance at Dec. 31, 2014			176,356	(136,687)	39,669	4,133	43,802	12,867
Ending Balance (Shares) at Dec. 31, 2014	59,418,227							
Increase (Decrease) in Stockholders' Equity [Roll Forward]								
Net income				50,840	50,840	2,226	53,066	10,867
Proceeds from private equity offering			15,598		15,598		15,598	
Proceeds from private equity offering (Shares)	4,029,668							
Deconsolidation of investment			(613)	356	(257)	307	50	
Sale of ownership interest in subsidiary	0							
Acquisition of Peak			650		650		650	

Acquisition of Peak (Shares)	89,749					
Acquisition of Scottsdale Liberty				1,532		1,532
Athas settlement		(5,685)		(5,685)		(5,685)
Athas settlement (Shares)	3,830,638					
Measurement period adjustments				2,807		2,807
Distributions to noncontrolling interests				(3,489)		(3,489) (11,509)
Vesting of restricted stock (Shares)	2,725,000					
Reclassification of vested non-employee stock options		(1,531)		(1,531)		(1,531)
Exercise of stock warrants		13,392		13,392		13,392
Exercise of stock warrants (Shares)	3,134,909					
Exercise of stock options		521		521		521
Exercise of stock options (Shares)	447,788					
Share-based compensation, net		13,139		13,139		13,139
Ending Balance at Dec. 31, 2015	133,852	211,827	(85,491)	126,336	7,516	133,852 12,225
Ending Balance (Shares) at Dec. 31, 2015	73,675,979					
Increase (Decrease) in Stockholders' Equity [Roll Forward]						
Net income			6,449	6,449	(4,955)	1,494 5,606
Sale of ownership interest in subsidiary	0					
Distributions to noncontrolling interests					(3,532)	(3,532) (3,527)
Additional ownership Interest in subsidiary		52		52	(52)	
AZ Vein share consideration		2,250		2,250		2,250
AZ Vein share consideration (Shares)	750,000					
Vesting of restricted stock (Shares)	2,000,000					
Reclassification of vested non-employee stock options		(533)		(533)		(533)
Exercise of stock warrants		130		130		130
Exercise of stock warrants (Shares)	95,285					
Exercise of stock options		2,322		2,322		2,322
Exercise of stock options (Shares)	1,283,750					
Share-based compensation, net		6,192		6,192		6,192
Ending Balance at Dec. 31, 2016	\$ 142,175	\$ 222,240	\$ (79,042)	\$ 143,198	\$ (1,023)	\$ 142,175 \$ 14,304
Ending Balance (Shares) at Dec. 31, 2016	77,805,014					

**Consolidated Statements of
Cash Flows - USD (\$)
\$ in Thousands**

**12 Months Ended
Dec. 31, Dec. 31, Dec. 31,
2016 2015 2014**

CASH FLOWS FROM OPERATING ACTIVITIES:

<u>Net income</u>	\$ 7,102	\$ 63,933	\$ 15,970
<u>Adjustments to reconcile net income to net cash provided by operating activities:</u>			
<u>Depreciation and amortization</u>	8,832	4,687	1,616
<u>(Recoupment) provision for bad debts, net</u>	(385)	3,557	0
<u>Share-based compensation</u>	6,192	13,139	1,875
<u>Change in fair value of warrant and stock option derivative liabilities</u>	(2,580)	(8,985)	3,721
<u>Deferred income taxes</u>	3,383	(25,035)	0
<u>Impairment charges</u>	688	1,622	0
<u>Recoupment indemnified expenses</u>	0	(1,700)	0
<u>Gain on sale of property and equipment</u>	(265)	0	(39)
<u>Gain on bargain purchase of a business</u>	0	(1,733)	0
<u>Earnings from equity method investment</u>	(938)	0	0
<u>Amortization of deferred financing fees</u>	1,034	99	0
<u>Changes in operating assets and liabilities, net of assets acquired and liabilities assumed:</u>			
<u>Trade accounts receivable</u>	(28,525)	(51,673)	(20,958)
<u>Medical supplies</u>	216	(1,469)	(27)
<u>Prepays and other current assets</u>	(7,106)	6,966	(2,799)
<u>Other long-term assets</u>	(6)	(402)	466
<u>Trade accounts payable and accrued liabilities</u>	11,031	925	2,841
<u>Other current liabilities</u>	1,293	3,441	1,340
<u>Other long-term liabilities</u>	508	(657)	(8)
<u>Distributions from equity investments</u>	1,085	0	0
<u>Net cash provided by operating activities</u>	1,559	6,715	3,998
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
<u>Purchase of property and equipment</u>	(5,541)	(4,380)	(2,023)
<u>Investment in associate</u>	0	(138)	(150)
<u>Purchase of equity method investment</u>	(609)	0	0
<u>Note receivable, net</u>	150	(197)	0
<u>Acquisition of AZ Vein, net of cash acquired</u>	(17,239)	0	0
<u>Purchase of interest acquired in subsidiary</u>	0	0	(346)
<u>Proceeds of sale of property and equipment</u>	0	0	39
<u>Proceeds of sale of ownership interests in subsidiary</u>	0	0	705
<u>Acquisition of Athas</u>	0	0	(3,000)
<u>Acquisition of Hermann Drive, net of cash acquired</u>	0	(1,436)	0
<u>Acquisition of Peak, net of cash acquired</u>	0	(850)	0
<u>Acquisition of Plano, net of cash acquired</u>	0	(1,299)	0
<u>Acquisition of Scottsdale Liberty</u>	0	(3,180)	0
<u>Deconsolidation of imaging centers and urgent care clinic</u>	0	(166)	0

<u>Net cash used for investing activities</u>	(23,239)	(11,646)	(4,775)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>			
<u>Distributions to noncontrolling interests</u>	(7,059)	(14,998)	(6,559)
<u>Proceeds from exercise of stock options</u>	2,322	521	166
<u>Proceeds from exercise of stock warrants</u>	130	4,342	3,188
<u>Proceeds from private placement</u>	0	28,395	6,100
<u>Payments on capital lease obligations</u>	(3,613)	(1,565)	(77)
<u>Proceeds from line of credit</u>	23,213	4,500	1,300
<u>Payments from line of credit</u>	(11,213)	(6,920)	
<u>Proceeds from debt</u>	58,940	20,000	0
<u>Payments on debt</u>	(29,713)	(20,584)	(1,375)
<u>Deferred financing fees</u>	(2,429)	(662)	0
<u>Net cash provided by financing activities</u>	30,578	13,029	2,743
<u>NET INCREASE IN CASH</u>	8,906	8,098	1,966
<u>CASH — Beginning of year</u>	15,666	7,568	5,602
<u>CASH — End of year</u>	24,572	15,666	7,568
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</u>			
<u>Cash paid for interest</u>	2,798	1,236	165
<u>Cash paid for taxes</u>	5,852	427	216
<u>SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:</u>			
<u>Non-cash deconsolidation of property and equipment</u>	0	2,828	0
<u>Non-cash deconsolidation of goodwill</u>	0	701	0
<u>Stock consideration given in conjunction with acquisitions</u>		650	0
<u>Convertible promissory note</u>	2,250	0	0
<u>Athas settlement in lieu of contingent shares</u>	\$ 0	\$ 5,685	\$ 0

Summary of Significant Accounting Policies

12 Months Ended
Dec. 31, 2016

[Accounting Policies](#)

[\[Abstract\]](#)

[Summary of Significant Accounting Policies](#)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The Company consolidates entities in which it has a controlling financial interest. We consolidate subsidiaries in which we hold, directly or indirectly, more than 50% of the voting rights and, in the case of variable interest entities (VIEs), with respect to which the Company is determined to be the primary beneficiary. These consolidated financial statements include all accounts of the Company. All significant intercompany transactions and accounts have been eliminated upon consolidation.

Certain reclassifications have been made to prior period amounts to conform to current period financial statement classifications. The reclassifications included in these comparative consolidated financial statements are (i) a change in presentation of other comprehensive income and (ii) a reclassification from cost of goods sold to operating expenses. The reclassifications were deemed to be immaterial to the consolidated financial statements both individually and in the aggregate.

These consolidated financial statements have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC) for financial information. Accordingly, they include all of the information and notes required by accounting principles generally accepted in the United States of America ("U.S. GAAP") for complete financial statements.

Noncontrolling Interests - Noncontrolling interests represent third-party equity ownership in certain of our consolidated subsidiaries and are presented as a component of equity, unless the noncontrolling interest holders have certain redemption rights, in which case the carrying amount of such interests is classified as contingently redeemable (between liabilities and equity) or, for mandatorily redeemable noncontrolling interests, in liabilities. See Note 19 - Noncontrolling interests for further discussion of noncontrolling interests.

Variable Interest Entities - VIEs are entities that, by design, either (i) lack sufficient equity to permit the entity to finance its activities independently, or (ii) have equity holders that, as a group, do not have the power to direct the activities of the entity that most significantly impact its economic performance, the obligation to absorb the entity's losses, or the right to receive the entity's residual returns. We consolidate a VIE when we are the primary beneficiary, which is the party that has both (i) the power to direct the activities that most significantly impact the VIE's economic performance and (ii) through its interests in the VIE, the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. See Note 19 - Noncontrolling interests for further discussion of noncontrolling interests.

Use of Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Estimates most consequential to our consolidated financial statements are in the area of revenue recognition. Because a significant portion of our net patient service revenue is associated with services provided on out-of-network basis, with no contractually agreed-upon reimbursement rates

from third-party payors, revenues expected to be realized are estimated based on our historical experience with allowable charges by a given payor for the specific service performed. These estimates are subject to ongoing monitoring and adjustment based on actual experience with final settlements and collections.

Other significant estimates include estimates of fair values which management formulates in connection with valuation of assets and liabilities acquired in business combinations and impairment tests of goodwill, intangible assets, property, and certain investments and financial instruments; estimates of useful lives of our property and intangible assets; as well as realizable amounts of accounts receivable and deferred tax assets.

Revenue Recognition

Patient and Net Professional Fees - Patient and net professional fees are reported at the estimated net realizable amounts from third-party payors, patients and others for services rendered at the health facilities we operate and consist primarily of fees for the use of our facilities. Such revenues are recognized when the ultimate collection is estimable and reasonably assured, which typically is when the related medical procedures are performed. Net patient revenues are stated at the ultimate amounts expected to be collected (net of any patient discounts and contractual and other adjustments of third-party payors). Our revenues exclude any amounts billed for physicians' services, which are billed separately by the physicians to the patient or third-party payor.

The amounts actually collected by the Company from third-party payors, including private insurers, vary among payors, even for identical medical procedures. As such, in estimating net patient service revenues, management evaluates payor mix, (among private health insurance plans, workers' compensation insurers, government payor plans and patients), historical settlement and payment data for a given payor and type of medical procedure, and current economic conditions and revises its revenue estimates as necessary in subsequent periods. For services subject to contracted rates with third-party payors, revenues are recognized net of applicable contractual adjustments.

The Company analyzed the past 18 to 24 months of accounts receivable collections from third-party payors used in estimating net patient revenues on a regular basis. Based on the results of this analysis during the fourth quarter of 2016, the Company concluded that the historical estimates used to establish the net patient revenues resulted in, and could continue to result in, an understatement of accounts receivable collections and net patient revenues. As a result, the Company revised the estimates used to establish the net patient revenues effective as of the fourth quarter of 2016. This change in estimate resulted in an increase of approximately \$3.5 million in trade accounts receivable and corresponding increase to patient and net professional fees to the Company's Medical Segment.

Contracted Marketing Revenues - Contracted marketing revenue is comprised of payments from hospitals, ASC's and other ancillary service providers through marketing services agreements. The services include licensing, marketing, patient intake, and upfront education services. Revenue is recognized on a gross basis upon the performance of the marketing service and corresponding medical procedure when ultimate collection is measurable and reasonably assured.

Factoring Revenues - Factoring revenues represent revenues generated from certain accounts receivables purchased from third parties (typically, practicing physicians) in the ordinary course of business. Purchase price is determined either by a flat fee per medical procedure (reflecting a discount to the face amount of the receivable), as dictated per the agreement, or as a percentage of final collections. At the time of purchase, Nobilis acquires the right to collect the full amount of the receivable and assumes all associated financial risk. Costs related to billings and collections are borne by the Company, without any recourse to the third party seller and reflected as a component of operating expenses. Factoring revenues represent the excess of collections of

purchased receivables over their acquisition cost and are recognized over the period from purchase to collection.

Advertising and Marketing Costs

Advertising costs are expensed as they are incurred. Advertising expense for the years ended December 31, 2016 and 2015 was \$43.8 million and \$35.0 million, respectively. The Company utilizes many media outlets for marketing to patients which include internet, TV, radio, print, seminar and billboard advertising. Advertising and marketing expense is recorded within both the operating expenses: general and administrative and corporate costs: general and administrative line items within the consolidated statements of earnings.

Cash

Cash is defined as cash on-hand and demand deposits. The company maintains its cash in various financial institutions, which at times may exceed federally insured amounts. At December 31, 2016 and 2015, our cash deposits exceeded such federally insured limits. Management believes that this risk is not significant. We have not experienced any losses in such accounts, and we believe we are not exposed to any significant credit risks on cash.

Trade Accounts Receivable, net

Trade accounts receivable, net consists of net patient service revenues and factoring revenues recorded at their net realizable amounts, while contracted marketing revenues are recognized at the fees due from the facilities for marketing services performed pursuant to governing contractual arrangements.

On a periodic basis, we evaluate receivables based on the age of the receivable, history of past collections and current credit and economic conditions and adjust the carrying amount accordingly. An account is written off when it is determined that all collection efforts have been exhausted. The Company does not accrue finance or interest charges on accounts receivable. An allowance for uncollectible patient receivables balances, including receivables from non-partner surgeons, is maintained at a level which the Company believes is adequate to absorb probable credit losses.

Medical Supplies

Medical supplies consist of various surgical supplies and medications and are carried at the lower of cost or market using the first-in, first-out method. The market value of inventories is determined based on the estimated selling price in the ordinary course of business less the estimated costs of sale, and a reasonable profit margin based on the effort required to sell the inventories. The Company had no write-downs in the carrying amounts of medical supplies inventories for the years ended December 31, 2016 or 2015.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Property under capital leases and the related obligation for future lease payments are initially recorded at an amount equal to the lesser of fair value of the property and equipment or the present value of the future lease payments. Leasehold improvements are amortized over the lesser of the estimated useful life of the asset or the term of the lease. Maintenance and repairs are charged to expense when incurred.

We evaluate our long-lived assets for possible impairment annually or whenever events or changes in circumstances indicate that the carrying amount of the asset, or related group of assets, may

not be recoverable from estimated future undiscounted cash flows expected to arise from their use and ultimate disposition. If the estimated future undiscounted cash flows are lower than the carrying amount of the assets, we determine the amount of impairment, if any, as the excess of the carrying amount of the long-lived asset over its estimated fair value. The fair value of the assets is estimated based on appraisals, established market values of comparable assets or internal estimates of discounted future net cash flows expected to result from the use and ultimate disposition of the asset. The estimates of these future cash flows are based on assumptions and projections we believe to be reasonable and supportable. They require our subjective judgments and take into account assumptions about revenue and expense growth rates. These assumptions may vary by type of facility and presume stable, improving or, in some cases, declining results at our medical facilities, depending on their specific operating circumstances.

Goodwill and Intangibles

Goodwill represents the excess of the cost of an acquired business over the acquisition-date fair value of the net identifiable assets acquired. Goodwill is reviewed for impairment on an annual basis or more frequently if events or circumstances indicate potential impairment. Such review is performed at the reporting unit level, whereby goodwill balances and identifiable assets and liabilities are assigned to a reporting unit to which they relate. For this purpose, the Company currently has two reporting units which are aligned with its business segments.

The Company's goodwill evaluation for each reporting unit is based on both qualitative and quantitative assessments regarding the fair value of goodwill relative to its carrying amount. The Company assesses qualitative factors to determine if the fair value of its reporting units is more likely than not to exceed its carrying amount, including goodwill. In the event the Company determines that it is more likely than not that a reporting unit's fair value is lower than its carrying amount, quantitative testing is performed comparing carrying amount of the reporting unit to estimated fair value. Fair value estimates are based on appraisals, established market prices for comparable assets or internal estimates of discounted future net cash flows. If the fair value of the reporting unit exceeds the carrying amount, goodwill is not impaired. If the carrying amount exceeds the fair value, an impairment charge is recognized for the excess of the carrying amount of goodwill over its implied fair value.

Indefinite-lived intangible assets consisting of trade names, trademarks, and Medicare and hospital licenses, are not amortizable; however, are evaluated for impairment on an annual basis. Intangible assets subject to amortization, which consist of non-compete agreements, lease contract intangibles, internally developed software, trade secret methodology and physician relationships, are carried at cost less accumulated amortization, which is calculated on a straight-line basis over the asset's estimated useful life.

Investments in Unconsolidated Affiliates

Investments in unconsolidated affiliates include the Company's investments in non-marketable equity securities that do not represent a controlling financial interest in the investee. Such investment balances are included in the Company's consolidated balance sheets in other long-term assets, and include investments accounted for using the equity and the cost method of accounting. Where the Company exercises significant influence over the investee, the Company accounts for its investment under the equity method of accounting. In other cases, the investments in unconsolidated affiliates are accounted for using the cost method of accounting. Whether or not the Company exercises significant influence with respect to an investee depends on an evaluation of several factors including, among others, representation on the investee's board of directors, ability to participate in setting operating, financial and other policies of the investee, and ownership level.

Under the equity method of accounting, the carrying amount of the investment is adjusted each reporting period for the Company's pro rata share of investee's earnings (which also are reflected in other (income) expense in the Company's consolidated statements of earnings) and any

distributions received. Cost-method investments are stated at cost, adjusted only to reflect any other-than-temporary impairment in value or return of the capital invested through a distribution or disposition. Earnings on cost-method investments, if any, are recognized in other expense (income) when dividends or other distributions of earnings are declared.

Investments in unconsolidated affiliates are reviewed for impairment at least annually and any impairment loss that is other than temporary is recognized in the consolidated statements of earnings, with no future recovery in value recognized.

Income Taxes

The tax expense for the period comprises current and deferred tax. Tax expense is recognized in the consolidated statement of operations, except to the extent that it relates to items recognized directly in equity. For items recognized directly in equity, the tax expense is also recognized in equity.

The current income tax charge is calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit against which the temporary difference can be utilized will be available.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and unconsolidated affiliates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. The Company annually evaluates tax positions to determine the need for any additional disclosures, de-recognition, classification, interest and penalties on income taxes and accounting for income tax estimates in interim periods.

In assessing the need for a valuation allowance, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

Fair Value

Certain financial instruments are reported at fair value on our consolidated balance sheets. Under fair value measurement accounting guidance, fair value is defined as the amount that would be

received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, (i.e., an exit price). To estimate an exit price, a three-level hierarchy is used. The fair value hierarchy prioritizes the inputs, which refer broadly to assumptions market participants would use in pricing an asset or a liability, into three levels. Level 1 inputs are unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 inputs are inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly (such as quoted prices for similar assets or liabilities). Level 3 inputs are unobservable inputs for the asset or liability and have the lowest priority (such as cash-flow assumptions formulated by management).

The valuation techniques that may be used to measure fair value include a market approach, an income approach and a cost approach. A market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. An income approach uses valuation techniques to convert future cash flow amounts to a single present amount based on current market expectations, including present value techniques, option-pricing models and the excess earnings method. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Leases

Certain leases to which the Company is party as a lessee are classified as capital leases whenever the terms of the lease transfer to the Company substantially all of the risks and rewards of ownership. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of operations on a straight-line basis over the period of the lease as rent expense.

Foreign Currency

The Company has no significant business operations outside the United States and, therefore, the functional currency and the local currency for its business operations is the U.S. Dollar (“USD”). The accompanying consolidated statements are also presented in USD, the Company’s reporting currency.

From time to time monetary assets and liabilities may be denominated in foreign currency, and, if so, will be translated at the exchange rate in effect as of the balance sheet date, with resulting gains or losses included within the consolidated statement of operations. Revenues and expenses denominated in foreign currencies are translated into USD at the average foreign currency exchange rate for the period.

Stock-Based Compensation

The Company recognizes all stock-based compensation to employees, including grants of employee stock options, in the consolidated financial statements based on their grant-date fair values. The Company values its stock options awarded using the Black-Scholes option pricing model. Restricted stock awards are valued at the grant-date closing market price. Stock-based compensation costs are recognized over the vesting period, which is the period during which the employee is required to provide service in exchange for the award.

Occasionally, the Company issues stock-based awards to non-employees. The fair value of these option awards is estimated when the award recipient completes the contracted professional services. The Company recognizes expense for the estimated total value of the awards during the period from their issuance until performance completion, at which time the estimated expense is adjusted to the final value of the award as measured at performance completion. Because our non-employee stock options were issued with exercise prices denominated in Canadian Dollars, upon

performance completion, their fair values are reclassified from equity to liabilities and remeasured to fair value each reporting period, with remeasurement gains and losses recognized in other income (expense) in our consolidated statements of operations.

Net Income per Common Share

We calculate net income per common share by dividing net income available for common shareholders by the weighted average number of common shares outstanding during the period. Fully diluted income per share is computed using the weighted average number of common and potential common shares outstanding during the period. Potential common shares include those that may be issued upon redemption of units granted under the Company's restricted stock unit and Share Option Plans.

Segment Reporting

The Company reports segment information based on how the chief operating decision maker, along with other members of management, organize and utilize financial and operational data in determining how to allocate resources and assess performance.

Effective December 1, 2014, the Company's business lines are classified into two reportable business segments which include a Medical Segment and a Marketing Segment. The Medical Segment provides the operation of hospitals, outpatient facilities and other related health care services. The Marketing Segment provides direct-to-consumer marketing efforts which educate patients on their healthcare options. Factoring activities are included in the Marketing Segment, as such activities only pertain to patient services that result from the Company's Marketing Segment efforts.

We evaluate performance based on income from operations of the respective business segments prior to the allocation of corporate office expenses. Transactions between segments are eliminated in consolidation. Our corporate office provides general and administrative and support services to our two revenue-generating segments. Management allocates costs between segments for selling, general and administrative expenses and depreciation expense.

Recently Issued Accounting Pronouncements

In August 2014, the Financial Accounting Standards Board (FASB) issued Account Standard Update (ASU) No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. (Subtopic 205-40) This standard provides guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and to provide related footnote disclosures. ASU No. 2014-15 is effective for fiscal years ending after December 15, 2016 and for interim and annual periods therein with early adoption permitted. The Company is currently assessing the timing of adoption of the new guidance, but does not expect it will have a material impact on the Company's consolidated financial statements. The Company does not expect this ASU to have a material impact on our consolidated financial statements and related disclosures.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments-Overall* (Topic 825): *Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"). This update changes how entities account for and measure the fair value of certain equity investments and updates the presentation and disclosure of certain financial assets and liabilities. This new ASU is effective for annual and interim periods beginning on or after December 15, 2017, and for interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact that ASU 2016-01 will have on the Company's consolidated financial position and disclosures.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842) ("ASU 2016-02") which supersedes FASB ASC Topic 840, *Leases* (Topic 840) and provides principles for the recognition,

measurement, presentation and disclosure of leases for both lessees and lessors. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than twelve months regardless of classification. Leases with a term of twelve months or less will be accounted for similar to existing guidance for operating leases. The standard is effective for annual and interim periods beginning after December 15, 2018, with early adoption permitted upon issuance. The Company is currently evaluating the method of adoption and the impact of adopting ASU 2016-02 on its results of operations, cash flows and financial position.

In March 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal Versus Agent Considerations (Reporting Revenue Gross Versus Net)* ("ASU 2016-08"). ASU 2016-08 amends a previously issued ASU released in 2014. In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective in 2018. ASU 2016-08 addresses how an entity should assess whether it is the principal or the agent in contracts that include three or more parties. The ASU clarifies that an entity should evaluate whether it is the principal or the agent for each specified good or service promised in a contract with a customer. The amendments affect the guidance in ASU 2014-09 which is not yet effective. The effective date and transition requirements for the amendments in ASU 2016-08 are the same as the effective date and transition of ASU 2014-09, which will be effective for the Company for reporting periods beginning after December 15, 2017. The Company is currently evaluating the new guidance to determine the method of adoption that it will use and the impact it will have on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"). ASU 2016-09 impacts several aspects of the accounting for share-based payment transactions, including classification of certain items on the consolidated statement of cash flows and accounting for income taxes. Specifically, the ASU requires that excess tax benefits and tax deficiencies (the difference between the deduction for tax purposes and the compensation cost recognized for financial reporting purposes) be recognized as income tax expense or benefit in the consolidated statement of operations, introducing a new element of volatility to the provision for income taxes. ASU 2016-09 is effective on January 1, 2017, with early adoption permitted. The transition method varies for each of the areas this ASU. The Company is currently evaluating the impact of adopting this new accounting standard on its results of operations and financial position.

In April 2016, the FASB issued ASU No. 2016-10, *Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing*, which clarifies the guidance in ASU 2014-09 regarding assessing whether promises to transfer goods or services are distinct, and whether an entity's promise to grant a license provides a customer with a right to use or right to access the entity's intellectual property. The effective date and transition requirements for the amendments in this ASU are the same as the effective date and transition of ASU 2014-09, which will be effective for the Company for reporting periods beginning after December 15, 2017. The Company does not expect these amendments to have a material effect on its consolidated financial statements.

In May 2016, the FASB issued ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients* ("ASU 2016-12"). This Update provides for amendments to ASU 2014-09, amending the guidance on transition, collectability, noncash consideration and the presentation of sales and other similar taxes. Specifically, ASU 2016-12 clarifies that, for a contract to be considered completed at transition, all (or substantially all) of the revenue must have been recognized under legacy U.S. GAAP. In addition, ASU 2016-12 clarifies how an entity should evaluate the collectability threshold and when an entity can recognize nonrefundable consideration received as revenue if an arrangement does not meet the

standard's contract criteria. The effective date and transition requirements for the amendments in this ASU are the same as the effective date and transition of ASU 2014-09, which will be effective for the Company for reporting periods beginning after December 15, 2017. The Company does not expect these amendments to have a material effect on its consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"). ASU 2016-15 provides guidance on how certain cash receipts and cash payments are to be presented and classified in the statement of cash flows. For public entities, ASU 2016-15 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the potential impact of adopting this guidance on our consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-17, *Interests Held through Related Parties That Are under Common Control*. This standard modifies existing guidance with respect to how a decision maker that holds an indirect interest in a VIE through a common control party determines whether it is the primary beneficiary of the VIE as part of the analysis of whether the VIE would need to be consolidated. Under the ASU, a decision maker would need to consider only its proportionate indirect interest in the VIE held through a common control party. Previous guidance had required the decision maker to treat the common control party's interest in the VIE as if the decision maker held the interest itself. As a result of the ASU, in certain cases, previous consolidation conclusions may change. The standard is effective January 1, 2017 with retrospective application to January 1, 2016. We do not expect this ASU to have a material impact on our consolidated financial statements and related disclosures.

