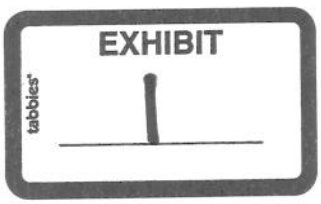
ORTHODONTIC CENTERS OF CONNECTICUT, INC.

MANAGEMENT AGREEMENT



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ORTHODONTIC CENTERS OF CONNECTICUT, INC.

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT dated as of April 25, 1995, 1995, by and among ORTHODONTIC CENTERS OF CONNECTICUT, INC., a Delaware Corporation ("OCS"), and LANCE R. KISS, D.M.D., ~~P.C.~~, (the "Orthodontic Entity~).

RECITALS:

WHEREAS, the Orthodontic Entity owns and operates the assets of an orthodontic practice with offices located in the facilities identified in Exhibit 1.2 (the "Center") and furnishes orthodontic care to the general public through the services of the orthodontist(s) affiliated with the Orthodontic Entity (the "Orthodontist(s)");

WHEREAS, OCS is a company which leases assets and equipment and provides administrative, marketing, and business advice and support to entities engaged in the practice of orthodontics;

WHEREAS, OCS services are designed to improve the efficiency and profitability of orthodontic practices while enhancing the ability of the orthodontists in such practices to render quality orthodontic care to their patients;

WHEREAS, the Orthodontic Entity and OCS mutually desire to enter into a business relationship under the terms of this Agreement to help the Orthodontic Entity achieve the above goals.

NOW THEREFORE, in consideration of the foregoing, and of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

I. RESPONSIBILITIES OF OCS

1.1. General. OCS shall provide the Orthodontic Entity with comprehensive administrative, business, and marketing support and advice, and such facilities, equipment, and support personnel as reasonably required by the Orthodontic Entity to operate its practice, as determined by OCS in consultation with the Orthodontic Entity. The Orthodontic Entity hereby appoints OCS as the sole and exclusive business manager of the Center and agrees that OCS shall have all power and authority reasonably necessary to manage the business affairs of the Center and carry out OCS' duties under this Agreement, subject to the requirements of the laws of the state of Connecticut relating to the retention

of control by dentists over the practice of dentistry.

1.2. Facilities and Equipment. In accordance with Section 2.8 hereof, the parties expressly agree that all equipment, office space, facilities, and materials provided by OCS to the Orthodontic Entity hereunder shall be leased or provided to the Orthodontic Entity by OCS under a lease or other agreement or arrangement under which the Orthodontic Entity shall maintain complete care, custody, and control of the foregoing. Subject to the foregoing, OCS agrees to provide or arrange for on behalf of the Orthodontic Entity the offices, facilities, furnishings, equipment, and related services described in Exhibit 1.2 hereto, as such Exhibit may be amended from time to time, and, on an ongoing basis, shall provide for the maintenance and upkeep of the foregoing. OCS additionally agrees, on an ongoing basis, to evaluate and consult with the Orthodontic Entity on the equipment needs of and the efficiency and adequacy of the facilities utilized by the Center.

1.3. Personnel and Payroll. The parties expressly acknowledge and agree that the Orthodontic Entity shall exercise control over all decisions relating to office personnel and hours of practice. Subject to the foregoing, OCS shall consult with and advise the Orthodontic Entity on the Center's staffing needs and on the hiring and employment of the Center's staff. OCS shall employ all of the Center's staff, except for the Orthodontists and dental hygienists, if any. Additionally, OCS shall be responsible for staff scheduling and for the performance of all payroll and payroll accounting functions. OCS shall advise the Orthodontic Entity on the establishment of incentive and profit sharing plans for the Center's staff to reward individuals for contributing to increased productivity in the Center.

