NEW JERSEY DEPARTMENT OF HEALTH

DIVISION OF CERTIFICATE OF NEED AND LICENSING

Presents, pursuant to N.J.S.A. 26:2H-1 et seq.,

this

LICENSE

to

KESSLER INSTITUTE FOR REHABILITATION, INC.

which is hereby licensed to operate

KESSLER INSTITUTE FOR REHABILITATION

92 BRICK ROAD - MARLTON, NEW JERSEY 08053

a(n):

COMPREHENSIVE REHABILITATION HOSPITAL

Beds / Services

46 Comprehensive Rehabilitation Beds

Cathleen D. Bennett
Commissioner

License #: 22252

Effective: 11/01/2016
Expires: 05/31/2017

Issued: 11/14/2016

MUST BE POSTED IN A CONSPICUOUS PLACE IN THE FACILITY
THIS LICENSE IS NOT TRANSFERABLE, APPLIES ONLY TO THE ABOVE LOCATION, AND TERMINATES ON NOTICE BY THE DEPARTMENT

FACILITY DATA SHEET

KESSLER INSTITUTE FOR REHABILITATION

COMPREHENSIVE REHABILITATION HOSPITAL

Administrator **Ms. PHYLLIS SCHLICHTMANN**
Address 92 BRICK ROAD
CSZ MARLTON, NJ 08053
County BURLINGTON
Phone (856) 988-8778
Fax (856) 988-8254

Medicare# 313032
Medicaid#

Facility ID: **NJ313032**
License No: **22252**
License Expires: **Wednesday, May 31,**

Mail To C/O: KESSLER INSTITUTE FOR REHABILITATION
Mail Address1 92 BRICK ROAD
Mail Address2
CSZ MARLTON, NJ 08053

Deemed: **y** Accreditation: **TJC** Accreditation Expires: **08/20/2018**

Designations

Services Provided

Bed Types

46 Comprehensive Rehabilitation Beds

Hospital-Based Offsites

Licensed Owner / Officers-Pricipals

KESSLER INSTITUTE FOR REHABILITATION, INC.
4714 GETTYSBURG ROAD - MECHANICSBURG, PA 17055 (717) 972-1100

SELECT MEDICAL HOLDINGS CORP	-	90	T. ROWE PRICE	-	10

ReedSmith

Zachary A. Portin
Direct Phone: +1 215 851 8185
Email: zportin@reedsmith.com

RECEIVED
NOV 4 2016
HEALTH FACILITIES EVAL. & LIC.
CN & Health Care Facility Licensing

Reed Smith LLP
Three Logan Square
Suite 3100
1717 Arch Street
Philadelphia, PA 19103
Tel +1 215 851 8100
Fax +1 215 851 1420
reedsmith.com

November 2, 2016

VIA UPS & EMAIL (john.calabria@doh.nj.us)

John A. Calabria, Director
New Jersey Department of Health & Senior Services
Division of Certificate of Need and Licensing
25 South Stockton Street, 2nd Floor
Trenton, New Jersey 08608-1832

Re: Marlton Rehabilitation Hospital (#22252): Post-Closing Notice of Acquisition by Kessler Institute for Rehabilitation, Inc.

Dear Mr. Calabria:

I am writing to respond to your September 26, 2016 letter approving the application for transfer of ownership dated June 17, 2016 in connection with Marlton Rehabilitation Hospital. Specifically, you requested a notarized letter or a letter from an attorney indicating the actual date of transfer. In accordance with that request, please be advised that ownership of Marlton Rehabilitation Hospital transferred to Kessler Institute for Rehabilitation, Inc. as of 12:01 a.m. on November 1, 2016.

You also requested in that letter an attestation of compliance with N.J.A.C. 8:43H *Standards for Licensing of Rehabilitation Hospitals* as well as certain information concerning post-closing access to patients' medical records. Please be advised that we provided that attestation and information to the New Jersey Department of Health (the "Department") on September 28, 2016 and on October 6, 2016, respectively.

Upon your receipt of this letter, I respectfully request that the Department issue an amended acute care license bearing the name "Kessler Institute for Rehabilitation".

If you have any questions or require additional information, please do not hesitate to contact me.

Very truly yours,

Zachary A. Portin

Zachary A. Portin

ZAP:mw

cc: Dory Lewis, New Jersey Department of Health & Senior Services (*via email Dorthea.lewis@doh.nj.gov*)
Robert J. Bein, Select Medical Corporation (*via email RBein@selectmedical.com*)
Karl A. Thallner, Jr. (*via email kthallner@reedsmith.com*)

State of New Jersey
DEPARTMENT OF HEALTH
PO BOX 358
TRENTON, N.J. 08625-0358

www.nj.gov/health

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

CATHLEEN D. BENNETT
Commissioner

September 26, 2016

VIA ELECTRONIC AND FIRST CLASS MAIL

Zachary A. Portin
Reed Smith, LLP
Three Logan Square, Suite 3100
1717 Arch Street
Philadelphia, Pennsylvania 19013
zportin@reedsmith.com

RE: **Kessler Institute for Rehabilitation, Inc.**
Marlton Rehabilitation Hospital (#22252)
92 Brick Road Marlton, NJ 08053
Transfer of Ownership: Authorization to Proceed and Name Change

Dear Mr. Portin:

The Department of Health (Department) has reviewed your application for transfer of ownership dated June 17, 2016. The Department authorizes the one-hundred percent (100%) transfer of ownership of Marlton Rehabilitation Hospital, a licensed comprehensive rehabilitation hospital, located in Burlington County, with 46 licensed beds, at the above address, from 92 Brick Operating Company, LLC to a new principal, Kessler Institute Rehabilitation. In addition, the facility will change the facility name from Marlton Rehabilitation to Kessler Institute Rehabilitation.

Kessler Institute for Rehabilitation, Inc., a New Jersey corporation, is wholly owned by Kessler Rehabilitation Corporation, a Delaware corporation.

Kessler Rehabilitation Corporation is wholly owned by Select Medical Corporation, located at 4714 Gettysburg Road in Mechanicsburg, Pennsylvania.

Select Medical Corporation is wholly owned by Select Medical Holdings Corporation, which is publicly traded on the New York Stock Exchange (NYSE: SEM).

Select Medical Holdings Corporation is 90% owned by stockholders and 10% owned by T. Rowe Price, which is publicly traded (NASDAQ: TROW).

Please be advised that this determination is limited to the proposal as presented and reviewed. **Please be aware that a license will not be issued reflecting the change in ownership to operate the facility until the Department receives and completes its review of each item set forth below:**

- A notarized letter or letter from an attorney indicating the actual date of transfer.
- A letter attesting that you have read, understand and will comply with the N.J.A.C. 8:43H *Standards for Licensing of Rehabilitation Hospitals.*
- The identity in writing, who will be responsible for the safekeeping of all patients' medical records (both active and stored), in accordance with N.J.S.A. 8:26:8-5 et seq. and N.J.A.C. 8:43A-13.6, following completion of the aforementioned transfer of ownership. Please provide where the medical records will be stored and the name and telephone number of the contact person for accessing patients' medical records.

Please be advised the request to transfer fifteen (15) temporary comprehensive rehabilitation beds will not be approved until the aforementioned documents are received and deemed acceptable by the Department. Please also be advised that the temporary beds will expire after two years. Any renewal of temporary comprehensive rehabilitation beds will require a waiver form (CN-28) and an occupancy rate to exceed 90 percent for four (4) consecutive quarters.

The Department, in approving this application, has relied solely on the facts and information presented in your correspondence. The correspondence and any associated documents are incorporated and made a part of this approval. If material facts have not been disclosed or have been misrepresented, the Department may take administrative regulatory action to rescind the approval or refer the matter to the Office of the Attorney General.

This approval of the proposed transfer of ownership described above shall be valid for a period of 90 calendar days from the date of this letter. Therefore, if the transfer does not occur or if there are any changes to the parties proposed to assume ownership, a new transfer of ownership application shall be required. Please notify this office if the transfer will not take place.

Please be advised that any approval granted by the Department relates certificate of need and licensing / registration requirements only and does not imply acceptance by a reimbursing entity. This letter also is not intended as an approval of any arrangement affecting reimbursement or any remuneration involving claims for health care services.

If you have any questions regarding this matter, please do not hesitate to contact Dory Lewis, Program Specialist, at 609-292-7228 or via email at Dorothea.lewis@doh.nj.gov.

Please include the facility identification number **#22252** with all correspondence.

Sincerely,

John A. Calabria
Director
Division of Certificate of Need and Licensing

C: Ms. J. Brown
Ms. J. Diaz
Ms. D. Lewis

Phyllis Schlichtmann, CEO
Kessler Institute for Rehabilitation
92 Brick Road
Marlton, NJ 08053

Michael Tarvin
Vice President
Kessler Institute for Rehabiliation, Inc.
4714 Gettysburg Road
Mechanicsburg, PA 17055

ReedSmith

SEP 16 2016

Zachary A. Portin
Direct Phone: +1 215 851 8185
Email: zportin@reedsmith.com

Reed Smith LLP
Three Logan Square
Suite 3100
1717 Arch Street
Philadelphia, PA 19103
Tel +1 215 851 8100
Fax +1 215 851 1420
reedsmith.com

September 15, 2016

(Part of the Big Binder)

VIA UPS & EMAIL (Dorthea.lewis@doh.nj.gov)

Dory Lewis, Program Specialist
New Jersey Department of Health & Senior Services
Division of Certificate of Need and Licensing
25 South Stockton Street, 2nd Floor
Trenton, New Jersey 08608-1832

Re: Kessler Institute for Rehabilitation, Inc. - Change of Ownership Application Relating to Marlton Rehabilitation Hospital

Dear Ms. Lewis:

I am writing to respond to your September 9, 2016 questions concerning the June 15, 2016 amended acute care facility license on form CN-7 (the "Application") relating to Marlton Rehabilitation Hospital that was submitted by Kessler Institute for Rehabilitation, Inc. ("KIR"). Specifically, you inquired about the sufficiency of the track record information submitted with the Application, and the indirect ownership of KIR.

Track Record Information.

- List of Facilities Furnishing Similar or Related Services. We have confirmed that Exhibit E of the Application contains a complete and accurate list of all health care facilities owned, operated or managed by KIR and all affiliated entities (including all subsidiaries of Select Medical Corporation) that furnish services that are "similar or related to" the services of Marlton Rehabilitation Hospital. As you requested, I am attaching an attestation from KIR to this effect.

- Completeness of Track Record Reports. We have confirmed that Exhibit G of the Application includes a track record report for each out-of-state facility listed on Exhibit E. In order to facilitate your review of the track record reports, I am attaching a paginated version of Exhibit G and an annotated version of Exhibit E that identifies the specific page number on Exhibit G that contains the track record report for each facility listed on Exhibit E, as well as additional information to assist in identifying certain facilities covered by the track record reports.

ReedSmith

Ownership Information.

- Indirect Ownership of KIR. You asked that we clarify the indirect ownership of KIR. As indicated in the Application, Kessler Rehabilitation Corporation ("KRC") owns 100% of the stock of KIR, and Select Medical Corporation ("SMC") owns 100% of the stock of KRC. Select Medical Holdings Corporation ("SMHC") owns 100% of the stock of SMC. SMHC is located at 4714 Gettysburg Road, Mechanicsburg, Pennsylvania 17055.

- Select Medical Holdings Corporation. SMHC is a publicly traded company whose stock is listed on the New York Stock Exchange, so SMHC has limited information concerning its stockholders. Based on filings made with the Securities and Exchange Commission, the only person or entity known by SMHC to beneficially own more than 10% of the stock of Select Medical Holdings Corporation is T. Rowe Price Associates, Inc. Neither SMHC nor its affiliates (including KIR) have any knowledge as to T. Rowe Price Associates, Inc.'s ownership in other entities.

I hope that this information is helpful in completing your review of KIR's Application. If you have any questions or require additional information, please do not hesitate to contact me.

Very truly yours,

Zachary A. Portin

ZAP:mw

cc: John Calabria, New Jersey Department of Health & Senior Services
Robert J. Bein, Select Medical Corporation (*via Email RBein@selectmedical.com*)
Karl A. Thallner, Jr. (*via Email kthallner@reedsmith.com*)

Encs.

Kessler
INSTITUTE FOR REHABILITATION
Select Medical

ATTESTATION

The undersigned, being the Vice President and Secretary of Kessler Institute for Rehabilitation, Inc. ("KIR"), hereby attests on behalf of KIR as follows:

1. This Attestation is being furnished to the New Jersey Department of Health ("DOH") in connection with KIR's application for an amended acute care facility license on Form CN-7 (the "CN-7"), which was submitted to DOH on June 15, 2016 in connection with the planned change of ownership of Marlton Rehabilitation Hospital (the "Hospital").

2. The list of health care facilities owned, operated or managed by Select Medical Corporation or its subsidiaries that offer services that are similar or related to the rehabilitation hospital services offered by the Hospital, which was submitted to DOH as Exhibit E to the CN-7, was complete and accurate as of the date of the submission of the CN-7.

IN WITNESS WHEREOF, the undersigned has executed this Attestation as of September 15, 2016.

KESSLER INSTITUTE FOR REHABILITATION, INC.

By: _____
Michael E. Tarvin
Vice President and Secretary

7

State of New Jersey
DEPARTMENT OF HEALTH
PO BOX 358
TRENTON, N.J. 08625-0358

www.nj.gov/health

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

MARY E. O'DOWD, M.P.H.
Commissioner

June 18, 2013

VIA UNITED PARCEL SERVICE
Michael Long, CEO
Marlton Rehabilitation Hospital
92 Brick Road
Marlton, NJ 08053

Re: Marlton Rehabilitation Hospital
Facility ID # 22252

Dear Mr. Cohen:

This letter confirms verbal authorization to occupy the newly renovated 16-bed Unit on the 3rd Floor at Marlton Rehabilitation Hospital, located at 92 Brick Road, Marlton in Burlington County, effective June 18, 2013. This approval is based on a recommendation from the Assessment and Survey Program of the Department of Health, as well as a certificate of occupancy from the local building authority. An amended license application is not required as the facility's license will remain unchanged at 46 Comprehensive Rehabilitation beds. The facility is also approved for the occupancy of 15 unlicensed, temporary, Rehabilitation beds.

Any approval granted by this Department of Health relates to Certificate of Need and/or Licensing requirements only and does not imply acceptance by a reimbursing entity. If you have any questions, you may contact Diane Cuccagna, Program Specialist at (609) 633-9042. When contacting our office, please refer to the Facility ID# noted above.