Recently Adopted Accounting Standards

In February 2015, the FASB issued ASU No. 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis* that amends the current consolidation guidance. The amendments affect both the variable interest entity and voting interest entity consolidation models. The guidance must be applied using one of two retrospective application methods and will be effective for fiscal years beginning after December 15, 2015, and for interim periods within those fiscal years. Early adoption is permitted, including adoption in any interim period. The Company adopted this ASU in the first quarter of 2016.

In April 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03) which requires that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of related debt liability, consistent with debt discounts. Under the former accounting standards, such costs were recorded as an asset. On August 18, 2015, the FASB clarified that the guidance in ASU 2015-03 does not apply to line-of-credit arrangements. Accordingly, companies may continue to present debt issuance costs for line-of-credit arrangements as an asset and subsequently amortize the deferred debt costs ratably over the term of the arrangement. This new guidance is effective for annual reporting periods beginning after December 15, 2015. The Company adopted this ASU in the second quarter of 2015.

In September 2015, the FASB issued ASU No. 2015-16, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments*, requiring that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. This ASU also requires an entity to present separately on the face of the income statement, or disclose in the notes to the financial statements, the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. This ASU is effective within annual periods beginning after December 15, 2015, including interim periods within that reporting period, and will be applied prospectively to measurement period adjustments that occur after the effective date of this ASU. The Company adopted this ASU in the third quarter of 2015.

In November 2015, the FASB issued ASU No. 2015-17 *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*, which simplifies the presentation of deferred income taxes. Under the new accounting standard, deferred tax assets and liabilities are required to be classified as noncurrent, eliminating the prior requirement to separate deferred tax assets and liabilities into current and noncurrent. The new guidance is effective for annual reporting periods beginning after December 15, 2016, with early adoption permitted. The standard may be adopted prospectively or retrospectively to all periods presented. The Company adopted this ASU in the fourth quarter of 2015.

BUSINESS ACQUISITIONS

The Company accounts for all transactions that represent business combinations using the acquisition method of accounting, where the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquired entity are recognized and measured at their fair values on the date the Company obtains control in the acquiree. Such fair values that are not finalized for reporting periods following the acquisition date are estimated and recorded as provisional amounts. Adjustments to these provisional amounts during the measurement period (defined as the date through which all information required to identify and measure the consideration transferred, the assets acquired, the liabilities assumed and any noncontrolling interests has been obtained, limited to one year from the acquisition date) are recorded as of the date of acquisition. Any material impact to comparative information for periods after acquisition, but before the period in which adjustments are identified, is recognized during the measurement period in the reporting period in which the adjustment amounts are determined.

2016 Transactions:

On October 28, 2016, the Company acquired Arizona Vein and Vascular Center, LLC (AVVC) and its four affiliated surgery centers operating as Arizona Center for Minimally Invasive Surgery, LLC (ACMIS), (collectively "AZ Vein") from Dr. L. Philipp Wall, M.D., P.C. for a total purchase price of \$22.0 million comprised of \$17.5 million in cash, \$2.25 million in Nobilis common shares, \$2.25 million in the form of a convertible note and \$0.1 million earn-out arrangement to be paid in cash based on a trailing 12 month earnings before interest, income taxes, depreciation and amortization (EBITDA) of AZ Vein and the purchased assets.

In addition, \$1.1 million of the cash purchase price was heldback and is subject to certain indemnification provisions. On the twelve-month anniversary of closing, 50% of the amount held back, less any amounts paid as, or claimed as, indemnification, will be paid to Dr. Wall. The remaining amount held back, less any amounts paid as, or claimed as, indemnification, will be paid to Dr. Wall on the twenty-four-month anniversary of closing.

Dr. Wall is the sole equity holder for both AVVC and ACMIS and started the companies in 2007 and 2012, respectively. AVVC and ACMIS are leading clinical and surgical providers for vascular, radiology, podiatry, and general surgery, with five locations in the Phoenix and Tucson metropolitan areas. The acquisition expands Nobilis' presence in two high-growth geographic markets, Phoenix and Tucson, and increases its multi-specialty offering with new vascular surgical specialties within a group of established physician partners.

As a result of the acquisition, the Company has recognized \$17.2 million of goodwill within our Medical Segment. The Company believes that the goodwill is primarily comprised of the business opportunities to be gained through the expanded geographical coverage as well as the access to a new physician group.

Subsequent to the acquisition date of October 28, 2016, AZ Vein had \$2.8 million in revenues and a net income of \$0.3 million which is included in the Company's consolidated statement of operations for the year ended December 31, 2016.

The costs related to the transaction were \$0.3 million and were expensed during the year ended December 31, 2016. These costs are included in the corporate general and administrative expenses in the Company's consolidated statement of operations for the year ended December 31, 2016.

The fair values assigned to certain assets acquired and liabilities assumed in relation to the Company's acquisition have been prepared on a preliminary basis with information currently

available and are subject to change. Specifically, the Company is still in the process of assessing the fair value of trade accounts receivable, property and equipment, intangibles, goodwill, leases and working capital adjustment. The Company expects to finalize its analysis during 2017.

The following table summarizes the fair values of the identifiable assets acquired and liabilities assumed at the date of acquisition (*in thousands*):

	October 28, 2016
Net assets acquired:	
Cash	\$ 261
Trade accounts receivable	3,472
Prepaid expenses and other current assets	188
Medical Supplies	191
Property and equipment	2,745
Other long-term assets	6
Goodwill	17,185
Intangible assets	1,700
Net assets acquired	<u>\$ 25,748</u>
Net liabilities assumed:	
Trade accounts payable	\$ 996
Accrued liabilities	273
Current portion of capital leases	472
Long-term portion of capital leases	666
Total liabilities assumed	<u>\$ 2,407</u>

Consideration:	
Cash	\$ 17,500
Stock issued	2,250
Convertible promissory note	2,250
Working capital adjustment	1,241
Earnout consideration	100
Total consideration	<u>\$ 23,341</u>

2015 Transactions:

During 2015 the Company paid approximately \$13.6 million to acquire the operating assets and related businesses of certain physician practices and other ancillary businesses. In connection with these acquisitions, during the measurement period, the Company allocated approximately \$35.5 million of the assets acquired to property and equipment, working capital and the remainder, approximately \$23.9 million, consisted of goodwill within our Medical Segment. The Company believes that the goodwill is primarily comprised of the business opportunities to be gained through the expanded geographical coverage as well as the access to a new physician group. The Company also assumed approximately \$45.8 million of liabilities in connection with acquisitions made during 2015.

The costs related to the transactions were nominal and were expensed during the year ended December 31, 2015. These costs are included in the corporate general and administrative expenses in the Company's consolidated statement of operations for the year ended December 31, 2015.

The following table summarizes the fair values of the identifiable assets acquired and liabilities assumed during 2015 (*in thousands*):

	<u>As of December 31, 2016</u>
Net assets acquired:	
Cash	\$ 65
Trade accounts receivable	4,087
Other receivables	418
Prepaid expenses and other current assets	80
Medical Supplies	1,612
Property and equipment	28,373
Customer Relations	500
Other long-term assets	115
Tradename	160
Hospital license	36

Goodwill		23,945
Net assets acquired	\$	<u>59,391</u>
Net liabilities assumed:		
Trade accounts payable	\$	9,072
Accrued expenses		3,016
Unfavorable leases		3,583
Current portion of capital leases		5,775
Long-term portion of capital leases		13,807
Long-term portion of note payable		6,052
Debt		4,500
Total liabilities assumed	\$	<u>45,805</u>
Consideration:		
Cash	\$	6,765
Stock issued as consideration		650
Noncontrolling interest		4,339
Bargain purchase gain		1,733
Earn out consideration		99
Total consideration	\$	<u>13,586</u>

Unaudited Supplemental Pro Forma Information

The following table presents the unaudited pro forma results of the Company as though all of the business combinations discussed above for 2016 had been made on January 1, 2015, and for 2015 had been made on January 1, 2014. The pro forma information is based on the Company's consolidated results of operations for the years ended December 31, 2016, 2015 and 2014. The unaudited supplemental pro forma financial information has been provided for illustrative purposes only and does not purport to be indicative of the actual results that would have been achieved by combining the companies for the periods presented, or of the results that may be achieved by the combined companies in the future. Further, results may vary significantly from the results reflected in the following unaudited supplemental pro forma financial information because of future events and transactions, as well as other factors.

The unaudited supplemental pro forma financial information presented below has been prepared by adjusting the historical results of the Company to include historical results of the acquired businesses described above and was then adjusted: (i) to increase amortization expense resulting from the intangible assets acquired; (ii) to adjust earnings per share to reflect the common shares issued as part of the purchase consideration; (iii) to reduce interest expense from debt which was retained by the seller upon acquisition of the respective businesses; (iv) to adjust the carrying value of net property and equipment to its fair value and to increase depreciation expense for the incremental increase in the value of property and equipment; (v) to decrease expenses for management services which were provided by the preceding parent entity and to concurrently increase expenses for management services which are now provided by the Company; and (vi) to adjust noncontrolling interest to properly reflect the minority ownership percentages which were not purchased by the Company. The unaudited supplemental pro forma financial information does not include adjustments to reflect the impact of other cost savings or synergies that may result from these acquisition.

The following table shows our pro forma results for the year ended December 31, 2016 and 2015 (*in thousands, except per share amounts*):

	Year ended December 31,	
	2016	2015
Revenue	\$ 299,944	\$ 253,624
Income from operations	\$ 13,135	\$ 30,903
Net income attributable to noncontrolling interests	\$ 653	\$ 10,216
Net income attributable to common stockholders	\$ 8,052	\$ 52,868
Net income per basic common share	\$ 0.08	\$ 0.77

Investments in Associates

**12 Months Ended
Dec. 31, 2016**

[Schedule of Investments](#)

[\[Abstract\]](#)

[Investments in Associates](#)

INVESTMENTS IN ASSOCIATES

In March 2014, the Company acquired an ownership interest in Group of Pioneers Diagnostics (“GOP”), LLC, representing 40% of the outstanding share interests in GOP. The investment in GOP is accounted for using the equity method of accounting. GOP owns two Management Service Organizations (“MSOs”) which provides a suite of management services to their clients which may include, but is not be limited to, general business management, fiscal management and physician practice management. Due to lack of historical and current financial information of GOP and our Company’s separation from the management and operations of GOP, we do not believe there can be any sustainability in the business model. As a result, the investment in GOP was written off in December 2015. The impairment charge of approximately \$0.2 million was recorded as other expense in the consolidated statements of operations.

In December 2014, as part of the Athas acquisition, the Company acquired Athas’ investment ownership in two ASC’s and one hospital (the “Athas Investments”): 87.5% in Elite Orthopedic and Spine Surgery Center LLC; 15.7% in Elite Sinus Spine and Ortho LLC; and 10.7% in Elite Hospital Management LLC. For the Athas Investments, the Company concluded that it did not exert significant influence over the operating and financial activities. The Athas Investments are accounted for as cost method investments and recorded at cost. The total carrying value of the Athas Investments at December 31, 2014 was \$0.7 million. In December 2015, the Company agreed to divest its interest in the Athas Investments, resulting in a loss of \$0.7 million. The impairment charge of \$0.7 million was recorded as other expense in the consolidated statements of operations.

During the first quarter of 2015, The Company completed the deconsolidation of two imaging centers and one urgent care clinic in Houston, which consisted of the following entities: Spring Northwest Management, LLC, Spring Northwest Operating, LLC, Willowbrook Imaging, LLC, GRIP Medical Diagnostics, LLC and KIRPA Holdings, LLC. The Company resigned as the manager of these facilities resulting in loss of control and its rights to exercise significant influence. The Company retained investments in these facilities that are accounted for as cost method investments beginning January 1, 2015. In December 2015, the Company completed the revaluation of our remaining investments in these facilities resulting in a loss of \$0.8 million. The impairment charge of \$0.8 million was recorded as other expense and reduced the carrying value to \$0.7 million as of December 31, 2015. In December 2016, the Company agreed to divest its interests in these investments, resulting in a loss of \$0.7 million. The impairment charge of \$0.7 million was recorded as other expense and reduced the carrying value to nil as of December 31, 2016. The investments are classified as other long-term assets in the consolidated balance sheets.

In March 2016, the Company acquired a 58% interest in Athelite Holdings LLC (“Athelite”), a holding company with a 70% interest in Dallas Metro Surgery Center LLC (“Dallas Metro”), a company formed to provide management services to a hospital outpatient department. In April 2016, Athelite interest in Dallas Metro was reduced to 62%. The Athelite investment is accounted for as an equity method investment as the Company did not obtain the necessary level of control for the investment to be accounted for as a business combination. This is due to the fact that the Company does not have the ability to directly appoint a majority of the board members of Dallas Metro or independently make strategic operational decisions. The carrying value as of December 31, 2016 was \$0.5 million. The investment is classified as other long-term assets in the consolidated balance sheets.

**Financial Instruments and
Concentration**

**12 Months Ended
Dec. 31, 2016**

[Investments, All Other
Investments \[Abstract\]
Financial Instruments and
Concentration](#)

FINANCIAL INSTRUMENTS AND CONCENTRATION

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Accounts receivable and other receivables
- Investments in associates
- Accounts payable, accrued liabilities and other current liabilities
- Other liabilities and notes payable
- Capital leases
- Lines of credit
- Debt
- Warrants
- Non-employee stock options

The carrying amounts of the Company's cash, accounts receivable and other receivables, accounts payable, accrued liabilities, other current liabilities, other liabilities as reflected in the consolidated financial statements approximate fair value due to the short term maturity of these items. The estimated fair value of our other long-term debt instruments approximate their carrying amounts as the interest rates approximate our current borrowing rate for similar debt instruments of comparable maturity, or have variable interest rates. Further discussion of fair value related to financial instruments are discussed within Note 15 - Fair value measurements.

Financial instruments - risk management

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Market risk
- Liquidity risk

Credit risk

Credit risk is the risk of financial loss to the Company if a patient, non-partner surgeon or insurance company fails to meet its contractual obligations. The Company, in the normal course of business, is exposed mainly to credit risk on its accounts receivable from insurance companies, other third-party payors, and doctors. Accounts receivables are net of applicable bad debt reserves, which are established based on specific credit risk associated with insurance companies and payors and other relevant information.

Interest rate risk

The Company entered into a revolving line of credit that, from time to time, may increase interest rates based on market index.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due and arises from the Company's management of working capital. The Company's objective to managing liquidity risk is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due. To achieve this objective, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements. The liquidity risk of the Company and its subsidiaries is managed centrally by the Company's finance function. The Company believes that there are currently no concerns of its ability to meet its liabilities as they become due for the foreseeable future.

Concentrations

A summary of certain information about our payor concentration is as follows:

MEDICAL SEGMENT

**PATIENT AND NET PROFESSIONAL FEE REVENUE BY PAYORS OF THE NOBILIS FACILITIES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Payors	2016 Patient and Net Professional Fee Revenue by Payor Mix	2015 Patient and Net Professional Fee Revenue by Payor Mix
Private insurance and other private pay	96.6%	95.5%
Workers compensation	3.0%	4.1%
Medicare	0.4%	0.4%
Total	100.0%	100.0%

MARKETING SEGMENT

**PATIENT AND NET PROFESSIONAL FEE REVENUE BY PAYORS OF THE NOBILIS FACILITIES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Payors	2016 Patient and Net Professional Fee Revenue by Payor Mix	2015 Patient and Net Professional Fee Revenue by Payor Mix
Private insurance and other private pay	100.0%	100.0%
Workers compensation	0.0%	0.0%
Medicare	0.0%	0.0%
Total	100.0%	100.0%

Five facilities represent approximately 96% of the Company's contracted marketing revenue for the year-ended December 31, 2016, and four facilities represent approximately 89% of the Company's contracted marketing accounts receivable as of December 31, 2016.

Trade Accounts Receivable

**12 Months Ended
Dec. 31, 2016**

[Receivables \[Abstract\]](#)
[Trade Accounts Receivable](#)

TRADE ACCOUNTS RECEIVABLE

A detail of trade accounts receivable, net as of December 31, 2016 and 2015 is as follows (*in thousands*):

	December 31, 2016	December 31, 2015
Trade accounts receivable	\$ 121,599	\$ 95,114
Allowance for doubtful accounts	(750)	(5,165)
Receivables transferred	(309)	(298)
Receivables purchased	4,411	2,918
Trade accounts receivable, net	<u>\$ 124,951</u>	<u>\$ 92,569</u>

Bad debt expense was \$0.8 million, \$3.6 and nil for the years ended December 31, 2016, 2015 and 2014, respectively.

A detail of allowance for doubtful accounts as of December 31, 2016 and 2015 is as follows (*in thousands*):

	Balance at Beginning of Period	Costs and Expenses	Recovery	Write- offs, net (1)	Balance at End of Period
Allowance for doubtful accounts:					
Year ended December 31, 2016	\$ (5,165)	\$ (750)	\$ 1,135	\$ 4,030	\$ (750)
Year ended December 31, 2015	\$ (1,384)	\$ (3,557)	\$ —	\$ (224)	\$ (5,165)

(1) Adjudication of previously recorded allowance for doubtful accounts

From time to time, we transfer to third parties certain of our accounts receivable payments on a non-recourse basis in return for advancement on payment to achieve a faster cash collection. As of December 31, 2016 and 2015, there remained a balance of \$0.3 million and \$0.3 million, respectively, in transferred receivables pursuant to the terms of the original agreement. For the years ended December 31, 2016, 2015 and 2014, the Company received advanced payments of \$0.6 million, \$1.7 million and \$1.0 million, respectively. During the same time period, the

Company transferred \$5.2 million, \$7.6 million and \$7.3 million of receivables, respectively. Concurrently, upon collection of these transferred receivables, payment will be made to the transferee.

Athas, Peak Neuromonitoring (“Peak”), and Nobilis Surgical Assist (“First Assist”) purchase receivables from physicians, at a discount, on a non-recourse basis. The discount and purchase price vary by specialty and are recorded at the date of purchase, which generally occurs 30 to 45 days after the accounts are billed. These purchased receivables are billed and collected by Athas, Peak and First Assist and they retain 100% of what is collected after paying the discounted purchase price. Following the transfer of the receivable, the transferor has no continued involvement and there are no restrictions on the receivables. Gross revenue from purchased receivables was \$15.8 million, \$11.5 million and \$1.6 million for the years ended December 31, 2016, 2015 and 2014 respectively. Revenue, net of the discounted purchase price, was \$8.7 million, \$6.6 million and \$0.9 million for the years ended December 31, 2016, 2015 and 2014 respectively. Accounts receivable for purchased receivables was \$4.4 million and \$2.9 million for the years ended December 31, 2016 and 2015, respectively. Revenue from receivables purchased is recorded in the factoring revenue line item within the consolidated statements of operations.

Property and Equipment

12 Months Ended
Dec. 31, 2016

[Property, Plant and
Equipment \[Abstract\]](#)
[Property and Equipment](#)

PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following as of December 31, 2016 and 2015 (*in thousands*):

	<u>2016</u>	<u>2015</u>
Telephone equipment	\$ 374	\$ 122
Computer hardware	1,863	780
Computer software	2,824	733
Furniture and office equipment	1,726	1,143
Medical equipment	28,158	23,482
Leasehold improvements	8,605	7,942
Building	12,520	12,520
Construction in progress	859	1,325
	<u>56,929</u>	<u>48,047</u>
Less: accumulated depreciation	(20,206)	(12,744)
Property and equipment, net	<u>\$ 36,723</u>	<u>\$ 35,303</u>

Depreciation expense for the years ended December 31, 2016, 2015 and 2014 was \$7.1 million, \$3.7 million, and \$1.6 million, respectively.

Intangible Assets

12 Months Ended
Dec. 31, 2016

[Goodwill and Intangible Assets Disclosure \[Abstract\]](#)
[Intangible Assets](#)

INTANGIBLE ASSETS

Intangible assets at December 31, 2016 and 2015 consist of the following (*in thousands*):

	December 31, 2016					December 31, 2015				
	Historical Cost	Additions	Accumulated Amortization	Accumulated Impairment	Net Book Value	Historical Cost	Additions	Accumulated Amortization	Accumulated Impairment	Net Book Value
Finite Life										
Non-compete agreements	\$ 2,761	\$ 200	\$ 1,258	\$ —	\$ 1,703	\$ 2,761	\$ —	\$ 993	\$ —	\$ 1,768
Internally developed software	1,980	—	825	—	1,155	1,980	—	330	—	1,650
Trade secret methodology	5,620	—	1,170	—	4,450	5,620	—	468	—	5,152
Physician relationships	2,800	—	327	—	2,473	2,800	—	130	—	2,670
Customer relationships	500	—	66	—	434	—	500	24	—	476
Indefinite Life										
Tradenames	1,160	1,100	—	—	2,260	1,000	160	—	—	1,160
Trademark	5,610	—	—	—	5,610	5,610	—	—	—	5,610
Medicare license	8,498	—	—	7,401	1,097	8,498	—	—	7,401	1,097
Hospital license	36	400	—	—	436	—	36	—	—	36
Total	\$ 28,965	\$ 1,700	\$ 3,646	\$ 7,401	\$ 19,618	\$ 28,269	\$ 696	\$ 1,945	\$ 7,401	\$ 19,619

Amortization expense was \$1.7 million, \$0.9 million and \$0.2 million for the years ended December 31, 2016, 2015 and 2014, respectively. Estimated amortization of intangible assets for the five years and thereafter subsequent to December 31, 2016 is as follows (*in thousands*):

Year ending December 31,

2017	\$ 1,432
2018	1,415
2019	1,299
2020	936
2021	936
Thereafter	4,198
Total	\$ 10,216

Goodwill

12 Months Ended
Dec. 31, 2016

[Goodwill and Intangible
Assets Disclosure \[Abstract\]](#)

[Goodwill](#)

GOODWILL

The following tables provide information on changes in the carrying amount of goodwill, which is included in the accompanying consolidated balance sheets as of December 31, 2016 and 2015 (*in thousands*):

	December 31, 2016	December 31, 2015
Cost	\$ 200,461	\$ 183,276
Accumulated impairment losses	(138,443)	(138,443)
Total	<u>\$ 62,018</u>	<u>\$ 44,833</u>

<u>Cost</u>	December 31, 2016	December 31, 2015
BALANCE - beginning of period	\$ 183,276	\$ 160,032
AZ Vein business combination	17,185	—
Deconsolidation of imaging centers and urgent care clinic	—	(701)
Hermann Drive business combination, as adjusted	—	16,039
Peak business combination, as adjusted	—	974
Scottsdale Liberty business combination	—	6,932
Total cost	<u>\$ 200,461</u>	<u>\$ 183,276</u>

<u>Accumulated impairment</u>		
BALANCE - beginning of period	\$ (138,443)	\$ (138,443)
Impairment charges during the period	—	—
Total accumulated impairment	<u>\$ (138,443)</u>	<u>\$ (138,443)</u>

The Company did not record any impairment charges for the years ended December 31, 2016, 2015 or 2014.

**Accrued Expenses and Other
Current Liabilities**

**12 Months Ended
Dec. 31, 2016**

[Accrued Liabilities and
Other Liabilities \[Abstract\]](#)
[Accrued Expenses and Other
Current Liabilities](#)

ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

The following table presents a summary of items comprising accrued expenses and other current liabilities in the accompanying consolidated balance sheets as of December 31, 2016 and 2015 (*in thousands*):

	<u>2016</u>	<u>2015</u>
<u>Accrued expenses:</u>		
Accrued salaries and benefits	\$ 3,333	\$ 5,309
Lab expense	5,402	—
Other	21,410	11,339
Total accrued expenses	<u>\$30,145</u>	<u>\$16,648</u>
<u>Other current liabilities:</u>		
Estimated amounts due to third party payors	\$ 6,286	\$ 3,795
Other	1,275	1,230
Total other current liabilities	<u>\$ 7,561</u>	<u>\$ 5,025</u>

Other Long-Term Liabilities

12 Months Ended
Dec. 31, 2016

[Other Liabilities,
Noncurrent \[Abstract\]](#)
[Other Long-Term Liabilities](#)

OTHER LONG-TERM LIABILITIES

The Company assumed real property leases as part of certain acquisitions which required the Company to pay above market rentals through the remainder of the lease terms. Of the \$4.0 million balance in other long-term liabilities at December 31, 2016, approximately \$3.1 million of that balance relates to unfavorable leases. The unfavorable lease liability is amortized as a reduction to rent expense over the contractual periods the Company is required to make rental payments under the leases. Estimated amortization of unfavorable leases for the five years and thereafter subsequent to December 31, 2016, is \$0.4 million for 2017 and \$0.3 million for 2018, 2019, 2020, 2021 and \$1.9 million thereafter. An additional \$0.5 million is related to a holdback liability in conjunction with the AZ Vein acquisition.

Debt

**12 Months Ended
Dec. 31, 2016**

[Debt Disclosure \[Abstract\]](#)

[Debt](#)

DEBT

2015 Developments

HFS Term Loan

On March 31, 2015, the Company secured a \$20.0 million term loan from Healthcare Financial Services, LLC (f/k/a General Electric Capital Corporation) (HFS or the "HFS Term Loan"), which was subsequently amended and increased to \$25.0 million on August 19, 2016. The HFS Term Loan incurred interest at a rate of 4% plus LIBOR per annum and required quarterly payments of principal and interest until it was to mature in March 2020. The HFS Term Loan provided for a 0.70% LIBOR floor. The HFS Term Loan was collateralized by the accounts receivable and physical equipment of all of the Company's 100% owned subsidiaries as well as the Company's ownership interest in all less than wholly owned subsidiaries. The HFS Term Loan primarily served to refinance all previously held debt and lines of credit. As of December 31, 2016, the outstanding balance was zero as the HFS Term Loan was extinguished and replaced by the BBVA Compass Credit Agreement (the "BBVA Credit Agreement") discussed below.

On July 30, 2015, the Company secured a \$4.5 million term loan from Legacy Texas Bank (the "Legacy Bank Term Loan"). The Legacy Bank Term Loan incurred interest at a rate of 4% plus LIBOR per annum and requires monthly payments of interest. Monthly payments of principal commenced in August 2016. The Legacy Bank Term Loan was to mature in July 2020 and was subordinated to the Company's term loan and revolver with HFS. As of December 31, 2016, the outstanding balance was zero and the Legacy Bank Term Loan was extinguished and replaced in 2016 using the increased borrowing capacity acquired through the Seventh Amendment, further discussed in the 2016 Developments below.

Lines of Credit

On March 31, 2015, the Company secured a \$5.0 million revolving line of credit from HFS (the "HFS Revolver") that was to mature in March 2020. The HFS Revolver incurred interest at a rate of 4% plus LIBOR per annum and required quarterly payments. The revolver was collateralized by the accounts receivable and physical equipment of all of the Company's 100% owned subsidiaries as well as the Company's ownership interests in all less than wholly owned subsidiaries. The HFS Revolver was extinguished and replaced in 2016 using the increased borrowing capacity acquired through the Seventh Amendment, further discussed in the 2016 Developments below.