1.4. Business Systems, Procedures and Forms. In consultation with the Orthodontic Entity, OCS shall establish standardized business systems and procedures for the Center developed by OCS, including, but not limited to, a patient scheduling system developed by OCS (the "OCS Patient Scheduling System") that is designed to improve the Center's operating efficiency. OCS shall provide training to the Center's staff in the implementation and operation of such standardized systems and procedures. OCS shall additionally provide the Orthodontic Entity with and train the Center's staff in the use of standardized clinical forms, including, without limitation, forms for patient evaluations and treatment plans. The Orthodontic Entity expressly acknowledges and agrees that it shall have no property rights in the foregoing systems, procedures, and clinical forms, and further agrees that the foregoing shall be deemed to constitute Confidential Information within the meaning of Section 2.7 hereof and subject to the restrictions on the use, appropriation, and reproduction of such Confidential Information

provided for in Section 2.7.

1.5. Purchasing, Accounts Payable and Inventory Control. OCS shall be responsible for the performance of the Orthodontic Entity's purchasing and accounts payable functions. In consultation with the Orthodontic Entity, OCS shall purchase and maintain all inventory and supplies required by the Center.

1.6. Information Systems and Accounting. In consultation with the Orthodontic Entity, OCS shall establish, maintain, and train the Center's staff in the use of information systems to produce financial and operational information concerning the Center's operations. OCS shall analyze such information on an ongoing basis and consult with the Orthodontic Entity on enhancing the Center's productivity. OCS shall provide or arrange for all accounting and bookkeeping services related to the Center's operations, provided that such services are incurred in the ordinary course of business.

1.7. Legal Compliance and Services. OCS shall be responsible for ensuring compliance with all rules, regulations and ordinances applicable to the Center's operations, and shall arrange for all legal services reasonably required by the Center, but excluding the costs of malpractice suits.

1.8. Marketing. The parties expressly acknowledge and agree that the Orthodontic Entity shall exercise control over all policies and decisions relating to pricing, credit, refunds, warranties and advertising. Subject to the foregoing, in consultation with the Orthodontic Entity, OCS shall design and execute a marketing plan to promote the Orthodontist's professional services. Such marketing plan may include, as OCS and the Orthodontic Entity determine to he appropriate, newspaper, yellow pages, and radio and television advertising, special promotions and pricing programs, and direct marketing to employers, insurance companies, and other payers. In connection with such marketing plan, OCS shall advise the Orthodontic Entity in establishing and maintain on behalf of the Orthodontic Entity a plan for patients' payment for orthodontic services on an installment plan basis. All marketing activities hereunder shall be conducted in compliance with all applicable laws and regulations governing advertising by the dental profession.

1.9. Planning. OCS will assess the potential of and advise the Orthodontic Entity on the establishment of orthodontic offices in new locations and will provide assistance to the Orthodontic Entity in the opening of such new offices, including assistance in the location of such offices and in the purchase of existing practices, as appropriate.

1.10. Financial Services. OCS shall be responsible for

(i) billing and collecting payments for all professional services rendered by the Orthodontist(s) or clinical staff to patients, with all such billing and collecting to be done in the name of the Orthodontic Entity; (ii) receiving payments from patients, insurance companies and all other third party payers; (iii) taking possession of and endorsing in the name of the Orthodontic Entity any notes, checks, money orders, insurance payments and other instruments received in payment of accounts receivable; (iv) performance of all payroll functions; (v) preparing and submitting to the Orthodontist monthly operating data and quarterly financial reports with respect to the operations of the Center; and (vii) paying all Center Expenses, as set forth in Section 3.1. No funds from the Medicare and Medicaid programs shall be billed or collected by the Orthodontic Entity. The Orthodontic Entity and the Orthodontist hereby appoints OCS for the term of this Agreement to be their true and lawful attorney-in-fact for the purposes set forth above in this section.

1.11. Disbursement of Funds. (a) All monies collected for the Orthodontic Entity by OCS pursuant to Section 1.10 above shall be deposited into an account (the "Orthodontic Entity Account") with a bank whose deposits are insured with the Federal Deposit Insurance Corporation. The Orthodontic Entity Account shall contain the name of the Orthodontic Entity, but OCS shall make all disbursements therefrom. OCS shall account for all monies so disbursed from the Orthodontic Entity Account. From the funds collected and deposited by OCS in the Orthodontic Entity Account, OCS shall make the following disbursements promptly when payable:

(i) Compensation payable to all employees of the Orthodontic Entity, and all taxes and assessments payable to local, state and Federal governments in connection with the employment of such personnel; and

(ii) All sums otherwise due and payable by the Orthodontic Entity as Center Expenses, as defined in Article III hereof, as well as fees payable to OCS pursuant to Article III hereof.