Sincerely,

John Calabria

John Calabria
Director
Certificate of Need and Healthcare Facility Licensure

c: J. Scopelite
D. Cuccagna
S. Dzurkoc
S. Mozgai
Lic. File

RECEIVED
JUN 24 2013

ReedSmith

Zachary A. Portin
Direct Phone: +1 215 851 8185
Email: zportin@reedsmith.com

Reed Smith LLP
Three Logan Square
Suite 3100
1717 Arch Street
Philadelphia, PA 19103
Tel +1 215 851 8100
Fax +1 215 851 1420
reedsmith.com

June 13, 2016

John Calabria, Director
Office of Certificate of Need and Healthcare Facility Licensure
New Jersey Department of Health & Senior Services
171 Jersey St., Bldg. 5, 1st Floor
Trenton, NJ 08611

Re: Kessler Institute for Rehabilitation, Inc. - Change of Ownership Application Relating to Marlton Rehabilitation Hospital

Dear Mr. Calabria:

This firm represents Kessler Institute for Rehabilitation, Inc. ("KIR"), a subsidiary of Select Medical Corporation ("Select Medical"). Enclosed please find an original plus two copies of KIR's application for an amended acute care facility license ("CN-7") (along with supporting documentation) for Marlton Rehabilitation Hospital, a comprehensive rehabilitation hospital currently owned and operated by a 92 Brick Operating Company, LLC ("92 BOC"), a subsidiary of Vibra Healthcare, LLC ("Vibra"), and licensed by the New Jersey Department of Health (the "Department").

KIR will acquire substantially all of the assets of Marlton Rehabilitation Hospital upon the closing of the transaction contemplated by an Asset Purchase Agreement dated June 3, 2016 between and among KIR, 92 BOC and Vibra for a total purchase price of $55,491,577.00 (the "Asset Purchase Agreement"). Such a transfer of a licensed hospital's assets constitutes a "transfer of ownership" under New Jersey Law, which requires KIR to file this CN-7 with the Department. KIR does not anticipate that there will be any change to the delivery of care currently provided by Marlton Rehabilitation Hospital, other than those expected in the ordinary course.

Specifically, pursuant to the Asset Purchase Agreement, at the closing, KIR will acquire all of the business, properties and assets of Marlton Rehabilitation Hospital, excluding only limited assets not used in the operation of Marlton Rehabilitation Hospital. Marlton Rehabilitation Hospital is currently located at 92 Brick Road in Marlton, New Jersey 08053 in space that 92 BOC leases from a third party. At the closing, KIR will assume 92 BOC's lease with the current lessor for the same space in order to permit Marlton Rehabilitation Hospital to be operated by KIR at the same location following closing.

A copy of a pre- and post-closing organizational chart is enclosed as Exhibit A.

We have enclosed the following documents in support of KIR's CN-7:

- A list of the names and addresses of the Board of Directors of KIR, its intermediate parent company, Kessler Rehabilitation Corporation ("KRC"), and Select Medical (enclosed as Exhibit B);
- A list identifying 100% of the ownership of KIR, and KRC (including the names and addresses of stockholders) (enclosed Exhibit C);
- A list of the health care facilities in New Jersey and any other state in which KIR, KRC and Select Medical have an ownership, operational or management interest (enclosed as Exhibit D);
- A list of licensed health care entities owned, operated or managed by Select Medical or its subsidiaries that offer services that are "similar or related" to the rehabilitation hospital services offered by Marlton Rehabilitation Hospital (enclosed as Exhibit E);
- Excerpts of the Asset Purchase Agreement pertinent to the proposed transfer of ownership, including the signature pages executed by KIR, 92 BOC and Vibra (enclosed as Exhibit F); and
- Track record reports for the licensed health care entities owned, operated or managed by Select Medical or its subsidiaries that offer services that are "similar or related" to the rehabilitation hospital services offered by Marlton Rehabilitation Hospital (enclosed as Exhibit G). (Please note that Exhibit G includes track record reports for certain licensed health care entities, owned, operated or managed by Select Medical or its subsidiaries that do *not* offer services that are "similar or related" to the rehabilitation hospital services offered by Marlton Rehabilitation Hospital. These track record reports were furnished by the relevant states when the states furnished track record reports for the entities offering similar or related services.)

In addition to the 46 licensed beds at Marlton Rehabilitation Hospital, KIR hereby also requests approval from DOH to continue to operate the 15 temporary unlicensed beds currently operated by Marlton Rehabilitation Hospital. DOH approved those temporary unlicensed beds pursuant to a letter dated June 18, 2013, a copy of which is attached as Exhibit H. We understand that DOH's approval of those temporary unlicensed beds in 2013 was based on community need as demonstrated by the facility's then-high rate of occupancy. In fact, Marlton Rehabilitation Hospital has operated with an average daily census consistently higher than the average daily census prior to the June 2013 approval of the temporary unlicensed beds, and consistently higher than the hospital's licensed bed capacity of 46 beds. We have enclosed at Exhibit I occupancy data for Marlton Rehabilitation Hospital's for each month from January 2013 through May 2016. We believe that this data demonstrates a continuing community need for DOH's approval of the 15 temporary unlicensed beds following KIR's acquisition of Marlton Rehabilitation Hospital.

ReedSmith

Thank you for your cooperation in this matter. If you have any questions or require additional information, please do not hesitate to contact me.

Very truly yours,

Zachary A. Portin

ZAP:mw

cc: Robert J. Bein, Select Medical Corporation (*via Email RBein@selectmedical.com*)
Douglas C. Yohe, Vibra Healthcare, LLC (*via Email dyohe@vibrahealth.com*)
Karl A. Thallner, Jr. (*via Email kthallner@reedsmith.com*)
Jonathan P. Moyer (*via Email jmoyer@reedsmith.com)*

Encs.

New Jersey Department of Health
Office of Certificate of Need and Healthcare Facility Licensure
PO Box 358
Trenton, NJ 08625-0358

JUN 17 2016

APPLICATION FOR NEW OR AMENDED ACUTE CARE FACILITY LICENSE

IMPORTANT: Complete and forward an original and two (2) copies to the above address. Please retain a copy for your records.

FOR STATE USE ONLY

Team B	☐ Approval ☐ Denial	Amount Received License Application Fee $ 1500 Biennial Inspection Fee $ TOTAL $ 1500
Facility ID No. 22252	Date Received 6/17/16	
Reviewer Signature		Date

Type of Application

- ☐ New Facility - CN # _____
- ☐ New Facility - CN Exempt (N.J.S.A. 26:2H-7a)
- ☒ Amendment Facility ID No. 22252

Type of Amendment

- ☐ Bed/Service Addition
- ☐ Bed/Service Reduction
- ☒ Transfer of Ownership (Licensed facilities as provided for at N.J.S.A. 26:2H-7a and N.J.A.C. 8:33-3.3(b) only)
- ☐ Relocation
- ☐ Change in Name of Operating Entity
- ☐ Change in Name of Facility

Official Name of Facility *	Operating Entity/Operator *
Kessler Institute for Rehabilitation, Inc.	Kessler Institute for Rehabilitation, Inc.
Site Address: 92 Brick Road; County: Burlington	Street Address: 4714 Gettysburg Road
City: Marlton; State: NJ; Zip Code: 08053	City: Mechanicsburg; State: PA; Zip Code: 17055
Telephone Number: (856) 988-8778; Fax Number: (856) 988-8254	Telephone Number: (717) 972-1100
Name of Facility Administrator/Director/CEO: Phyllis Schlichtmann	Name of Management Company, If Applicable (Submit copy of management agreement.) N/A
Title: CEO	Address
Name of Contact Person: Melanie Notario	City; State; Zip Code
Telephone Number: (717) 975-4503	Telephone Number: ( )
Name of Emergency Contact Person: Phyllis Schlichtmann	Name of Management Company Contact Person
Emergency Telephone Number: 856-988-4101	Title

** The official name of facility and operating entity will appear on the license. Please provide complete and accurate information. Please complete the application as to the name, address and telephone number for both the facility and operator even when the information is the same. As used in this application, "operator" or "operating entity" refers to the person or entity which is the holder of the facility license (i.e., licensee) and which has the ultimate responsibility for the provision of health care services.*

APPLICATION FOR NEW OR AMENDED ACUTE CARE FACILITY LICENSE, CONTINUED

Name of Facility: Pre-Transaction: Marlton Rehabilitation Hospital; Post-Transaction: Kessler Institute for Rehabilitation, Inc.

SECTION I - INPATIENT FACILITIES

Type of Facility (Check one)

- ☐ General Acute Care Hospital
- ☐ Psychiatric Hospital
- ☐ Residential Substance Abuse Treatment Facility
- ■ Comprehensive Rehabilitation Hospital
- ☐ Special Hospital
- ☐ Pediatric Community Transitional Home Facility

Beds and Services	New Facility Proposed Capacity/ Services	Current Licensed Capacity/ Services	Total Change (+) or (-)	Revised Capacity/ Services
Medical/Surgical Beds				
OB/GYN Beds ☐LDRP				
Pediatric Beds				
Adult ICU/CCU Beds				
Pediatric ICU Beds				
Psychiatric - Adult Acute				
- Adult Closed Acute				
- Adult Intermediate/Specialized				
- Child/Adolescent Acute				
- Child/Adolescent Intermediate				
Alcohol Detoxification Beds (Hospital Based)				
Comprehensive Rehabilitation Beds	N/A	46*	0	46*
Burn Unit				
TOTAL BEDS				
Neonatal Bassinets - Intensive				
- Intermediate				
Operating Rooms - Inpatient (Excl. Cardiac)				
- Same Day Surgery				
- Mixed-Use				
- Cardiac Surgery-Adult				
- Cardiac Surgery-Pediatric				
Cystoscopy Rooms				
Cardiac Catheterization Labs - Adult				
- Pediatric				
- Low Risk				
Transplantation Services - Bone Marrow				
- Heart				
- Kidney				
- Liver				
- Lung				
- Pancreas				
Renal Services - Acute Hemodialysis				
- Chronic Hemodialysis Stations				
- Chronic Peritoneal				
- CAPD/Home Training				
Linear Accelerator				
Cobalt Units				
Magnetic Resonance Imaging Unit - Open				
- Closed				
- Fixed				
- Mobile				
Computerized Axial Tomography - Fixed				
- Mobile				
Pediatric Community Transitional Home (PCTH) Beds				
Sleep Lab(s)				
Other (specify):				

In addition to the 46 licensed beds at Marlton Rehabilitation Hospital, Kessler Institute for Rehabilitation requests authorization from NJ DOH to continue operating the 15 unlicensed, temporary, beds at Marlton Rehabilitation Hospital. See Exhibits H and I.

APPLICATION FOR NEW OR AMENDED ACUTE CARE FACILITY LICENSE, CONTINUED

Name of Facility: Pre-Transaction: Marlton Rehabilitation Hospital; Post-Transaction: Kessler Institute for Rehabilitation, Inc.

SECTION I - INPATIENT FACILITIES, CONTINUED

Beds and Services	New Facility Proposed Capacity/ Services	Current Licensed Capacity/ Services	Total Change (+) or (-)	Revised Capacity/ Services
Lithotripter - Fixed				
- Mobile				
- Transportable				
Positron Emission Tomography - Fixed				
- Portable				
- CT Unit				
Hyperbaric Chamber				
Gamma Knife				
Designations - CPC-Basic				
- CPC-Intermediate				
- CPC-Intensive				
- Regional Perinatal Center				
- Children's Hospital				
- Level I Trauma				
- Level II Trauma				
Hospital-Based Off-Site Ambulatory Care Facility *				
Residential Substance Abuse Treatment Beds - Extended Care Adult				
- Extended Care Adult Female				
- Extended Care Adult Male				
- Extended Care Juvenile				
- Extended Care Juvenile Female				
- Extended Care Juvenile Male				
- Halfway House Adult				
- Halfway House Adult Female				
- Halfway House Adult Male				
- Halfway House Juvenile				
- Halfway House Juvenile Female				
- Halfway House Juvenile Male				
- Long Term Adult				
- Long-Term Adult Female				
- Long-Term Adult Male				
- Long-Term Juvenile				
- Long-Term Juvenile Female				
- Long-Term Juvenile Male				
- Short-Term Adult				
- Short-Term Adult Female				
- Short-Term Adult Male				
- Short-Term Juvenile				
- Short-Term Juvenile Female				
- Short-Term Juvenile Male				
- Non-Hosp. Based Detox. Adult				
- Non-Hosp. Based Detox. Adult Female				
- Non-Hosp. Based Detox. Adult Male				
- Non-Hosp. Based Detox. Juvenile				
- Non-Hosp. Based Detox. Juvenile Female				
- Non-Hosp. Based Detox. Juvenile Male				
Long Term Care Beds **				
Sub-Acute Beds **				
Adult Day Health Care Slots **				

* In addition to the application to amend the hospital's license, a separate license application, with applicable fee, must be submitted for each ambulatory care facility, as well as documentation of compliance with N.J.A.C. 8:43G-2.11.

** For record keeping purposes only, license is issued by Long Term Care Licensing Program.

APPLICATION FOR NEW OR AMENDED ACUTE CARE FACILITY LICENSE, CONTINUED

Name of Facility: Pre-Transaction: Marlton Rehabilitation Hospital; Post-Transaction: Kessler Institute for Rehabilitation, Inc.

SECTION II - AMBULATORY CARE FACILITY

Services Provided	New Facility Proposed Capacity/ Services	Current Licensed Capacity/ Services	Total Change (+) or (-)	Revised Capacity/ Services
Ambulatory Surgery Operating Rooms				
Birth Center				
Community Based Primary Care				
Community Based Primary Care Satellite				
Comprehensive Outpatient Rehabilitation				
Computerized Axial Tomography - Fixed				
- Mobile				
Drug Abuse Treatment (Outpatient)				
Drug Abuse Treatment (Methadone Maintenance)				
Lithotripter - Fixed				
- Mobile *				
- Transportable				
Family Planning				
Family Planning Satellite				
Home Health Agency **				
Home Health Agency Branch Office **				
Hospice				
Hospice Branch Office				
Hyperbaric Chamber				
Magnetic Resonance Imaging - Open				
- Closed				
- Mobile *				
- Portable				
Renal - Chronic Hemodialysis Stations				
- Chronic Peritoneal				
- CAPD/Home Training				
Linear Accelerator				
Positron Emission Tomography - Fixed				
- Portable				
- CT Unit (Comb.)				
Sleep Lab(s)				
Other Services (specify):				

* Identify name of manufacturer, serial number, and all locations served by mobile MRI/Lithotripter/PET Scanner.