On July 30, 2015, the Company issued a \$1.5 million letter of credit to the Landlord of the PSH ("PSH Landlord") facility in connection with the execution of the hospital facility lease. The PSH Landlord shall have the right to draw upon the letter of credit in an event of default. The letter of credit is secured by the \$5.0 million HFS Revolver. This letter of credit was extinguished in conjunction with replacement of the HFS Revolver discussed further below.

2016 Developments

HFS Term Loan

The Company entered into the Sixth Amendment to Credit Agreement (the "Sixth Amendment"), dated as of August 1, 2016, among Northstar Healthcare Acquisitions, L.L.C. (NHA), HFS and the credit parties named therein. The Sixth Amendment among other things, added a cap on Investments in Nobilis Health Anesthesia Network, PLLC of \$2.0 million; increased the permitted

indebtedness of the Company pursuant to that certain Loan Agreement, dated as of July 30, 2015, between PSH and Legacy Texas Bank from 7.0 to 7.05; modified the maximum leverage ratio as of March 31, 2016, to 3.05 to 1.00; and modified the definition of "Subsidiary" to exclude the following entities: Athelite, Dallas Metro, Marsh Lane Surgical Hospital, LLC, Nobilis Health Network, Inc. (NHN) and the subsidiaries of NHN.

The Company entered into the Seventh Amendment to Credit Agreement (the "Seventh Amendment"), dated as of August 19, 2016, among HFS, other credit parties named therein and other financial institutions. The Seventh Amendment, among other things, increased total borrowing capacity to \$36.6 million from \$30.6 million. The increased borrowing capacity provided under the Seventh Amendment consisted of aggregate term and revolving loan commitments from HFS of \$25 million and \$11.6 million, respectively.

The Company entered into the Eighth Amendment to Credit Agreement and Limited Waiver (the "Eighth Amendment"), dated as of October 20, 2016, by and among NHA, other credit parties named therein, HFS and other financial institutions. The purpose of the Amendment was to (i) modify the covenant regarding the Company's holding company status to permit certain business activities thereunder (ii) define a new permitted lien and an applicable basket with regard to a lien filed by a Company vendor and (iii) amend the management fees covenant to permit payment of certain management fees under the Loan Agreement.

As of December 31, 2016, the outstanding balance was zero as the HFS Term Loan was extinguished and replaced by the BBVA Credit Agreement discussed below.

Lines Of Credit

On May 18, 2016, the Company secured a \$3.0 million revolving line of credit from Legacy Texas Bank (the "Legacy Revolver"). The Legacy Revolver bears interest at a rate of 4% plus LIBOR per annum on drawn funds and requires monthly payments of interest. Monthly payments of principal commenced in September 2016. As of December 30, 2016, the outstanding balance was zero and the Legacy Revolver was extinguished using the increased borrowing capacity acquired through the Seventh Amendment to the Credit Agreement.

BBVA Credit Agreement

On October 28, 2016 the Company entered into a BBVA Credit Agreement by and among the Company, certain subsidiaries of the Company parties thereto, the lenders from time to time parties thereto (the "Lenders") with BBVA Compass Bank as Administrative Agent for the lending group.

The BBVA Credit Agreement replaced Borrower's prior \$36.6 million five-year Credit Agreement, dated as of March 31, 2015 as subsequently amended and modified with HFS. All amounts outstanding under the HFS Credit Agreement were repaid with proceeds from the BBVA Credit Agreement, and no early termination penalties were incurred by the Borrower or the Company in connection with the termination of the HFS Credit Agreement.

The principal amount of the term loan (the "Term Loan") pursuant to the BBVA Credit Agreement is \$52.5 million, which bears interest on the outstanding principal amount thereof at a rate of the then applicable LIBOR, plus an applicable margin ranging from 3.0% to 3.75% (depending on the Company's consolidated leverage ratio), with an option for the interest rate to be set at the then applicable Base Rate (the "Interest Rate"). The effective rate for the Term Loan as of December 31, 2016 was 4.4%. All outstanding principal on the Term Loan under the Credit Agreement is due and payable on October 28, 2021. The revolving credit facility is \$30.0 million (the "Revolver"), which bears interest at the then applicable Interest Rate. The effective rate for the Revolver as of December 31, 2016 was 4.43%. The maturity date of the Revolver is October 28, 2021. Additionally, Borrower may request additional commitments from the Lenders in the maximum amount of \$50 million, either by increasing the Revolver or creating new term loans. As of December 31, 2016, the outstanding balances on the Term Loan and Revolver were \$52.5 million and \$15.0 million, respectively.

The BBVA Compass Credit Agreement contains two financial covenants that are tested beginning on December 31, 2016. The consolidated leverage ratio may not exceed (i) 2.75 to 1.00 as of

the last day of any fiscal quarter from December 31, 2016 through and including September 30, 2018 (ii) 2.50 to 1.00 from December 31, 2018 through and including September 30, 2019 (iii) 2.25 to 1.00 from December 31, 2019 through and including September 30, 2020 and (iv) 2.00 to 1.00 from December 31, 2020 and thereafter, subject to covenant holidays upon the occurrence of certain conditions. The second financial covenant requires the loan parties to maintain a minimum consolidated fixed charge coverage ratio of not less than 2.00 to 1.00.

The Loan Agreement also contains customary events of default, including, among others, the failure by the Borrower to make a payment of principal or interest due under the BBVA Credit Agreement, the making of a materially false or misleading representation or warranty by any loan party, the failure by the Borrower to perform or observe certain covenants in the BBVA Credit Agreement, a change of control, and the occurrence of certain cross-defaults, subject to customary notice and cure provisions. Upon the occurrence of an event of default, and so long as such event of default is continuing, the Administrative Agent could declare the amounts outstanding under the BBVA Credit Agreement due and payable.

The Company entered into Amendment No. 1 to BBVA Credit Agreement and Waiver, dated as of March 3, 2017, by and among NHA, certain subsidiaries of the Company party thereto, Compass Bank, and other financial institutions (the "Amendment"). The purpose of the Amendment was to (i) modify the definition of "Permitted Acquisition" to require Lender approval and consent for any acquisition which is closing during the 2017 fiscal year; (ii) modify certain financial definitions and covenants, including, but not limited to, an increase to the maximum Consolidated Leverage Ratio to 3.75 to 1.00 for the period beginning September 30, 2016 and ending September 30, 2017, and an increase to the Consolidated Fixed Charge Coverage Ratio to 1.15 to 1.00 for the period beginning September 30, 2016 and ending June 30, 2017; (iii) waive the Pro Forma Leverage Requirement in connection with the previously reported Hamilton Vein Center acquisition; and (iv) provide each Lender's consent to the Hamilton Vein Center acquisition. The Amendment also contained a limited waiver of a specified event of default. As a December 31, 2016 the Company was in compliance with its covenants.

In conjunction with the extinguishment of the former debt structures previously discussed in the 2015 Developments section, \$0.8 million in debt issuance costs associated with the prior arrangements were written off and are included as interest expense in our consolidated statements of earnings.

Loan origination fees are deferred and the net amount is amortized over the contractual life of the related loans.

Convertible Promissory Note

In conjunction with our purchase of AZ Vein, we entered into a \$2.25 million Convertible Promissory Note (the "Convertible Promissory Note"). The Convertible Promissory Note bears interest at 5% per annum and matures on the date that is 36 months from closing (the "Maturity Date"). The Convertible Promissory Note (outstanding principal but excluding accrued and unpaid interest) can be convertible into common shares of NHC (the "Conversion Shares"), at the sole discretion of NHC and NHA, on the Maturity Date. The number of Conversion Shares will be based on a price per share equal to the quotient obtained by dividing the conversion amount by the volume weighted average price of the common shares on the New York Stock Exchange in the trailing ten trading days prior to the Maturity Date. There are no pre-payment penalties.

Debt at December 31, 2016 consisted of the following (*in thousands*):

	December 31, 2016	December 31, 2015
Lines of credit	\$ 15,000	\$ 3,000
Term loan	52,500	23,275
Convertible promissory note	2,250	—

Gross debt	69,750	26,275
Less: unamortized debt issuance costs	(1,957)	(563)
Debt, net of unamortized debt issuance costs	67,793	25,712
Less: current maturities	(2,220)	(1,243)
Long-term debt, net	<u>\$ 65,573</u>	<u>\$ 24,469</u>

Future maturities of debt as of December 31, 2016 are as follows (*in thousands*):

Year ending December 31,

2017	\$ 2,625
2018	2,625
2019	7,500
2020	5,250
2021	51,750
Total	<u>\$ 69,750</u>

Operating Leases

12 Months Ended
Dec. 31, 2016

[Leases, Operating \[Abstract\]](#)

[Operating Leases](#)

OPERATING LEASES

The Company occupies ASC, hospital, clinic and corporate business spaces under operating lease agreements. The Company also leases certain medical equipment. The minimum rental commitments under non-cancellable operating leases, with terms in excess of one year subsequent to December 31, 2016, are as follows (*in thousands*):

Year ending December 31,

2017	\$	11,776
2018		11,401
2019		10,951
2020		9,132
2021		9,002
Thereafter		49,222
Total future commitment		101,484
Less: minimum sublease income to be received		(684)
Total future commitment, net of sublease income	\$	100,800

Rent expense was \$11.0 million, \$9.1 million and \$3.5 million for the years ended December 31, 2016, 2015 and 2014 respectively.

Capital Leases

12 Months Ended
Dec. 31, 2016

[Leases, Capital \[Abstract\]](#)
[Capital Leases](#)

CAPITAL LEASES

The Company holds various capital leases for medical equipment which contain bargain purchase options at the end of the lease terms. The remaining minimum capital lease obligations, with terms in excess of one year subsequent to December 31, 2016, are as follows (*in thousands*):

Year ending December 31,

2017	\$ 5,027
2018	2,679
2019	2,085
2020	1,888
2021	1,864
Thereafter	7,559
Total minimum rentals	21,102
Less amounts representing interest	(4,730)
Total Capital lease obligations	\$ 16,372

Medical equipment with a cost of \$11.0 million, \$8.4 million and \$0.7 million were held under capital leases for the years ended December 31, 2016, 2015 and 2014, respectively. Capital leases had accumulated depreciation of \$3.7 million and \$1.7 million for the years ended December 31, 2016 and 2015.

Fair Value Measurements

12 Months Ended
Dec. 31, 2016

[Fair Value Disclosures](#)

[\[Abstract\]](#)

[Fair Value Measurements](#)

FAIR VALUE MEASUREMENTS

The Company measures certain financial assets and liabilities at fair value on a recurring basis, including warrant and stock option derivative liabilities. There have been no transfers between fair value measurement levels during the years ended December 31, 2016 and 2015.

The following table summarizes our assets and liabilities measured at fair value on a recurring basis as of December 31, 2016 and 2015, aggregated by the level in the fair value hierarchy within which those measurements fall (*in thousands*):

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
December 31, 2015:				
Warrant and stock option derivative liabilities	\$ —	\$ —	\$ 2,951	\$ 2,951
Total	\$ —	\$ —	\$ 2,951	\$ 2,951
December 31, 2016:				
Warrant and stock option derivative liabilities	\$ —	\$ —	\$ 902	\$ 902
Total	\$ —	\$ —	\$ 902	\$ 902

In certain cases where there is limited activity or less transparency around inputs to valuation, securities are classified as Level 3 within the valuation hierarchy. Level 3 liabilities that were measured at estimated fair value on a recurring basis consist of warrant and stock option derivative liabilities. The estimated fair values of the warrant and stock option derivative liabilities were measured using the Black-Scholes valuation model Note 18 - Warrants and options liabilities. Due to the nature of valuation inputs, the valuation of the warrants is considered a Level 3 measurement.

The estimated fair value of our other long-term debt instruments, approximate their carrying amounts as the interest rates approximate our current borrowing rate for similar debt instruments of comparable maturity, or have variable interest rates.

Shareholders' Equity

**12 Months Ended
Dec. 31, 2016**

[Equity \[Abstract\]](#)
[Shareholders' Equity](#)

SHAREHOLDERS' EQUITY

In total, the Company has issued 77,805,014 and 73,675,979 of its common shares as of December 31, 2016 and 2015, respectively. The Company has unlimited authorized shares. There is no par value assigned to our common shares.

In May 2015, the Company issued, through a private placement agreement, 7,847,668 Units, at a price of Cdn\$9.00 (USD\$7.46) per Unit. Each Unit is comprised of one treasury unit (a "Treasury Unit") and one-half of one common share from Donald L. Kramer, Healthcare Ventures, Ltd (a company wholly owned by Dr. Kramer), Harry Fleming or from treasury. Each Treasury Unit is comprised of one-half of one common share of the Company and one-half of one common share purchase warrant exercisable for one additional share at a price of Cdn\$11.50 (USD\$9.54). Through the private placement, the Company raised proceeds of \$28.4 million, net of offering costs and commissions of \$1.9 million. As part of the private placement, the Company also granted 392,383 options to the underwriter at a price of Cdn\$9.00 (USD\$7.46).

On June 30, 2015, the Company, entered into an agreement with Athas, certain seller parties (the "Athas Sellers") to the Membership Interest Purchase Agreement dated as of November 26, 2014 (the "MIPA") and certain other parties. Pursuant to the Agreement, the Athas Sellers agreed to reduce by 836,029 the number of common shares, in the aggregate, that were to be issued on the first and second anniversaries of the MIPA's closing as contingent purchase price payments (the "Contingent Shares"). In addition, the Agreement accomplished (i) the financing of a \$2.7 million debt owed by counterparties to the Agreement, (ii) recoupment of \$1.7 million of indemnified expenses, and (iii) indemnification of counterparties with respect to litigation. Also pursuant to the Agreement, the Company accelerated the issuance of the remaining 3,830,638 Contingent Shares, resulting in a \$5.7 million adjustment to additional paid in capital.

Shareholder equity activity for 2016 is primarily related to employee share based compensation, discussed further in Note 17 - Share based compensation and the issuance of 750,000 unregistered common shares in conjunction with the acquisition of AZ Vein, discussed further in Note 3 - Acquisitions

Share Based Compensation

**12 Months Ended
Dec. 31, 2016**

[Disclosure of Compensation
Related Costs, Share-based
Payments \[Abstract\]
Share Based Compensation](#)

SHARE BASED COMPENSATION

Restricted Share Unit Plan

During 2008, the Board of Directors (BOD) of the Company approved the adoption of a Restricted Share Unit (RSU) Plan for employees. Restricted Share Units (RSUs) may be granted to employees of Nobilis at the sole discretion of the BOD.

Subject to the BOD's ability to accelerate the vesting of the RSUs if it determines circumstances so warrant, each RSU would generally vest in full on the third anniversary of the date of grant; provided that if there is a change of control of the Company prior to the vesting date of the RSUs and a participant is terminated (or resigns for good reason) within six months following such change of control, a pro rata portion of their unvested RSUs would vest up to the date of the change of control.

Upon vesting of his or her RSUs, a participant would be entitled to receive on the vesting date, at the discretion of the BOD either: (a) a lump sum cash payment equal to the number of RSUs multiplied by an average closing price of the common shares on the Toronto Stock Exchange on the redemption date, net of any applicable deductions and withholdings; or (b) that number of common shares equal to the number of RSUs credited to the participant's RSU account, such common shares to be issued from the Company. The participant receives the benefit on, or as soon as practicable after, the vesting date, but in no event later than 90 days after the vesting date. Unlike share options, RSUs do not require the payment of any monetary consideration to the Company.

Whenever cash dividends are paid on the Company's common shares, dividend equivalents in the form of additional RSUs would be credited to each Participant and will become part of his or her award under the RSU Plan. The RSUs representing dividend equivalents would vest and be paid at the same time and in the same manner as the RSUs to which the dividend equivalents pertain.

In the event of a Participant's termination of employment, voluntary or by cause, with the Company prior to any vesting date, the Participant's rights to any unvested RSUs would be immediately and irrevocably forfeited. If the Participant's employment with the Company terminates on account of death or disability or is terminated by the Company without cause prior to any vesting date, the Participant would become vested in a prorated portion of his or her unvested RSUs, based on the number of months that have elapsed in the then current vesting period as of the date of termination.

During the year ended December 31, 2015, two key executives experienced triggering events, as defined in their employee agreements, which accelerated all unrecognized share compensation expense on their outstanding RSUs. As a result of this acceleration, the Company recognized a non-cash charge of \$4.5 million of share compensation expense.

The Company recorded total compensation expense relative to RSU's of nil, \$5.4 million and \$0.3 million for the years ended December 31, 2016, 2015 and 2014, respectively.

There were no RSU grants during the year. The Company had nil and 2.0 million outstanding RSU's at December 31, 2016 and 2015, respectively.

Share Option Plan

In 2012, the BOD approved the adoption of a Share Option Plan for insiders, employees, and service providers (or "Participants" or "Optionees"). Share options may be granted at the sole discretion of the BOD. The exercise price of an option is determined by the BOD at the time of grant and shall not be less than the current market price. The term of each option is determined by the BOD and shall not exceed 10 years. If an Optionee shall cease to be a Participant for cause, no option held by such Optionee shall be exercisable following the date on which such Optionee ceases to be a Participant.

If an Optionee ceases to be a Participant for any reason other than for cause, any option held by such Optionee at such time shall remain exercisable in full at any time, and in part from time to time, for a period of 90 days after the date on which the Optionee ceases to be a Participant. If the Participant's employment with the Company terminates on account of death, any option held by such Participant at the date of death shall be exercisable in whole or in part only by the person or persons to whom the rights of the Participant's options pass to by will or laws of descent.

The maximum number of RSUs and share options that may be issued under the combined plans is equal to 20.0% of the Company's issued and outstanding common shares.

The Company granted a total of 4,357,075 stock options during the year ended December 31, 2016. Of the options issued, 422,075 of those vested immediately, 150,000 vest ratably over a two year period, and 3,785,000 vest ratably over a three year period. During the year, 994,300 were forfeited, with various vesting periods.

Under the current share option plan, the Company had approximately 8.0 million share options available for future issuance as of December 31, 2016.

The following table summarizes stock option activity for the years ended December 31, 2016 and 2015:

	Shares Underlying Options	Weighted- Average Exercise Price	Weighted- Average Remaining Life (years)
Outstanding at January 1, 2015	3,118,218	\$ 1.45	9.8
Granted	3,166,782	\$ 4.13	9.5
Exercised	(447,787)	\$ 1.13	
Forfeited	(372,213)	\$ 1.01	
Outstanding at December 31, 2015	<u>5,465,000</u>	\$ 2.97	9.2
Exercisable at December 31, 2015	2,129,522	\$ 2.16	8.8
Outstanding at January 1, 2016	5,465,000	\$ 2.97	9.2
Granted	4,357,075	\$ 2.06	9.5
Exercised	(1,283,750)	\$ 2.39	
Forfeited	<u>(994,300)</u>	\$ 3.45	

Outstanding at December 31, 2016	<u>7,544,025</u>	\$	2.61	9.0
Exercisable at December 31, 2016	2,768,817	\$	2.45	8.6

The table above includes 710,000 options issued to non-employees, 650,000 of which are still outstanding (550,000 of these are exercisable) at December 31, 2016. See Note 18 - Warrants and options liabilities for discussion regarding the accounting and classification of these options in the balance sheet.

The total intrinsic value of stock options exercised was \$1.6 million and \$2.1 million for the years ended December 31, 2016 and 2015, respectively. The total intrinsic value for all in-the-money vested outstanding stock options at December 31, 2016 was \$0.8 million. Assuming all stock options outstanding at December 31, 2016 were vested, the total intrinsic value of the in-the-money outstanding stock options would have been \$1.4 million.

The Company recorded compensation expense relative to employee stock options of \$6.0 million, \$6.1 million and \$0.7 million for the years ended December 31, 2016, 2015 and 2014 respectively.

The fair values of stock options used in recording compensation expense are computed using the Black-Scholes option pricing model. The following table below shows the assumptions used in the model for options awarded during the years ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Expected price volatility	86% - 117%	113% - 122%
Risk free interest rate	1.03% - 2.20%	1.34% - 1.87%
Expected annual dividend yield	0%	0%
Expected option term (years)	5 - 6	5 - 6
Expected forfeiture rate	0.5% - 11.6%	1.3% - 5.0%
Grant date fair value per share	\$1.41 - \$2.41	\$2.53 - \$6.10
Grant date exercise price per share	\$1.92 - \$2.82	\$2.97 - \$6.31

For stock options, the Company recognizes share-based compensation net of estimated forfeitures and revises the estimates in the subsequent periods if actual forfeitures differ from the estimates. Forfeiture rates are estimated based on historical experience as well as expected future behavior.

**Warrants and Options
Liabilities**

**12 Months Ended
Dec. 31, 2016**

[Warrants and Rights Note
Disclosure \[Abstract\]](#)

[Warrants and Options
Liabilities](#)

WARRANTS AND OPTIONS LIABILITIES

Warrants and Options Issued in Private Placements

As discussed in Note 16 - Shareholders' equity, the Company issued warrants and compensatory options in connection with private placements completed in December 2013, September 2014, and May 2015. These warrants and options have exercise prices denominated in Canadian dollars and as such may not be considered indexed to our stock. Hence, these warrants and options are classified as liabilities under the caption "Warrants and Options Liability" and recorded at estimated fair value at each reporting date, computed using the Black-Scholes valuation method. Changes in the liability from period to period are recorded in the statements of operations under the caption "Change in fair value of warrant and stock option liabilities".

The estimated fair values of warrants and options accounted for as liabilities were determined on the date of the private placements and at each balance sheet date thereafter using the Black Scholes pricing model with the following inputs:

	Years ended December 31,	
	2016	2015
Risk free interest rate	0.26% - 0.62%	0.00% - 0.65%
Expected life in years	0.25 - 1.15	0.25 - 2.0
Expected volatility	71% - 112%	71% - 96%
Expected dividend yield	0%	0%

The changes in fair value of the warrants and options liability during the years ended December 31, 2016 and 2015 were as follows (*in thousands*):

	2016	2015
Balance at beginning of year	\$ 2,109	\$ 6,657
Issuance of warrants and options	—	12,797
Transferred to equity upon exercise	—	(9,050)
Change in fair value recorded in earnings	(2,106)	(8,295)
Balance at December 31, 2016 and 2015	<u>\$ 3</u>	<u>\$ 2,109</u>

The following warrants and options were outstanding at December 31, 2016:

Exercise price in Cnd\$	Number of warrants and	Remaining contractual life (years)
----------------------------	---------------------------------	--

		<u>options</u>	
2015 Warrants	Cnd\$ 11.50	3,923,834	0.40
2015 Options	Cnd\$ 9.00	392,383	0.40
Outstanding and exercisable at December 31, 2016		4,316,217	

Options Issued to Non-Employees

As discussed in Note 17 - Share based compensation, in 2014 the Company issued options to professionals providing services to the organization. These professionals do not meet the definition of an employee under U.S. GAAP. At December 31, 2016, there were 650,000 options outstanding to these non-employees.

Under U.S. GAAP, the value of these option awards is determined at the performance completion date. The Company recognizes expense for the estimated total value of the awards during the period from their issuance until performance completion since the professional services are being rendered during this time. The total expense recognized is adjusted to the final value of the award as determined on the performance completion date.

The estimated values of the option awards are determined using the Black Scholes pricing model with the following inputs:

	<u>2016</u>	<u>2015</u>
Risk free interest rate	0.86% - 1.76%	0.26% - 1.85%
Expected life in years	4 - 5	1 - 6
Expected volatility	99% - 118%	74% - 121%
Expected dividend yield	0%	0%

The Company recorded expense for non-employee stock options of \$0.1 million, \$1.7 million and \$0.8 million for the year ended December 31, 2016, 2015 and 2014, respectively.

The changes fair value of the liability related to vested yet un-exercised options to non-employees during 2016 and 2015 were as follows (*in thousands*)

	<u>2016</u>	<u>2015</u>
Balance at beginning of year	\$ 841	—
Vested during the period	533	1,531
Change in fair value recorded in earnings	(475)	(690)
Balance as of December 31, 2016 and 2015	\$ 899	\$ 841

Options issued to non-employees are reclassified from equity to liabilities on the performance completion date. Under U.S. GAAP, such options may not be considered indexed to our stock because they have exercise prices denominated in Canadian dollars. Hence, these will be classified as liabilities under the caption "Warrant and stock option liabilities" and recorded at estimated fair value at each reporting date, computed using the Black-Scholes valuation method. Changes in the liability from period to period will be recorded in the statements of earnings under the caption "Change in fair value of warrant and stock option liabilities". At December 31, 2016, there were 0.7 million unexercised non-employee options requiring liability classification.

Noncontrolling Interests

12 Months Ended
Dec. 31, 2016

[Noncontrolling Interest](#)

[\[Abstract\]](#)

[Noncontrolling Interests](#)

NONCONTROLLING INTERESTS

Noncontrolling interests at December 31, 2016 represent an 8.1% interest in The Palladium for Surgery - Houston, 75% interest in the Kirby Surgical Center, 65% interest in Microsurgery Institute, 2.3% interest in Houston Microsurgery Institute, 50% in Northstar Healthcare Dallas Management, 65% in NHC ASC – Dallas, 49% in First Nobilis Hospital, 40% in First Nobilis Hospital Management, 45% in Hermann Drive Surgical Hospital, and 25% in Scottsdale Liberty Hospital.

Agreements with the third party equity owners in NHC - ASC Dallas and First Nobilis give these owners limited rights to require the Company to repurchase their equity interests upon the occurrence of certain events, none of which were probable of occurring as of December 31, 2016 and 2015. The contingently redeemable noncontrolling interests associated with these entities are classified in the Company's balance sheet as "temporary" or mezzanine equity. Changes in contingently redeemable noncontrolling interests follow (in thousands):

	NHC - ASC Dallas	First Nobilis	Total
Balance at January 1, 2015	\$ 6,654	\$ 6,213	\$ 12,867
Distributions	(3,892)	(7,617)	(11,509)
Net income attributable to noncontrolling interests	631	10,236	10,867
Total contingently redeemable noncontrolling interests at December 31, 2015	<u>\$ 3,393</u>	<u>\$ 8,832</u>	<u>\$ 12,225</u>
Balance at January 1, 2016	3,393	8,832	12,225
Distributions	(2,928)	(599)	(3,527)
Net income attributable to noncontrolling interests	(68)	5,674	5,606
Total contingently redeemable noncontrolling interests at December 31, 2016	<u>\$ 397</u>	<u>\$ 13,907</u>	<u>\$ 14,304</u>

Certain of our consolidated subsidiaries that are less than wholly owned meet the definition of VIEs, and we hold voting interests in all such entities. We consolidate the activities of VIEs for which we are the primary beneficiary. In order to determine whether we own a variable interest in a VIE, we perform qualitative analysis of the entity's design, organizational structure, primary decision makers and relevant agreements. Such variable interests include our voting interests, and may also include other interests and rights, including those gained through management contracts.