(b) In the event the funds in the Orthodontic Entity Account will, at any time, be insufficient to cover current expenses, OCS shall notify the Orthodontic Entity and OCS may advance to the Orthodontic Entity the necessary funds to pay current expenses for the benefit of the Orthodontic Entity, which advances will be deemed to be loans to the Orthodontic Entity to be repaid upon such terms and at such rate of interest as agreed to by the Orthodontic Entity and OCS, which indebtedness shall be deemed a Center Expense for purposes of Article III hereof.

1.12 Records. OCS shall supervise and maintain custody of all files and records relating to the business operations of the

Center, including but not limited to accounting, billing, and collection records. The parties expressly acknowledge and agree that patient records shall at all times be and remain the property and under the control of the Orthodontist and shall be located at the Orthodontic Entity's facilities so that they are readily accessible for patient care. The management of all files and records shall comply with applicable state and federal statutes. OCS shall use its reasonable efforts to preserve the confidentiality of patient medical records and use information contained in such records only for the limited purpose necessary to perform the services set forth herein; provided, however, in no event shall an unintentional breach of said confidentiality be deemed a default under this Agreement.

II. OBLIGATIONS OF THE ORTHODONTIC ENTITY

2.1. Employment of Orthodontists and Rendering Of Patient Care. The Orthodontic Entity shall be responsible for the employment and professional supervision of all Orthodontist(s) affiliated with the Orthodontic Entity and all orthodontic care rendered to patients shall be rendered by such Orthodontist(s). Additionally, the Orthodontic Entity shall be responsible for the employment of dental hygienists, if any, and for the professional supervision of such hygienists in their rendering of patient care.

2.2. Professional Services. The Orthodontic Entity shall use and occupy the offices and facilities designated on Exhibit 1.2 exclusively for the practice of orthodontic services, and shall comply with all applicable local rules, ordinances and all standards of dental and orthodontic care. It is expressly acknowledged by the parties that the orthodontic practice conducted at the Center shall be conducted solely by the Orthodontists associated with the Orthodontic Entity, and no other orthodontist shall be permitted to use or occupy the Center. The Orthodontic Entity shall provide professional services to patients hereunder in compliance at all times with ethical standards, and laws and regulations applying to the dental profession. The Orthodontic Entity shall ensure that each orthodontist to provide orthodontic services to patients is licensed by the state in which the Center is located. In the event that any disciplinary, medical malpractice or other actions are initiated against any such orthodontist, the Orthodontic Entity shall immediately inform OCS of such action and the underlying facts and circumstances. The Orthodontic Entity and OCS each agree to cooperate with and participate in quality assurance/utilization review programs established by OCS or mandated by accreditation and/or licensure standards applicable to the practice of orthodontics. Deficiencies discovered in the performance of any personnel or in the quality of professional services shall be reported immediately to OCS,

and appropriate steps shall be taken by the Orthodontic Entity at once to remedy such deficiencies.

2.3. Records. The Orthodontic Entity will keep or cause to be kept accurate, complete and timely medical and other records of all patients. Such records shall be sufficient to enable OCS, on behalf of the Orthodontic Entity, to obtain payment for the services provided by the Orthodontist.

2.4. Professional Expenses. The Orthodontic Entity shall be solely responsible for the cost of professional licensure fees and board certification fees, membership in professional associations, and continuing professional education incurred by the Orthodontist. The Orthodontic Entity shall enure that the Orthodontist participates in such continuing education as is necessary for such Orthodontist to remain current.