** Identify Home Health Agency service area:

SECTION III - OPERATING ENTITY

Type of Operating Entity

- ☐ Sole Proprietorship
- ☐ General Partnership
- ☐ Limited Partnership
- ☐ Limited Liability Company
- ☐ Professional Association
- ☐ Government Agency
- ■ Corporation - For Profit *
- ☐ Corporation - Nonprofit *

(Attach list of the names and addresses of board of directors/trustees) See Exhibit B.

* NOTE: If the corporate entity is a wholly-owned subsidiary, please identify the parent corporation.

Kessler Rehabilitation Corporation (intermediate parent); Select Medical Corporation (parent).

Name and Title of Individual or Current Registered Agent Upon Whom Orders May be Served (Must be NJ Resident)

Corporation Trust Company

Residence Address	City	State	Zip Code
820 Bear Tavern Road	West Trenton	NJ	08628

APPLICATION FOR NEW OR AMENDED ACUTE CARE FACILITY LICENSE, CONTINUED

Name of Facility

Pre-Transaction: Marlton Rehabilitation Hospital; Post-Transaction: Kessler Institute for Rehabilitation, Inc.

SECTION III - OPERATING ENTITY, CONTINUED

PRINCIPALS IN OPERATING ENTITY

Attach a list of the names and addresses of partners/stockholders and identify 100% of the ownership, except that for publicly held corporations, identify each principal who has a 10% or greater interest in the corporation. Applicants for transfer of ownership shall provide information for the PROPOSED operator. See Exhibit C.

1. Have any of the principals of the operating entity ever applied, directly or indirectly, for health care facility approval in New Jersey, or any other state, which was denied or revoked?

☐Yes ■No

If Yes, indicate whom and give details (attach additional sheets if necessary):

2. Do any of the principals of the operating entity have an ownership, operational or management interest in any other licensed health care facility in New Jersey, or any other state?

■Yes ☐No

If Yes, explain the nature of the interest and give name and address of each facility:

Kessler Institute for Rehabilitation Inc., Kessler Rehabilitation Corporation, and Select Medical Corporation have an ownership, operational or management interest in the licensed health care facilities listed on Exhibit D.

3. Have any principals of the operating entity ever been found guilty of a criminal or administrative charge of resident/patient fraud, abuse and/or neglect? Have any of these ever been indicted for the same charge?

☐Yes ■No

If Yes, explain in detail (attach additional sheets if necessary):

4. Have any principals of the operating entity ever been indicted for or convicted of a felony crime?

☐Yes ■No

If Yes, explain in detail (attach additional sheets if necessary):

APPLICATION FOR NEW OR AMENDED ACUTE CARE FACILITY LICENSE, CONTINUED

Name of Facility
Pre-Transaction: Marlton Rehabilitation Hospital; Post-Transaction: Kessler Institute for Rehabilitation, Inc.

AFFILIATED HEALTH CARE FACILITIES

Identify the name, address and Medicare Provider Number of all health care facilities, both in New Jersey and in any other state, which are owned, operated or managed by the applicant, any principals or any corporate entity related to the applicant (e.g. parent or subsidiary) which is similar or related to the service which is the subject of the application. If licensed out-of-state facilities are listed, submit track record reports for the preceding 12 months from the respective state agencies responsible for licensing those facilities. Attach additional sheets as necessary.

Name and Address of Facility	Medicare Provider Number
See Exhibit E.	

CERTIFICATION

I, Michael Tarvin of full age, hereby certify that I am employed with Kessler Institute for Rehabilitation, Inc. in the capacity of Vice President and Secretary and am duly authorized to make the representations contained within this application for licensure on behalf of the applicant and to bind the applicant thereto; that the facility has been and will be operated in accordance with all applicable laws, rules and regulations, both state and federal; and that all information supplied in this application, including any and all attachments, are true, accurate and correct to the best of my knowledge. I am aware that if any of the information contained in this application, including any and all attachments, are willfully false or misleading, I and the applicant may be subject to civil and/or criminal penalties in accordance with applicable laws and/or other licensure enforcement activity, including, but not limited to facility loss of license in accordance with N.J.A.C. 8:43E.

Name of Operator or Authorized Representative	Title
☒ Mr. ☐ Ms. Michael Tarvin	Vice President, Secretary
Signature Michael E Tarvin	**Date**

FOR TRANSFER OF OWNERSHIP

Name of Proposed Operator or Authorized Representative	Title
☒ Mr. ☐ Ms. Michael Tarvin	Vice President, Secretary
Signature Michael E Tarvin	**Date**
Name of Current Operator or Authorized Representative	**Title**
☒ Mr. ☐ Ms. Clint Fegan	Chief Financial Officer
Signature	**Date**

IMPORTANT: Complete and forward an original and two (2) copies to the above address. Please retain a copy for your records.

APPLICATION FOR NEW OR AMENDED ACUTE CARE FACILITY LICENSE, CONTINUED

Name of Facility
Pre-Transaction: Marlton Rehabilitation Hospital; Post-Transaction: Kessler Institute for Rehabilitation, Inc.

AFFILIATED HEALTH CARE FACILITIES

Identify the name, address and Medicare Provider Number of all health care facilities, both in New Jersey and in any other state, which are owned, operated or managed by the applicant, any principals or any corporate entity related to the applicant (e.g. parent or subsidiary) which is similar or related to the service which is the subject of the application. If licensed out-of-state facilities are listed, submit track record reports for the preceding 12 months from the respective state agencies responsible for licensing those facilities. Attach additional sheets as necessary.

Name and Address of Facility	Medicare Provider Number
See Exhibit E.	

CERTIFICATION

I, Michael Tarvin of full age, hereby certify that I am employed with Kessler Institute for Rehabilitation, Inc. in the capacity of Vice President and Secretary and am duly authorized to make the representations contained within this application for licensure on behalf of the applicant and to bind the applicant thereto; that the facility has been and will be operated in accordance with all applicable laws, rules and regulations, both state and federal; and that all information supplied in this application, including any and all attachments, are true, accurate and correct to the best of my knowledge. I am aware that if any of the information contained in this application, including any and all attachments, are willfully false or misleading, I and the applicant may be subject to civil and/or criminal penalties in accordance with applicable laws and/or other licensure enforcement activity, including, but not limited to facility loss of license in accordance with N.J.A.C. 8:43E.

Name of Operator or Authorized Representative	Title
☒Mr. ☐Ms. Michael Tarvin	Vice President, Secretary
Signature	**Date**

FOR TRANSFER OF OWNERSHIP

Name of Proposed Operator or Authorized Representative	Title
☒Mr. ☐Ms. Michael Tarvin	Vice President, Secretary
Signature	**Date**
Name of Current Operator or Authorized Representative	**Title**
☒Mr. ☐Ms. Clint Fegan	Chief Financial Officer
Signature	**Date**
Clint F	6/9/16

IMPORTANT: Complete and forward an original and two (2) copies to the above address. Please retain a copy for your records.

EXHIBIT C
OWNERSHIP STATEMENT

Kessler Institute for Rehabilitation, Inc. ("KIR") is a wholly-owned direct subsidiary of Kessler Rehabilitation Corporation ("KRC") and a wholly-owned indirect subsidiary of Select Medical Corporation ("SMC"). KRC owns 100% of the issued and outstanding stock of KIR. KRC's address is 4714 Gettysburg Road, Mechanicsburg, PA 17055. SMC owns 100% of the issued and outstanding stock of KRC. SMC's address is 4714 Gettysburg Road, Mechanicsburg, PA 17055.

EXHIBIT A
POST-CLOSING ORGANIZATIONAL CHART

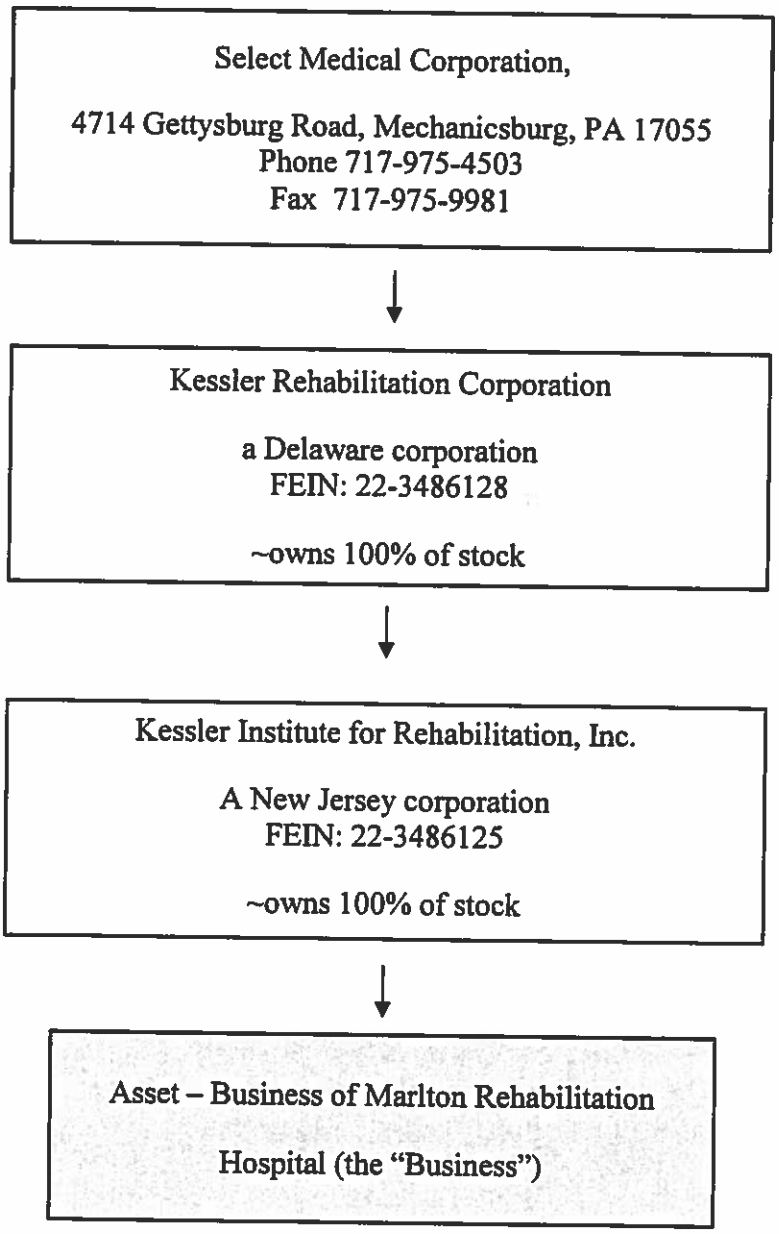
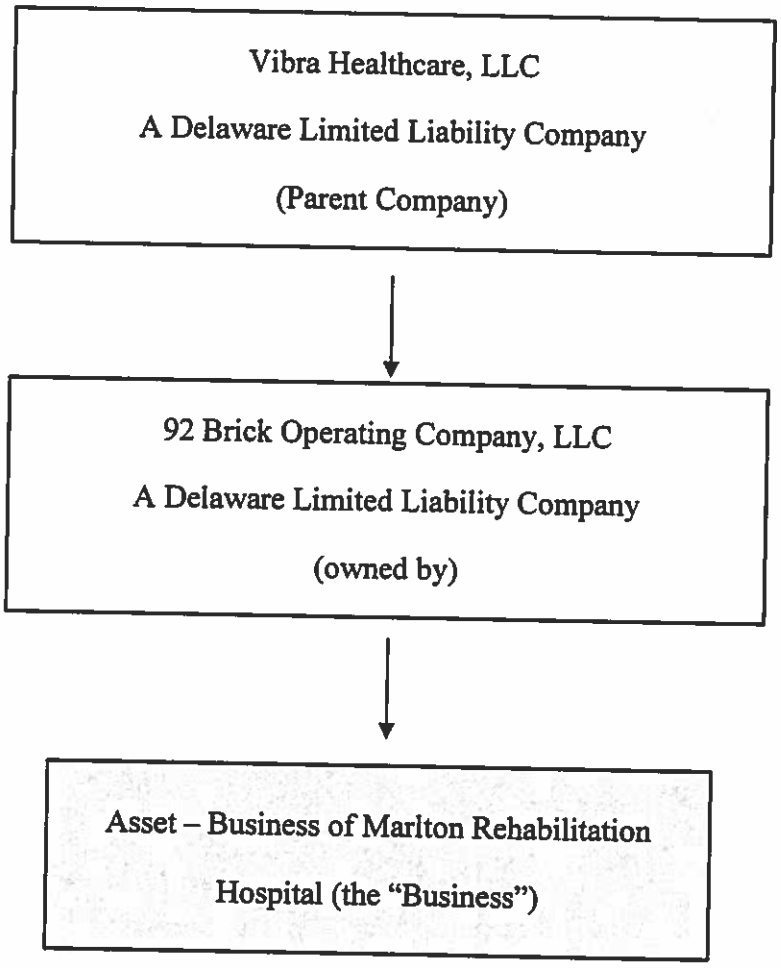


EXHIBIT A
PRE-CLOSING ORGANIZATIONAL CHART



ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "Agreement") is made and entered into on this 3rd day of June, 2016, by and among KESSLER INSTITUTE FOR REHABILITATION, INC., a New Jersey corporation (the "Buyer"), 92 BRICK OPERATING COMPANY, LLC, a Delaware limited liability company (the "Seller") and VIBRA HEALTHCARE, LLC, a Delaware limited liability company (the "Owner"). The Buyer, the Seller and the Owner are sometimes referred to collectively herein as the "Parties" and individually as a "Party."

Background

A. The Seller owns and operates a free-standing, inpatient rehabilitation Hospital located at the Seller Leased Real Property (defined below) at 92 Brick Road in Marlton, New Jersey and named "Marlton Rehabilitation Hospital" (the "Hospital").

B. The Owner owns all of the issued and outstanding limited liability company membership interests of the Seller.

C. The Buyer desires to acquire the Business (defined below) and certain assets of Seller used in, or directly related to, the Business, including but not limited to, all equipment (owned or leased), supplies, treatment procedures, policies and protocols used in, and the goodwill of, the Business, and Seller is willing to sell the same to Buyer, at the price and on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS

For purposes of this Agreement, the following terms have the meanings specified or referred to in this Article I:

"Affiliate" shall mean, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with such Person. For the purposes of this definition, "control" (including the terms "controlled by" and "under common control with"), with respect to the relationship between or among two or more Persons, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, by agreement or otherwise.