Since our core business is the management and operation of health care facilities, our subsidiaries that are determined to be VIEs represent entities that own, manage and operate such facilities. Voting interests in such entities are typically owned by us, by physicians practicing at these facilities (or entities controlled by them) and other parties associated with the operation of the facilities. In forming such entities, we typically seek to retain operational control and, as a result, in some cases, voting rights we hold are not proportionate to the economic share of our ownership in these entities, which causes them to meet the VIE definition. We consolidate such VIEs if we

determine that we are the primary beneficiary because (i) we have the power to direct the activities that most significantly impact the economic performance of the VIE via our rights and obligations associated with the management and operation of the VIE's health care facilities, and (ii) as a result of our obligation to absorb losses and the right to receive residual returns that could potentially be significant to the VIE, which we have through our equity interests. Our loss exposure typically is limited to our equity investment in these entities.

The following table summarizes the carrying amount of the assets and liabilities of our material VIE's included in the Company's consolidated balance sheets (after elimination of intercompany transactions and balances) (*in thousands*):

	December 31, 2016	December 31, 2015
Total cash and short term investments	\$ 3,445	\$ 191
Total accounts receivable	18,845	8,660
Total other current assets	1,664	1,582
Total property and equipment	16,804	5,227
Total other assets	190	144
Total assets	<u>\$ 40,948</u>	<u>\$ 15,804</u>
Total accounts payable	\$ 4,119	\$ 2,286
Total other liabilities	5,263	7,059
Total accrued liabilities	11,538	2,664
Long term - capital lease	11,169	780
Noncontrolling interest	(8,892)	(1,488)
Total liabilities	<u>\$ 23,197</u>	<u>\$ 11,301</u>

Earnings Per Share

12 Months Ended
Dec. 31, 2016

[Earnings Per Share](#)

[\[Abstract\]](#)

[Earnings Per Share](#)

EARNINGS PER SHARE

Basic net earnings attributable to Nobilis common shareholders, per common share, excludes dilution and is computed by dividing net earnings attributable to Nobilis common shareholders by the weighted-average number of common shares outstanding during the period. Diluted net earnings attributable to Nobilis common shareholders, per common share, is computed by dividing net earnings attributable to Nobilis common shareholders by the weighted-average number of common shares outstanding during the period plus any potential dilutive common share equivalents, including shares issuable upon the vesting of restricted stock awards, stock option awards and stock warrants as determined under the treasury stock method.

A detail of the Company's earnings per share is as follows (*in thousands except for share and per share amounts*):

	Year Ended December 31,		
	2016	2015	2014
Basic:			
Net income attributable to Nobilis Health Corp.	\$ 6,449	\$ 50,840	\$ 2,893
Weighted average common shares outstanding	76,453,128	67,015,387	46,517,815
Basic earnings per common share	<u>\$ 0.08</u>	<u>\$ 0.76</u>	<u>\$ 0.06</u>
Diluted:			
Net income attributable to Nobilis Health Corp.	\$ 6,449	\$ 50,840	\$ 2,893
Weighted average common shares outstanding	76,453,128	67,015,387	46,517,815
Dilutive effect of stock options, warrants, RSU's	1,109,367	8,217,396	1,202,754
Weighted average common shares outstanding assuming dilution	<u>77,562,495</u>	<u>75,232,783</u>	<u>47,720,569</u>
Diluted earnings per common share	<u>\$ 0.08</u>	<u>\$ 0.68</u>	<u>\$ 0.06</u>

Included in the diluted shares calculation, are 1.1 million potentially convertible shares related to the \$2.25 million Convertible Promissory Note issued to the seller of AZ Vein in conjunction with the acquisition.

Employee 401K Plan

**12 Months Ended
Dec. 31, 2016**

Compensation and Retirement Disclosure

[Abstract]

Employee 401K Plan

EMPLOYEE 401K PLAN

Substantially all of our employees, upon qualification, are eligible to participate in our defined contribution 401(k) plan (the "Plan"). Under the Plan, employees may contribute a portion of their eligible compensation, and the Company matches such contributions annually up to a maximum percentage for participants actively employed, as defined by the Plan documents. Plan expenses were approximately \$0.5 million, \$0.4 million and \$0.1 million for the years ended December 31, 2016, 2015 and 2014 respectively. Such amounts are reflected in operating salaries and benefits in the accompanying consolidated statements of earnings.

Income Taxes

12 Months Ended
Dec. 31, 2016

[Income Tax Disclosure](#)

[\[Abstract\]](#)

[Income Taxes](#)

INCOME TAXES

The components of income (benefit) expense for the years-ended December 31, 2016, 2015 and 2014 are as follows (in thousands):

	<u>Deferred</u>	<u>Current</u>	<u>Total</u>
2016			
Federal	\$ 3,625	\$ 23	\$ 3,648
States and Local	(242)	1,081	839
Foreign	(259)	—	(259)
Change in deferred tax asset valuation allowance	259	—	259
Total	<u>\$ 3,383</u>	<u>\$ 1,104</u>	<u>\$ 4,487</u>
2015			
Federal	\$ 8,215	\$ 509	\$ 8,724
States and Local	—	1,330	1,330
Foreign	—	—	—
Change in deferred tax asset valuation allowance	(33,250)	—	(33,250)
Total	<u>\$ (25,035)</u>	<u>\$ 1,839</u>	<u>\$ (23,196)</u>
2014			
Federal	\$ —	\$ —	\$ —
States and Local	—	480	480
Foreign	—	—	—
Change in deferred tax asset valuation allowance	—	—	—
Total	<u>\$ —</u>	<u>\$ 480</u>	<u>\$ 480</u>

The following table shows the reconciliation between income tax expense reported in our consolidated statement of operations and comprehensive income and the income tax expense that would have resulted from applying the United States federal income tax rate of 35% to pre-tax income. Though the Company was incorporated in British Columbia, all of the Company's subsidiaries are incorporated in the United States. Therefore, the Company reconciles the income before income taxes for U.S. tax purposes.

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net income before income tax	\$ 11,589	\$ 40,737	\$ 16,450
US federal income tax rate	35%	34%	34%

Expected U.S. Federal income tax (recovery)	4,056	13,851	5,593
Permanent differences / discrete items	(791)	(1,873)	388
State income tax (net of federal benefit)	585	649	317
Valuation Allowance	259	(33,250)	(4,566)
Non-controlling interests	7	(4,106)	(4,446)
Others	371	1,533	3,194
Total income tax (benefit) expense	<u>\$ 4,487</u>	<u>\$ (23,196)</u>	<u>\$ 480</u>

The table below sets forth the tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities that are reported in our consolidated balance sheets (in thousands):

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Deferred tax assets (liabilities) :			
Goodwill and fixed assets	\$ 8,768	\$ 12,047	\$ 15,617
Intangibles	785	797	1,070
Net operating loss carryforwards - U.S.	6,014	5,300	13,814
Interest carry-forward	1,405	1,351	1,351
Net operating loss carryforwards - Foreign	7,663	7,404	8,153
Allowance for bad debts	265	1,531	373
Equity compensation	4,074	2,479	275
Accrued bonus	325	1,020	—
Accrued to cash - 481a	(532)	—	—
Other	16	—	—
AMT credit	532	509	—
Valuation allowance	(7,663)	(7,403)	(40,653)
Net deferred tax assets	<u>\$ 21,652</u>	<u>\$ 25,035</u>	<u>\$ —</u>

There was a partial valuation allowance as of December 31, 2016 and 2015, and a full valuation allowance as of December 31, 2014, respectively. In assessing the need for a valuation allowance, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income, projections for future taxable income over the periods in which the deferred tax assets are deductible, and the scheduled reversal of deferred tax liabilities, management believes a partial valuation allowance in 2016 and 2015, and a full valuation allowance in 2014 is necessary, respectively.

The Company reduced the valuation allowance in the fourth quarter of 2015 to reflect the revised assessment of the generation of future taxable income. The revised assessment was based on improved performance of our legacy businesses and the impacts of our 2015 acquisitions. The acquisition of Marsh Lane in July 2015, which commenced operations late in the third quarter of 2015, generated \$9.6 million of income from operating until year end. Because these operations (and some of our other acquired operations) were distressed when we purchased them, we could not project future profitable operations until we had some actual operations results as a basis.

The Company has Canadian net operating loss carryforwards of approximately \$30.7 million which will begin to expire in 2028 and U.S. net operating loss carryforwards of approximately \$17.1 million which will begin to expire in 2030. On September 30, 2010 the Company issued 18,778,446 common shares to entities controlled by the Company's Chairman resulting in a change of ownership greater than 50%. As a result, the U.S. net operating losses are limited by the Internal Revenue Code Section 382. In addition, the Company has approximately \$4.0 million in interest carry-forwards that have no expiration date.

The Company files income tax returns in the U.S. federal jurisdiction, Canada federal jurisdiction, and several state jurisdictions. Our federal tax returns for 2015, 2014, and 2013 are open for review by taxing authorities. Our Canada and Texas tax returns for 2015, 2014, 2013, and 2012 are open for review by taxing authorities. We are not aware of potential interest, penalties or taxes for federal and Canada income tax returns.

The Company received notification from the Internal Revenue Service (IRS) to examine our December 31, 2014 and 2013 Federal income tax return. In addition, First Nobilis, LLC has received notification from the IRS to examine its December 31, 2014. Based on management tax analysis, the Company did not have any uncertain tax positions at December 31, 2016 and 2015.

Business Segments

12 Months Ended
Dec. 31, 2016

[Segment Reporting](#)
[\[Abstract\]](#)
[Business Segments](#)

BUSINESS SEGMENTS

A summary of the business segment information for 2016 and 2015 (*in thousands*):

	Years ended December 31, 2016			
	Medical	Marketing	Corporate	Total
Revenues	\$ 264,642	\$ 21,102	\$ —	\$ 285,744
Operating expenses	227,439	17,348	—	244,787
Corporate expenses	—	—	30,919	30,919
Income (loss) from operations	37,203	3,754	(30,919)	10,038
Change in fair value of warrant and option liabilities	—	—	(2,580)	(2,580)
Interest expense	1,331	5	2,663	3,999
Other expense (income)	(2,367)	(353)	(250)	(2,970)
Income (loss) before income taxes	\$ 38,239	\$ 4,102	\$ (30,752)	\$ 11,589

Other data:

Depreciation and amortization expense	\$ 6,716	\$ 1,823	\$ 293	\$ 8,832
Income tax expense	\$ 1,067	\$ 155	\$ 3,265	\$ 4,487
Intangible assets, net	\$ 6,884	\$ 12,734	\$ —	\$ 19,618
Goodwill	\$ 43,007	\$ 19,011	\$ —	\$ 62,018
Capital expenditures	\$ 9,902	\$ —	\$ 473	\$ 10,375
Total assets	\$ 214,294	\$ 44,942	\$ 46,199	\$ 305,435
Total liabilities	\$ 69,753	\$ 6,059	\$ 73,144	\$ 148,956
Stock consideration given in conjunction with acquisitions	\$ 2,250	\$ —	\$ —	\$ 2,250
Convertible promissory note	\$ 2,250	\$ —	\$ —	\$ 2,250

	Year ended December 31, 2015			
	Medical	Marketing	Corporate	Total
Revenues	\$ 205,730	\$ 23,486	\$ —	\$ 229,216
Operating expenses	145,835	19,885	—	165,720
Corporate expenses	—	—	31,846	31,846
Income (loss) from operations	59,895	3,601	(31,846)	31,650
Interest expense	351	54	1,192	1,597
Change in fair value of warrant and option liabilities	—	—	(8,985)	(8,985)
Bargain purchase	(1,733)	—	—	(1,733)
Other expense (income)	488	236	(690)	34
Income before income taxes	\$ 60,789	\$ 3,311	\$ (23,363)	\$ 40,737

Other data:

Depreciation and amortization expense	\$ 3,403	\$ 1,128	\$ 156	\$ 4,687
Income tax expense	\$ 898	\$ 238	\$ 703	\$ 1,839
Intangible assets, net	\$ 5,462	\$ 14,157	\$ —	\$ 19,619
Goodwill	\$ 25,822	\$ 19,011	\$ —	\$ 44,833
Capital expenditures	\$ 3,653	\$ 249	\$ 478	\$ 4,380
Total assets	\$ 151,324	\$ 42,159	\$ 48,544	\$ 242,027
Total liabilities	\$ 56,407	\$ 3,827	\$ 35,716	\$ 95,950
Non-cash deconsolidation of property and equipment	\$ 2,828	\$ —	\$ —	\$ 2,828
Non-cash deconsolidation of goodwill	\$ 701	\$ —	\$ —	\$ 701
Stock consideration given in conjunction with acquisitions	\$ —	\$ 650	\$ —	\$ 650

Athas settlement in lieu of contingent shares	\$	—	\$	5,685	\$	—	\$	5,685
---	----	---	----	-------	----	---	----	-------

The Company's Marketing Segment started in December 2014 following the acquisition of Athas. Prior to the acquisition, the Company operated under the Medical Segment exclusively and therefore, we have not presented a prior period results of operations comparison for the Marketing Segment information.

Related Parties

**12 Months Ended
Dec. 31, 2016**

[Related Party Transactions](#)

[\[Abstract\]](#)

[Related Parties](#)

RELATED PARTIES

In conjunction with the Company's purchase of PFSD, the Company entered into a promissory note with the Company's former Chairman, on January 1, 2011. The note was paid off in full in March 2015 using the proceeds from the \$20.0 million term loan which the Company secured on March 31, 2015. Refer to Note 12 - Debt.

Certain sellers of Athas are current employees of Athas. The sellers of Athas entered into promissory note with the Company for \$12.0 million, as mentioned in a previous footnote. The promissory note was paid off in full in March 2015 using proceeds from the \$20 million term loan which the Company secured on March 31, 2015. Refer to Note 12 - Debt.

May 2015 Private Placement

On May 13, 2015, the Company closed a private placement of 7,847,668 units (the "Units") at a price of C\$9.00 per Unit for aggregate proceeds of C\$70.6 million.

Each Unit is comprised of one treasury unit (a "Treasury Unit") and one-half of one common share (each whole common share, an "Additional Share") from Donald L. Kramer and Healthcare Ventures, Ltd. (a company controlled by Dr. Kramer) or from Harry Fleming (collectively, the "Selling Shareholders" and the Additional Shares from the Selling Shareholders, (the "Secondary Shares") or from treasury (the "Additional Treasury Shares"). Each Treasury Unit is comprised of one-half of one common share of the Company (each whole common share, a "Treasury Unit Share") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). The Selling Shareholders are affiliates of the Company and received gross proceeds of C\$34.4 million. Refer to Note 16 - Shareholders' equity.

The private placement was approved by the disinterested directors of the Company who concluded that the private placement was entered into on market terms and was fair to the Company.

In March 2016, the Company acquired an interest in Athelite, a holding company which owns an interest in Dallas Metro, a company formed to provide management services to an HOPD. The Athelite investment is accounted for as an equity method investment (refer to Note 6 - Investments in associates). At December 31, 2016, the Company had \$3.8 million in accounts receivable from the HOPD and \$0.9 million in accounts receivable from Dallas Metro. The Company also rents, on a monthly basis, certain medical equipment to Dallas Metro and subleases operation facility to Denton Transitional.

As a result of the AZ Vein acquisition in October 2016, an executive of the Company is owed \$2.3 million and \$1.1 million related to a convertible promissory note and a cash holdback. In addition, the Company entered into agreements to lease facility space with the same executive. Facility lease cost were \$0.2 million in 2016.

Physician Related Party Transactions

Nobilis maintains certain medical directorship, consulting and marketing agreements with various physicians who are also equity owners in Nobilis entities. Material related party arrangements of this nature are described below:

- In September 2013, the Company entered into a book deal with a physician equity owner. In March 2015, the Company entered into a marketing agreement with that physician equity owner and a marketing services company owned by the physician equity owner's father. The Company incurred expenses of \$2.0 million, \$1.7 million and \$1.0 million as a result of the book deal during the years ended December 31, 2016, 2015 and 2014, respectively. The Company incurred expenses of \$2.9 million, \$0.7 million and nil related to the marketing services entity during the years ended December 31, 2016, 2015 and 2014, respectively.
- In July 2014, the Company entered into a marketing services agreement with a physician equity owner and an entity owned by that physician equity owner's brother. The Company incurred expenses of \$1.3 million, \$0.6 million and \$0.1 million to the entity during the years ended December 31, 2016, 2015 and 2014, respectively.
- In September 2014, the minority interest holder of a fully consolidated entity, who is also a partial owner of two other hospitals, entered into an ongoing business relationship with the Company. At December 31, 2016, the Company has a net amount due from these related parties of \$2.2 million. In addition, the Company leases certain medical equipment and facility space from these related parties. Equipment lease costs of \$2.2 million, and \$2.3 million and \$0.6 million were incurred during 2016, 2015 and 2014, respectively. Facility lease costs of \$1.8 million, \$1.7 million and \$0.6 million were incurred during 2016, 2015 and 2014, respectively.
- In September 2014, the Company entered into a services agreement with a physician equity owner's wife who has financial interests in a related entity. The Company incurred expenses pursuant to service agreements of \$0.5 million, \$0.3 million and \$0.2 million to the entity during the years ended December 31, 2016, 2015 and 2014, respectively.
- In October 2014, the Company entered into a marketing agreement with an entity controlled by a physician equity owner. In June 2015, the Company expanded the relationship with this physician equity owner to include consulting, medical supplies, medical directorship and on-call agreements (collectively "service agreements"). The Company incurred expenses of \$3.2 million, \$3.4 million and \$0.5 million in fees owed pursuant to the marketing agreement to the entity during the years ended December 31, 2016, 2015 and 2014, respectively. The Company has incurred expenses of \$2.6 million and \$1.4 million in fees owed pursuant to the service agreements to the entity during the years ended December 31, 2016 and 2015, respectively.

**Commitments and
Contingencies**

**12 Months Ended
Dec. 31, 2016**

**[Commitments and
Contingencies Disclosure](#)**

[\[Abstract\]](#)

**[Commitments and
Contingencies](#)**

COMMITMENTS AND CONTINGENCIES

Litigation

In the normal course of our business, we are subject to legal proceedings brought by or against us and our subsidiaries. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially impact the financial position, results of operations or liquidity of the Company.

Shareholder Lawsuit

A statement of claim (complaint), *Vince Capelli v. Nobilis Health Corp. et. al*, was filed on January 8, 2016 in the Ontario Superior Court of Justice under court file number CV-16-544173 naming Nobilis Health Corp., certain current and former officers and the Company's former auditors as defendants. The statement of claim seeks to advance claims on behalf of the plaintiff and on behalf of a class comprised of certain of our shareholders related to, among other things, alleged certain violations of the Ontario Securities Act and seeks damages in the amount of \$100 million plus interest. The defendants intend to vigorously defend against these claims. At this time, the Company believes it is too early to provide a realistic estimate of the Company's exposure.

Subsequent Events

**12 Months Ended
Dec. 31, 2016**

[Subsequent Events](#)

[\[Abstract\]](#)

[Subsequent Events](#)

SUBSEQUENT EVENTS

BBVA Credit Agreement and Waiver

The Company entered into Amendment No. 1 to BBVA Credit Agreement and Waiver, dated as of March 3, 2017, by and among NHA, certain subsidiaries of the Company party thereto, Compass Bank, and other financial institutions (the "Amendment"). The purpose of the Amendment was to (i) modify the definition of "Permitted Acquisition" to require Lender approval and consent for any acquisition which is closing during the 2017 fiscal year; (ii) modify certain financial definitions and covenants, including, but not limited to, an increase to the maximum Consolidated Leverage Ratio to 3.75 to 1.00 for the period beginning September 30, 2016 and ending September 30, 2017, and an increase to the Consolidated Fixed Charge Coverage Ratio to 1.15 to 1.00 for the period beginning September 30, 2016 and ending June 30, 2017; (iii) waive the Pro Forma Leverage Requirement in connection with the previously reported Hamilton Vein Center acquisition; and (iv) provide each Lender's consent to the Hamilton Vein Center acquisition. The Amendment also contained a limited waiver of a specified event of default.

Acquisition of Hamilton Vein Center

The Company completed the acquisition of the operating assets of Hamilton Vein Center (HVC), Hamilton Physician Services, LLC, a Texas limited liability company ("HPS"), Carlos R. Hamilton, III, M.D., P.A. a Texas Professional Association ("PA") (HPS and PA are each a "Seller" and collectively "Sellers"), and Carlos R. Hamilton III, M.D, a resident of the State of Texas ("Owner"). The Company, Northstar Healthcare Acquisitions, L.L.C. ("Buyer"), Sellers and Owner entered into an amended and restated purchase agreement (the "Amended and Restated Asset Purchase Agreement") dated as of March 8, 2017.

Buyer received substantially all of the operating assets of Sellers in exchange for an aggregate purchase price of approximately \$13.3 million, comprised of \$8.3 million in cash and \$5 million in the form of a convertible note. The note is convertible to cash or stock at the Company's election, and is payable in two equal installments over a two-year period.

As part of the Amended and Restated Purchase Agreement, \$0.5 million of the cash purchase price was held back and is subject to certain indemnification provisions. On the twelve-month anniversary of closing, 50% of the amount held back, less any amounts paid as, or claimed as, indemnification, will be paid to the Owner. The remaining amounts held back, less any amounts paid as, or claimed as, indemnification, will be paid to the Owner on the twenty-four-month anniversary of closing.

**Supplemental Financial
Information**
[Quarterly Financial
Information Disclosure
\[Abstract\]
Supplemental Financial
Information](#)

**12 Months Ended
Dec. 31, 2016**

SUPPLEMENTAL FINANCIAL INFORMATION

SELECTED QUARTERLY FINANCIAL DATA
(UNAUDITED)

The following table presents certain quarterly statement of earnings data for the years ended December 31, 2016 and 2015. The quarterly statement of earnings data set forth below was derived from the Company's unaudited financial statements and includes all adjustments, consisting of normal recurring adjustments, which the Company considers necessary for a fair presentation thereof. Results of operations for any particular quarter are not necessarily indicative of results of operations for a full year or predictive of future periods.

	Year ended December 31, 2016			
	First	Second	Third	Fourth
Revenues	\$ 51,273	\$ 61,871	\$ 70,683	\$ 101,917
Operating income (loss)	\$ (9,694)	\$ 55	\$ (1,101)	\$ 20,778
Net income (loss)	\$ (6,764)	\$ 2,515	\$ (2,263)	\$ 13,614
Net income (loss) attributable to noncontrolling	\$ (1,799)	\$ (2,291)	\$ 496	\$ 4,247
Net income (loss) attributable to Nobilis Health Corp.	\$ (4,965)	\$ 4,806	\$ (2,759)	\$ 9,367
Net income (loss) per common share attributable to Nobilis Health Corp.				
Basic	\$ (0.07)	\$ 0.06	\$ (0.04)	\$ 0.12
Diluted	\$ (0.07)	\$ 0.06	\$ (0.04)	\$ 0.12
Total Assets	\$ 228,167	\$ 232,940	\$ 240,983	\$ 305,435

	Year ended December 31, 2015			
	First	Second	Third	Fourth
Revenues, net	\$ 37,851	\$ 48,867	\$ 52,483	\$ 90,015
Operating income (loss)	\$ 3,883	\$ 1,136	\$ 3,051	\$ 23,580
Net income (loss)	\$ 15	\$ 3,379	\$ 13,318	\$ 47,221
Net income (loss) attributable to noncontrolling	\$ 4,497	\$ 3,745	\$ 2,375	\$ 2,476
Net income (loss) attributable to Nobilis Health Corp.	\$ (4,482)	\$ (366)	\$ 10,943	\$ 44,745
Net income (loss) per common share attributable to Nobilis Health Corp.				
Basic	\$ (0.07)	\$ (0.01)	\$ 0.15	\$ 0.61
Diluted	\$ (0.07)	\$ (0.01)	\$ 0.14	\$ 0.58
Total Assets	\$ 104,480	\$ 153,518	\$ 105,332	\$ 242,027

Summary of Significant Accounting Policies (Policies)

12 Months Ended
Dec. 31, 2016

[Accounting Policies](#)

[\[Abstract\]](#)

[Basis of Presentation](#)

Basis of Presentation and Principles of Consolidation

The Company consolidates entities in which it has a controlling financial interest. We consolidate subsidiaries in which we hold, directly or indirectly, more than 50% of the voting rights and, in the case of variable interest entities (VIEs), with respect to which the Company is determined to be the primary beneficiary. These consolidated financial statements include all accounts of the Company. All significant intercompany transactions and accounts have been eliminated upon consolidation.

Certain reclassifications have been made to prior period amounts to conform to current period financial statement classifications. The reclassifications included in these comparative consolidated financial statements are (i) a change in presentation of other comprehensive income and (ii) a reclassification from cost of goods sold to operating expenses. The reclassifications were deemed to be immaterial to the consolidated financial statements both individually and in the aggregate.

These consolidated financial statements have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC) for financial information. Accordingly, they include all of the information and notes required by accounting principles generally accepted in the United States of America ("U.S. GAAP") for complete financial statements.

[Principles of Consolidation](#)

Basis of Presentation and Principles of Consolidation

The Company consolidates entities in which it has a controlling financial interest. We consolidate subsidiaries in which we hold, directly or indirectly, more than 50% of the voting rights and, in the case of variable interest entities (VIEs), with respect to which the Company is determined to be the primary beneficiary. These consolidated financial statements include all accounts of the Company. All significant intercompany transactions and accounts have been eliminated upon consolidation.

Certain reclassifications have been made to prior period amounts to conform to current period financial statement classifications. The reclassifications included in these comparative consolidated financial statements are (i) a change in presentation of other comprehensive income and (ii) a reclassification from cost of goods sold to operating expenses. The reclassifications were deemed to be immaterial to the consolidated financial statements both individually and in the aggregate.

These consolidated financial statements have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC) for financial information. Accordingly, they include all of the information and notes required by accounting principles generally accepted in the United States of America ("U.S. GAAP") for complete financial statements.

[Variable Interest Entities](#)

Variable Interest Entities - VIEs are entities that, by design, either (i) lack sufficient equity to permit the entity to finance its activities independently, or (ii) have equity holders that, as a group, do not have the power to direct the activities of the entity that most significantly impact its economic performance, the obligation to absorb the entity's losses, or the right to receive the entity's residual returns. We consolidate a VIE when we are the primary beneficiary, which is the party that has both (i) the power to direct the activities that most significantly impact the VIE's economic performance and (ii) through its interests in the VIE, the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Noncontrolling Interests

Noncontrolling Interests - Noncontrolling interests represent third-party equity ownership in certain of our consolidated subsidiaries and are presented as a component of equity, unless the noncontrolling interest holders have certain redemption rights, in which case the carrying amount of such interests is classified as contingently redeemable (between liabilities and equity) or, for mandatorily redeemable noncontrolling interests, in liabilities. See Note 19 - Noncontrolling interests for further discussion of noncontrolling interests.

Use of Accounting Estimates

Use of Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Estimates most consequential to our consolidated financial statements are in the area of revenue recognition. Because a significant portion of our net patient service revenue is associated with services provided on out-of-network basis, with no contractually agreed-upon reimbursement rates from third-party payors, revenues expected to be realized are estimated based on our historical experience with allowable charges by a given payor for the specific service performed. These estimates are subject to ongoing monitoring and adjustment based on actual experience with final settlements and collections.