2.5. Professional Insurance Eligibility. The Orthodontic Entity shall cooperate in the obtaining and retaining of professional liability insurance by assuring that each of its Orthodontists is insurable, and participating in an on-going risk management program.

2.6. Employment Agreement. The parties recognize that the services to be provided by OCS are feasible only if the Orthodontic Entity operates an active orthodontic practice to which it and each Orthodontist associated with the Orthodontic Entity devote their full time and attention. Simultaneously with the execution of this Agreement, each Orthodontist will enter into an Employment Agreement with the Orthodontic Entity in the form of Exhibit 2.6 attached hereto. The Orthodontic Entity will also cause each individual Orthodontist who will begin providing services at the Center after the date hereof to enter into such an Employment Agreement.

2.7. Confidentiality. The Orthodontic Entity agrees and acknowledges that all materials provided by OCS to the Orthodontic Entity constitute "Confidential Information" and are disclosed in confidence and with the understanding that it constitutes valuable business information developed by OCS at great expenditures of time, effort, and money. The Orthodontic Entity further agrees that it shall not, directly or indirectly, without the express prior written consent of OCS, use or disclose such Confidential Information for any purpose other than in connection with the services to be rendered hereunder. The Orthodontic Entity further agrees: (1) to keep strictly confidential and hold in trust all Confidential Information and not disclose such Confidential Information to any third party, including its affiliates without the express prior written consent of OCS; and (ii) to impose this obligation of confidentiality on its affiliates, partners, employees and

independent contractors. The Orthodontic Entity acknowledges that the disclosure of Confidential Information to it by OCS is done in reliance upon its representations and covenants in this Agreement. Upon expiration or termination of this Agreement by either party for any reason whatsoever, the Orthodontic Entity shall immediately return and shall cause its affiliates, partners, shareholders and independent contractors to immediately return to OCS all Confidential Information, and the Orthodontic Entity will not, and will cause its affiliates, partners, employees and independent contractors not to, thereafter use, appropriate, or reproduce such Confidential Information. The Orthodontic Entity further expressly acknowledges and agrees that any such use, appropriation, or reproduction of any such Confidential Information by any of the foregoing after the expiration or termination of this Agreement will result in irreparable injury to OCS, that the remedy at law for the foregoing would be inadequate, and that in the event of any such use, appropriation, or reproduction of any such Confidential Information after the termination or expiration of this Agreement, OCS, in addition to any other remedies or damages available to it, shall be entitled to injunctive or other equitable relief without the necessity of proving actual damages available to it, but such rights to relief shall not preclude OCS from other remedies which may be available to it hereunder.

2.8. Covenant not to compete. During the term of this agreement, OCS agrees not to open any competing orthodontic offices in the Area of Dominant Influence (all counties in Connecticut exclusive of Fairfield County and Hampden County, Massachusetts.) of any office which is the subject of this management agreement, without the express written consent of the Orthodontic Entity. During the term of this agreement, both the Orthodontic Entity, and any of its shareholders, agrees not to open any competing orthodontic offices in the Area of Dominant Influence of any office which is the subject of this management agreement, without the express written consent of OCS. Further, for two years after termination of this agreement, both the Orthodontic Entity and its shareholders shall be prohibited from advertising in print (except for yellow pages and an announcement of the opening of a practice) or electronic media, and shall be prohibited from soliciting patients ,doctors or staff of the offices which are the subject of this agreement. Further, both the Orthodontic Entity and the shareholders of the Orthodontic Entity, and any other entity in which they are directly or indirectly involved in agree that they shall not use for their own purposes nor divulge to any third party the forms, systems and methods of marketing and managing the business affairs of the Orthodontic Entity without the express written consent of OCS.

III. FINANCIAL ARRANGEMENTS

3.1. Management Fees. OCS shall receive a Management Fee

as follows, subject to the remaining provisions of this Article III:

1. The management fee shall equal the result of:

(a) the sum of (1) 24.12% of the Initial Monthly Contract Balances and (2) the Monthly Contract Residuals; less

(b) the sum of (1) 50% of Net Operating Margin, as calculated on the cash method of accounting, and (2) $83.33 (or such other agreed upon amount) per Patient Hour payable by the Orthodontic Entity to the Orthodontist in accordance with the Employment Agreement (together, the "Base Service Fee").