"Affiliated Group" means any affiliated group within the meaning of IRC § 1504(a) or any similar group defined under a similar provision of state, local or foreign law.

"Agency Settlements" means rights to settlement and retroactive adjustments, if any, for cost reporting periods ending on or prior to the Closing Date, whether open or closed, arising

from or against the Medicare, Medicaid or other third party payor programs which settle upon a basis other than an individual claims basis.

"Agreement" has the meaning defined in the introductory paragraph of this Agreement.

"Annual Financial Statements" has the meaning defined in Section 3.4.

"Assets" has the meaning defined in Section 2.1(a).

"Assignment and Assumption Agreement" means the Assignment and Assumption Agreement, between the Buyer and Seller, to be in substantially the form attached hereto as Exhibit A.

"Assumed Contracts" has the meaning defined in Section 2.1(a)(x).

"Assumed Liabilities" has the meaning defined in Section 2.1(c).

"Assumed Pre-Closing Liabilities" has the meaning defined in Section 2.1(c).

"Basket" has the meaning defined in Section 11.3.

"Bill of Sale" means the Bill of Sale by the Seller, to be in substantially the form attached hereto as Exhibit B.

"Business" means the operation of the Hospital as a freestanding inpatient rehabilitation facility.

"Business Day" means any day except Saturday, Sunday or any other day on which commercial banks located in the Commonwealth of Pennsylvania are authorized or required by Law to be closed for business.

"Buyer" has the meaning defined in the introductory paragraph of this Agreement.

"Cap" has the meaning defined in Section 11.3.

"Cash Purchase Price" means $55,491,577.00.

"Claim Notice" has the meaning defined in Section 11.4(a).

"Claim Response" has the meaning defined in Section 11.4(a).

"Closing" has the meaning defined in Section 2.3.

"Closing Date" has the meaning defined in Section 2.3.

"Confidential Information" has the meaning defined in Section 6.1.

"Consent" means any approval, consent, ratification, waiver, or other authorization (including any Governmental Authorization), including the satisfaction of any requirement to pay any fees or other amounts under any Contract, arising in connection with the transactions contemplated hereby.

"Contract" means any agreement, contract, license, sublicense, lease, sublease, instrument or binding commitment or arrangement.

"Disclosure Schedules" means, collectively, those schedules delivered by the Seller and the Buyer attached to this Agreement that set forth the facts and circumstances that qualify or are otherwise required by the Parties' respective representations and warranties in Articles III and IV of this Agreement.

"EBITDA" means net income before interest, income taxes, depreciation and amortization of a Person for a particular period, determined in accordance with GAAP.

"Effective Time" has the meaning defined in Section 2.3.

"Encumbrance" means any mortgage, easement, right of way, charge, claim, equitable interest, lien, option, pledge, security interest, right of first refusal, or any material restriction on use, voting, transfer, receipt of income, or exercise of any other attribute of ownership.

"Entity" means a corporation, general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union, or other entity.

"Environment" shall have the meaning defined by § 101(8) of CERCLA, 42 U.S.C. § 9601(8).

"Environmental Condition" shall mean: (A) any Release of a Hazardous Substance from, in, on, under, or onto any of the Seller Leased Real Property; (B) any Release of a Hazardous Substance from the Seller Leased Real Property in, on, under, or onto any other real property that results in any damages, loss, cost, expenses, obligation to investigate, remediate, or report, or any other liability; (C) any violation of any Environmental Law relating to the manufacturing, generation, processing, distribution, transportation, storage, use, handling, Release of any Hazardous Substance in connection with the operations of the Hospital; or (D) any Release of a Hazardous Substance generated by any operation currently conducted or formerly conducted by or for the Seller, the Owner, or any of their respective Affiliates at any of the Seller Leased Real Property. For purposes of this definition, "any Release of a Hazardous Substance" shall refer to a Release or threat of a Release to which a cost of response recoverable under applicable Environmental Laws would be reasonably likely to be incurred.

"Environmental Laws" shall mean all Legal Requirements, each as amended as of the date of this Agreement and as thereafter amended, relating to protection of health and the environment (including ambient air, surface water, ground water, land surface, or subsurface strata), and shall include, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 USC § 9601 et seq., the federal Solid Waste Disposal Act, 42 USC § 6901 et seq. ("RCRA"), the Federal Water Pollution Control Act (the "CWA"), 33 USC § 1251 et seq., the federal Clean Air Act, 42 USC § 7401 et seq., the Toxic Substances Control Act, 15 USC § 2601 et seq., the federal Safe Drinking Water Act, 42 USC §§ 300f through 300j, the federal Oil Pollution Act, 33 USC § 2701 et seq., the federal Emergency Planning and Community Right-To-Know Act, 42 USC § 11001 et seq., the New Jersey Spill Compensation and Control Act (the "Spill Act"), N.J.S.A. 58:10-23.11 et seq.; the New Jersey Underground Storage of Hazardous Substances Act, N.J.S.A. 58:10A-21 et seq.; the New Jersey Solid Waste Management Act, N.J.S.A. 13:13E-1 et seq.; the New Jersey Air Pollution Control Act, N.J.S.A. 26:2C-1 et seq.; the New Jersey Water Pollution Control Act, N.J.S.A. 58:10A-1 et seq.; the New Jersey Safe Water Drinking Act, N.J.S.A. 58:12A-1 et seq.; the New Jersey Brownfield and Contaminated Site Remediation Act (the "Brownfield Act"), N.J.S.A. 58:10B-1 et seq.; the New Jersey Site Remediation and Reform Act (the "SRRA"), N.J.S.A. 58:10C-1 et seq.; and the New Jersey Comprehensive Medical Waste Act, N.J.S.A. 13:1E-48.1 et seq., and each regulation promulgated, proposed, adopted or issued pursuant to any of these statutes.

"Excluded Assets" has the meaning defined in Section 2.1(b).

"Excluded Liabilities" has the meaning defined in Section 2.1(c).

"Financial Statements" has the meaning defined in Section 3.4.

"Fundamental Representations and Warranties" has the meaning defined in Section 10.1(a).

"GAAP" means U.S. generally accepted accounting principles.

"Governmental Authorization" means any approval, consent, license, permit, certification, registration, waiver, or other authorization issued, granted, given, required, or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement.

"Governmental Body" means any:

(a) nation, state, county, city, town, village, district, or other jurisdiction of any nature;

(b) federal, state, local, municipal, foreign, or other government;

(c) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal); or

(d) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature.

"Government Programs" means the federal Medicare program, TRICARE (formerly the Civilian Health and Medical Program of the Uniformed Services), the New Jersey Medicaid Program, the Medicaid program of any other state, and each other federal health care program (as defined in 42 U.S.C. § 1320a-7b(f)).

"Hazardous Substance" means any chemical or substance: (A) the presence of which requires investigation, or remediation, or reporting to any Governmental Body, under any Environmental Laws; (B) which is or becomes defined or listed by or pursuant to any Environmental Laws as a "contaminant", a "residual waste," a "medical waste," a "regulated medical waste," a "solid waste," a "hazardous waste," a "hazardous substance," a "toxic substance," a "pollutant," a "toxic pollutant," or a "hazardous air pollutant" under any Environmental Laws; (C) which is toxic, explosive, corrosive, carcinogenic, mutagenic or otherwise hazardous and is or becomes regulated by any Governmental Body; (D) which contains, without limitation, gasoline, diesel fuel, fuel oil, any petroleum hydrocarbons, or constituents of a petroleum product; (E) which contains radioactive materials regulated by any Environmental Law; or (F) which contains, without limitation, polychlorinated biphenyls ("PCBs"), or asbestos or urea formaldehyde foam insulation.

"Health Care Laws" means Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395hhh (the Medicare statute), including specifically, the Ethics in Patient Referrals Act, as amended, 42 U.S.C. § 1395nn; Title XIX of the Social Security Act, 42 U.S.C. §§ 1396-1396v (the Medicaid statute); the Federal Health Care Program Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b); the False Claims Act, 31 U.S.C. §§ 3729-3733 (as amended); the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; the Civil Monetary Penalties Law, 42 U.S.C. §§ 1320a-7a and 1320a-7b; the Exclusion Laws, 42 U.S.C. § 1320a-7; the Health Insurance

Portability and Accountability Act of 1996, 42 U.S.C. §§ 1320d-1329d-8, as amended by the Health Information Technology for Economic and Clinical Health Act, enacted as Title XIII of the American Recovery and Reinvestment Act of 2009, Public Law 111-5 ("HIPAA"); the Patient Protection and Affordable Care Act; the Health Care Fraud Enforcement Act of 2009, and all applicable amendments, implementing regulations, rules, ordinances, judgments, and orders; and any similar state and local statutes, regulations, rules, ordinances, judgments, and orders; and all applicable federal, state, and local licensing, certificate of need, regulatory and reimbursement statutes, regulations, rules, ordinances, orders, and judgments applicable to healthcare service providers.

"Hospital" has the meaning defined in Recital A of this Agreement.

"Indebtedness" means, without duplication, (i) indebtedness for borrowed money or indebtedness issued or incurred in substitution or exchange for indebtedness for borrowed money, (ii) amounts owing as deferred purchase price for property or services, (iii) indebtedness evidenced by any note, bond, debenture, mortgage or other debt instrument or debt security, (iv) obligations under any interest rate, currency or other hedging agreement, including any swap arrangement, (v) obligations under any performance bond or letter of credit (vi) guarantees with respect to any indebtedness of any other Person of a type described in clauses (i) through (v) above, and (vii) for clauses (i) through (vi) above, all accrued but unpaid interest thereon, if any, and any termination fees, prepayment penalties, "breakage" costs or similar payments associated with the repayments of such Indebtedness that is to be repaid in connection with the transactions contemplated by this Agreement (including fees, costs or payments associated with the termination of any related swap arrangements).

"Indemnitee" has the meaning defined in Section 11.4(a).

"Indemnitor" has the meaning defined in Section 11.4(a).

"Intellectual Property" has the meaning defined in Section 3.13(a).

"Interim Financial Statements" has the meaning defined in Section 3.4.

"IRC" means the Internal Revenue Code of 1986, as amended, or any successor law, and regulations issued by the IRS pursuant to the Internal Revenue Code or any successor law.

"IRS" means the United States Internal Revenue Service or any successor agency, and, to the extent relevant, the United States Department of the Treasury.

"Knowledge" means (i) with respect to the Seller, the actual knowledge of any of Brad Hollinger, Clint Fegan and Michael Long, after reasonable investigation of the subject matter to which such Person's knowledge is relevant, and (ii) with respect to the Buyer, the actual knowledge of any of Michael E. Tarvin and Martin F. Jackson, after reasonable investigation of the subject matter to which such Person's knowledge is relevant.

"Landlord" means Carter Validus Properties II, LLC, a Delaware limited liability company, or an Entity controlled by it, which is party to the New Facility Sublease Agreement and the Lease Assignment Agreement as lessor.

"Lease Assignment Agreement" means the Assignment and Assumption of Lease Agreement among the Buyer, the Seller and the Landlord, to be in substantially the form attached hereto as Exhibit E.

"Legal Requirement" means any federal, state, local, municipal, foreign, international, multinational, or other administrative order, constitution, law, ordinance, principle of common law, court order, consent, decree, regulation, license, permit, statute, or treaty, including, without limitation, all Health Care Laws and Environmental Laws.

"Licenses" has the meaning defined in Section 3.20.

"Losses" means losses, damages, liabilities, deficiencies, Actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers; *provided, however*, that "Losses" shall not include punitive, incidental or consequential damages, except in the case of fraud or to the extent actually awarded to a Governmental Body or other third-party.

"Material Adverse Effect" means, with respect to a particular Person, any event, fact, circumstance or condition that, individually or in the aggregate with any other such events, facts, circumstances or conditions, has had or would be reasonably expected to have (a) a material adverse effect on the business, results of operations, assets or financial condition of such Person and its subsidiaries (if any), taken as a whole, (b) solely with respect to the Seller, a material adverse effect on the business, results of operations, assets or financial performance of the Hospital, or (c) a material impairment of such Person's ability to consummate the transactions contemplated hereby or by the other Transaction Documents, but excluding any such event, change, development or occurrence attributable to or resulting from (i) any change in applicable Law or the interpretation thereof, (ii) any change in GAAP or the interpretation thereof, (iii) any events, changes, developments or occurrences generally affecting the industries in which the Business operates, except to the extent such events, changes, developments or occurrences affect the Business in a disproportionately adverse manner relative to the business and operations of other Persons engaged in such industry, (iv) general economic, political or market conditions, except to the extent such conditions affect the Business in a disproportionately adverse manner relative to the business and operations of other Persons engaged in the industries in which the Business operates, (v) any disasters, calamities, emergencies, acts of war, sabotage or terrorism (or an escalation or worsening of any of the foregoing), except to the extent affecting the Business in a disproportionately adverse manner relative to the business and operations of other Persons operating in the industries in which the Business operates, (vi) the entry into or announcement of this Agreement and the transactions contemplated hereby, (vii) any action taken or omitted to be taken by the Seller or the Owner pursuant to this Agreement or at the written request or with the prior written consent of the Buyer, (viii) any loss of, or change in, the relationship of the Business with its customers, employees or suppliers (but not any breach of Contract by the Seller) that is a direct result of the execution, delivery or performance (in accordance with its terms) of this Agreement, the consummation of the transactions contemplated by this Agreement or the announcement of any of the foregoing, (ix) the failure of the Business to achieve internal or external financial forecasts or projections (it being understood that this clause shall not prevent a Party from asserting that any event, change, development or circumstance that contributed to such failure independently constitutes a Material Adverse Effect), or (x) any breach by the Buyer of this Agreement, provided, however, that, notwithstanding the foregoing provisions of this definition of Material Adverse Effect, a decrease of the EBITDA of the Seller derived from the Business of 20% or more during the

immediately preceding 12 month period, as determined in accordance with GAAP, shall constitute a Material Adverse Effect for purposes of this Agreement.

"Material Contracts" has the meaning defined in Section 3.9.

"New Facility Sublease Agreement" means the Facility Sublease among the Seller and the Landlord, to be in substantially the form attached hereto as Exhibit E.

"New Salm Agreement" means a new agreement among the Buyer, Allen J. Salm, M.D., and such other applicable parties as may be determined by the Buyer, to be a form acceptable to Buyer in its reasonable discretion.