Other significant estimates include estimates of fair values which management formulates in connection with valuation of assets and liabilities acquired in business combinations and impairment tests of goodwill, intangible assets, property, and certain investments and financial instruments; estimates of useful lives of our property and intangible assets; as well as realizable amounts of accounts receivable and deferred tax assets.

Revenue Recognition

Revenue Recognition

Patient and Net Professional Fees - Patient and net professional fees are reported at the estimated net realizable amounts from third-party payors, patients and others for services rendered at the health facilities we operate and consist primarily of fees for the use of our facilities. Such revenues are recognized when the ultimate collection is estimable and reasonably assured, which typically is when the related medical procedures are performed. Net patient revenues are stated at the ultimate amounts expected to be collected (net of any patient discounts and contractual and other adjustments of third-party payors). Our revenues exclude any amounts billed for physicians' services, which are billed separately by the physicians to the patient or third-party payor.

The amounts actually collected by the Company from third-party payors, including private insurers, vary among payors, even for identical medical procedures. As such, in estimating net patient service revenues, management evaluates payor mix, (among private health insurance plans, workers' compensation insurers, government payor plans and patients), historical settlement and payment data for a given payor and type of medical procedure, and current economic conditions and revises its revenue estimates as necessary in subsequent periods. For services subject to contracted rates with third-party payors, revenues are recognized net of applicable contractual adjustments.

The Company analyzed the past 18 to 24 months of accounts receivable collections from third-party payors used in estimating net patient revenues on a regular basis. Based on the results of this analysis during the fourth quarter of 2016, the Company concluded that the historical estimates used to establish the net patient revenues resulted in, and could continue to result in, an understatement of accounts receivable collections and net patient revenues. As a result, the Company revised the estimates used to establish the net patient revenues effective as of the fourth

quarter of 2016. This change in estimate resulted in an increase of approximately \$3.5 million in trade accounts receivable and corresponding increase to patient and net professional fees to the Company's Medical Segment.

Contracted Marketing Revenues - Contracted marketing revenue is comprised of payments from hospitals, ASC's and other ancillary service providers through marketing services agreements. The services include licensing, marketing, patient intake, and upfront education services. Revenue is recognized on a gross basis upon the performance of the marketing service and corresponding medical procedure when ultimate collection is measurable and reasonably assured.

Factoring Revenues - Factoring revenues represent revenues generated from certain accounts receivables purchased from third parties (typically, practicing physicians) in the ordinary course of business. Purchase price is determined either by a flat fee per medical procedure (reflecting a discount to the face amount of the receivable), as dictated per the agreement, or as a percentage of final collections. At the time of purchase, Nobilis acquires the right to collect the full amount of the receivable and assumes all associated financial risk. Costs related to billings and collections are borne by the Company, without any recourse to the third party seller and reflected as a component of operating expenses. Factoring revenues represent the excess of collections of purchased receivables over their acquisition cost and are recognized over the period from purchase to collection.

[Advertising and Marketing Costs](#)

Advertising and Marketing Costs

Advertising costs are expensed as they are incurred. Advertising expense for the years ended December 31, 2016 and 2015 was \$43.8 million and \$35.0 million, respectively. The Company utilizes many media outlets for marketing to patients which include internet, TV, radio, print, seminar and billboard advertising. Advertising and marketing expense is recorded within both the operating expenses: general and administrative and corporate costs: general and administrative line items within the consolidated statements of earnings.

[Cash](#)

Cash

Cash is defined as cash on-hand and demand deposits. The company maintains its cash in various financial institutions, which at times may exceed federally insured amounts. At December 31, 2016 and 2015, our cash deposits exceeded such federally insured limits. Management believes that this risk is not significant. We have not experienced any losses in such accounts, and we believe we are not exposed to any significant credit risks on cash.

[Trade Accounts Receivable, net](#)

Trade Accounts Receivable, net

Trade accounts receivable, net consists of net patient service revenues and factoring revenues recorded at their net realizable amounts, while contracted marketing revenues are recognized at the fees due from the facilities for marketing services performed pursuant to governing contractual arrangements.

On a periodic basis, we evaluate receivables based on the age of the receivable, history of past collections and current credit and economic conditions and adjust the carrying amount accordingly. An account is written off when it is determined that all collection efforts have been exhausted. The Company does not accrue finance or interest charges on accounts receivable. An allowance for uncollectible patient receivables balances, including receivables from non-partner surgeons, is maintained at a level which the Company believes is adequate to absorb probable credit losses.

[Medical Supplies](#)

Medical Supplies

Medical supplies consist of various surgical supplies and medications and are carried at the lower of cost or market using the first-in, first-out method. The market value of inventories is determined based on the estimated selling price in the ordinary course of business less the estimated costs of sale, and a reasonable profit margin based on the effort required to sell the inventories. The Company had no write-downs in the carrying amounts of medical supplies inventories for the years ended December 31, 2016 or 2015.

Property and Equipment

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Property under capital leases and the related obligation for future lease payments are initially recorded at an amount equal to the lesser of fair value of the property and equipment or the present value of the future lease payments. Leasehold improvements are amortized over the lesser of the estimated useful life of the asset or the term of the lease. Maintenance and repairs are charged to expense when incurred.

We evaluate our long-lived assets for possible impairment annually or whenever events or changes in circumstances indicate that the carrying amount of the asset, or related group of assets, may not be recoverable from estimated future undiscounted cash flows expected to arise from their use and ultimate disposition. If the estimated future undiscounted cash flows are lower than the carrying amount of the assets, we determine the amount of impairment, if any, as the excess of the carrying amount of the long-lived asset over its estimated fair value. The fair value of the assets is estimated based on appraisals, established market values of comparable assets or internal estimates of discounted future net cash flows expected to result from the use and ultimate disposition of the asset. The estimates of these future cash flows are based on assumptions and projections we believe to be reasonable and supportable. They require our subjective judgments and take into account assumptions about revenue and expense growth rates. These assumptions may vary by type of facility and presume stable, improving or, in some cases, declining results at our medical facilities, depending on their specific operating circumstances.

Goodwill and Intangibles

Goodwill and Intangibles

Goodwill represents the excess of the cost of an acquired business over the acquisition-date fair value of the net identifiable assets acquired. Goodwill is reviewed for impairment on an annual basis or more frequently if events or circumstances indicate potential impairment. Such review is performed at the reporting unit level, whereby goodwill balances and identifiable assets and liabilities are assigned to a reporting unit to which they relate. For this purpose, the Company currently has two reporting units which are aligned with its business segments.

The Company's goodwill evaluation for each reporting unit is based on both qualitative and quantitative assessments regarding the fair value of goodwill relative to its carrying amount. The Company assesses qualitative factors to determine if the fair value of its reporting units is more likely than not to exceed its carrying amount, including goodwill. In the event the Company determines that it is more likely than not that a reporting unit's fair value is lower than its carrying amount, quantitative testing is performed comparing carrying amount of the reporting unit to estimated fair value. Fair value estimates are based on appraisals, established market prices for comparable assets or internal estimates of discounted future net cash flows. If the fair value of the reporting unit exceeds the carrying amount, goodwill is not impaired. If the carrying amount exceeds the fair value, an impairment charge is recognized for the excess of the carrying amount of goodwill over its implied fair value.

Indefinite-lived intangible assets consisting of trade names, trademarks, and Medicare and hospital licenses, are not amortizable; however, are evaluated for impairment on an annual basis. Intangible

assets subject to amortization, which consist of non-compete agreements, lease contract intangibles, internally developed software, trade secret methodology and physician relationships, are carried at cost less accumulated amortization, which is calculated on a straight-line basis over the asset's estimated useful life.

Investments in Unconsolidated Affiliates

Investments in Unconsolidated Affiliates

Investments in unconsolidated affiliates include the Company's investments in non-marketable equity securities that do not represent a controlling financial interest in the investee. Such investment balances are included in the Company's consolidated balance sheets in other long-term assets, and include investments accounted for using the equity and the cost method of accounting. Where the Company exercises significant influence over the investee, the Company accounts for its investment under the equity method of accounting. In other cases, the investments in unconsolidated affiliates are accounted for using the cost method of accounting. Whether or not the Company exercises significant influence with respect to an investee depends on an evaluation of several factors including, among others, representation on the investee's board of directors, ability to participate in setting operating, financial and other policies of the investee, and ownership level.

Under the equity method of accounting, the carrying amount of the investment is adjusted each reporting period for the Company's pro rata share of investee's earnings (which also are reflected in other (income) expense in the Company's consolidated statements of earnings) and any distributions received. Cost-method investments are stated at cost, adjusted only to reflect any other-than-temporary impairment in value or return of the capital invested through a distribution or disposition. Earnings on cost-method investments, if any, are recognized in other expense (income) when dividends or other distributions of earnings are declared.

Investments in unconsolidated affiliates are reviewed for impairment at least annually and any impairment loss that is other than temporary is recognized in the consolidated statements of earnings, with no future recovery in value recognized.

Income Taxes

Income Taxes

The tax expense for the period comprises current and deferred tax. Tax expense is recognized in the consolidated statement of operations, except to the extent that it relates to items recognized directly in equity. For items recognized directly in equity, the tax expense is also recognized in equity.

The current income tax charge is calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit against which the temporary difference can be utilized will be available.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and unconsolidated affiliates, except where the timing of the reversal of the temporary difference

is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. The Company annually evaluates tax positions to determine the need for any additional disclosures, de-recognition, classification, interest and penalties on income taxes and accounting for income tax estimates in interim periods.

In assessing the need for a valuation allowance, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

Fair Value

Fair Value

Certain financial instruments are reported at fair value on our consolidated balance sheets. Under fair value measurement accounting guidance, fair value is defined as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, (i.e., an exit price). To estimate an exit price, a three-level hierarchy is used. The fair value hierarchy prioritizes the inputs, which refer broadly to assumptions market participants would use in pricing an asset or a liability, into three levels. Level 1 inputs are unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 inputs are inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly (such as quoted prices for similar assets or liabilities). Level 3 inputs are unobservable inputs for the asset or liability and have the lowest priority (such as cash-flow assumptions formulated by management).

The valuation techniques that may be used to measure fair value include a market approach, an income approach and a cost approach. A market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. An income approach uses valuation techniques to convert future cash flow amounts to a single present amount based on current market expectations, including present value techniques, option-pricing models and the excess earnings method. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Leases

Leases

Certain leases to which the Company is party as a lessee are classified as capital leases whenever the terms of the lease transfer to the Company substantially all of the risks and rewards of ownership. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of operations on a straight-line basis over the period of the lease as rent expense.

Foreign Currency

Foreign Currency

The Company has no significant business operations outside the United States and, therefore, the functional currency and the local currency for its business operations is the U.S. Dollar ("USD"). The accompanying consolidated statements are also presented in USD, the Company's reporting currency.

From time to time monetary assets and liabilities may be denominated in foreign currency, and, if so, will be translated at the exchange rate in effect as of the balance sheet date, with resulting gains or losses included within the consolidated statement of operations. Revenues and expenses denominated in foreign currencies are translated into USD at the average foreign currency exchange rate for the period.

Stock-Based Compensation

Stock-Based Compensation

The Company recognizes all stock-based compensation to employees, including grants of employee stock options, in the consolidated financial statements based on their grant-date fair values. The Company values its stock options awarded using the Black-Scholes option pricing model. Restricted stock awards are valued at the grant-date closing market price. Stock-based compensation costs are recognized over the vesting period, which is the period during which the employee is required to provide service in exchange for the award.

Occasionally, the Company issues stock-based awards to non-employees. The fair value of these option awards is estimated when the award recipient completes the contracted professional services. The Company recognizes expense for the estimated total value of the awards during the period from their issuance until performance completion, at which time the estimated expense is adjusted to the final value of the award as measured at performance completion. Because our non-employee stock options were issued with exercise prices denominated in Canadian Dollars, upon performance completion, their fair values are reclassified from equity to liabilities and remeasured to fair value each reporting period, with remeasurement gains and losses recognized in other income (expense) in our consolidated statements of operations.

Net Income Per Common Share

Net Income per Common Share

We calculate net income per common share by dividing net income available for common shareholders by the weighted average number of common shares outstanding during the period. Fully diluted income per share is computed using the weighted average number of common and potential common shares outstanding during the period. Potential common shares include those that may be issued upon redemption of units granted under the Company's restricted stock unit and Share Option Plans.

Segment Reporting

Segment Reporting

The Company reports segment information based on how the chief operating decision maker, along with other members of management, organize and utilize financial and operational data in determining how to allocate resources and assess performance.

Effective December 1, 2014, the Company's business lines are classified into two reportable business segments which include a Medical Segment and a Marketing Segment. The Medical Segment provides the operation of hospitals, outpatient facilities and other related health care services. The Marketing Segment provides direct-to-consumer marketing efforts which educate patients on their healthcare options. Factoring activities are included in the Marketing Segment, as such activities only pertain to patient services that result from the Company's Marketing Segment efforts.

We evaluate performance based on income from operations of the respective business segments prior to the allocation of corporate office expenses. Transactions between segments are eliminated in consolidation. Our corporate office provides general and administrative and support services to our two revenue-generating segments. Management allocates costs between segments for selling, general and administrative expenses and depreciation expense.

Recently Issued Accounting Pronouncements

In August 2014, the Financial Accounting Standards Board (FASB) issued Account Standard Update (ASU) No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. (Subtopic 205-40) This standard provides guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and to provide related footnote disclosures. ASU No. 2014-15 is effective for fiscal years ending after December 15, 2016 and for interim and annual periods therein with early adoption permitted. The Company is currently assessing the timing of adoption of the new guidance, but does not expect it will have a material impact on the Company's consolidated financial statements. The Company does not expect this ASU to have a material impact on our consolidated financial statements and related disclosures.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments-Overall (Topic 825): Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"). This update changes how entities account for and measure the fair value of certain equity investments and updates the presentation and disclosure of certain financial assets and liabilities. This new ASU is effective for annual and interim periods beginning on or after December 15, 2017, and for interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact that ASU 2016-01 will have on the Company's consolidated financial position and disclosures.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02") which supersedes FASB ASC Topic 840, *Leases (Topic 840)* and provides principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than twelve months regardless of classification. Leases with a term of twelve months or less will be accounted for similar to existing guidance for operating leases. The standard is effective for annual and interim periods beginning after December 15, 2018, with early adoption permitted upon issuance. The Company is currently evaluating the method of adoption and the impact of adopting ASU 2016-02 on its results of operations, cash flows and financial position.

In March 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal Versus Agent Considerations (Reporting Revenue Gross Versus Net)* ("ASU 2016-08"). ASU 2016-08 amends a previously issued ASU released in 2014. In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective in 2018. ASU 2016-08 addresses how an entity should assess whether it is the principal or the agent in contracts that include three or more parties. The ASU clarifies that an entity should evaluate whether it is the principal or the agent for each specified good or service promised in a contract with a customer. The amendments affect the guidance in ASU 2014-09 which is not yet effective. The effective date and transition requirements for the amendments in ASU 2016-08 are the same as the effective date and transition of ASU 2014-09, which will be effective for the Company for reporting periods beginning after December 15, 2017. The Company is currently evaluating the new guidance to determine the method of adoption that it will use and the impact it will have on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"). ASU 2016-09 impacts several aspects of the accounting for share-based payment transactions, including classification of certain items on the consolidated statement of cash flows and accounting for income taxes. Specifically, the ASU requires that excess tax benefits and tax deficiencies (the difference between the deduction for tax purposes and the compensation cost recognized for

financial reporting purposes) be recognized as income tax expense or benefit in the consolidated statement of operations, introducing a new element of volatility to the provision for income taxes. ASU 2016-09 is effective on January 1, 2017, with early adoption permitted. The transition method varies for each of the areas this ASU. The Company is currently evaluating the impact of adopting this new accounting standard on its results of operations and financial position.

In April 2016, the FASB issued ASU No. 2016-10, *Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing*, which clarifies the guidance in ASU 2014-09 regarding assessing whether promises to transfer goods or services are distinct, and whether an entity's promise to grant a license provides a customer with a right to use or right to access the entity's intellectual property. The effective date and transition requirements for the amendments in this ASU are the same as the effective date and transition of ASU 2014-09, which will be effective for the Company for reporting periods beginning after December 15, 2017. The Company does not expect these amendments to have a material effect on its consolidated financial statements.

In May 2016, the FASB issued ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients* ("ASU 2016-12"). This Update provides for amendments to ASU 2014-09, amending the guidance on transition, collectability, noncash consideration and the presentation of sales and other similar taxes. Specifically, ASU 2016-12 clarifies that, for a contract to be considered completed at transition, all (or substantially all) of the revenue must have been recognized under legacy U.S. GAAP. In addition, ASU 2016-12 clarifies how an entity should evaluate the collectability threshold and when an entity can recognize nonrefundable consideration received as revenue if an arrangement does not meet the standard's contract criteria. The effective date and transition requirements for the amendments in this ASU are the same as the effective date and transition of ASU 2014-09, which will be effective for the Company for reporting periods beginning after December 15, 2017. The Company does not expect these amendments to have a material effect on its consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"). ASU 2016-15 provides guidance on how certain cash receipts and cash payments are to be presented and classified in the statement of cash flows. For public entities, ASU 2016-15 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the potential impact of adopting this guidance on our consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-17, *Interests Held through Related Parties That Are under Common Control*. This standard modifies existing guidance with respect to how a decision maker that holds an indirect interest in a VIE through a common control party determines whether it is the primary beneficiary of the VIE as part of the analysis of whether the VIE would need to be consolidated. Under the ASU, a decision maker would need to consider only its proportionate indirect interest in the VIE held through a common control party. Previous guidance had required the decision maker to treat the common control party's interest in the VIE as if the decision maker held the interest itself. As a result of the ASU, in certain cases, previous consolidation conclusions may change. The standard is effective January 1, 2017 with retrospective application to January 1, 2016. We do not expect this ASU to have a material impact on our consolidated financial statements and related disclosures.

Recently Adopted Accounting Standards

In February 2015, the FASB issued ASU No. 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis* that amends the current consolidation guidance. The amendments affect both the variable interest entity and voting interest entity consolidation models. The guidance must be applied using one of two retrospective application methods and will be effective for fiscal years beginning after December 15, 2015, and for interim periods within those fiscal years. Early adoption is permitted, including adoption in any interim period. The Company adopted this ASU in the first quarter of 2016.

In April 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03) which requires that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of related debt liability, consistent with debt discounts. Under the former accounting standards, such costs were recorded as an asset. On August 18, 2015, the FASB clarified that the guidance in ASU 2015-03 does not apply to line-of-credit arrangements. Accordingly, companies may continue to present debt issuance costs for line-of-credit arrangements as an asset and subsequently amortize the deferred debt costs ratably over the term of the arrangement. This new guidance is effective for annual reporting periods beginning after December 15, 2015. The Company adopted this ASU in the second quarter of 2015.

In September 2015, the FASB issued ASU No. 2015-16, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments*, requiring that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. This ASU also requires an entity to present separately on the face of the income statement, or disclose in the notes to the financial statements, the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. This ASU is effective within annual periods beginning after December 15, 2015, including interim periods within that reporting period, and will be applied prospectively to measurement period adjustments that occur after the effective date of this ASU. The Company adopted this ASU in the third quarter of 2015.

In November 2015, the FASB issued ASU No. 2015-17 *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*, which simplifies the presentation of deferred income taxes. Under the new accounting standard, deferred tax assets and liabilities are required to be classified as noncurrent, eliminating the prior requirement to separate deferred tax assets and liabilities into current and noncurrent. The new guidance is effective for annual reporting periods beginning after December 15, 2016, with early adoption permitted. The standard may be adopted prospectively or retrospectively to all periods presented. The Company adopted this ASU in the fourth quarter of 2015.

**Business Acquisitions
(Tables)**

**12 Months Ended
Dec. 31, 2016**

Business Combinations

[Abstract]

**Schedule of Fair Value of
Identifiable Assets**

The following table summarizes the fair values of the identifiable assets acquired and liabilities assumed at the date of acquisition (*in thousands*):

	October 28, 2016
	<hr/>
Net assets acquired:	
Cash	\$ 261
Trade accounts receivable	3,472
Prepaid expenses and other current assets	188
Medical Supplies	191
Property and equipment	2,745
Other long-term assets	6
Goodwill	17,185
Intangible assets	1,700
Net assets acquired	<u>\$ 25,748</u>
Net liabilities assumed:	
Trade accounts payable	\$ 996
Accrued liabilities	273
Current portion of capital leases	472
Long-term portion of capital leases	666
Total liabilities assumed	<u>\$ 2,407</u>
Consideration:	
Cash	\$ 17,500
Stock issued	2,250
Convertible promissory note	2,250
Working capital adjustment	1,241
Earnout consideration	100
Total consideration	<u>\$ 23,341</u>

The following table summarizes the fair values of the identifiable assets acquired and liabilities assumed during 2015 (*in thousands*):

	As of December 31, 2016
	<hr/>
Net assets acquired:	
Cash	\$ 65
Trade accounts receivable	4,087
Other receivables	418

Prepaid expenses and other current assets		80
Medical Supplies		1,612
Property and equipment		28,373
Customer Relations		500
Other long-term assets		115
Tradename		160
Hospital license		36
Goodwill		23,945
Net assets acquired	\$	<u>59,391</u>

Net liabilities assumed:		
Trade accounts payable	\$	9,072
Accrued expenses		3,016
Unfavorable leases		3,583
Current portion of capital leases		5,775
Long-term portion of capital leases		13,807
Long-term portion of note payable		6,052
Debt		4,500
Total liabilities assumed	\$	<u>45,805</u>

Consideration:		
Cash	\$	6,765
Stock issued as consideration		650
Noncontrolling interest		4,339
Bargain purchase gain		1,733
Earn out consideration		99
Total consideration	\$	<u>13,586</u>

[Business Acquisition, Pro Forma Information](#)

The following table shows our pro forma results for the year ended December 31, 2016 and 2015 (in thousands, except per share amounts):

	Year ended December 31,	
	2016	2015
Revenue	\$ 299,944	\$ 253,624
Income from operations	\$ 13,135	\$ 30,903
Net income attributable to noncontrolling interests	\$ 653	\$ 10,216
Net income attributable to common stockholders	\$ 8,052	\$ 52,868
Net income per basic common share	\$ 0.08	\$ 0.77

**Financial Instruments and
Concentration (Tables)**

**12 Months Ended
Dec. 31, 2016**

[Medical Segment](#)

[Schedule of Revenue by Major](#)

[Customers by Reporting](#)

[Segments](#)

A summary of certain information about our payor concentration is as follows:

MEDICAL SEGMENT

PATIENT AND NET PROFESSIONAL FEE REVENUE BY PAYORS OF THE NOBILIS FACILITIES

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Payors	2016 Patient and Net Professional Fee Revenue by Payor Mix	2015 Patient and Net Professional Fee Revenue by Payor Mix
Private insurance and other private pay	96.6%	95.5%
Workers compensation	3.0%	4.1%
Medicare	0.4%	0.4%
Total	100.0%	100.0%

[Marketing Segment](#)

[Schedule of Revenue by Major](#)

[Customers by Reporting](#)

[Segments](#)

MARKETING SEGMENT

PATIENT AND NET PROFESSIONAL FEE REVENUE BY PAYORS OF THE NOBILIS FACILITIES

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Payors	2016 Patient and Net Professional Fee Revenue by Payor Mix	2015 Patient and Net Professional Fee Revenue by Payor Mix
Private insurance and other private pay	100.0%	100.0%
Workers compensation	0.0%	0.0%
Medicare	0.0%	0.0%
Total	100.0%	100.0%

**Trade Accounts Receivable
(Tables)**

**12 Months Ended
Dec. 31, 2016**

[Receivables \[Abstract\]](#)

[Schedule of Accounts, Notes, Loans
and Financing Receivable](#)

A detail of trade accounts receivable, net as of December 31, 2016 and 2015 is as follows
(in thousands):

	December 31, 2016	December 31, 2015
Trade accounts receivable	\$ 121,599	\$ 95,114
Allowance for doubtful accounts	(750)	(5,165)
Receivables transferred	(309)	(298)
Receivables purchased	4,411	2,918
Trade accounts receivable, net	<u>\$ 124,951</u>	<u>\$ 92,569</u>

A detail of allowance for doubtful accounts as of December 31, 2016 and 2015 is as follows
(in thousands):

	Balance at Beginning of Period	Costs and Expenses	Recovery	Write- offs, net (1)	Balance at End of Period
Allowance for doubtful accounts:					
Year ended December 31, 2016	\$ (5,165)	\$ (750)	\$ 1,135	\$ 4,030	\$ (750)
Year ended December 31, 2015	\$ (1,384)	\$ (3,557)	\$ —	\$ (224)	\$ (5,165)

⁽¹⁾ Adjudication of previously recorded allowance for doubtful accounts

**Property and Equipment
(Tables)**

**12 Months Ended
Dec. 31, 2016**

Property, Plant and Equipment
[Abstract]
Schedule of property, plant, and
equipment

Property and equipment, net consisted of the following as of December 31, 2016 and 2015
(*in thousands*):

	<u>2016</u>	<u>2015</u>
Telephone equipment	\$ 374	\$ 122
Computer hardware	1,863	780
Computer software	2,824	733
Furniture and office equipment	1,726	1,143
Medical equipment	28,158	23,482
Leasehold improvements	8,605	7,942
Building	12,520	12,520
Construction in progress	859	1,325
	<u>56,929</u>	<u>48,047</u>
Less: accumulated depreciation	(20,206)	(12,744)
Property and equipment, net	<u>\$ 36,723</u>	<u>\$ 35,303</u>

Intangible Assets (Tables)

12 Months Ended
Dec. 31, 2016

[Goodwill and Intangible Assets Disclosure \[Abstract\]](#)
[Schedule of Finite-Lived Intangible Assets](#)

Intangible assets at December 31, 2016 and 2015 consist of the following (*in thousands*):

	December 31, 2016					December 31, 2015				
	Historical Cost	Additions	Accumulated Amortization	Accumulated Impairment	Net Book Value	Historical Cost	Additions	Accumulated Amortization	Accumulated Impairment	Net Book Value
Finite Life										
Non-compete agreements	\$ 2,761	\$ 200	\$ 1,258	\$ —	\$ 1,703	\$ 2,761	\$ —	\$ 993	\$ —	\$ 1,768
Internally developed software	1,980	—	825	—	1,155	1,980	—	330	—	1,650
Trade secret methodology	5,620	—	1,170	—	4,450	5,620	—	468	—	5,152
Physician relationships	2,800	—	327	—	2,473	2,800	—	130	—	2,670
Customer relationships	500	—	66	—	434	—	500	24	—	476
Indefinite Life										
Tradenames	1,160	1,100	—	—	2,260	1,000	160	—	—	1,160
Trademark	5,610	—	—	—	5,610	5,610	—	—	—	5,610
Medicare license	8,498	—	—	7,401	1,097	8,498	—	—	7,401	1,097
Hospital license	36	400	—	—	436	—	36	—	—	36
Total	\$ 28,965	\$ 1,700	\$ 3,646	\$ 7,401	\$ 19,618	\$ 28,269	\$ 696	\$ 1,945	\$ 7,401	\$ 19,619