Except as otherwise provided, the amounts to be paid to OCS under this Section 3.1 shall be payable monthly. The amounts shall be estimated based upon the previous month's operating results of the Center. Adjustments to the estimated payments shall be made to reconcile actual amounts due under this Section 3.1, by the end of the following month. Upon preparation of quarterly financial statements, final adjustments to the service fee for the quarter shall be made and any additional payments owing to OCS or the Orthodontic Entity shall then be made. Any audit adjustments shall be reflected in the calculations for the fourth quarter.

3.2. Accounts Receivable. On approximately the first business day of each month, OCS shall purchase the accounts receivable of the Orthodontic Entity arising during the previous month, by payment of cash, or other readily available funds into an account of the Orthodontic Entity. The consideration for the purchase shall be an amount equal to all fees accrued and booked to such month (net of Adjustments) less the Management Fee due to OCS under Section 3.1 above to such month.

3.3. Center Expenses. OCS shall be responsible for the payment of all Center Expenses, as defined below, during the term of this Agreement without reimbursement by the Orthodontic Entity, unless otherwise agreed to by the parties hereto.

3.4. Definitions. For the purposes of this Agreement, the following definitions shall apply:

(a) "Adjusted Gross Center Revenue" shall mean Gross Revenue of the Center less any Adjustments.

(b) "Adjustments" shall mean any adjustments to Gross Revenue for uncollectible accounts, professional courtesies and other activities that do not generate a

collectible fee.

(c) "Center Expenses" shall mean all operating and non-operating expenses incurred in the operation of the Center, including, without limitation:

(i) Salaries, benefits, and other direct costs of all employees of OCS at the Center, including dental assistants (but excluding all Orthodontists);

(ii) Direct costs of all employees or consultants of OCS who provide services at or in connection with the Center required for improved clinic performance, such as work management, materials management, purchasing, charge and coding analysis, and business office consultations

(iii) Corporate overhead charges or any other expenses of OCS or any corporation affiliated with OCS other than the kind of items listed above;

(iv) Personal property and intangible taxes assessed against OCS's assets used in connection with the operation of the Center, commencing on the date of this Agreement;

(v) Interest expense on indebtedness incurred by OCS to finance any of its obligations hereunder or services provided hereunder;

(vi) Orthodontist recruitment expenses;

(vii) In the event an opportunity arises for additional Orthodontists to become employed by or merge with the Orthodontic Entity, actual out-of-pocket expenses of OCS personnel working on a specified merger, whether or not each merger is completed;

(viii) Amortization of intangible asset value as a result of each such merger;

(ix) Repayment of any funds loaned to the Orthodontic Entity by OCS in connection with the operation of the Center; and

(x) Other expenses incurred by OCS in carrying out its obligations under this Agreement.

"Center expenses" shall not include:

(i) Any federal or state income taxes; or

(ii) Any expenses which are expressly designated herein as expenses or responsibilities of the Orthodontic Entity.

(d) "Contract" shall mean the agreement entered into by patients with the Orthodontic Entity for the provision of orthodontic services at a predetermined fee for an estimated period of treatment.

(e) "Gross Revenue" shall mean all fees and charges recorded or booked each month (net of Adjustments) by or on behalf of the Orthodontic Entity as a result of professional Orthodontic services personally furnished to patients by the Orthodontist and other fees or income generated in their capacity as a professional prior to any Adjustments.

(f) "Initial Monthly Contract Balances" shall mean the aggregate of the total value of the new contracts entered into by patients each month with the Orthodontic Entity for the provision of orthodontic services.

(g) "Monthly Contract Residuals" shall mean the lesser of (i) the result of 75.88% of the Initial Monthly Contract Balances divided by the number of months of treatment provided for in the Contract less 1, or (ii) the remaining balance due under the Contract divided by the remaining term of the Agreement.