"New Virtua Services Agreement" means a new services agreement among Virtua Health, Inc., its applicable Affiliates and the Buyer, to be a form acceptable to Buyer in its reasonable discretion.

"Organizational Documents" means the articles or certificate of incorporation and the bylaws of a corporation, the articles or certificate of formation and the operating agreement of a limited liability company, and any amendment to any of the foregoing.

"Owner" has the meaning in the introductory paragraph of this Agreement.

"Party" or "Parties" has the meaning defined in the introductory paragraph of this Agreement.

"Permitted Encumbrances" means other than, with respect to a particular Person, (a) mechanics', materialmen's, landlord's and similar liens, in each case, which do not have a material impact on such Person's assets or business, (b) deposits or pledges made in connection with, or to secure payment of, workers' compensation, unemployment insurance or similar programs mandated by applicable Legal Requirements, (c) with respect to the Seller, the terms of Contracts utilized in the operation of the Seller after Closing (excluding, for the avoidance of doubt, the Seller Excluded Contracts) and (d) other encumbrances that would not reasonably be expected to materially and adversely affect the usual and customary operations of the Seller.

"Person" means any individual, Entity or Governmental Body.

"Proceeding" means any action, arbitration, audit, claim, grievance, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Body or arbitrator.

"Purchase Price" has the meaning defined in Section 2.2(a).

"Purchase Price Adjustment" means (i) the amount of all paid time off identified by Seller to Buyer in accordance with Section 2.1(c)(i) *plus* (ii) the amount of all Prorated Expense payable by Seller to Buyer as set forth on the settlement statement required under Section 6.7, *minus* (iii) the amount of all Prorated Expense payable by Buyer to Seller as set forth on the settlement statement required under Section 6.7.

"Regulations" has the meaning set forth in Section 3.16(a).

"Release" shall mean any spilling, leaking, pumping, pouring, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the Environment of any Hazardous Substance and shall include, but not be limited to, any discharge as defined by any

Environmental Law of any Hazardous Substance, but shall not include any discharge pursuant to a valid permit issued under any Environmental Law.

"Representative" means with respect to a particular Person, any manager, director, officer, employee, agent, consultant, advisor, or other representative of such Person, including legal counsel, accountants, and financial advisors.

"Response Period" has the meaning defined in Section 11.4(a).

"Schedules" shall mean any schedules hereto which are not Disclosure Schedules.

"Seller" has the meaning in the introductory paragraph of this Agreement.

"Seller Designated Employees" has the meaning defined in Section 3.18(a).

"Seller Designated Independent Contractors" has the meaning defined in Section 3.18(a).

"Seller Employee Benefit Plans" has the meaning defined in Section 3.18(e).

"Seller ERISA Pension Plan" has the meaning defined in Section 3.18(e).

"Seller ERISA Welfare Plans" has the meaning defined in Section 3.18(e).

"Seller Leased Real Property" has the meaning defined in Section 3.6(a).

"Seller Operating Assets" has the meaning defined in Section 3.6(b).

"Seller Transferred IP Rights" has the meaning defined in Section 3.13(a).

"Tax" and "Taxes" means (a) all income, gross receipts, franchise, estimated, excise, transfer, severance, value added, ad valorem, sales, use, wage, payroll, workmen's compensation, employment, withholding, social security, alternative minimum, add-on minimum, occupation, and real and personal property taxes; taxes measured by or imposed on capital; levies, imposts and duties; license and legislation fees; other taxes imposed by any Governmental Body, including assessments in the nature of taxes; interest, penalties, fines, assessments and deficiencies relating to any tax or taxes; (b) liability for the payment of any amounts of the type described in clause (a) arising as a result of being (or ceasing to be) a member of any Affiliated Group (or being included (or required to be included) in any Tax Return relating thereto); and (c) liability for the payment of any amounts of the type described in clause (a) as a result of any express or implied obligation to indemnify or otherwise assume or succeed to the liability of any other Person.

"Tax Return" means any return, report or similar statement required to be filed with respect to any Tax (including any attached schedules), including, without limitation, any information return, claim for refund, amended return or declaration of estimated Tax.

"Transaction Documents" shall mean this Agreement, the New Facility Sublease Agreement, the Lease Assignment Agreement, the Bill or Sale, the Assignment and Assumption Agreement and any and all other certificates, documents or agreement contemplated hereby or thereby.

"Transfer Tax" has the meaning set forth in Section 12.1.

ARTICLE II
PURCHASE; CLOSING

2.1 Purchase.

(a) Subject to the terms and conditions hereof, and on the basis of and in reliance upon the covenants, agreements, and representations and warranties set forth herein, at the Closing, Seller shall sell, transfer, assign, convey and set over to Buyer, free and clear of all Encumbrances, and Buyer shall purchase from Seller, all of Seller's right, title and interest in, to and under all of the business, properties, assets, goodwill, rights and claims of whatever kind and nature, real and personal, tangible and intangible, known and unknown, actual and contingent and wherever situated, which are then owned, leased, held or used by Seller that relates to the Business (excluding only those assets specifically excluded from this sale pursuant to Section 2.1(b) hereof), including, without limitation, the following (collectively, the "Assets"):

(i) all equipment, supplies, business forms and other tangible personal property used or useful in, or directly related to, the Business, whether or not carried on the books of Seller;

(ii) all inventories of supplies and other disposables and consumables which are owned by Seller and are useable and on hand at the Hospital on the Closing Date;

(iii) all fixtures, equipment and other personal property located in the Hospital;

(iv) all treatment procedures, policies and protocols used in the Business;

(v) electronic or paper copies of all patient medical records for current patients of the Hospital as of the Effective Time and employment records for all Seller Designated Employees;

(vi) prepaid assets, choses in action, deposits, and other tangible personal property owned by Seller relating to the Business;

(vii) all right, title and interest of Seller in and to the Seller Leased Real Property;

(viii) all rights of Seller in and to any lease for equipment, furnishings or furniture;

(ix) all express or implied warranties from any supplier of Seller with respect to the Business, in each case to the extent such transfer is permitted by law;

(x) to the extent assignable, all service contracts, maintenance contracts and other rights under contracts of Seller relating to the Business (the "Assumed Contracts");

(xi) all cash advances from clients, customers and patients for services to be provided after the Closing;

(xii) all client and customer lists, files and records, and all other records, correspondence and files of Seller relating to the Business;

(xiii) all Intellectual Property listed on Schedule 3.13(a) of the Disclosure Schedules;

(xiv) to the extent assignable, all Licenses owned by the Seller and listed in Schedule 3.20 of the Disclosure Schedules;

(xv) all of Seller's right, title and interest in and to the name "Marlton Rehabilitation Hospital" or variations thereof, and all other trade names used by Seller in the Business other than "Vibra", "Vibra Healthcare" or variations thereof;

(xvi) all goodwill of the Business; and

(xvii) all other tangible and intangible assets, which are used or useful in or necessary to the operation of the Business, other than those assets specifically described below in Section 2.1(b).

(b) The only assets of Seller that shall not be transferred and sold to Buyer pursuant to Section 2.1(a) above (the "Excluded Assets") shall be the following:

(i) all cash and cash equivalents;

(ii) all accounts and notes receivable and all other rights to receive payment from third parties;

(iii) all of Seller's insurance policies;

(iv) all of Seller's corporate records and Tax Returns; and

(v) any other assets identified on Schedule 2.1(b) attached hereto.

(c) Subject to the terms and conditions of this Agreement, at the Closing, the Buyer shall assume and thereafter pay, perform and discharge, or cause to be paid and discharged, when due, only (i) the obligations of Seller for paid time off accrued prior to the Closing Date for those Seller Designated Employees, if any, who have accepted an offer of employment from Buyer pursuant to Section 6.6(a) below, but only to the extent such amounts are set forth in a writing delivered to Buyer no later than three (3) Business Days prior to Closing and are agreed upon by Buyer; (ii) the liabilities and obligations of Seller first arising after the Closing pursuant to the Assumed Contracts, but only to the extent not arising from and not attributable to any breach, default or failure of performance thereunder by Seller occurring on or prior to the Closing, and (iii) liabilities and obligations of Seller arising prior to the Closing pursuant to the Contracts and Proceedings, if any, which are expressly identified on Schedule 2.1(c) (any such liabilities and obligations, the "Assumed Pre-Closing Liabilities" and all liabilities and obligations listed in this sentence, the "Assumed Liabilities"). Except for the Assumed Liabilities, Seller shall remain responsible for, and neither Buyer nor any other Affiliate of Buyer shall directly or indirectly, assume, or in any way become liable or

responsible for, any liability, obligation, Tax, debt or contingency of Seller, any Affiliate of Seller, or Seller's Business of any type or nature, whether liquidated or unliquidated, known or unknown, actual or inchoate, accrued, contingent or otherwise, and whether arising from facts existing or events occurring prior to, on or after the date of this Agreement or the Closing, including, without limitation, (i) any liability, obligation, contingency or duty with respect to salary, wages, severance pay, sick pay, vacation pay, paid time off or bonuses, any unfunded pension liabilities, (ii) any liabilities under any employee benefit or welfare plans, (iii) any medical, life or disability insurance liabilities, (iv) any workers' compensation claims, tort or wrongful discharge or other claims asserted against Buyer, as successor to the Business of Seller, which are based on acts or omissions of the Seller or any of its agents or Affiliates, (v) any liability, obligation, contingency or duty arising under Legal Requirements related to escheatment or abandoned or unclaimed property or (vi) any undisclosed liabilities or any liability or obligation to repay any notes payable, lines of credit or other Indebtedness (collectively, the "Excluded Liabilities").

2.2 Purchase Price.

(a) In consideration of the sale of the Assets and the Assumed Liabilities, Buyer hereby agrees to pay to the Seller an aggregate purchase price of the Cash Purchase Price provided, that if the Purchase Price Adjustment is (x) more than $0.00, then the Buyer shall subtract the amount of excess from the Cash Purchase Price, or (y) less than $0.00, then the Buyer shall add the amount of the shortfall to the Cash Purchase Price. The Cash Purchase Price, as adjusted pursuant to this Section 2.2(a), is referred to herein as the "Purchase Price". The payment of the Purchase Price shall be payable by wire transfer or delivery of other immediately available funds to the account of the Buyer set forth at Exhibit C hereto.

2.3 Closing. The consummation of the transactions contemplated by this Agreement (the "Closing") shall take place at such date, time, place and in such manner (including by email, fax or other electronic means) as the Parties shall mutually agree ("Closing Date"); *provided, however,* that all conditions precedent and other matters required to be completed as of the Closing Date have been or will be completed on such date. In no event shall the Closing Date be later than 120 days following the date of this Agreement, unless extended by the Parties in writing. The Closing for the transfers described in Section 2.1 above shall be deemed to have occurred and to be effective as between the Parties as of 12:01 a.m., Philadelphia, PA time, on the Closing Date (the "Effective Time").

2.4 Closing Deliveries. At the Closing:

(a) The Seller shall deliver to the Buyer:

(i) the Bill of Sale duly executed by the Seller;

(ii) a certificate duly executed by the Seller and the Owner certifying as to the satisfaction of the Closing conditions set forth in Sections 8.1 and 8.2 hereof;

(iii) a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of the Seller certifying (i) that attached thereto are true and complete copies of all resolutions adopted by the managers and members of the Seller authorizing the execution,

delivery and performance of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby, (ii) the officers of the Seller authorized to execute this Agreement and the other Transaction Documents, (iii) that attached thereto are true and complete copies of the operating agreement and certificate of formation, as amended, of the Seller and (iv) certificates of good standing as of a recent date for Seller, certified by the Secretary of State or corresponding certifying authority of Seller's jurisdiction of organization;

(iv) a duly executed counterpart of the Seller to the Assignment and Assumption Agreement;

(v) a certificate pursuant to Regulations Section 1.1445-2(b) that each of the Seller and the Owner is not a foreign person within the meaning of Section 1445 of the IRC;

(vi) duly executed copies of the New Facility Sublease Agreement and the Lease Assignment Agreement, as well as executed copies of all such other documents and instruments related to the New Facility Sublease Agreement or the Lease Assignment Agreement which Buyer deems necessary or appropriate in its sole discretion, including, without limitation, an estoppel certificate from the ground lessor;

(vii) a duly executed copy of the New Virtua Services Agreement and, as well as executed copies of all such other documents and instruments related to the New Virtua Services Agreement which Buyer deems necessary or appropriate in its reasonable discretion;

(viii) a duly executed copy of the New Salm Agreement and, as well as executed copies of all such other documents and instruments related to the New Salm Agreement which Buyer deems necessary or appropriate in its reasonable discretion;

(ix) a duly executed counterpart of the Seller to the settlement statement, dated as of the Closing Date, showing the estimated closing prorations contemplated by Section 6.7;

(x) executed copies of transfer documents for the transfer of leases of equipment, furnishings or furniture which constitute Assets from the master equipment leases with Owner or any Affiliate of Owner to the applicable master equipment leases with the Buyer or one or more of its Affiliates; and

(xi) such other documents or instruments as Buyer reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

(b) Buyer will deliver to the Seller:

(i) the Purchase Price;

(ii) a certificate duly executed by the Buyer certifying as to the satisfaction of the Closing conditions set forth in Sections 7.1 and 7.2 hereof;

(iii) a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of the Buyer certifying (i) that the execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby have been duly authorized, (ii) the officers of the Buyer authorized to execute this Agreement and the other Transaction Documents, (iii) that attached thereto are true and complete copies of the bylaws and certificate of incorporation, as amended, of the Buyer and (iv) certificates of good standing as of a recent date for Buyer, certified by the Secretary of State or corresponding certifying authority of Buyer's jurisdiction of organization;

(iv) a duly executed counterpart of the Buyer to the settlement statement, dated as of the Closing Date, showing the estimated closing prorations contemplated by Section 6.7;

(v) executed copies of transfer documents for the transfer of leases of equipment, furnishings or furniture which constitute Assets from the master equipment leases with Owner or any Affiliate of Owner to the applicable master equipment leases with the Buyer or one or more of its Affiliates; and

(vi) such other documents or instruments as the Appointed Representative reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE SELLER AND THE OWNER

The Seller and the Owner each, jointly and severally, represent and warrant to the Buyer that the statements contained in this Article III are true and correct as of the date hereof and as of the Closing Date, except as set forth in the Disclosure Schedules numbered to correspond to the Section of this Article III to which such exception relates.

3.1 Organization and Good Standing.

(a) The Seller is a duly organized limited liability company and is validly existing and in good standing under the laws of the State of Delaware, with full power and authority to conduct its business as it is now being conducted and to own or use the properties or assets that it purports to own or use. The Seller is duly qualified, is authorized to transact business and is in good standing in every jurisdiction where required by Legal Requirements.