[Schedule of Finite-Lived Intangible Assets, Future Amortization Expense](#)

Estimated amortization of intangible assets for the five years and thereafter subsequent to December 31, 2016 is as follows (*in thousands*):

Year ending December 31,	
2017	\$ 1,432
2018	1,415
2019	1,299
2020	936
2021	936
Thereafter	4,198
Total	\$ 10,216

Goodwill (Tables)

12 Months Ended
Dec. 31, 2016

[Goodwill and Intangible Assets Disclosure \[Abstract\]](#)

[Goodwill Cost and Impairment Losses](#)

The following tables provide information on changes in the carrying amount of goodwill, which is included in the accompanying consolidated balance sheets as of December 31, 2016 and 2015 (*in thousands*):

	December 31, 2016	December 31, 2015
Cost	\$ 200,461	\$ 183,276
Accumulated impairment losses	(138,443)	(138,443)
Total	<u>\$ 62,018</u>	<u>\$ 44,833</u>

[Schedule of Goodwill](#)

	December 31, 2016	December 31, 2015
Cost		
BALANCE - beginning of period	\$ 183,276	\$ 160,032
AZ Vein business combination	17,185	—
Deconsolidation of imaging centers and urgent care clinic	—	(701)
Hermann Drive business combination, as adjusted	—	16,039
Peak business combination, as adjusted	—	974
Scottsdale Liberty business combination	—	6,932
Total cost	<u>\$ 200,461</u>	<u>\$ 183,276</u>
Accumulated impairment		
BALANCE - beginning of period	\$ (138,443)	\$ (138,443)
Impairment charges during the period	—	—
Total accumulated impairment	<u>\$ (138,443)</u>	<u>\$ (138,443)</u>

**Accrued Expenses and Other
Current Liabilities (Tables)**

**12 Months Ended
Dec. 31, 2016**

[Accrued Liabilities and
Other Liabilities \[Abstract\]
Schedule of Accounts Payable
and Accrued Liabilities](#)

The following table presents a summary of items comprising accrued expenses and other current liabilities in the accompanying consolidated balance sheets as of December 31, 2016 and 2015 (*in thousands*):

	<u>2016</u>	<u>2015</u>
<u>Accrued expenses:</u>		
Accrued salaries and benefits	\$ 3,333	\$ 5,309
Lab expense	5,402	—
Other	21,410	11,339
Total accrued expenses	<u>\$30,145</u>	<u>\$16,648</u>
<u>Other current liabilities:</u>		
Estimated amounts due to third party payors	\$ 6,286	\$ 3,795
Other	1,275	1,230
Total other current liabilities	<u>\$ 7,561</u>	<u>\$ 5,025</u>

Debt (Tables)**12 Months Ended
Dec. 31, 2016**[Debt Disclosure \[Abstract\]
Schedule of Long-term Debt
Instruments](#)Debt at December 31, 2016 consisted of the following (*in thousands*):

	December 31, 2016	December 31, 2015
Lines of credit	\$ 15,000	\$ 3,000
Term loan	52,500	23,275
Convertible promissory note	2,250	—
Gross debt	69,750	26,275
Less: unamortized debt issuance costs	(1,957)	(563)
Debt, net of unamortized debt issuance costs	67,793	25,712
Less: current maturities	(2,220)	(1,243)
Long-term debt, net	<u>\$ 65,573</u>	<u>\$ 24,469</u>

[Schedule of Maturities of Long-term
Debt](#)Future maturities of debt as of December 31, 2016 are as follows (*in thousands*):**Year ending December 31,**

2017	\$ 2,625
2018	2,625
2019	7,500
2020	5,250
2021	51,750
Total	<u>\$ 69,750</u>

Operating Leases (Tables)

**12 Months Ended
Dec. 31, 2016**

[Leases, Operating \[Abstract\]](#)
[Schedule of Future Minimum
Rental Payments for Operating
Leases](#)

The minimum rental commitments under non-cancellable operating leases, with terms in excess of one year subsequent to December 31, 2016, are as follows (*in thousands*):

Year ending December 31,

2017	\$ 11,776
2018	11,401
2019	10,951
2020	9,132
2021	9,002
Thereafter	49,222
Total future commitment	<u>101,484</u>
Less: minimum sublease income to be received	(684)
Total future commitment, net of sublease income	<u>\$ 100,800</u>

Capital Leases (Tables)

**12 Months Ended
Dec. 31, 2016**

[Leases, Capital \[Abstract\]](#)
[Schedule of Future Minimum Lease
Payments for Capital Leases](#)

The remaining minimum capital lease obligations, with terms in excess of one year subsequent to December 31, 2016, are as follows (*in thousands*):

Year ending December 31,

2017	\$ 5,027
2018	2,679
2019	2,085
2020	1,888
2021	1,864
Thereafter	7,559
Total minimum rentals	<u>21,102</u>
Less amounts representing interest	<u>(4,730)</u>
Total Capital lease obligations	<u>\$ 16,372</u>

**Fair Value Measurements
(Tables)**

**12 Months Ended
Dec. 31, 2016**

[Fair Value Disclosures](#)

[\[Abstract\]](#)

[Fair Value, by Balance Sheet Grouping](#)

The following table summarizes our assets and liabilities measured at fair value on a recurring basis as of December 31, 2016 and 2015, aggregated by the level in the fair value hierarchy within which those measurements fall (*in thousands*):

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
December 31, 2015:				
Warrant and stock option derivative liabilities	\$ —	\$ —	\$ 2,951	\$ 2,951
Total	\$ —	\$ —	\$ 2,951	\$ 2,951
December 31, 2016:				
Warrant and stock option derivative liabilities	\$ —	\$ —	\$ 902	\$ 902
Total	\$ —	\$ —	\$ 902	\$ 902

**Share Based Compensation
(Tables)**

**12 Months Ended
Dec. 31, 2016**

[Disclosure of Compensation Related Costs,
Share-based Payments \[Abstract\]
Schedule of Share-based Compensation,
Stock Options, Activity](#)

The following table summarizes stock option activity for the years ended December 31, 2016 and 2015:

	Shares Underlying Options	Weighted- Average Exercise Price	Weighted- Average Remaining Life (years)
Outstanding at January 1, 2015	3,118,218	\$ 1.45	9.8
Granted	3,166,782	\$ 4.13	9.5
Exercised	(447,787)	\$ 1.13	
Forfeited	(372,213)	\$ 1.01	
Outstanding at December 31, 2015	<u>5,465,000</u>	\$ 2.97	9.2
Exercisable at December 31, 2015	2,129,522	\$ 2.16	8.8
Outstanding at January 1, 2016	5,465,000	\$ 2.97	9.2
Granted	4,357,075	\$ 2.06	9.5
Exercised	(1,283,750)	\$ 2.39	
Forfeited	(994,300)	\$ 3.45	
Outstanding at December 31, 2016	<u>7,544,025</u>	\$ 2.61	9.0
Exercisable at December 31, 2016	2,768,817	\$ 2.45	8.6

[Schedule of Share-based Payment Award,
Stock Options, Valuation Assumptions](#)

The following table below shows the assumptions used in the model for options awarded during the years ended December 31, 2016 and 2015:

	2016	2015
Expected price volatility	86% - 117%	113% - 122%
Risk free interest rate	1.03% - 2.20%	1.34% - 1.87%
Expected annual dividend yield	0%	0%
Expected option term (years)	5 - 6	5 - 6
Expected forfeiture rate	0.5% - 11.6%	1.3% - 5.0%
Grant date fair value per share	\$1.41 - \$2.41	\$2.53 - \$6.10
Grant date exercise price per share	\$1.92 - \$2.82	\$2.97 - \$6.31

**Warrants and Options
Liabilities (Tables)**

**12 Months Ended
Dec. 31, 2016**

[Warrants and Rights Note Disclosure](#)

[\[Abstract\]](#)

[Schedule of Stockholders' Equity Note,](#)

[Warrants or Rights, Valuation Assumptions](#)

The estimated fair values of warrants and options accounted for as liabilities were determined on the date of the private placements and at each balance sheet date thereafter using the Black Scholes pricing model with the following inputs:

	Years ended December 31,	
	2016	2015
Risk free interest rate	0.26% - 0.62%	0.00% - 0.65%
Expected life in years	0.25 - 1.15	0.25 - 2.0
Expected volatility	71% - 112%	71% - 96%
Expected dividend yield	0%	0%

[Schedule of Stockholders' Equity Note,](#)
[Warrants or Rights, Activity](#)

The changes in fair value of the warrants and options liability during the years ended December 31, 2016 and 2015 were as follows (*in thousands*):

	2016	2015
Balance at beginning of year	\$ 2,109	\$ 6,657
Issuance of warrants and options	—	12,797
Transferred to equity upon exercise	—	(9,050)
Change in fair value recorded in earnings	(2,106)	(8,295)
Balance at December 31, 2016 and 2015	<u>\$ 3</u>	<u>\$ 2,109</u>

[Schedule of Disclosure of Share-based
Compensation Arrangements by Share-
based Payment Award and Warrants or
Rights](#)

The following warrants and options were outstanding at December 31, 2016:

	Exercise price in Cnd\$	Number of warrants and options	Remaining contractual life (years)
2015 Warrants	Cnd\$ 11.50	3,923,834	0.40
2015 Options	Cnd\$ 9.00	392,383	0.40
Outstanding and exercisable at December 31, 2016		<u>4,316,217</u>	

[Schedule of Stockholders' Equity Note,](#)
[Option Awards, Valuation Assumptions](#)

The estimated values of the option awards are determined using the Black Scholes pricing model with the following inputs:

2016	2015
-------------	-------------

Risk free interest rate	0.86% - 1.76%	0.26% - 1.85%
Expected life in years	4 - 5	1 - 6
Expected volatility	99% - 118%	74% - 121%
Expected dividend yield	0%	0%

Schedule of Nonvested Share Activity

The changes fair value of the liability related to vested yet un-exercised options to non-employees during 2016 and 2015 were as follows (*in thousands*)

	<u>2016</u>	<u>2015</u>
Balance at beginning of year	\$ 841	—
Vested during the period	533	1,531
Change in fair value recorded in earnings	(475)	(690)
Balance as of December 31, 2016 and 2015	<u>\$ 899</u>	<u>\$ 841</u>

**Noncontrolling Interests
(Tables)**

**12 Months Ended
Dec. 31, 2016**

[Noncontrolling Interest](#)

[\[Abstract\]](#)

[Redeemable Noncontrolling Interest](#)

Changes in contingently redeemable noncontrolling interests follow (in thousands):

	NHC - ASC Dallas	First Nobilis	Total
Balance at January 1, 2015	\$ 6,654	\$ 6,213	\$ 12,867
Distributions	(3,892)	(7,617)	(11,509)
Net income attributable to noncontrolling interests	631	10,236	10,867
Total contingently redeemable noncontrolling interests at December 31, 2015	<u>\$ 3,393</u>	<u>\$ 8,832</u>	<u>\$ 12,225</u>
Balance at January 1, 2016	3,393	8,832	12,225
Distributions	(2,928)	(599)	(3,527)
Net income attributable to noncontrolling interests	(68)	5,674	5,606
Total contingently redeemable noncontrolling interests at December 31, 2016	<u>\$ 397</u>	<u>\$ 13,907</u>	<u>\$ 14,304</u>

[Schedule of Variable Interest Entities](#)

The following table summarizes the carrying amount of the assets and liabilities of our material VIE's included in the Company's consolidated balance sheets (after elimination of intercompany transactions and balances) (*in thousands*):

	December 31, 2016	December 31, 2015
Total cash and short term investments	\$ 3,445	\$ 191
Total accounts receivable	18,845	8,660
Total other current assets	1,664	1,582
Total property and equipment	16,804	5,227
Total other assets	190	144
Total assets	<u>\$ 40,948</u>	<u>\$ 15,804</u>
Total accounts payable	\$ 4,119	\$ 2,286
Total other liabilities	5,263	7,059
Total accrued liabilities	11,538	2,664
Long term - capital lease	11,169	780
Noncontrolling interest	(8,892)	(1,488)
Total liabilities	<u>\$ 23,197</u>	<u>\$ 11,301</u>

Earnings Per Share (Tables)

12 Months Ended
Dec. 31, 2016

[Earnings Per Share](#)

[\[Abstract\]](#)

[Schedule of Earnings Per Share](#)

A detail of the Company's earnings per share is as follows (*in thousands except for share and per share amounts*):

	Year Ended December 31,		
	2016	2015	2014
Basic:			
Net income attributable to Nobilis Health Corp.	\$ 6,449	\$ 50,840	\$ 2,893
Weighted average common shares outstanding	76,453,128	67,015,387	46,517,815
Basic earnings per common share	<u>\$ 0.08</u>	<u>\$ 0.76</u>	<u>\$ 0.06</u>
Diluted:			
Net income attributable to Nobilis Health Corp.	\$ 6,449	\$ 50,840	\$ 2,893
Weighted average common shares outstanding	76,453,128	67,015,387	46,517,815
Dilutive effect of stock options, warrants, RSU's	1,109,367	8,217,396	1,202,754
Weighted average common shares outstanding assuming dilution	77,562,495	75,232,783	47,720,569
Diluted earnings per common share	<u>\$ 0.08</u>	<u>\$ 0.68</u>	<u>\$ 0.06</u>

Income Taxes (Tables)

12 Months Ended
Dec. 31, 2016

[Income Tax Disclosure](#)

[\[Abstract\]](#)

[Schedule of Components of Income Tax Expense \(Benefit\)](#)

The components of income (benefit) expense for the years-ended December 31, 2016, 2015 and 2014 are as follows (in thousands):

	<u>Deferred</u>	<u>Current</u>	<u>Total</u>
2016			
Federal	\$ 3,625	\$ 23	\$ 3,648
States and Local	(242)	1,081	839
Foreign	(259)	—	(259)
Change in deferred tax asset valuation allowance	259	—	259
Total	<u>\$ 3,383</u>	<u>\$ 1,104</u>	<u>\$ 4,487</u>
2015			
Federal	\$ 8,215	\$ 509	\$ 8,724
States and Local	—	1,330	1,330
Foreign	—	—	—
Change in deferred tax asset valuation allowance	(33,250)	—	(33,250)
Total	<u>\$ (25,035)</u>	<u>\$ 1,839</u>	<u>\$ (23,196)</u>
2014			
Federal	\$ —	\$ —	\$ —
States and Local	—	480	480
Foreign	—	—	—
Change in deferred tax asset valuation allowance	—	—	—
Total	<u>\$ —</u>	<u>\$ 480</u>	<u>\$ 480</u>

[Schedule of Effective Income Tax Rate Reconciliation](#)

Therefore, the Company reconciles the income before income taxes for U.S. tax purposes.

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net income before income tax	\$ 11,589	\$ 40,737	\$ 16,450
US federal income tax rate	35%	34%	34%
Expected U.S. Federal income tax (recovery)	4,056	13,851	5,593
Permanent differences / discrete items	(791)	(1,873)	388
State income tax (net of federal benefit)	585	649	317
Valuation Allowance	259	(33,250)	(4,566)
Non-controlling interests	7	(4,106)	(4,446)
Others	371	1,533	3,194

[Schedule of Deferred Tax Assets and Liabilities](#)

Total income tax (benefit) expense	\$ 4,487	\$ (23,196)	\$ 480
------------------------------------	----------	-------------	--------

The table below sets forth the tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities that are reported in our consolidated balance sheets (in thousands):

	2016	2015	2014
Deferred tax assets (liabilities) :			
Goodwill and fixed assets	\$ 8,768	\$ 12,047	\$ 15,617
Intangibles	785	797	1,070
Net operating loss carryforwards - U.S.	6,014	5,300	13,814
Interest carry-forward	1,405	1,351	1,351
Net operating loss carryforwards - Foreign	7,663	7,404	8,153
Allowance for bad debts	265	1,531	373
Equity compensation	4,074	2,479	275
Accrued bonus	325	1,020	—
Accrued to cash - 481a	(532)	—	—
Other	16	—	—
AMT credit	532	509	—
Valuation allowance	(7,663)	(7,403)	(40,653)
Net deferred tax assets	<u>\$ 21,652</u>	<u>\$ 25,035</u>	<u>\$ —</u>

Business Segments (Tables)
**12 Months Ended
Dec. 31, 2016**

[Segment Reporting](#)
[\[Abstract\]](#)
[Schedule of Segment Reporting Information](#)

A summary of the business segment information for 2016 and 2015 (*in thousands*):

	Years ended December 31, 2016			
	Medical	Marketing	Corporate	Total
Revenues	\$ 264,642	\$ 21,102	\$ —	\$ 285,744
Operating expenses	227,439	17,348	—	244,787
Corporate expenses	—	—	30,919	30,919
Income (loss) from operations	37,203	3,754	(30,919)	10,038
Change in fair value of warrant and option liabilities	—	—	(2,580)	(2,580)
Interest expense	1,331	5	2,663	3,999
Other expense (income)	(2,367)	(353)	(250)	(2,970)
Income (loss) before income taxes	\$ 38,239	\$ 4,102	\$ (30,752)	\$ 11,589
Other data:				
Depreciation and amortization expense	\$ 6,716	\$ 1,823	\$ 293	\$ 8,832
Income tax expense	\$ 1,067	\$ 155	\$ 3,265	\$ 4,487
Intangible assets, net	\$ 6,884	\$ 12,734	\$ —	\$ 19,618
Goodwill	\$ 43,007	\$ 19,011	\$ —	\$ 62,018
Capital expenditures	\$ 9,902	\$ —	\$ 473	\$ 10,375
Total assets	\$ 214,294	\$ 44,942	\$ 46,199	\$ 305,435
Total liabilities	\$ 69,753	\$ 6,059	\$ 73,144	\$ 148,956
Stock consideration given in conjunction with acquisitions	\$ 2,250	\$ —	\$ —	\$ 2,250
Convertible promissory note	\$ 2,250	\$ —	\$ —	\$ 2,250
Year ended December 31, 2015				
	Medical	Marketing	Corporate	Total
Revenues	\$ 205,730	\$ 23,486	\$ —	\$ 229,216
Operating expenses	145,835	19,885	—	165,720
Corporate expenses	—	—	31,846	31,846
Income (loss) from operations	59,895	3,601	(31,846)	31,650
Interest expense	351	54	1,192	1,597
Change in fair value of warrant and option liabilities	—	—	(8,985)	(8,985)
Bargain purchase	(1,733)	—	—	(1,733)
Other expense (income)	488	236	(690)	34
Income before income taxes	\$ 60,789	\$ 3,311	\$ (23,363)	\$ 40,737
Other data:				
Depreciation and amortization expense	\$ 3,403	\$ 1,128	\$ 156	\$ 4,687
Income tax expense	\$ 898	\$ 238	\$ 703	\$ 1,839
Intangible assets, net	\$ 5,462	\$ 14,157	\$ —	\$ 19,619
Goodwill	\$ 25,822	\$ 19,011	\$ —	\$ 44,833
Capital expenditures	\$ 3,653	\$ 249	\$ 478	\$ 4,380
Total assets	\$ 151,324	\$ 42,159	\$ 48,544	\$ 242,027
Total liabilities	\$ 56,407	\$ 3,827	\$ 35,716	\$ 95,950
Non-cash deconsolidation of property and equipment	\$ 2,828	\$ —	\$ —	\$ 2,828
Non-cash deconsolidation of goodwill	\$ 701	\$ —	\$ —	\$ 701
Stock consideration given in conjunction with acquisitions	\$ —	\$ 650	\$ —	\$ 650
Athas settlement in lieu of contingent shares	\$ —	\$ 5,685	\$ —	\$ 5,685

**Supplemental Financial
Information (Tables)**

**12 Months Ended
Dec. 31, 2016**

[Quarterly Financial
Information Disclosure
\[Abstract\]
Schedule of Quarterly
Financial Information](#)

The following table presents certain quarterly statement of earnings data for the years ended December 31, 2016 and 2015. The quarterly statement of earnings data set forth below was derived from the Company's unaudited financial statements and includes all adjustments, consisting of normal recurring adjustments, which the Company considers necessary for a fair presentation thereof. Results of operations for any particular quarter are not necessarily indicative of results of operations for a full year or predictive of future periods.

	Year ended December 31, 2016			
	First	Second	Third	Fourth
Revenues	\$ 51,273	\$ 61,871	\$ 70,683	\$ 101,917
Operating income (loss)	\$ (9,694)	\$ 55	\$ (1,101)	\$ 20,778
Net income (loss)	\$ (6,764)	\$ 2,515	\$ (2,263)	\$ 13,614
Net income (loss) attributable to noncontrolling	\$ (1,799)	\$ (2,291)	\$ 496	\$ 4,247
Net income (loss) attributable to Nobilis Health Corp.	\$ (4,965)	\$ 4,806	\$ (2,759)	\$ 9,367
Net income (loss) per common share attributable to Nobilis Health Corp.				
Basic	\$ (0.07)	\$ 0.06	\$ (0.04)	\$ 0.12
Diluted	\$ (0.07)	\$ 0.06	\$ (0.04)	\$ 0.12
Total Assets	\$ 228,167	\$ 232,940	\$ 240,983	\$ 305,435

	Year ended December 31, 2015			
	First	Second	Third	Fourth
Revenues, net	\$ 37,851	\$ 48,867	\$ 52,483	\$ 90,015
Operating income (loss)	\$ 3,883	\$ 1,136	\$ 3,051	\$ 23,580
Net income (loss)	\$ 15	\$ 3,379	\$ 13,318	\$ 47,221
Net income (loss) attributable to noncontrolling	\$ 4,497	\$ 3,745	\$ 2,375	\$ 2,476
Net income (loss) attributable to Nobilis Health Corp	\$ (4,482)	\$ (366)	\$ 10,943	\$ 44,745
Net income (loss) per common share attributable to Nobilis Health Corp				
Basic	\$ (0.07)	\$ (0.01)	\$ 0.15	\$ 0.61
Diluted	\$ (0.07)	\$ (0.01)	\$ 0.14	\$ 0.58
Total Assets	\$ 104,480	\$ 153,518	\$ 105,332	\$ 242,027

Summary of Significant Accounting Policies - (Narrative) (Details) \$ in Millions	12 Months Ended	
	Dec. 31, 2016 USD (\$) reporting_unit	Dec. 31, 2015 USD (\$)
Accounting Policies [Abstract]		
Summary Of Significant Accounting Policies 1	50.00%	
Summary Of Significant Accounting Policies 2 \$	\$ 43.8	\$ 35.0
Number of reporting units reporting_unit	2	

Business Acquisitions - (Narrative) (Details) \$ in Thousands		1 Months Ended	2 Months Ended	12 Months Ended
	Oct. 28, 2016 USD (\$) surgery_center	Oct. 31, 2016 USD (\$)	Dec. 31, 2016 USD (\$)	Dec. 31, 2015 USD (\$)
<u>Business Acquisition [Line Items]</u>				
<u>Goodwill</u>			\$ 62,018	\$ 44,833
<u>AZ Vein</u>				
<u>Business Acquisition [Line Items]</u>				
<u>Number of properties acquired surgery_center</u>	4			
<u>Purchase price</u>	\$ 22,000			
<u>Cash to acquire</u>	17,500			
<u>Convertible promissory note</u>	2,250			
<u>Goodwill</u>	17,185			
<u>Revenue since acquisition date</u>			2,800	
<u>Net income since acquisition date</u>			300	
<u>Transaction costs</u>			300	
<u>2015 Acquisitions</u>				
<u>Business Acquisition [Line Items]</u>				
<u>Purchase price</u>				13,600
<u>Goodwill</u>			\$ 23,945	23,900
<u>Assets acquired</u>				35,500
<u>Liabilities assumed</u>				\$ 45,800
<u>Common Stock AZ Vein</u>				
<u>Business Acquisition [Line Items]</u>				
<u>Convertible promissory note</u>	2,250			
<u>Convertible note AZ Vein</u>				
<u>Business Acquisition [Line Items]</u>				
<u>Convertible promissory note</u>	2,250	\$ 2,300		
<u>Earn-out Arrangement AZ Vein</u>				
<u>Business Acquisition [Line Items]</u>				
<u>Contingent liability</u>	100			
<u>Contingent Cash Holdback AZ Vein</u>				
<u>Business Acquisition [Line Items]</u>				
<u>Contingent liability</u>	\$ 1,100	\$ 1,100		
<u>Percentage of contingent liability paid in 12 months from acquisition</u>	50.00%			

**Business Acquisitions -
Schedule of Fair Value of
Identifiable Assets (Details) -
USD (\$)
\$ in Thousands**

12 Months Ended

**Oct. 28,
2016 Dec. 31,
2016 Dec. 31,
2015 Dec. 31,
2014**

Net assets acquired:

Goodwill

\$ 62,018 \$ 44,833

Net liabilities assumed:

Stock consideration given in conjunction with
acquisitions

\$ 2,250 650 \$ 0

AZ Vein

Net assets acquired:

Cash

261

Trade accounts receivable

3,472

Prepaid expenses and other current assets

188

Medical Supplies

191

Property and equipment

2,745

Other long-term assets

6

Goodwill

17,185

Intangible assets

1,700

Net assets acquired

25,748

Net liabilities assumed:

Trade accounts payable

996

Accrued expenses

273

Current portion of capital leases

472

Long-term portion of capital leases

666

Total liabilities assumed

2,407

Cash, net of cash acquired

17,500

Stock consideration given in conjunction with
acquisitions

2,250

Convertible promissory note

2,250

Working capital adjustment

1,241

Earn out consideration

100

Total consideration

\$ 23,341

2015 Acquisitions

Net assets acquired:

Cash

65

Trade accounts receivable

4,087

Other receivables

418

Prepaid expenses and other current assets

80

Medical Supplies

1,612

Property and equipment

28,373

Customer Relations

500

Other long-term assets

115

<u>Tradename</u>	160	
<u>Hospital license</u>	36	
<u>Goodwill</u>	23,945	\$ 23,900
<u>Net assets acquired</u>	59,391	
<u>Net liabilities assumed:</u>		
<u>Trade accounts payable</u>	9,072	
<u>Accrued expenses</u>	3,016	
<u>Unfavorable leases</u>	3,583	
<u>Current portion of capital leases</u>	5,775	
<u>Long-term portion of capital leases</u>	13,807	
<u>Long-term portion of note payable</u>	6,052	
<u>Debt</u>	4,500	
<u>Total liabilities assumed</u>	45,805	
<u>Cash, net of cash acquired</u>	6,765	
<u>Stock issued as consideration</u>	650	
<u>Noncontrolling interest</u>	4,339	
<u>Bargain purchase gain</u>	1,733	
<u>Earn out consideration</u>	99	
<u>Total consideration</u>	\$ 13,586	

**Business Acquisitions - Pro
Forma Information (Details)**

- USD (\$)