(h) "Net Operating Margin" shall mean the result of Adjusted Gross Center Revenue less (i) Center Expenses, (ii) an amount equal to $22.22 per Patient Hour and (iii) salary expenses paid by the Orthodontic Entity to the Orthodontist for services provided at the Center, which amount shall be equal to $83.33 (or such other amount) per Patient Hour in accordance with the Employment Agreement entered into by the Orthodontist with the Orthodontic Entity, and (iv) any debt service related to the Center.

(i) "Orthodontic Service Revenue~ shall mean all fees and charges actually recorded or booked each month (net of Adjustments) by or on behalf of the Orthodontic Entity as a result of professional orthodontic services personally furnished to patients by Orthodontic Entities and other fees or income generated in their capacity as professionals.

(j) "Patient Hour" shall mean each hour of operation of the Center during which patients of the Orthodontist are being treated.

3.5. Additional Centers. In the event the parties agree to add an additional Center or Centers in which the Orthodontic Entity will provide services, the management fees payable to OCS shall be determined by aggregating the results of the operations of each additional Center with the results of the operations of the existing Center or Centers and such fees payable to OCS shall be calculated pursuant to the provision of Section 3.1(b) and (c). All other provisions of this Section 3 shall apply to any additional Centers.

IV. INSURANCE AND INDEMNITY

4.1. Insurance to be Maintained by the Orthodontic Entity. Throughout the term of this Agreement, the Orthodontic Entity shall maintain comprehensive professional liability insurance with limits of not less than $500,000 per claim and with aggregate policy limits of not less than $1,000,000 per orthodontist providing services at the Center and a separate limit for the Orthodontic Entity. The Orthodontic Entity shall be responsible for all such liabilities in excess of the limits of such policies OCS agrees to negotiate for and cause premiums to be paid with respect to such insurance. Premiums and deductibles with respect to such policies shall be a Center Expense.

4.2. Insurance to be Maintained by OCS. Throughout the term of this Agreement, OCS will use reasonable efforts to provide and maintain, as a Center Expense, (a) comprehensive professional liability insurance for all professional employees of OCS with limits as determined reasonable by OCS; and (b) comprehensive general liability and property insurance covering the Center premises and operations.

4.3. Tail Insurance Coverage. The Orthodontic Entity will cause each individual Orthodontist providing services at the Center to enter into an agreement with the Orthodontic Entity that upon termination of such Orthodontic Entity's relationship with the Orthodontist, for any reason, tail insurance coverage will be purchased by each Orthodontist. Such provisions may be contained in employment agreements, restrictive covenant agreements or other agreements entered into by the Orthodontic Entity and the individual Orthodontists, and the Orthodontic Entity hereby covenants with OCS to enforce such provisions relating to the tail insurance coverage or to provide such coverage at the expense of the Orthodontic Entity.

4.4. Additional Insurers. The Orthodontic Entity and OCS

agree to use their reasonable efforts to have each other named as an additional insured on the other's respective professional liability insurance programs.

4.5. Indemnification. The Orthodontic Entity shall indemnify, hold harmless and defend OCS, its officers, directors, shareholders and employees, from and against any and all liability, loss, damage, claim, causes of action, and expenses (including reasonable attorneys' fees), whether or not covered by insurance, caused or asserted to have been caused, directly or indirectly, by or as a result of the performance of medical or orthodontic services or the performance of any intentional acts, negligent acts or omissions by the Orthodontic Entity and/or its affiliates, its shareholders, agents, employees and/or subcontractors (other than OCS) during the term hereof. OCS shall indemnify, hold harmless and defend the Orthodontic Entity, directors, shareholders and employees, from and against any and all liability, loss, damage, claim, causes of action, and expenses (including reasonable attorneys fees), caused or asserted to have been caused, directly or indirectly, by or as a result of the performance of any intentional acts, negligent acts or omissions by OCS and/or its shareholders, agents, employees and/or subcontractors (other than the Orthodontic Entity) during the term of this Agreement.