3.2 Authority; No Conflict.

(a) The Seller and the Owner each has all right, power, legal capacity and authority to execute and deliver this Agreement and the other Transaction Documents and to perform their respective obligations hereunder and thereunder. This Agreement constitutes the legal, valid, and binding obligation of each of the Seller and the Owner, enforceable against the Seller and the Owner in accordance with its terms.

(b) The execution, delivery and performance of this Agreement and the other Transaction Documents will not, directly or indirectly (with or without notice or lapse of time):

11.6 Exclusive Remedy; Adjustment. The Parties hereby agree that the rights and remedies contained in this Article XI to recover Losses (subject to the limitations set forth herein) shall be the sole and exclusive rights and remedies of the Parties arising out of, relating to or resulting from this Agreement from and after the Effective Time, other than for fraud or for equitable relief provided for hereunder. Any indemnification payment made by a Party hereunder shall be deemed an adjustment to the consideration received by such Party hereunder. Notwithstanding anything to the contrary contained in this Section 11.6 or this Agreement, the Buyer and Seller shall each retain all statutory rights which each possesses or may hereafter obtain pursuant to any statutory Environmental Laws applicable to the Hospital and the Seller Leased Real Property.

11.7 Right of Setoff. At any time the Buyer makes a Claim Notice for indemnification against the Seller or the Owner pursuant to this Article XI with respect to any Losses suffered by the Buyer, the Buyer may, by further written notice to the Seller or the Owner, set off all or a portion of the amount of such Losses against any amounts payable by Buyer to the Seller for any reason, including, without limitation, any and all amounts payable under this Agreement or the other Transaction Documents. The exercise of such right of setoff by the Buyer in good faith, whether or not ultimately determined to be justified, shall not constitute a breach of this Agreement, any Transaction Document or any other agreement or arrangement by and among the Buyer the Seller and/or the Owner.

ARTICLE XII
GENERAL PROVISIONS

12.1 Expenses and Transfer Taxes. Each Party shall pay its own expenses incurred in connection with the preparation, execution and performance of this Agreement and the other Transaction Documents and of the transactions contemplated herein and therein, including all fees and expenses of agents, Representatives, counsel and accountants of such Party. The Seller shall pay and be liable for one half of all transfer, documentary, value added sales, use, stamp, registration and other such Taxes and all conveyance fees, recording charges, and other fees and charges (including any penalties and interest) resulting from the transactions contemplated by this Agreement (collectively, the "Transfer Taxes"). Buyer and Seller shall also provide the other with any exemption certificate or its equivalent to support any reasonable exemption from sales taxes claimed in respect of the Assets.

12.2 Public Announcements. Prior to the Closing, no Party, nor any of their respective Affiliates, shall make any public announcement or disclose any information with respect to this Agreement and the other Transaction Documents or the transactions contemplated herein or therein, without the prior written consent of the other Party. The Parties will consult with each other concerning the means by which the public, their respective employees, vendors and suppliers and others having dealings with such Party will be informed of the transactions contemplated herein.

12.3 Notices. All notices, consents, waivers, and other communications under this Agreement must be in writing and will be deemed to have been duly given when: (a) delivered by hand (with written confirmation of receipt), (b) sent by facsimile (with written

confirmation of receipt), provided that a copy is mailed by registered mail, return receipt requested, or (c) when received by the addressee, if sent by a nationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses and facsimile numbers set forth at Exhibit D hereto or at such other address as such Parties may designate by advance written notice to the other Parties hereto.

12.4 Jurisdiction; Service of Process. Any action or Proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement shall only be brought in a state court sitting in Cumberland County, Pennsylvania or federal court for the Middle District of Pennsylvania sitting in Harrisburg, Pennsylvania and each of the Parties consents to the jurisdiction of such courts (and to the appropriate appellate courts) in any such action or Proceeding and waives any objection it may have now or hereafter to venue laid therein, including, without limitation, any objection based on the grounds of forum non conveniens, in the aforesaid courts. Each of the Parties, for itself and its successors and assigns, irrevocably agrees that all process in any such Proceeding may be affected by mailing a copy thereof in accordance with the procedures and to the address set forth in Section 12.3, and such service is to be effective and binding service in every respect. Nothing herein shall affect the right to serve process in any other manner permitted by law.

12.5 Further Assurances. The Parties agree before and after Closing: (a) to furnish upon request to each other such further information, (b) to execute and deliver to each other such other documents, and (c) to do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the other Transaction Documents.

12.6 Waiver. The rights and remedies of the Parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any Party in exercising any right, power, or privilege under this Agreement or the other Transaction Documents will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege.

12.7 Entire Agreement and Modification. This Agreement supersedes all prior agreements between the Parties with respect to its subject matter and constitutes (along with the documents referred to in this Agreement and the letter, dated as of the date hereof, delivered by Buyer to, and acknowledged and agreed to by, the Seller and the Owner) a complete and exclusive statement of the terms of the agreement between the Parties with respect to its subject matter. This Agreement may not be amended except by a written agreement executed by the Parties.

12.8 Assignments, Successors, and No Third-Party Rights. No Party may assign any of its rights under this Agreement without the prior written consent of the other Parties; provided, however, that Buyer may assign any of its rights hereunder to any of its Affiliates. Subject to the preceding sentence, this Agreement will apply to, be binding upon, and inure to the benefit of the successors and permitted assigns of the Parties. Nothing expressed or referred to in this Agreement will be construed to give any Person other than the Parties to this Agreement any legal or equitable right, remedy, or claim under or with respect to this Agreement

or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the Seller, the Owner and the Buyer and its Affiliates and their respective successors and permitted assigns.

12.9 Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

12.10 Article and Section Headings, Construction. The headings of sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. All references to "Article", "Articles", "Section" or "Sections" refer to the corresponding Article, Articles, Section or Sections of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the word "including" does not limit the preceding words or terms.

12.11 Waiver of Jury Trial. EACH PARTY, TO THE EXTENT PERMITTED BY LEGAL REQUIREMENTS, KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES ITS RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, EACH OF THE TRANSACTIONS CONTEMPLATED HEREBY, AND ANY OTHER CONTRACTS OR TRANSACTIONS BETWEEN THE PARTIES, WHETHER OCCURRING BEFORE OR AFTER THE DATE OF THIS AGREEMENT. THIS WAIVER APPLIES TO ANY PROCEEDING, WHETHER SOUNDING ON CONTRACT, TORT OR OTHERWISE.

12.12 Governing Law. This Agreement will be governed by the laws of the Commonwealth of Pennsylvania without regard to conflicts of laws principles.

12.13 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. Facsimile or other electronic transmission of any signed original document or retransmission of any signed facsimile or other electronic transmission will be deemed the same as delivery of an original. At the request of any Party, the other Party will confirm facsimile transmission by signing a duplicate original document.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.

BUYER:
KESSLER INSTITUTE FOR REHABILITATION, INC.

By:_____
Name:
Title

SELLER:

92 BRICK OPERATING COMPANY, LLC

By:_____
Name:
Title

OWNER:

VIBRA HEALTHCARE, LLC

By:_____
Name:
Title

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first written above.

BUYER:
KESSLER INSTITUTE FOR REHABILITATION, INC.

By:_____
Name:
Title

SELLER:

92 BRICK OPERATING COMPANY, LLC

By:_____
Name: Clint Fegan
Title Sec / Mgr.

OWNER:

VIBRA HEALTHCARE, LLC

By:_____
Name: Clint Fegan
Title Sec / Mgr.

DOH Letter 9/26/16

#22252

EXHIBIT B
BOARD OF DIRECTORS

Kessler Institute for Rehabilitation, Inc. - Board of Directors

Name	Address
Michael Tarvin	[redacted]

Kessler Rehabilitation Corporation - Board of Directors

Name	Address
Michael Tarvin	[redacted]

Select Medical Corporation - Board of Directors

Name	Address
Michael Tarvin	[redacted]

Temp. Beds
See DOH Letter
9/26/16

Exhibit I
Marlton Rehabilitation Hospital Monthly Occupancy Data

Month/Year	Total Number of Beds (Licensed + Approved Unlicensed)	Average Daily Census	Percent Occupancy – Based on Total Number of Beds	Percent Occupancy – Based on 46 Licensed Beds Only
Jan/13	51	47.3	92.7%	102.8%
Feb/13	51	49.1	96.3%	106.7%
March/13	51	48.4	94.9%	105.2%
April/13	51	46.1	90.4%	100.2%
May/13	51	49.4	96.9%	107.4%
June/13	61	49.4	81%	107.4%
July/13	61	50.1	82.1%	108.9%
Aug/13	61	54	88.5%	117.4%
Sept/13	61	57.6	94.4%	125.2%
Oct/13	61	53.6	87.9%	116.5%
Nov/13	61	54.1	88.7%	117.6%
Dec/13	61	56.8	93.1%	123.5%
Jan/14	61	59.3	97.2%	128.9%
Feb/14	61	55.4	90.8%	120.4%
March/14	61	57.8	94.8%	125.7%
April/14	61	59.5	97.5%	129.3%
May/14	61	60.3	98.9%	131.1%
June/14	61	58.5	95.9%	127.2%
July/14	61	53.6	87.9%	116.5%
Aug/14	61	57.9	94.9%	125.9%
Sept/14	61	56	91.8%	121.7%
Oct/14	61	57.5	94.3%	125%
Nov/14	61	57.7	94.6%	125.4%
Dec/14	61	52	85.2%	113%
Jan/15	61	55.9	91.6%	121.5%
Feb/15	61	57.6	94.4%	125.2%
March/15	61	58.4	95.7%	127%
April/15	61	47.1	77.2%	102.4%

Month/Year	Total Number of Beds (Licensed + Approved Unlicensed)	Average Daily Census	Percent Occupancy – Based on Total Number of Beds	Percent Occupancy – Based on 46 Licensed Beds Only
May/15	61	53.8	88.2%	117%
June/15	61	58.3	95.6%	126.7%
July/15	61	55.8	91.5%	121.3%
Aug/15	61	48.7	79.8%	105.9%
Sept/15	61	54.6	89.5%	118.7%
Oct/15	61	57.3	93.9%	124.6%
Nov/15	61	48.9	80.2%	106.3%
Dec/15	61	46	75.4%	100%
Jan/16	61	52.3	85.7%	113.7%
Feb/16	61	57.2	93.8%	124.3%
March/16	61	57.7	94.6%	125.4%
April/16	61	55.4	90.8%	120.4%
May/16	61	55.1	90.3%	119.8%

ReedSmith

Zachary A. Portin
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reedsmith.com

June 15, 2016

John Calabria, Director
Office of Certificate of Need and Healthcare Facility Licensure
New Jersey Department of Health & Senior Services
171 Jersey St., Bldg. 5, 1st Floor
Trenton, NJ 08611

Re: Kessler Institute for Rehabilitation, Inc. - Change of Ownership Application Relating to Marlton Rehabilitation Hospital

Dear Mr. Calabria:

This firm represents Kessler Institute for Rehabilitation, Inc. ("KIR"), a subsidiary of Select Medical Corporation ("Select Medical"). Enclosed please find an original plus two copies of KIR's application for an amended acute care facility license ("CN-7") (along with supporting documentation) for Marlton Rehabilitation Hospital, a comprehensive rehabilitation hospital currently owned and operated by a 92 Brick Operating Company, LLC ("92 BOC"), a subsidiary of Vibra Healthcare, LLC ("Vibra"), and licensed by the New Jersey Department of Health (the "Department").

KIR will acquire substantially all of the assets of Marlton Rehabilitation Hospital upon the closing of the transaction contemplated by an Asset Purchase Agreement dated June 3, 2016 between and among KIR, 92 BOC and Vibra for a total purchase price of $55,491,577.00 (the "Asset Purchase Agreement"). Such a transfer of a licensed hospital's assets constitutes a "transfer of ownership" under New Jersey Law, which requires KIR to file this CN-7 with the Department. KIR does not anticipate that there will be any change to the delivery of care currently provided by Marlton Rehabilitation Hospital, other than those expected in the ordinary course.

Specifically, pursuant to the Asset Purchase Agreement, at the closing, KIR will acquire all of the business, properties and assets of Marlton Rehabilitation Hospital, excluding only limited assets not used in the operation of Marlton Rehabilitation Hospital. Marlton Rehabilitation Hospital is currently located at 92 Brick Road in Marlton, New Jersey 08053 in space that 92 BOC leases from a third party. At the closing, KIR will lease the same space as 92 BOC in order to permit Marlton Rehabilitation Hospital to be operated by KIR at the same location following closing.

A copy of a pre- and post-closing organizational chart is enclosed as Exhibit A.

We have enclosed the following documents in support of KIR's CN-7:

- A list of the names and addresses of the Board of Directors of KIR, its intermediate parent company, Kessler Rehabilitation Corporation ("KRC"), and Select Medical (enclosed as Exhibit B);
- A list identifying 100% of the ownership of KIR, and KRC (including the names and addresses of stockholders) (enclosed Exhibit C);
- A list of the health care facilities in New Jersey and any other state in which KIR, KRC and Select Medical have an ownership, operational or management interest (enclosed as Exhibit D);
- A list of licensed health care entities owned, operated or managed by Select Medical or its subsidiaries that offer services that are "similar or related" to the rehabilitation hospital services offered by Marlton Rehabilitation Hospital (enclosed as Exhibit E);
- Excerpts of the Asset Purchase Agreement pertinent to the proposed transfer of ownership, including the signature pages executed by KIR, 92 BOC and Vibra (enclosed as Exhibit F); and
- Track record reports for the licensed health care entities owned, operated or managed by Select Medical or its subsidiaries that offer services that are "similar or related" to the rehabilitation hospital services offered by Marlton Rehabilitation Hospital (enclosed as Exhibit G). (Please note that Exhibit G includes track record reports for certain licensed health care entities, owned, operated or managed by Select Medical or its subsidiaries that do *not* offer services that are "similar or related" to the rehabilitation hospital services offered by Marlton Rehabilitation Hospital. These track record reports were furnished by the relevant states when the states furnished track record reports for the entities offering similar or related services.)