\$ / shares in Units, \$ in

Thousands

12 Months Ended

Dec. 31, 2016 Dec. 31, 2015

Business Combinations [Abstract]

<u>Revenue</u>	\$ 299,944	\$ 253,624
<u>Income from operations</u>	13,135	30,903
<u>Net income attributable to noncontrolling interests</u>	653	10,216
<u>Net income attributable to common stockholders</u>	\$ 8,052	\$ 52,868
<u>Net income per basic common share (in dollars per share)</u>	\$ 0.08	\$ 0.77

Investments in Associates - Investments (Details) \$ in Millions	1 Months Ended		3 Months Ended	
	Dec. 31, 2016 USD (\$)	Dec. 31, 2015 USD (\$)	Dec. 31, 2014 USD (\$)	Mar. 31, 2015 imaging_center clinic Mar. 31, 2014
Group of Pioneers Diagnostics				
Schedule of Equity Method Investments [Line Items]				
Ownership percentage, equity method				40.00%
Athas Investments, Elite Orthopedic and Spine Surgery Center LLC				
Schedule of Equity Method Investments [Line Items]				
Ownership percentage, cost method			87.50%	
Athas Investments, Elite Sinus Spine and Ortho LLC				
Schedule of Equity Method Investments [Line Items]				
Ownership percentage, cost method			15.70%	
Athas Investments, Elite Hospital Management LLC				
Schedule of Equity Method Investments [Line Items]				
Ownership percentage, cost method			10.70%	
Athas Investments				
Schedule of Equity Method Investments [Line Items]				
Cost method investments carrying value			\$ 0.7	
Loss in cost method investments			\$ 0.7	
Spring Northwest Management, LLC, Spring Northwest Operating, LLC, Willowbrook Imaging, LLC, GRIP Medical Diagnostics, LLC and KIRPA Holdings, LLC				
Schedule of Equity Method Investments [Line Items]				
Cost method investments carrying value			0.7	
Loss in cost method investments			\$ 0.7	
Loss on revaluation of investment			0.8	
Other Expense Group of Pioneers Diagnostics				
Schedule of Equity Method Investments [Line Items]				
Equity method impairment charge			0.2	
Other Expense Athas Investments				
Schedule of Equity Method Investments [Line Items]				
Cost method impairment charge			0.7	
Other Expense Spring Northwest Management, LLC, Spring Northwest Operating, LLC, Willowbrook Imaging, LLC, GRIP Medical Diagnostics, LLC and KIRPA Holdings, LLC				
Schedule of Equity Method Investments [Line Items]				
Cost method impairment charge			\$ 0.7	\$ 0.8
Athas Investments				
Schedule of Equity Method Investments [Line Items]				
Number of businesses acquired business			2	

Number of properties acquired | hospital

1

Imaging Centers | Spring Northwest Management, LLC, Spring Northwest Operating, LLC, Willowbrook Imaging, LLC, GRIP Medical Diagnostics, LLC and KIRPA Holdings, LLC

Schedule of Equity Method Investments [Line Items]

Number of properties deconsolidated | imaging_center

2

Urgent Care Clinic | Spring Northwest Management, LLC, Spring Northwest Operating, LLC, Willowbrook Imaging, LLC, GRIP Medical Diagnostics, LLC and KIRPA Holdings, LLC

Schedule of Equity Method Investments [Line Items]

Number of properties deconsolidated | clinic

1

**Investments in Associates -
(Narrative) (Details) - USD
(\$)
\$ in Millions**

1 Months Ended 12 Months Ended
Apr. 30, 2016 Mar. 31, 2016 Dec. 31, 2016

Schedule of Investments [Abstract]

<u>Investments In Associates 2</u>	58.00%	
<u>Investments In Associates 3</u>	70.00%	
<u>Investments In Associates 4</u>	62.00%	
<u>Investments In Associates 5</u>		\$ 0.5

**Financial Instruments and
Concentration - Schedule of
Revenue by Major
Customers by Reporting
Segments (Details)**

12 Months Ended

Dec. 31, 2016 Dec. 31, 2015

Medical Segment

Segment Reporting Information [Line Items]

<u>Private insurance and other private pay</u>	96.60%	95.50%
<u>Workers compensation</u>	3.00%	4.10%
<u>Medicare</u>	0.40%	0.40%
<u>Total</u>	100.00%	100.00%

Marketing Segment

Segment Reporting Information [Line Items]

<u>Private insurance and other private pay</u>	100.00%	100.00%
<u>Workers compensation</u>	0.00%	0.00%
<u>Medicare</u>	0.00%	0.00%
<u>Total</u>	100.00%	100.00%

**Financial Instruments and
Concentration - (Narrative)
(Details)**

**12 Months Ended
Dec. 31, 2016**

Investments, All Other Investments [Abstract]

<u>Financial Instruments And Concentration 1</u>	96.00%
<u>Financial Instruments And Concentration 2</u>	89.00%

Trade Accounts Receivable - 12 Months Ended
Schedule of Accounts, Notes,
Loans and Financing
Receivable (Details) - USD Dec. 31, 2016 Dec. 31, 2015
(\$)
\$ in Thousands

Receivables [Abstract]

<u>Trade accounts receivable</u>	\$ 121,599	\$ 95,114
<u>Allowance for doubtful accounts</u>	(750)	(5,165)
<u>Receivables transferred</u>	(309)	(298)
<u>Receivables purchased</u>	4,411	2,918
<u>Trade accounts receivable, net</u>	\$ 124,951	\$ 92,569

Trade Accounts Receivable - (Narrative) (Details)	12 Months Ended		
	Dec. 31, 2016 USD (\$) d	Dec. 31, 2015 USD (\$)	Dec. 31, 2014 USD (\$)
<u>Accounts, Notes, Loans and Financing Receivable [Line Items]</u>			
<u>Trade Accounts Receivable, Net 2</u>	\$ 800,000	\$ 3,600,000	\$ 0
<u>Trade Accounts Receivable, Net 3</u>	300,000	300,000	
<u>Trade Accounts Receivable, Net 5</u>	600,000	1,700,000	1,000,000
<u>Trade Accounts Receivable, Net 7</u>	\$ 5,200,000	7,600,000	7,300,000
<u>Trade Accounts Receivable, Net 10</u>	100.00%		
<u>Trade Accounts Receivable, Net 11</u>	\$ 15,800,000	11,500,000	1,600,000
<u>Trade Accounts Receivable, Net 13</u>	8,700,000	6,600,000	\$ 900,000
<u>Trade Accounts Receivable, Net 15</u>	\$ 4,411,000	\$ 2,918,000	
<u>Minimum</u>			
<u>Accounts, Notes, Loans and Financing Receivable [Line Items]</u>			
<u>Trade Accounts Receivable, Net 9 d</u>	30		
<u>Maximum</u>			
<u>Accounts, Notes, Loans and Financing Receivable [Line Items]</u>			
<u>Trade Accounts Receivable, Net 9 d</u>	45		

**Trade Accounts Receivable -
 Allowance for Doubtful
 Accounts Rollforward
 (Details) - USD (\$)
 \$ in Thousands**

**12 Months Ended
 Dec. 31, 2016 Dec. 31, 2015**

Allowance for Doubtful Accounts Receivable [Roll Forward]

<u>Balance at Beginning of Period</u>	\$ (5,165)	\$ (1,384)
<u>Costs and Expenses</u>	(750)	(3,557)
<u>Recovery</u>	1,135	0
<u>Write-offs, net</u>	4,030	(224)
<u>Balance at End of Period</u>	\$ (750)	\$ (5,165)

**Property and Equipment -
Schedule of Property, Plant
and Equipment (Details) -
USD (\$)**

12 Months Ended

Dec. 31, 2016 Dec. 31, 2015

\$ in Thousands

Property, Plant and Equipment [Abstract]

<u>Telephone equipment</u>	\$ 374	\$ 122
<u>Computer hardware</u>	1,863	780
<u>Computer software</u>	2,824	733
<u>Furniture and office equipment</u>	1,726	1,143
<u>Medical equipment</u>	28,158	23,482
<u>Leasehold improvements</u>	8,605	7,942
<u>Building</u>	12,520	12,520
<u>Construction in progress</u>	859	1,325
<u>Property and equipment</u>	56,929	48,047
<u>Less: accumulated depreciation</u>	(20,206)	(12,744)
<u>Property and equipment, net</u>	\$ 36,723	\$ 35,303

**Property and Equipment -
(Narrative) (Details) - USD
(\$)
\$ in Millions**

12 Months Ended

Dec. 31, 2016 Dec. 31, 2015 Dec. 31, 2014

Property, Plant and Equipment [Abstract]

Property And Equipment, Net 1

\$ 7.1

\$ 3.7

\$ 1.6

- Schedule of Finite-Lived Intangible Assets (Details) -
12 Months Ended
USD (\$)
\$ in Thousands

	Dec. 31, 2016	Dec. 31, 2015
Total		
<u>Historical Cost</u>	\$ 28,965	\$ 28,269
<u>Additions</u>	1,700	696
<u>Accumulated Amortization</u>	3,646	1,945
<u>Accumulated Impairment</u>	7,401	7,401
<u>Net Book Value</u>	19,618	19,619
<u>Tradenames</u>		
Indefinite Life		
<u>Historical Cost</u>	1,160	1,000
<u>Additions</u>	1,100	160
<u>Accumulated Impairment</u>	0	0
<u>Accumulated Impairment</u>	0	0
<u>Net Book Value</u>	2,260	1,160
<u>Trademark</u>		
Indefinite Life		
<u>Historical Cost</u>	5,610	5,610
<u>Additions</u>	0	0
<u>Accumulated Impairment</u>	0	0
<u>Accumulated Impairment</u>	0	0
<u>Net Book Value</u>	5,610	5,610
<u>Medicare license</u>		
Indefinite Life		
<u>Historical Cost</u>	8,498	8,498
<u>Additions</u>	0	0
<u>Accumulated Impairment</u>	0	0
<u>Accumulated Impairment</u>	7,401	7,401
<u>Net Book Value</u>	1,097	1,097
<u>Hospital license</u>		
Indefinite Life		
<u>Historical Cost</u>	36	0
<u>Additions</u>	400	36
<u>Accumulated Impairment</u>	0	0
<u>Accumulated Impairment</u>	0	0
<u>Net Book Value</u>	436	36
<u>Non-compete agreements</u>		
Finite Life		
<u>Historical Cost</u>	2,761	2,761
<u>Additions</u>	200	0
<u>Accumulated Amortization</u>	1,258	993
<u>Accumulated Impairment</u>	0	0

<u>Net Book Value</u>	1,703	1,768
<u>Internally developed software</u>		
<u>Finite Life</u>		
<u>Historical Cost</u>	1,980	1,980
<u>Additions</u>	0	0
<u>Accumulated Amortization</u>	825	330
<u>Accumulated Impairment</u>	0	0
<u>Net Book Value</u>	1,155	1,650
<u>Trade secret methodology</u>		
<u>Finite Life</u>		
<u>Historical Cost</u>	5,620	5,620
<u>Additions</u>	0	0
<u>Accumulated Amortization</u>	1,170	468
<u>Accumulated Impairment</u>	0	0
<u>Net Book Value</u>	4,450	5,152
<u>Physician relationships</u>		
<u>Finite Life</u>		
<u>Historical Cost</u>	2,800	2,800
<u>Additions</u>	0	0
<u>Accumulated Amortization</u>	327	130
<u>Accumulated Impairment</u>	0	0
<u>Net Book Value</u>	2,473	2,670
<u>Customer relationships</u>		
<u>Finite Life</u>		
<u>Historical Cost</u>	500	0
<u>Additions</u>	0	500
<u>Accumulated Amortization</u>	66	24
<u>Accumulated Impairment</u>	0	0
<u>Net Book Value</u>	\$ 434	\$ 476

**Intangible Assets -
(Narrative) (Details) - USD
(\$)
\$ in Millions**

12 Months Ended

Dec. 31, 2016 Dec. 31, 2015 Dec. 31, 2014

[Goodwill and Intangible Assets Disclosure \[Abstract\]](#)

[Intangible Assets 1](#)

\$ 1.7 \$ 0.9 \$ 0.2

**Intangible Assets - Future
Amortization Expense
(Details)
\$ in Thousands**

**Dec. 31, 2016
USD (\$)**

[Goodwill and Intangible Assets Disclosure \[Abstract\]](#)

<u>2017</u>	\$ 1,432
<u>2018</u>	1,415
<u>2019</u>	1,299
<u>2020</u>	936
<u>2021</u>	936
<u>Thereafter</u>	4,198
<u>Total</u>	\$ 10,216

**Goodwill - Goodwill Cost
and Impairment Losses**
(Details) - USD (\$)
\$ in Thousands

12 Months Ended
Dec. 31, 2016 Dec. 31, 2015

[Goodwill and Intangible Assets Disclosure \[Abstract\]](#)

<u>Cost</u>	\$ 200,461	\$ 183,276
<u>Accumulated impairment losses</u>	(138,443)	(138,443)
<u>Total</u>	\$ 62,018	\$ 44,833

**Goodwill - Schedule of
Goodwill (Details) - USD (\$)
\$ in Thousands**

**12 Months Ended
Dec. 31, 2016 Dec. 31, 2015**

Goodwill [Roll Forward]

<u>BALANCE - beginning of period</u>	\$ 183,276	\$ 160,032
<u>AZ Vein business combination</u>	17,185	0
<u>Deconsolidation of imaging centers and urgent care clinic</u>	0	(701)
<u>Hermann Drive business combination, as adjusted</u>	0	16,039
<u>Peak business combination, as adjusted</u>	0	974
<u>Scottsdale Liberty business combination</u>	0	6,932
<u>Total cost</u>	200,461	\$ 183,276

Goodwill Impairment [Roll Forward]

<u>BALANCE - beginning of period</u>	(138,443)
<u>Impairment charges during the period</u>	0
<u>Total accumulated impairment</u>	\$ (138,443)

**Accrued Expenses and Other
Current Liabilities -
Schedule of Accounts
Payable and Accrued
Liabilities (Details) - USD (\$)
\$ in Thousands**

12 Months Ended

Dec. 31, 2016 Dec. 31, 2015

Accrued Liabilities and Other Liabilities [Abstract]

<u>Accrued salaries and benefits</u>	\$ 3,333	\$ 5,309
<u>Lab expense</u>	5,402	0
<u>Other</u>	21,410	11,339
<u>Total accrued expenses</u>	30,145	16,648
<u>Estimated amounts due to third party payors</u>	6,286	3,795
<u>Other</u>	1,275	1,230
<u>Total other current liabilities</u>	\$ 7,561	\$ 5,025

Other Long-Term Liabilities
- (Narrative) (Details) - USD
(\$)
\$ in Millions

12 Months Ended

Dec. 31, 2016 **Sep. 30, 2016**

Other Liabilities, Noncurrent [Abstract]

<u>Other Long-term Liabilities 1</u>	\$ 4.0	
<u>Other Long-term Liabilities 2</u>	3.1	
<u>2017</u>	0.4	
<u>2018</u>	0.3	
<u>2019</u>	0.3	
<u>2020</u>	0.3	
<u>2021</u>	0.3	
<u>Thereafter</u>	\$ 1.9	
<u>Holdback liability</u>		\$ 0.5

Debt - (Narrative) (Details)	Oct. 28,	Aug. 19,	Aug. 01,	Jul. 31,	May 18,	Mar. 31,	Jul. 30,	Mar. 31,	12 Months Ended		
	2016	2016	2016	2016	2016	2016	2015	2015	Dec. 31,	Mar. 03,	Aug. 18,
	USD (\$)	USD (\$)	USD (\$)	2016	USD (\$)	USD (\$)	USD (\$)	USD (\$)	2016	2017	2016
Debt Instrument [Line Items]											
Debt 1		\$ 25,000,000.0						\$ 20,000,000.0			
Debt 2								4.00%			
Debt 3								0.70%			
Debt 4								100.00%			
Debt 5									\$ 0		
Debt 6							\$ 4,500,000.0				
Debt 7							4.00%				
Debt 9						\$ 5,000,000.0					
Debt 10									15,000,000		
Debt 11							4.00%				
Debt 12								\$ 1,500,000.0			
Debt 13								\$ 5,000,000.0			
Debt 14			\$ 2,000,000.0								
Debt 15			7.0								
Debt 16				7.05							
Debt 17						3.05					
Debt 18						\$ 3,000,000.0					
Debt 19						4.00%					
Outstanding balance									0		
Debt 20									52,500,000		
Debt issuance costs									800,000		
Legacy Bank Term Loan											
Debt Instrument [Line Items]											
Debt 8									0		
Credit Agreement											
Debt Instrument [Line Items]											
Maximum borrowing capacity		\$ 36,600,000.0									\$ 30,600,000.0
Debt instrument term		5 years									
Debt outstanding									\$ 0		
Secured Debt Credit Agreement											
Debt Instrument [Line Items]											
Maximum borrowing capacity		\$ 25,000,000									
Revolving Credit Facility Credit Agreement											
Debt Instrument [Line Items]											
Maximum borrowing capacity		\$ 11,600,000.0									
Compass Bank Compass Bank Loans											
Debt Instrument [Line Items]											
Consolidated fixed charge ratio	2.00										

[Compass Bank | Secured Debt](#)

[| Compass Bank Loans](#)

[Debt Instrument \[Line Items\]](#)

[Face amount](#) \$ 52,500,000.0

[Effective rate](#) 4.40%

[Maximum additional borrowing capacity](#) 50,000,000

[Compass Bank | Revolving Credit Facility | Compass Bank Loans](#)

[Debt Instrument \[Line Items\]](#)

[Maximum borrowing capacity](#) \$ 30,000,000.0

[Effective rate](#) 4.43%

[Minimum | LIBOR | Compass Bank | Secured Debt | Compass Bank Loans](#)

[Debt Instrument \[Line Items\]](#)

[Variable rate percentage](#) 3.00%

[Maximum | LIBOR | Compass Bank | Secured Debt | Compass Bank Loans](#)

[Debt Instrument \[Line Items\]](#)

[Variable rate percentage](#) 3.75%

[Period One | Compass Bank | Compass Bank Loans](#)

[Debt Instrument \[Line Items\]](#)

[Consolidated leverage ratio](#) 2.75

[Period Two | Compass Bank | Compass Bank Loans](#)

[Debt Instrument \[Line Items\]](#)

[Consolidated leverage ratio](#) 2.50

[Period Three | Compass Bank | Compass Bank Loans](#)

[Debt Instrument \[Line Items\]](#)

[Consolidated leverage ratio](#) 2.25

[Period Four | Compass Bank | Compass Bank Loans](#)

[Debt Instrument \[Line Items\]](#)

[Consolidated leverage ratio](#) 2.00

[Convertible note | Convertible Promissory Note](#)

[Debt Instrument \[Line Items\]](#)

[Face amount](#) \$ 2,250,000.00

[Interest rate](#) 5.00%

[Subsequent Event | Period One | Compass Bank | Compass Bank Loans](#)

[Debt Instrument \[Line Items\]](#)

[Consolidated leverage ratio](#) 3.75

[Subsequent Event | Period Two | Compass Bank | Compass Bank Loans](#)

Debt Instrument [Line
Items]
Consolidated fixed charge
ratio

1.15

**Debt - Schedule of Long-
term Debt Instruments
(Details) - USD (\$)
\$ in Thousands**

Dec. 31, 2016 Dec. 31, 2015

Debt Disclosure [Abstract]

<u>Lines of credit</u>	\$ 15,000	\$ 3,000
<u>Term loan</u>	52,500	23,275
<u>Convertible promissory note</u>	2,250	0
<u>Gross debt</u>	69,750	26,275
<u>Less: unamortized debt issuance costs</u>	(1,957)	(563)
<u>Debt, net of unamortized debt issuance costs</u>	67,793	25,712
<u>Less: current maturities</u>	(2,220)	(1,243)
<u>Long-term debt, net</u>	\$ 65,573	\$ 24,469

**Debt - Schedule of
Maturities of Long-term
Debt (Details)
\$ in Thousands**

**12 Months Ended
Dec. 31, 2016
USD (\$)**

[Debt Disclosure \[Abstract\]](#)

<u>2017</u>	\$ 2,625
<u>2018</u>	2,625
<u>2019</u>	7,500
<u>2020</u>	5,250
<u>2021</u>	51,750
<u>Total</u>	\$ 69,750

**Operating Leases - Schedule
of Future Minimum Rental
Payments for Operating
Leases (Details)
\$ in Thousands**

**12 Months Ended
Dec. 31, 2016
USD (\$)**

Leases, Operating [Abstract]

<u>2017</u>	\$ 11,776
<u>2018</u>	11,401
<u>2019</u>	10,951
<u>2020</u>	9,132
<u>2021</u>	9,002
<u>Thereafter</u>	49,222
<u>Total future commitment</u>	101,484
<u>Less: minimum sublease income to be received</u>	(684)
<u>Total future commitment, net of sublease income</u>	\$ 100,800

Operating Leases - (Narrative) (Details) - USD (\$) \$ in Millions	12 Months Ended		
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
	Leases, Operating [Abstract] Operating Leases 1	\$ 11.0	\$ 9.1

**Capital Leases - Schedule of 12 Months Ended
Future Minimum Lease
Payments for Capital Leases Dec. 31, 2016
(Details) USD (\$)
\$ in Thousands**

Leases, Capital [Abstract]

<u>2017</u>	\$ 5,027
<u>2018</u>	2,679
<u>2019</u>	2,085
<u>2020</u>	1,888
<u>2021</u>	1,864
<u>Thereafter</u>	7,559
<u>Total minimum rentals</u>	21,102
<u>Less amounts representing interest</u>	(4,730)
<u>Total Capital lease obligations</u>	\$ 16,372

Capital Leases - (Narrative)
(Details) - USD (\$)
\$ in Millions

12 Months Ended
Dec. 31, 2016 Dec. 31, 2015 Dec. 31, 2014

Capital Leased Assets [Line Items]

Capital Leases 3 \$ 3.7 \$ 1.7

Medical equipment

Capital Leased Assets [Line Items]

Capital leased asset \$ 11.0 \$ 8.4 \$ 0.7

**Fair Value Measurements -
Schedule of Fair Value, by
Balance Sheet Grouping
(Details) - USD (\$)
\$ in Thousands**

12 Months Ended

Dec. 31, 2016 Dec. 31, 2015

Fair Value Disclosures [Abstract]

<u>Warrant and stock option derivative liabilities, Level 1</u>	\$ 0	\$ 0
<u>Warrant and stock option derivative liabilities, Level 2</u>	0	0
<u>Warrant and stock option derivative liabilities, Level 3</u>	902	2,951
<u>Warrant and stock option derivative liabilities, Total</u>	902	2,951
<u>Total, Level 1</u>	0	0
<u>Total, Level 2</u>	0	0
<u>Total, Level 3</u>	902	2,951
<u>Total</u>	\$ 902	\$ 2,951

Shareholders' Equity - (Narrative) (Details) \$/ shares in Units, \$ in Millions	1 Months Ended		12 Months Ended	
	Jun. 30, 2015	May 31, 2015	May 31, 2015	Dec. 31, 2016
	USD (\$) shares	USD (\$) \$ / shares shares	CAD / shares	shares shares
<u>Class of Stock [Line Items]</u>				
<u>Shareholders Equity 1</u>				77,805,014 73,675,979
<u>Shareholders Equity 40</u>		7,847,668		
<u>Shareholders Equity 41 CAD / shares</u>			CAD 9.00	
<u>Shareholders Equity 42 \$ / shares</u>		\$ 7.46		
<u>Conversion ratio</u>				0.5
<u>Shareholders Equity 43 CAD / shares</u>			11.50	
<u>Shareholders Equity 44 \$ / shares</u>		\$ 9.54		
<u>Shareholders Equity 45 \$</u>		\$ 28.4		
<u>Shareholders Equity 46 \$</u>		\$ 1.9		
<u>Shareholders Equity 47</u>		392,383		
<u>Shareholders Equity 48 CAD / shares</u>			CAD 9.00	
<u>Shareholders Equity 49 \$ / shares</u>		\$ 7.46		
<u>Shareholders Equity 35</u>	836,029			
<u>Shareholders Equity 36 \$</u>	\$ 2.7			
<u>Shareholders Equity 37 \$</u>	\$ 1.7			
<u>Shareholders Equity 38</u>	3,830,638			
<u>Shareholders Equity 39 \$</u>	\$ 5.7			
<u>Unregistered Common Shares</u>				
<u>Class of Stock [Line Items]</u>				
<u>Shares issued (in shares)</u>				750,000

Share Based Compensation - (Narrative) (Details)	12 Months Ended		
	Dec. 31, 2016 USD (\$) d yr shares	Dec. 31, 2015 USD (\$) shares	Dec. 31, 2014 USD (\$)
<u>Share-based Compensation Arrangement by Share-based Payment Award [Line Items]</u>			
Share Based Compensation 1 d	90		
Share Based Compensation 2 \$	\$ 4,500,000		
Share Based Compensation 3 \$	\$ 0	\$ 5,400,000	\$ 300,000
Share Based Compensation 4	0	2,000,000.0	
Share Based Compensation 7 yr	10		
Share Based Compensation 8 d	90		
Share Based Compensation 9	20.00%		
Share Based Compensation 10	4,357,075		
Share Based Compensation 11	422,075		
Share Based Compensation 17	8,000,000.0		
Share Based Compensation 18	710,000		
Share Based Compensation 19	650,000		
Share Based Compensation 20 \$	\$ 1,600,000	\$ 2,100,000	
Share Based Compensation 21 \$	800,000		
Share Based Compensation 22 \$	1,400,000		
Share Based Compensation 23 \$	\$ 6,000,000	\$ 6,100,000	\$ 700,000
RSUs			
<u>Share-based Compensation Arrangement by Share-based Payment Award [Line Items]</u>			
Shares granted (in shares)	0		
Stock Options			
<u>Share-based Compensation Arrangement by Share-based Payment Award [Line Items]</u>			
Shares forfeited (in shares)	994,300		
Stock Options Tranche One			
<u>Share-based Compensation Arrangement by Share-based Payment Award [Line Items]</u>			
Share Based Compensation 13	150,000		
Vesting period	2 years		
Stock Options Tranche Two			
<u>Share-based Compensation Arrangement by Share-based Payment Award [Line Items]</u>			
Vesting period	3 years		
Share Based Compensation 14	3,785,000		
Options To Non-employees			

Share-based Compensation Arrangement by Share-based Payment Award [Line Items]

Options in exercisable (in shares)

550,000

**Share Based Compensation -
Schedule of Share-based
Compensation, Stock
Options, Activity (Details) - \$
/ shares**

12 Months Ended

Dec. 31, 2016

Dec. 31, 2015

Shares Underlying Options

<u>Beginning balance (in shares)</u>	5,465,000	3,118,218
<u>Granted (in shares)</u>	4,357,075	3,166,782
<u>Exercised (in shares)</u>	(1,283,750)	(447,787)
<u>Forfeited (in shares)</u>	(994,300)	(372,213)
<u>Ending balance (in shares)</u>	7,544,025	5,465,000
<u>Exercisable (in shares)</u>	2,768,817	2,129,522