V. TERM AND TERMINATION

5.1. Term of Agreement. This Agreement shall commence on the date hereof and shall expire on the 20th anniversary hereof unless earlier terminated pursuant to the terms hereof. OCS, in its sole discretion, shall have the option to renew this Agreement for up to 2 additional 10 year periods by giving notice to the Orthodontic Entity or its successors or assigns of such renewal of this Agreement.

5.2. Termination by the Orthodontic Entity. The Orthodontic Entity may terminate this Agreement as follows:

(a) In the event of the filing of a petition in voluntary bankruptcy or an assignment for the benefit of creditors by OCS, or upon other action taken or suffered, voluntarily or involuntarily, under any federal or state law for the benefit of debtors by OCS, except for the filing of a petition in involuntary bankruptcy against OCS which is dismissed within thirty (30) days thereafter, the Orthodontic Entity may give written notice of the immediate termination of this Agreement.

(b) In the event OCS shall materially default in the performance of any duty or obligation imposed upon it

by this Agreement and such default shall continue for a period of ninety (90) days after written notice thereof has been given to OCS by the Orthodontic Entity, the Orthodontic Entity may terminate this Agreement.

5.3. Termination by OCS. OCS may terminate this Agreement as follows:

(a) In the event of the filing of a petition in voluntary bankruptcy or an assignment for the benefit of creditors by the Orthodontic Entity, or upon other action taken or suffered, voluntarily or involuntarily, under any federal or state law for the benefit of debtors by the Orthodontic Entity, except for the filing of a petition in involuntary bankruptcy against the Orthodontic Entity which is dismissed within thirty (30) days thereafter, OCS may give written notice of the immediate termination of this Agreement.

(b) In the event the Orthodontic Entity shall materially default in the performance of any duty or obligation imposed upon it by this Agreement, and such default shall continue for a period of ninety (90) days after written notice thereof has been given to the Orthodontic Entity by OCS, OCS may terminate this Agreement.

5.4. Actions after Termination. Upon termination of this Agreement by either party for any reason or upon expiration of this Agreement, the Orthodontic Entity shall:

(a) Purchase from OCS at book value the restrictive covenants provided for in Section 2.6 above and any other intangible assets set forth on a balance sheet prepared for the month most recently ended prior to the date of such termination in accordance with GAAP to reflect amortization or depreciation of the restrictive covenants and intangibles;

(b) Purchase all improvements, additions or leasehold improvements which have been made by OCS and which relate solely to the performance of its obligations under this Agreement at adjusted book value;

(c) Assume all debt and all contracts, payables and leases which are obligations of OCS and which relate solely to the performance of its obligations under this Agreement or the properties subleased by OCS; and

(d) Purchase from OCS at book value all of the equipment of the Center, including all replacements and additions thereto made by OCS pursuant to the performance of its

obligations under this Agreement, and all other assets, including inventory and supplies, tangibles and intangibles, set forth on the balance sheet prepared for the month most recently ended prior to the date of such termination in accordance with GAAP to reflect operations of the Center, depreciation, amortization and other adjustments of assets shown on such balance sheet.

5.5. Closing of Repurchase by the Orthodontic Entity and Effective Date of Termination. The Orthodontic Entity shall pay cash for the repurchased assets. The amount of the purchase price shall be reduced by the amount of debt and liabilities of OCS assumed by the Orthodontic Entity and shall also be reduced by any payment OCS has failed to make under this Agreement. The Orthodontic Entity and any Orthodontist associated with the Orthodontic Entity shall execute such documents as may be required to assume the liabilities set forth in Section 5.4(c) and shall use its best efforts to remove OCS from any liability with respect to such repurchased assets and with respect to any property leased or subleased by OCS. The closing date for the repurchase shall be determined by the Orthodontic Entity, but shall in no event occur later than 180 days from the date of the notice of termination. The termination of this Agreement shall become effective upon the closing of the sale of the assets and the Orthodontic Entity and OCS shall be released from the restrictive covenants provided for in Section 2.6 on the closing date. From and after any termination, each party shall provide the other party with reasonable access to books and records then owned by it to permit such requesting party to satisfy reporting and contractual obligations which may be required of it.