In addition to the 46 licensed beds at Marlton Rehabilitation Hospital, KIR hereby also requests approval from DOH to continue to operate the 15 temporary unlicensed beds currently operated by Marlton Rehabilitation Hospital. DOH approved those temporary unlicensed beds pursuant to a letter dated June 18, 2013, a copy of which is attached as Exhibit H. We understand that DOH's approval of those temporary unlicensed beds in 2013 was based on community need as demonstrated by the facility's then-high rate of occupancy. In fact, Marlton Rehabilitation Hospital has operated with an average daily census consistently higher than the average daily census prior to the June 2013 approval of the temporary unlicensed beds, and consistently higher than the hospital's licensed bed capacity of 46 beds. We have enclosed at Exhibit I occupancy data for Marlton Rehabilitation Hospital's for each month from January 2013 through May 2016. We believe that this data demonstrates a continuing community need for DOH's approval of the 15 temporary unlicensed beds following KIR's acquisition of Marlton Rehabilitation Hospital.

ReedSmith

Thank you for your cooperation in this matter. If you have any questions or require additional information, please do not hesitate to contact me.

Very truly yours,

Zachary Portin ZAP

Zachary A. Portin

ZAP:mw

cc: Robert J. Bein, Select Medical Corporation (*via Email RBein@selectmedical.com*)
Douglas C. Yohe, Vibra Healthcare, LLC (*via Email dyohe@vibrahealth.com*)
Karl A. Thallner, Jr. (*via Email kthallner@reedsmith.com*)
Jonathan P. Moyer (*via Email jmoyer@reedsmith.com*)
Encs.

NEW JERSEY DEPARTMENT OF HEALTH

DIVISION OF CERTIFICATE OF NEED AND LICENSING

Presents, pursuant to N.J.S.A. 26:2H-1 et seq., this

LICENSE

to

KESSLER INSTITUTE FOR REHABILITATION, INC.

which is hereby licensed to operate

Kessler Institute for Rehabilitation

92 BRICK ROAD - MARLTON, NEW JERSEY 08053

as a

COMPREHENSIVE REHABILITATION HOSPITAL

Beds / Services

46 Comprehensive Rehabilitation Beds

Cathleen D. Bennett
Commissioner

License #: 22252

Effective: 11/01/2016
Expires: 05/31/2017

Issued: 11/14/2016

MUST BE POSTED IN A CONSPICUOUS PLACE IN THE FACILITY
THIS LICENSE IS NOT TRANSFERABLE, APPLIES ONLY TO THE ABOVE LOCATION, AND TERMINATES ON NOTICE BY THE DEPARTMENT

State of New Jersey
DEPARTMENT OF HEALTH
PO BOX 358
TRENTON, N.J. 08625-0358
www.nj.gov/health

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

CATHLEEN D. BENNETT
Commissioner

November 9, 2016

VIA ELECTRONIC AND FIRST CLASS MAIL

Zachary A. Portin
Reed Smith, LLP
Three Logan Square, Suite 3100
1717 Arch Street
Philadelphia, Pennsylvania 19013
zportin@reedsmith.com

Re: **Kessler Institute for Rehabilitation (#22252)**
Formerly: Marlton Rehabilitation Hospital
92 Brick Road, Marlton, New Jersey 08053
FINAL: Transfer of Ownership, License enclosed

Dear Mr. Portin:

The Department of Health (Department) has received the final documentation to complete the Transfer of Ownership for the above facility, to Kessler Institute for Rehabilitation, Inc. : a letter, signed by you and dated November 2, 2016, identifying the date of transaction occurred November 1, 2016; the attestation dated September 28, 2016 signed by Michael E. Tarvin, Vice President and Secretary; and the identification and telephone number for the contact person to access medical records: Phyllis Schlichtmann, CEO, (856) 988-4101.

Enclosed, please find the license, effective November 1, 2016, for the Transfer of Ownership and name change of the above facility from *Marlton Rehabilitation Hospital* to *Kessler Institute for Rehabilitation.* Prior to the transfer of ownership, 92 Brick Road Operating Company, LLC held 100% ownership of Marlton Rehabilitation Hospital.

Kessler Institute for Rehabilitation has also been approved to operate fifteen (15) temporary comprehensive rehabilitation beds. *Please be reminded that the temporary beds will expire after two (2) years. Any renewal of temporary comprehensive rehabilitation beds*

***will require a waiver form (CN-28)** and an occupancy rate to exceed 90 percent for four (4) consecutive quarters.*

Please be advised that the amended license reflects 46 Comprehensive Rehabilitation Beds, the temporary beds will not be reflected on the license.

The organizational charts for the facilities' current and the post ownership transaction, and information, regarding the retrieval of medical records, including contact persons and telephone numbers, has been submitted and placed in each facility's permanent record on file.

Please note that any approval granted by this Department relates to certificate of need and/or licensure requirements only and does not imply acceptance by a reimbursing entity. Issues involving reimbursement are solely between the facility and the third party payer. The Department is neither a party to such matters nor an arbiter of disputes between the parties. This letter is not intended as an approval of any arrangement affecting reimbursement of any other remuneration involving claims for health care services.

Furthermore, regardless of any management agreement between the licensee and another entity, the licensee is responsible for all financial, operational, and management control. Oversight of the facility is the licensee's non-delegable duty. Additionally, all health care services provided at the facility and the revenue generated by those services are attributable to the licensee.

Please be advised that this license may not be transferred or assigned without the prior approval of the Department and is valid for the period indicated on the license, unless revoked or suspended. As set forth at *N.J.S.A. 26:2H-5*, the Department may conduct surveys of the facility as needed to ascertain compliance with all regulatory requirements. Department regulations also require all health care facilities conspicuously display their license.

The Department, in approving this application, has relied solely on the facts and information presented to us. The Department offers no opinion as to whether the proposed ownership or business organization is in compliance with the Codey Act, Board of Medical Examiners administrative rules, the federal anti-referral (Stark) and federal anti-kickback laws. We have not undertaken an independent investigation of such information. If material facts have not been disclosed or have been misrepresented, the department may take appropriate administrative regulatory action to rescind the approval or refer the matter to the Office of the Attorney General. Furthermore, nothing in this letter shall be construed as the Department's approval of the ownership structure of any facility discussed herein, with regard to any Federal or State physician self-referral statute or regulation.

If you have any questions regarding this matter, please do not hesitate to contact Ms. Judy Brown at (609) 292-7228. When corresponding with our office please include the facility identification number for Kessler Institute for Rehabilitation, **22252**.

Sincerely,

John A. Calabria
Director
Division of Certificate of Need and Licensing

License Enclosure

c: Ms. P. Schlichtmann, CEO
Kessler Institute for Rehabilitation
92 Brick Road
Marlton, NJ 08053

Mr. M. Tarvin
Vice President
Kessler Institute for Rehabilitation, Inc.
4714 Gettysburg Road
Mechanicsburg, PA 17055

Ms. J. Brown
Ms. J. Diaz
Ms. D. Lewis

ReedSmith

Zachary A. Portin
Direct Phone: +1 215 851 8185
Email: zportin@reedsmith.com

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NOV 3 2016
HEALTH FACILITIES EVAL. & LIC.
CN & Health Care Facility Licensing

Reed Smith LLP
Three Logan Square
Suite 3100
1717 Arch Street
Philadelphia, PA 19103
Tel +1 215 851 8100
Fax +1 215 851 1420
reedsmith.com

November 2, 2016

VIA UPS & EMAIL (john.calabria@doh.nj.us)

John A. Calabria, Director
New Jersey Department of Health & Senior Services
Division of Certificate of Need and Licensing
25 South Stockton Street, 2nd Floor
Trenton, New Jersey 08608-1832

Re: Marlton Rehabilitation Hospital (#22252): Post-Closing Notice of Acquisition by Kessler Institute for Rehabilitation, Inc.

Dear Mr. Calabria:

I am writing to respond to your September 26, 2016 letter approving the application for transfer of ownership dated June 17, 2016 in connection with Marlton Rehabilitation Hospital. Specifically, you requested a notarized letter or a letter from an attorney indicating the actual date of transfer. In accordance with that request, please be advised that ownership of Marlton Rehabilitation Hospital transferred to Kessler Institute for Rehabilitation, Inc. as of 12:01 a.m. on November 1, 2016.

You also requested in that letter an attestation of compliance with N.J.A.C. 8:43H *Standards for Licensing of Rehabilitation Hospitals* as well as certain information concerning post-closing access to patients' medical records. Please be advised that we provided that attestation and information to the New Jersey Department of Health (the "Department") on September 28, 2016 and on October 6, 2016, respectively.

Upon your receipt of this letter, I respectfully request that the Department issue an amended acute care license bearing the name "Kessler Institute for Rehabilitation".

If you have any questions or require additional information, please do not hesitate to contact me.

Very truly yours,

Zachary A. Portin

ZAP:mw

ReedSmith

cc: Dory Lewis, New Jersey Department of Health & Senior Services (*via email Dorthea.lewis@doh.nj.gov*)
Robert J. Bein, Select Medical Corporation (*via email RBein@selectmedical.com*)
Karl A. Thallner, Jr. (*via email kthallner@reedsmith.com*)

FACILITY DATA SHEET

MARLTON REHABILITATION HOSPITAL

COMPREHENSIVE REHABILITATION HOSPITAL

Administrator **Ms. PHYLLIS SCHLICHTMANN**

Address 92 BRICK ROAD
CSZ MARLTON, NJ 08053
County BURLINGTON
Phone (856) 988-8778
Fax (856) 988-8254

Medicare# 313032
Medicaid#

Facility ID: **NJ313032**
License No: **22252**
License Expires: **Wednesday, May 31,**

Mail To C/O: MARLTON REHABILITATION HOSPITAL
Mail Address1 92 BRICK ROAD
Mail Address2
CSZ MARLTON, NJ 08053

Deemed: **y**
Accreditation: **TJC**
Accreditation Expires: **08/20/2018**

Designations

Services Provided

Bed Types

46 Comprehensive Rehabilitation Beds

Hospital-Based Offsites

Licensed Owner / Officers-Principals

92 BRICK ROAD OPERATING COMPANY LLC

- ,

Profit - Corporation

BRAD HOLLINGER	- PRESIDENT	0	CLINT FEGAN	- SEC/TREAS	0
MICHAEL THOMAS	- VICE PRES	0	LLC VIBRA HEALTHCARE	-	100

Kessler
INSTITUTE FOR REHABILITATION
Select Medical

OCT 14 2016

ATTESTATION

The undersigned, being the Vice President and Secretary of Kessler Institute for Rehabilitation, Inc. ("KIR"), hereby attests on behalf of KIR as follows:

1. This Attestation is being furnished to the New Jersey Department of Health in connection with KIR's application for an amended acute care facility license on Form CN-7, which has been submitted by KIR in connection with the planned change of ownership of Marlton Rehabilitation Hospital (the "Hospital").

2. I have read and understand the New Jersey Licensing Standards for Rehabilitation Hospitals at N.J.A.C. Title 8, Chapter 43H and upon KIR's acquisition of the Hospital, KIR will operate the Hospital in compliance with such regulations.

IN WITNESS WHEREOF, the undersigned has executed this Attestation as of September 28, 2016.

KESSLER INSTITUTE FOR REHABILITATION, INC.

By: Michael E Tarvin
Michael E. Tarvin
Vice President and Secretary

Scanned by CamScanner

State of New Jersey
DEPARTMENT OF HEALTH
PO BOX 358
TRENTON, N.J. 08625-0358

www.nj.gov/health

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

CATHLEEN D. BENNETT
Commissioner

September 26, 2016

VIA ELECTRONIC AND FIRST CLASS MAIL

Zachary A. Portin
Reed Smith, LLP
Three Logan Square, Suite 3100
1717 Arch Street
Philadelphia, Pennsylvania 19013
zportin@reedsmith.com

RE: **Kessler Institute for Rehabilitation, Inc.**
Marlton Rehabilitation Hospital (#22252)
92 Brick Road Marlton, NJ 08053
Transfer of Ownership: Authorization to Proceed and Name Change

Dear Mr. Portin:

The Department of Health (Department) has reviewed your application for transfer of ownership dated June 17, 2016. The Department authorizes the one-hundred percent (100%) transfer of ownership of Marlton Rehabilitation Hospital, a licensed comprehensive rehabilitation hospital, located in Burlington County, with 46 licensed beds, at the above address, from 92 Brick Operating Company, LLC to a new principal, Kessler Institute Rehabilitation. In addition, the facility will change the facility name from Marlton Rehabilitation to Kessler Institute for Rehabilitation.

Kessler Institute for Rehabilitation, Inc., a New Jersey corporation, is wholly owned by Kessler Rehabilitation Corporation, a Delaware corporation.

Kessler Rehabilitation Corporation is wholly owned by Select Medical Corporation, located at 4714 Gettysburg Road in Mechanicsburg, Pennsylvania.

Select Medical Corporation is wholly owned by Select Medical Holdings Corporation, which is publicly traded on the New York Stock Exchange (NYSE: SEM).

Select Medical Holdings Corporation is 90% owned by stockholders and 10% owned by T. Rowe Price, which is publicly traded (NASDAQ: TROW).

Please be advised that this determination is limited to the proposal as presented and reviewed. **Please be aware that a license will not be issued reflecting the change in ownership to operate the facility until the Department receives and completes its review of each item set forth below:**

- A notarized letter or letter from an attorney indicating the actual date of transfer.
- A letter attesting that you have read, understand and will comply with the N.J.A.C. 8:43H *Standards for Licensing of Rehabilitation Hospitals.*
- The identity in writing, who will be responsible for the safekeeping of all patients' medical records (both active and stored), in accordance with N.J.S.A. 8:26:8-5 et seq. and N.J.A.C. 8:43A-13.6, following completion of the aforementioned transfer of ownership. Please provide where the medical records will be stored and the name and telephone number of the contact person for accessing patients' medical records.

Please be advised the request to transfer fifteen (15) temporary comprehensive rehabilitation beds will not be approved until the aforementioned documents are received and deemed acceptable by the Department. Please also be advised that the temporary beds will expire after two years. Any renewal of temporary comprehensive rehabilitation beds will require a waiver form (CN-28) and an occupancy rate to exceed 90 percent for four (4) consecutive quarters.

The Department, in approving this application, has relied solely on the facts and information presented in your correspondence. The correspondence and any associated documents are incorporated and made a part of this approval. If material facts have not been disclosed or have been misrepresented, the Department may take administrative regulatory action to rescind the approval or refer the matter to the Office of the Attorney General.

This approval of the proposed transfer of ownership described above shall be valid for a period of 90 calendar days from the date of this letter. Therefore, if the transfer does not occur or if there are any changes to the parties proposed to assume ownership, a new transfer of ownership application shall be required. Please notify this office if the transfer will not take place.