Weighted- Average Exercise Price

<u>Beginning balance (in dollars per share)</u>	\$ 2.97	\$ 1.45
<u>Granted (in dollars per share)</u>	2.06	4.13
<u>Exercised (in dollars per share)</u>	2.39	1.13
<u>Forfeited (in dollars per share)</u>	3.45	1.01
<u>Ending balance (in dollars per share)</u>	2.61	2.97
<u>Exercisable (in dollars per share)</u>	\$ 2.45	\$ 2.16

<u>Weighted-Average Remaining Life, Beginning outstanding</u>	9 years 2 months 12 days	9 years 9 months 18 days
<u>Weighted-Average Remaining Life, Granted</u>	9 years 6 months	9 years 6 months
<u>Weighted-Average Remaining Life, Ending outstanding</u>	9 years	9 years 2 months 12 days
<u>Weighted-Average Remaining Life, Exercisable</u>	8 years 7 months 6 days	8 years 9 months 18 days

**Share Based Compensation -
Schedule of Share-based
Payment Award, Stock
Options, Valuation
Assumptions (Details) - \$ /
shares**

12 Months Ended

Dec. 31, 2016 Dec. 31, 2015

Disclosure of Compensation Related Costs, Share-based Payments [Abstract]

<u>Expected price volatility, min</u>	86.00%	113.00%
<u>Expected price volatility, max</u>	117.00%	122.00%
<u>Risk free interest rate, min</u>	1.03%	1.34%
<u>Risk free interest rate, max</u>	2.20%	1.87%
<u>Expected annual dividend yield</u>	0.00%	0.00%
<u>Expected option term, min</u>	5 years	5 years
<u>Expected option term, max</u>	6 years	6 years
<u>Expected forfeiture rate, min</u>	0.50%	1.30%
<u>Expected forfeiture rate, max</u>	11.60%	5.00%
<u>Grant date fair value per share (in dollars per share)</u>	\$ 1.41	\$ 2.53
<u>Grant date fair value per share (in dollars per share)</u>	2.41	6.10
<u>Grant date exercise price per share (in dollars per share)</u>	1.92	2.97
<u>Grant date exercise price per share (in dollars per share)</u>	\$ 2.82	\$ 6.31

**Warrants and Options
Liabilities - Schedule of
Stockholders' Equity Note,
Warrants or Rights,
Valuation Assumptions
(Details)**

12 Months Ended

Dec. 31, 2016 Dec. 31, 2015

Warrants and Rights Note Disclosure [Abstract]

<u>Risk free interest rate, min</u>	0.26%	0.00%
<u>Risk free interest rate, max</u>	0.62%	0.65%
<u>Expected life in years, min</u>	3 months	3 months
<u>Expected life in years, max</u>	1 year 1 month 25 days	2 years
<u>Expected volatility, min</u>	71.00%	71.00%
<u>Expected volatility, max</u>	112.00%	96.00%
<u>Expected dividend yield</u>	0.00%	0.00%

**Warrants and Options
Liabilities - Schedule of
Stockholders' Equity Note,
Warrants or Rights, Activity
(Details) - USD (\$)
\$ in Thousands**

**12 Months Ended
Dec. 31, 2016 Dec. 31, 2015**

Warrant And Option Liability [Roll Forward]

<u>Balance at beginning of year</u>	\$ 2,109	\$ 6,657
<u>Issuance of warrants and options</u>	0	12,797
<u>Transferred to equity upon exercise</u>	0	(9,050)
<u>Change in fair value recorded in earnings</u>	(2,106)	(8,295)
<u>Balance at December 31, 2016 and 2015</u>	\$ 3	\$ 2,109

**Warrants and Options
Liabilities - Schedule of
Disclosure of Share-based
Compensation
Arrangements by Share-
based Payment Award and
Warrants or Rights [Table
Text Block] (Details)**

12 Months Ended

**Dec. 31, 2016
CAD / shares
shares**

[Warrants and Rights Note Disclosure \[Abstract\]](#)

<u>Exercise price in Cnd\$, 2015 Warrants (in Canadian dollars per share) CAD / shares</u>	CAD 11.5
<u>Exercise price in Cnd\$, 2015 Options (in Canadian dollars per share) CAD / shares</u>	CAD 9.00
<u>Number of warrants and options, 2015 Warrants</u>	3,923,834
<u>Number of warrants and options, 2015 Options</u>	392,383
<u>Number of warrants and options, Outstanding and Exercisable</u>	4,316,217
<u>Remaining contractual life, 2015 Warrants</u>	0.4
<u>Remaining contractual life, 2015 Options</u>	0.4

**Warrants and Options
Liabilities (Narrative)
(Details) - USD (\$)
\$ in Millions**

12 Months Ended

Dec. 31, 2016 Dec. 31, 2015 Dec. 31, 2014

[Warrants and Rights Note Disclosure \[Abstract\]](#)

<u>Warrants And Options Liabilities 1</u>	650,000		
<u>Warrants And Options Liabilities 3</u>	\$ 0.1	\$ 1.7	\$ 0.8
<u>Warrants And Options Liabilities 2</u>	700,000		

**Warrants and Options
Liabilities - Schedule of
Stockholders' Equity Note,
Option Awards, Valuation
Assumptions (Details)**

12 Months Ended

Dec. 31, 2016 Dec. 31, 2015

[Warrants and Rights Note Disclosure \[Abstract\]](#)

<u>Risk free interest rate, min</u>	0.86%	0.26%
<u>Risk free interest rate, max</u>	1.76%	1.85%
<u>Expected life in years, min</u>	4 years	1 year
<u>Expected life in years, max</u>	5 years	6 years
<u>Expected volatility, min</u>	99.00%	74.00%
<u>Expected volatility, max</u>	118.00%	121.00%

**Warrants and Options
Liabilities - Change in Fair
Value Liability to Non
Employees (Details) - USD
(\$)
\$ in Thousands**

12 Months Ended

Dec. 31, Dec. 31,
2016 2015

**Share-based Compensation Arrangement by Share-based Payment Award, Options,
Nonvested [Roll Forward]**

<u>Balance at beginning of year</u>	\$ 841	\$ 0
<u>Vested during the period</u>	533	1,531
<u>Change in fair value recorded in earnings</u>	(475)	(690)
<u>Balance at end of year</u>	\$ 899	\$ 841

**Noncontrolling Interests - 12 Months Ended
(Narrative) (Details) Dec. 31, 2016**

Noncontrolling Interest [Abstract]

<u>Noncontrolling Interests (restated) 1</u>	8.10%
<u>Noncontrolling Interests (restated) 2</u>	75.00%
<u>Noncontrolling Interests (restated) 3</u>	65.00%
<u>Noncontrolling Interests (restated) 4</u>	2.30%
<u>Noncontrolling Interests (restated) 5</u>	50.00%
<u>Noncontrolling Interests (restated) 6</u>	65.00%
<u>Noncontrolling Interests (restated) 7</u>	49.00%
<u>Noncontrolling Interests (restated) 8</u>	40.00%
<u>Noncontrolling Interests (restated) 9</u>	45.00%
<u>Noncontrolling Interests (restated) 10</u>	25.00%

**Noncontrolling Interests -
Redeemable Noncontrolling
Interest (Details) - USD (\$)
\$ in Thousands**

**12 Months Ended
Dec. 31, 2016 Dec. 31, 2015**

Redeemable Noncontrolling Interest [Roll Forward]

<u>Beginning balance</u>	\$ 12,225	\$ 12,867
<u>Distributions</u>	(3,527)	(11,509)
<u>Net income attributable to noncontrolling interests</u>	5,606	10,867
<u>Ending balance</u>	14,304	12,225

Reportable Legal Entities | NHC - ASC Dallas

Redeemable Noncontrolling Interest [Roll Forward]

<u>Beginning balance</u>	3,393	6,654
<u>Distributions</u>	(2,928)	(3,892)
<u>Net income attributable to noncontrolling interests</u>	(68)	631
<u>Ending balance</u>	397	3,393

Reportable Legal Entities | First Nobilis

Redeemable Noncontrolling Interest [Roll Forward]

<u>Beginning balance</u>	8,832	6,213
<u>Distributions</u>	(599)	(7,617)
<u>Net income attributable to noncontrolling interests</u>	5,674	10,236
<u>Ending balance</u>	\$ 13,907	\$ 8,832

**Noncontrolling Interests -
Variable Interest Entities
(Details) - Variable Interest
Entity, Primary Beneficiary -
USD (\$)
\$ in Thousands**

Dec. 31, 2016 Dec. 31, 2015

Variable Interest Entity [Line Items]

Total assets \$ 40,948 \$ 15,804

Total liabilities 23,197 11,301

Cash and short term investments

Variable Interest Entity [Line Items]

Total assets 3,445 191

Accounts receivable

Variable Interest Entity [Line Items]

Total assets 18,845 8,660

Other current assets

Variable Interest Entity [Line Items]

Total assets 1,664 1,582

Property and equipment

Variable Interest Entity [Line Items]

Total assets 16,804 5,227

Other assets

Variable Interest Entity [Line Items]

Total assets 190 144

Accounts payable

Variable Interest Entity [Line Items]

Total liabilities 4,119 2,286

Other liabilities

Variable Interest Entity [Line Items]

Total liabilities 5,263 7,059

Accrued liabilities

Variable Interest Entity [Line Items]

Total liabilities 11,538 2,664

Long term - capital lease

Variable Interest Entity [Line Items]

Total liabilities 11,169 780

Noncontrolling interest

Variable Interest Entity [Line Items]

Noncontrolling interest \$ (8,892) \$ (1,488)

Earnings Per Share - Schedule of Earnings Per Share (Details) - USD (\$) \$ / shares in Units, \$ in Thousands	3 Months Ended								12 Months Ended		
	Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016	Mar. 31, 2016	Dec. 31, 2015	Sep. 30, 2015	Jun. 30, 2015	Mar. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Basic:											
<u>Net income attributable to Nobilis Health Corp.</u>	\$ 9,367	\$ (2,759)	\$ 4,806	\$ (4,965)	\$ 44,745	\$ 10,943	\$ (366)	\$ (4,482)	\$ 6,449	\$ 50,840	\$ 2,893
<u>Weighted average shares outstanding (basic) (in shares)</u>									76,453,128	67,015,387	46,517,815
<u>Basic earnings per common share (in dollars per share)</u>	\$ 0.12	\$ (0.04)	\$ 0.06	\$ (0.07)	\$ 0.61	\$ 0.15	\$ (0.01)	\$ (0.07)	\$ 0.08	\$ 0.76	\$ 0.06
Diluted:											
<u>Net income attributable to Nobilis Health Corp.</u>	\$ 9,367	\$ (2,759)	\$ 4,806	\$ (4,965)	\$ 44,745	\$ 10,943	\$ (366)	\$ (4,482)	\$ 6,449	\$ 50,840	\$ 2,893
<u>Weighted average shares outstanding (basic) (in shares)</u>									76,453,128	67,015,387	46,517,815
<u>Dilutive effect of stock options, warrants, RSU's (in shares)</u>									1,109,367	8,217,396	1,202,754
<u>Weighted average common shares outstanding assuming dilution (in shares)</u>									77,562,495	75,232,783	47,720,569
<u>Diluted earnings per common share (in dollars per share)</u>									\$ 0.08	\$ 0.68	\$ 0.06

**Earnings Per Share -
(Narrative) (Details)**

**12 Months
Ended
Dec. 31, 2016
USD (\$)**

**Earnings Per Share, Basic, by Common Class, Including Two Class Method [Line
Items]**

Convertible shares potentially dilutive

\$ 1,100,000

Convertible Promissory Note | Convertible debt

**Earnings Per Share, Basic, by Common Class, Including Two Class Method [Line
Items]**

Face amount

\$ 2,250,000.00

**Employee 401K Plan -
(Narrative) (Details) - USD
(\$)
\$ in Millions**

12 Months Ended

Dec. 31, 2016 Dec. 31, 2015 Dec. 31, 2014

[Compensation and Retirement Disclosure \[Abstract\]](#)

[Employee Retirement Plan 1](#)

\$ 0.5

\$ 0.4

\$ 0.1

**Income Taxes - Schedule of
Components of Income Tax
Expense (Benefit) (Details) -
USD (\$)**

12 Months Ended

Dec. 31, 2016 Dec. 31, 2015 Dec. 31, 2014

\$ in Thousands

Deferred

<u>Federal</u>	\$ 3,625	\$ 8,215	\$ 0
<u>States and Local</u>	(242)	0	0
<u>Foreign</u>	(259)	0	0
<u>Change in deferred tax asset valuation allowance</u>	259	(33,250)	0
<u>Total</u>	3,383	(25,035)	0

Current

<u>Federal</u>	23	509	0
<u>States and Local</u>	1,081	1,330	480
<u>Foreign</u>	0	0	0
<u>Change in deferred tax asset valuation allowance</u>	0	0	0
<u>Total</u>	1,104	1,839	480

Total

<u>Federal</u>	3,648	8,724	0
<u>States and Local</u>	839	1,330	480
<u>Foreign</u>	(259)	0	0
<u>Change in deferred tax asset valuation allowance</u>	259	(33,250)	0
<u>Total</u>	\$ 4,487	\$ (23,196)	\$ 480

Income Taxes - (Narrative)
(Details) - USD (\$)
\$ in Millions

3 Months Ended 12 Months Ended

Sep. 30, 2010 Sep. 30, 2015 Dec. 31, 2016

Income Tax Disclosure [Abstract]

<u>Income Taxes 1</u>			35.00%
<u>Income Taxes 2</u>		\$ 9.6	
<u>Income Taxes 2</u>			\$ 30.7
<u>Income Taxes 3</u>			17.1
<u>Income Taxes 4</u>	18,778,446		
<u>Income Taxes 5</u>	50.00%		
<u>Income Taxes 6</u>			\$ 4.0

**Income Taxes - Schedule of
Effective Income Tax Rate
Reconciliation (Details) -
USD (\$)
\$ in Thousands**

12 Months Ended

Dec. 31, 2016 Dec. 31, 2015 Dec. 31, 2014

Income Tax Disclosure [Abstract]

<u>Net income before income tax</u>	\$ 11,589	\$ 40,737	\$ 16,450
<u>US federal income tax rate</u>	35.00%	34.00%	34.00%
<u>Expected U.S. Federal income tax (recovery)</u>	\$ 4,056	\$ 13,851	\$ 5,593
<u>Permanent differences / discrete items</u>	(791)	(1,873)	388
<u>State income tax (net of federal benefit)</u>	585	649	317
<u>Valuation Allowance</u>	259	(33,250)	(4,566)
<u>Non-controlling interests</u>	7	(4,106)	(4,446)
<u>Others</u>	371	1,533	3,194
<u>Total income tax (benefit) expense</u>	\$ 4,487	\$ (23,196)	\$ 480

**Income Taxes - Schedule of
Deferred Tax Assets and
Liabilities (Details) - USD (\$)
\$ in Thousands**

Dec. 31, 2016 Dec. 31, 2015 Dec. 31, 2014

Income Tax Disclosure [Abstract]

<u>Goodwill and fixed assets</u>	\$ 8,768	\$ 12,047	\$ 15,617
<u>Intangibles</u>	785	797	1,070
<u>Net operating loss carryforwards - U.S.</u>	6,014	5,300	13,814
<u>Interest carry-forward</u>	1,405	1,351	1,351
<u>Net operating loss carryforwards - Foreign</u>	7,663	7,404	8,153
<u>Allowance for bad debts</u>	265	1,531	373
<u>Equity compensation</u>	4,074	2,479	275
<u>Accrued bonus</u>	325	1,020	0
<u>Accrued to cash - 481a</u>	(532)	0	0
<u>Other</u>	16	0	0
<u>AMT credit</u>	532	509	0
<u>Valuation allowance</u>	(7,663)	(7,403)	(40,653)
<u>Net deferred tax assets</u>	\$ 21,652	\$ 25,035	\$ 0

Business Segments (Details) - USD (\$) \$ in Thousands	12 Months Ended			
	Oct. 28, 2016	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Other data:				
Non-cash deconsolidation of property and equipment		\$ 0	\$ 2,828	\$ 0
Non-cash deconsolidation of goodwill		0	701	0
Stock consideration given in conjunction with acquisitions	\$ 2,250		650	0
Convertible promissory note		2,250	0	0
Athas settlement in lieu of contingent shares		0	5,685	\$ 0
Operating Segments				
Segment Reporting Information [Line Items]				
Revenues		285,744	229,216	
Operating expenses		244,787	165,720	
Corporate expenses		30,919	31,846	
Income (loss) from operations		10,038	31,650	
Interest expense		(2,580)	1,597	
Change in fair value of warrant and option liabilities		3,999	(8,985)	
Bargain purchase			(1,733)	
Other expense (income)		(2,970)	34	
Income (loss) before income taxes		11,589	40,737	
Other data:				
Depreciation and amortization expense		8,832	4,687	
Income tax expense		4,487	1,839	
Intangible assets, net		19,618	19,619	
Goodwill		62,018	44,833	
Capital expenditures		10,375	4,380	
Total assets		305,435	242,027	
Total liabilities		148,956	95,950	
Non-cash deconsolidation of property and equipment			2,828	
Non-cash deconsolidation of goodwill			701	
Stock consideration given in conjunction with acquisitions		2,250	650	
Convertible promissory note		2,250		
Athas settlement in lieu of contingent shares			5,685	
Operating Segments Medical				
Segment Reporting Information [Line Items]				
Revenues		264,642	205,730	
Operating expenses		227,439	145,835	
Corporate expenses		0	0	
Income (loss) from operations		37,203	59,895	
Interest expense		0	351	
Change in fair value of warrant and option liabilities		1,331	0	
Bargain purchase			(1,733)	

<u>Other expense (income)</u>	(2,367)	488
<u>Income (loss) before income taxes</u>	38,239	60,789
<u>Other data:</u>		
<u>Depreciation and amortization expense</u>	6,716	3,403
<u>Income tax expense</u>	1,067	898
<u>Intangible assets, net</u>	6,884	5,462
<u>Goodwill</u>	43,007	25,822
<u>Capital expenditures</u>	9,902	3,653
<u>Total assets</u>	214,294	151,324
<u>Total liabilities</u>	69,753	56,407
<u>Non-cash deconsolidation of property and equipment</u>		2,828
<u>Non-cash deconsolidation of goodwill</u>		701
<u>Stock consideration given in conjunction with acquisitions</u>	2,250	0
<u>Convertible promissory note</u>	2,250	
<u>Athas settlement in lieu of contingent shares</u>		0
<u>Operating Segments Marketing</u>		
<u>Segment Reporting Information [Line Items]</u>		
<u>Revenues</u>	21,102	23,486
<u>Operating expenses</u>	17,348	19,885
<u>Corporate expenses</u>	0	0
<u>Income (loss) from operations</u>	3,754	3,601
<u>Interest expense</u>	0	54
<u>Change in fair value of warrant and option liabilities</u>	5	0
<u>Bargain purchase</u>		0
<u>Other expense (income)</u>	(353)	236
<u>Income (loss) before income taxes</u>	4,102	3,311
<u>Other data:</u>		
<u>Depreciation and amortization expense</u>	1,823	1,128
<u>Income tax expense</u>	155	238
<u>Intangible assets, net</u>	12,734	14,157
<u>Goodwill</u>	19,011	19,011
<u>Capital expenditures</u>	0	249
<u>Total assets</u>	44,942	42,159
<u>Total liabilities</u>	6,059	3,827
<u>Non-cash deconsolidation of property and equipment</u>		0
<u>Non-cash deconsolidation of goodwill</u>		0
<u>Stock consideration given in conjunction with acquisitions</u>	0	650
<u>Convertible promissory note</u>	0	
<u>Athas settlement in lieu of contingent shares</u>		5,685
<u>Corporate</u>		
<u>Segment Reporting Information [Line Items]</u>		
<u>Revenues</u>	0	0

<u>Operating expenses</u>	0	0
<u>Corporate expenses</u>	30,919	31,846
<u>Income (loss) from operations</u>	(30,919)	(31,846)
<u>Interest expense</u>	(2,580)	1,192
<u>Change in fair value of warrant and option liabilities</u>	2,663	(8,985)
<u>Bargain purchase</u>		0
<u>Other expense (income)</u>	(250)	(690)
<u>Income (loss) before income taxes</u>	(30,752)	(23,363)
<u>Other data:</u>		
<u>Depreciation and amortization expense</u>	293	156
<u>Income tax expense</u>	3,265	703
<u>Intangible assets, net</u>	0	0
<u>Goodwill</u>	0	0
<u>Capital expenditures</u>	473	478
<u>Total assets</u>	46,199	48,544
<u>Total liabilities</u>	73,144	35,716
<u>Non-cash deconsolidation of property and equipment</u>		0
<u>Non-cash deconsolidation of goodwill</u>		0
<u>Stock consideration given in conjunction with acquisitions</u>	0	0
<u>Convertible promissory note</u>	\$ 0	
<u>Athas settlement in lieu of contingent shares</u>		\$ 0

Related Parties - (Narrative) (Details)	Oct. 28, 2016 USD (\$)	1	3 Months	12 Months Ended				
		Months Ended	Ended	Dec. 31, 2016 CAD	Dec. 31, 2015 USD (\$)	Dec. 31, 2014 USD (\$)		
CAD / shares in Units, CAD in Millions		May 13, 2015 CAD CAD / shares shares	Oct. 31, 2016 USD (\$)	Mar. 31, 2015 USD (\$)	Dec. 31, 2016 USD (\$)	Dec. 31, 2016 CAD	Dec. 31, 2015 USD (\$)	Dec. 31, 2014 USD (\$)
Related Party Transaction [Line Items]								
Related Parties 1				\$ 20,000,000				
Related Parties 10					\$ 12,000,000.0			
Related Parties 14 shares		7,847,668						
Related Parties 15 CAD / shares		CAD 9.00						
Related Parties 16 CAD		CAD 70.6						
Related Parties 17 CAD						CAD 34.4		
Facility lease cost					200,000			
Related Parties 19					3,200,000	\$ 3,400,000	\$ 500,000	
Related Parties 20					2,600,000	1,400,000		
Related Parties 22					1,300,000	600,000	100,000	
Related Parties 6					2,200,000			
Related Parties 8					2,200,000	2,300,000	600,000	
Related Parties 9					1,800,000	1,700,000	600,000	
HOPD Affiliate								
Related Party Transaction [Line Items]								
Related Parties 11					3,800,000			
Dallas Metro Affiliate								
Related Party Transaction [Line Items]								
Related Parties 11					900,000			
AZ Vein								
Related Party Transaction [Line Items]								
Convertible promissory note	\$ 2,250,000							
Convertible note AZ Vein								

Related Party Transaction

[Line Items]

Convertible promissory note 2,250,000 \$
2,300,000

Contingent Cash Holdback | AZ Vein

Related Party Transaction

[Line Items]

Contingent liability \$ 1,100,000 \$ 1,100,000

Book deal | Affiliate

Related Party Transaction

[Line Items]

Expenses incurred 2,000,000 1,700,000 1,000,000

Marketing services related to book deal | Affiliate

Related Party Transaction

[Line Items]

Expenses incurred 2,900,000 700,000 0

Service Agreements | Linear Marketing, LLC | Immediate family member

Related Party Transaction

[Line Items]

Expenses incurred \$ 500,000 \$ 300,000 \$ 200,000

**Commitments and
Contingencies - (Narrative)
(Details)
\$ in Millions**

**12 Months Ended
Dec. 31, 2016
USD (\$)**

[Commitments and Contingencies Disclosure \[Abstract\]](#)

[Damages sought](#)

\$ 100

Subsequent Events - (Narrative) (Details) \$ in Millions	Mar. 08, 2017 USD (\$) installment	Mar. 03, 2017	Oct. 28, 2016
Hamilton Vein Center Subsequent Event			
Subsequent Event [Line Items]			
Purchase price	\$ 13.3		
Cash to acquire	8.3		
Debt incurred to acquire	\$ 5.0		
Number of installments liability is payable installment	2		
Period over which liability is payable	2 years		
Contingent Cash Holdback Hamilton Vein Center Subsequent Event			
Subsequent Event [Line Items]			
Contingent liability	\$ 0.5		
Percentage of contingent liability paid in 12 months from acquisition	50.00%		
Compass Bank Compass Bank Loans			
Subsequent Event [Line Items]			
Consolidated fixed charge ratio			2.00
Period One Compass Bank Compass Bank Loans			
Subsequent Event [Line Items]			
Consolidated leverage ratio			2.75
Period One Compass Bank Compass Bank Loans Subsequent Event			
Subsequent Event [Line Items]			
Consolidated leverage ratio		3.75	
Period Two Compass Bank Compass Bank Loans			
Subsequent Event [Line Items]			
Consolidated leverage ratio			2.50
Period Two Compass Bank Compass Bank Loans Subsequent Event			
Subsequent Event [Line Items]			
Consolidated fixed charge ratio		1.15	

Supplemental Financial Information (Details) - USD (\$) \$ / shares in Units, \$ in Thousands	3 Months Ended								12 Months Ended		
	Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016	Mar. 31, 2016	Dec. 31, 2015	Sep. 30, 2015	Jun. 30, 2015	Mar. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
<u>Quarterly Financial Information Disclosure [Abstract]</u>											
<u>Revenues</u>	\$ 101,917	\$ 70,683	\$ 61,871	\$ 51,273	\$ 90,015	\$ 52,483	\$ 48,867	\$ 37,851	\$ 285,744	\$ 229,216	\$ 84,029
<u>Operating income (loss)</u>	20,778	(1,101)	55	(9,694)	23,580	3,051	1,136	3,883	10,038	31,650	20,491
<u>Net income (loss)</u>	13,614	(2,263)	2,515	(6,764)	47,221	13,318	3,379	15	7,102	63,933	15,970
<u>Net income (loss) attributable to noncontrolling</u>	4,247	496	(2,291)	(1,799)	2,476	2,375	3,745	4,497	653	13,093	13,077
<u>Net income (loss) attributable to Nobilis Health Corp.</u>	\$ 9,367	\$ (2,759)	\$ 4,806	\$ (4,965)	\$ 44,745	\$ 10,943	\$ (366)	\$ (4,482)	\$ 6,449	\$ 50,840	\$ 2,893
<u>Net income (loss) per common share attributable to Nobilis Health Corp.</u>											
<u>Basic (in dollars per share)</u>	\$ 0.12	\$ (0.04)	\$ 0.06	\$ (0.07)	\$ 0.61	\$ 0.15	\$ (0.01)	\$ (0.07)	\$ 0.08	\$ 0.76	\$ 0.06
<u>Diluted (in dollars per share)</u>	\$ 0.12	\$ (0.04)	\$ 0.06	\$ (0.07)	\$ 0.58	\$ 0.14	\$ (0.01)	\$ (0.07)	\$ 0.08	\$ 0.68	\$ 0.06
<u>Total Assets</u>	\$ 305,435	\$ 240,983	\$ 232,940	\$ 228,167	\$ 242,027	\$ 105,332	\$ 153,518	\$ 104,480	\$ 305,435	\$ 242,027	