Please be advised that any approval granted by the Department relates certificate of need and licensing / registration requirements only and does not imply acceptance by a reimbursing entity. This letter also is not intended as an approval of any arrangement affecting reimbursement or any remuneration involving claims for health care services.

If you have any questions regarding this matter, please do not hesitate to contact Dory Lewis, Program Specialist, at 609-292-7228 or via email at Dorothea.lewis@doh.nj.gov.

Please include the facility identification number **#22252** with all correspondence.

Sincerely,

John A. Calabria
Director
Division of Certificate of Need and Licensing

C: Ms. J. Brown
Ms. J. Diaz
Ms. D. Lewis

Phyllis Schlichtmann, CEO
Kessler Institute for Rehabilitation
92 Brick Road
Marlton, NJ 08053

Michael Tarvin
Vice President
Kessler Institute for Rehabiliation, Inc.
4714 Gettysburg Road
Mechanicsburg, PA 17055

New Jersey Department of Health
Office of Certificate of Need and Healthcare Facility Licensure
PO Box 358
Trenton, NJ 08625-0358

6/17/16

APPLICATION FOR NEW OR AMENDED ACUTE CARE FACILITY LICENSE

IMPORTANT: Complete and forward an original and two (2) copies to the above address. Please retain a copy for your records.

FOR STATE USE ONLY

Team	☐ Approval ☐ Denial	Amount Received License Application Fee $ ____ Biennial Inspection Fee $ ____ TOTAL $ ____
Facility ID No.	Date Received ____ / ____ / ____	
Reviewer Signature		Date

Type of Application

- ☐ New Facility - CN # ____
- ☐ New Facility - CN Exempt (N.J.S.A. 26:2H-7a)
- ☒ Amendment Facility ID No. 22252

Type of Amendment

- ☐ Bed/Service Addition
- ☐ Bed/Service Reduction
- ☒ Transfer of Ownership (Licensed facilities as provided for at N.J.S.A. 26:2H-7a and N.J.A.C. 8:33-3.3(b) only)
- ☐ Relocation
- ☐ Change in Name of Operating Entity
- ☐ Change in Name of Facility

Official Name of Facility *	Operating Entity/Operator *
Kessler Institute for Rehabilitation, Inc.	Kessler Institute for Rehabilitation, Inc.
Site Address: 92 Brick Road County: Burlington	Street Address: 4714 Gettysburg Road
City: Marlton State: NJ Zip Code: 08053	City: Mechanicsburg State: PA Zip Code: 17055
Telephone Number: (856) 988-8778 Fax Number: (856) 988-8254	Telephone Number: (717) 972-1100
Name of Facility Administrator/Director/CEO: Phyllis Schlichtmann	Name of Management Company, If Applicable (Submit copy of management agreement.): N/A
Title: CEO	Address
Name of Contact Person: Melanie Notario	City / State / Zip Code
Telephone Number: (717) 975-4503	Telephone Number: ( )
Name of Emergency Contact Person: Phyllis Schlichtmann	Name of Management Company Contact Person
Emergency Telephone Number: 856-988-4101	Title

** The official name of facility and operating entity will appear on the license. Please provide complete and accurate information. Please complete the application as to the name, address and telephone number for both the facility and operator even when the information is the same. As used in this application, "operator" or "operating entity" refers to the person or entity which is the holder of the facility license (i.e., licensee) and which has the ultimate responsibility for the provision of health care services.*

APPLICATION FOR NEW OR AMENDED ACUTE CARE FACILITY LICENSE, CONTINUED

Name of Facility: Pre-Transaction: Marlton Rehabilitation Hospital; Post-Transaction: Kessler Institute for Rehabilitation, Inc.

SECTION I - INPATIENT FACILITIES

Type of Facility (Check one)

☐ General Acute Care Hospital ☐ Psychiatric Hospital ☐ Residential Substance Abuse Treatment Facility
☒ Comprehensive Rehabilitation Hospital ☐ Special Hospital ☐ Pediatric Community Transitional Home Facility

Beds and Services	New Facility Proposed Capacity/ Services	Current Licensed Capacity/ Services	Total Change (+) or (-)	Revised Capacity/ Services
Medical/Surgical Beds				
OB/GYN Beds ☐LDRP				
Pediatric Beds				
Adult ICU/CCU Beds				
Pediatric ICU Beds				
Psychiatric - Adult Acute				
- Adult Closed Acute				
- Adult Intermediate/Specialized				
- Child/Adolescent Acute				
- Child/Adolescent Intermediate				
Alcohol Detoxification Beds (Hospital Based)				
Comprehensive Rehabilitation Beds	N/A	46*	0	46*
Burn Unit				
TOTAL BEDS				
Neonatal Bassinets - Intensive				
- Intermediate				
Operating Rooms - Inpatient (Excl. Cardiac)				
- Same Day Surgery				
- Mixed-Use				
- Cardiac Surgery-Adult				
- Cardiac Surgery-Pediatric				
Cystoscopy Rooms				
Cardiac Catheterization Labs - Adult				
- Pediatric				
- Low Risk				
Transplantation Services - Bone Marrow				
- Heart				
- Kidney				
- Liver				
- Lung				
- Pancreas				
Renal Services - Acute Hemodialysis				
- Chronic Hemodialysis Stations				
- Chronic Peritoneal				
- CAPD/Home Training				
Linear Accelerator				
Cobalt Units				
Magnetic Resonance Imaging Unit - Open				
- Closed				
- Fixed				
- Mobile				
Computerized Axial Tomography - Fixed				
- Mobile				
Pediatric Community Transitional Home (PCTH) Beds				
Sleep Lab(s)				
Other (specify):				

In addition to the 46 licensed beds at Marlton Rehabilitation Hospital, Kessler Institute for Rehabilitation requests authorization from NJ DOH to continue operating the 15 unlicensed, temporary, beds at Marlton Rehabilitation Hospital. See Exhibits H and I.

APPLICATION FOR NEW OR AMENDED ACUTE CARE FACILITY LICENSE, CONTINUED

Name of Facility: Pre-Transaction: Marlton Rehabilitation Hospital; Post-Transaction: Kessler Institute for Rehabilitation, Inc.				
SECTION I - INPATIENT FACILITIES, CONTINUED				
Beds and Services	**New Facility Proposed Capacity/ Services**	**Current Licensed Capacity/ Services**	**Total Change (+) or (-)**	**Revised Capacity/ Services**
Lithotripter - Fixed				
- Mobile				
- Transportable				
Positron Emission Tomography - Fixed				
- Portable				
- CT Unit				
Hyperbaric Chamber				
Gamma Knife				
Designations - CPC-Basic				
- CPC-Intermediate				
- CPC-Intensive				
- Regional Perinatal Center				
- Children's Hospital				
- Level I Trauma				
- Level II Trauma				
Hospital-Based Off-Site Ambulatory Care Facility *				
Residential Substance Abuse Treatment Beds - Extended Care Adult				
- Extended Care Adult Female				
- Extended Care Adult Male				
- Extended Care Juvenile				
- Extended Care Juvenile Female				
- Extended Care Juvenile Male				
- Halfway House Adult				
- Halfway House Adult Female				
- Halfway House Adult Male				
- Halfway House Juvenile				
- Halfway House Juvenile Female				
- Halfway House Juvenile Male				
- Long Term Adult				
- Long-Term Adult Female				
- Long-Term Adult Male				
- Long-Term Juvenile				
- Long-Term Juvenile Female				
- Long-Term Juvenile Male				
- Short-Term Adult				
- Short-Term Adult Female				
- Short-Term Adult Male				
- Short-Term Juvenile				
- Short-Term Juvenile Female				
- Short-Term Juvenile Male				
- Non-Hosp. Based Detox. Adult				
- Non-Hosp. Based Detox. Adult Female				
- Non-Hosp. Based Detox. Adult Male				
- Non-Hosp. Based Detox. Juvenile				
- Non-Hosp. Based Detox. Juvenile Female				
- Non-Hosp. Based Detox. Juvenile Male				
Long Term Care Beds **				
Sub-Acute Beds **				
Adult Day Health Care Slots **				

* In addition to the application to amend the hospital's license, a separate license application, with applicable fee, must be submitted for each ambulatory care facility, as well as documentation of compliance with N.J.A.C. 8:43G-2.11.

** For record keeping purposes only, license is issued by Long Term Care Licensing Program.

APPLICATION FOR NEW OR AMENDED ACUTE CARE FACILITY LICENSE, CONTINUED

Name of Facility: Pre-Transaction: Marlton Rehabilitation Hospital; Post-Transaction: Kessler Institute for Rehabilitation, Inc.

SECTION II - AMBULATORY CARE FACILITY

Services Provided	New Facility Proposed Capacity/ Services	Current Licensed Capacity/ Services	Total Change (+) or (-)	Revised Capacity/ Services
Ambulatory Surgery Operating Rooms				
Birth Center				
Community Based Primary Care				
Community Based Primary Care Satellite				
Comprehensive Outpatient Rehabilitation				
Computerized Axial Tomography - Fixed				
- Mobile				
Drug Abuse Treatment (Outpatient)				
Drug Abuse Treatment (Methadone Maintenance)				
Lithotripter - Fixed				
- Mobile *				
- Transportable				
Family Planning				
Family Planning Satellite				
Home Health Agency **				
Home Health Agency Branch Office **				
Hospice				
Hospice Branch Office				
Hyperbaric Chamber				
Magnetic Resonance Imaging - Open				
- Closed				
- Mobile *				
- Portable				
Renal - Chronic Hemodialysis Stations				
- Chronic Peritoneal				
- CAPD/Home Training				
Linear Accelerator				
Positron Emission Tomography - Fixed				
- Portable				
- CT Unit (Comb.)				
Sleep Lab(s)				
Other Services (specify):				

* Identify name of manufacturer, serial number, and all locations served by mobile MRI/Lithotripter/PET Scanner.

** Identify Home Health Agency service area:

SECTION III - OPERATING ENTITY

Type of Operating Entity

- ☐ Sole Proprietorship
- ☐ General Partnership
- ☐ Limited Partnership
- ☐ Limited Liability Company
- ☐ Professional Association
- ☐ Government Agency
- ■ Corporation - For Profit *
- ☐ Corporation - Nonprofit *

(Attach list of the names and addresses of board of directors/trustees) See Exhibit B.

* NOTE: If the corporate entity is a wholly-owned subsidiary, please identify the parent corporation:

Kessler Rehabilitation Corporation (intermediate parent); Select Medical Corporation (parent).

Name and Title of Individual or Current Registered Agent Upon Whom Orders May be Served (Must be NJ Resident)

Corporation Trust Company

Residence Address	City	State	Zip Code
820 Bear Tavern Road	West Trenton	NJ	08628

APPLICATION FOR NEW OR AMENDED ACUTE CARE FACILITY LICENSE, CONTINUED

Name of Facility
Pre-Transaction: Marlton Rehabilitation Hospital; Post-Transaction: Kessler Institute for Rehabilitation, Inc.

SECTION III - OPERATING ENTITY, CONTINUED

PRINCIPALS IN OPERATING ENTITY

Attach a list of the names and addresses of partners/stockholders and identify 100% of the ownership, except that for publicly held corporations, identify each principal who has a 10% or greater interest in the corporation. Applicants for transfer of ownership shall provide information for the PROPOSED operator. See Exhibit C.

1. Have any of the principals of the operating entity ever applied, directly or indirectly, for health care facility approval in New Jersey, or any other state, which was denied or revoked?

☐Yes ■No

If Yes, indicate whom and give details (attach additional sheets if necessary):

2. Do any of the principals of the operating entity have an ownership, operational or management interest in any other licensed health care facility in New Jersey, or any other state?

■Yes ☐No

If Yes, explain the nature of the interest and give name and address of each facility:

Kessler Institute for Rehabilitation, Kessler Rehabilitation Corporation, and Select Medical Corporation have an ownership, operational or management interest in the licensed health care facilities listed on Exhibit D.

3. Have any principals of the operating entity ever been found guilty of a criminal or administrative charge of resident/patient fraud, abuse and/or neglect? Have any of these ever been indicted for the same charge?

☐Yes ■No

If Yes, explain in detail (attach additional sheets if necessary):

4. Have any principals of the operating entity ever been indicted for or convicted of a felony crime?

☐Yes ■No

If Yes, explain in detail (attach additional sheets if necessary):

APPLICATION FOR NEW OR AMENDED ACUTE CARE FACILITY LICENSE, CONTINUED

Name of Facility
Pre-Transaction: Marlton Rehabilitation Hospital; Post-Transaction: Kessler Institute for Rehabilitation, Inc.

AFFILIATED HEALTH CARE FACILITIES

Identify the name, address and Medicare Provider Number of all health care facilities, both in New Jersey and in any other state, which are owned, operated or managed by the applicant, any principals or any corporate entity related to the applicant (e.g. parent or subsidiary) which is similar or related to the service which is the subject of the application. If licensed out-of-state facilities are listed, submit track record reports for the preceding 12 months from the respective state agencies responsible for licensing those facilities. Attach additional sheets as necessary.

Name and Address of Facility	Medicare Provider Number
See Exhibit E.	

CERTIFICATION

I, Michael Tarvin of full age, hereby certify that I am employed with Kessler Institute for Rehabilitation, Inc. in the capacity of Vice President and Secretary and am duly authorized to make the representations contained within this application for licensure on behalf of the applicant and to bind the applicant thereto; that the facility has been and will be operated in accordance with all applicable laws, rules and regulations, both state and federal; and that all information supplied in this application, including any and all attachments, are true, accurate and correct to the best of my knowledge. I am aware that if any of the information contained in this application, including any and all attachments, are willfully false or misleading, I and the applicant may be subject to civil and/or criminal penalties in accordance with applicable laws and/or other licensure enforcement activity, including, but not limited to facility loss of license in accordance with N.J.A.C. 8:43E.

Name of Operator or Authorized Representative	Title
☒ Mr. ☐ Ms. Michael Tarvin	Vice President, Secretary
Signature	**Date**

FOR TRANSFER OF OWNERSHIP

Name of Proposed Operator or Authorized Representative	Title
☒ Mr. ☐ Ms. Michael Tarvin	Vice President, Secretary
Signature	**Date**
Name of Current Operator or Authorized Representative	**Title**
☒ Mr. ☐ Ms. Clint Fegan	Chief Financial Officer
Signature	**Date**
Clint F	6/9/16

→ ***IMPORTANT: Complete and forward an original and two (2) copies to the above address. Please retain a copy for your records.*** ←

CN-7
JUL 12