5.6. Patient Records. Upon termination of this Agreement, the Orthodontic Entity shall retain all patient medical records maintained by the Orthodontic Entity or OCS in the name of the Orthodontic Entity. During the term of this Agreement, and thereafter, the Orthodontic Entity or its designee shall have reasonable access during normal business hours to the Orthodontic Entity's and OCS's records, including, but not limited to, records of collections, expenses and disbursements as kept by OCS in performing OCS's obligations under this Agreement, and the Orthodontic Entity may copy any or all such records.

VI. INDEPENDENT CONTRACTOR

6.1. Orthodontic Entity's Control Over Professional Services. Notwithstanding the authority granted to OCS herein, OCS and the Orthodontic Entity agrees that the affiliated Orthodontist, personally or through any of its professional employees or agents, shall have complete control or supervision over the provision of all professional services, with the sole

authority to direct the professional, and ethical aspects of his orthodontic practice, and to select the course of treatment for a patient or the manner in which such treatment is carried out. OCS may, however, advise the Orthodontic Entity as to the relationship between its performance of orthodontic functions and the overall administrative and business functioning of its practice.

6.2. Independent Relationship. The Orthodontic Entity and OCS intend to act and perform as independent contractors, and the provisions hereof are not intended to create any partnership, joint venture, agency or employment relationship between the parties. The Orthodontic Entity will not have any claim under this Agreement, or otherwise, against OCS for vacation pay, sick leave, unemployment insurance, worker's compensation, disability benefits or employee benefits of any kind.

6.3. Other Professionals. No provision of this Agreement is intended to limit OCS's right, authority, or ability under applicable law to contract with other physicians, or to employ, contract with, or enter into any partnership or joint venture with any health care professional.

VII. GENERAL PROVISIONS

7.1. Assignment. OCS shall have the right to assign its rights hereunder to any person, firm or corporation under common control with OCS without the consent of the Orthodontic Entity. Except as set forth above, neither OCS nor the Orthodontic Entity shall have the right to assign their respective rights and obligations hereunder without the written consent of the other party. Subject to this provision, this Agreement shall be binding upon the parties hereto, and their successors and assigns.

7.2. Whole Agreement; Modification. There are no other agreements or understandings, written or oral, between the parties regarding this Agreement, the Exhibits and the Schedules, other than as set forth herein or as may be executed by the partners following the execution of this Agreement. This Agreement shall not be modified or amended except by a written document executed by both parties to this Agreement, and such written modification(s) shall be attached hereto.

7.3. Notices. All notices required or permitted by this Agreement shall be in writing and shall be addressed as follows:

To OCS: Orthodontic Centers of America, Inc.
111 Veterans Memorial Blvd. Suite 1420
Metairie, Louisiana 70005
Attn: Bart Palmisano, Sr.

With a copy to: Waller Lansden Dortch & Davis
Nashville City Center
511 Union Street, Suite 2100
Nashville, Tennessee 37219
Attn: J. Chase Cole, Esq.

To the Orthodontic Entity: Lance R. Kiss, D.M.D., P.C.
42 Prattling Pond Road
Farmington, Connecticut 06032
ATTN: Dr. Lance R. Kiss, President

or to such other address as either party shall notify the other.

7.4. Waiver of Provisions. Any waiver of any terms and conditions hereof must be in writing, and signed by the parties hereto. The waiver of any of the terms and conditions of this Agreement shall not be construed as a waiver of any other terms and conditions hereof.

7.5. Governing Law. The validity, interpretation and performance of this Agreement shall be governed by and construed in accordance with the laws of the state of CONNECTICUT. The parties acknowledge that OCS is not authorized or qualified to engage in any activity which may be construed or deemed to constitute the practice of dentistry or orthodontics. To the extent any act or service required of OCS in this Agreement should be construed or deemed, by any governmental authority, agency or court to constitute the practice of dentistry or orthodontics, the performance of said act or service by OCS shall be deemed waived and forever unenforceable and the provisions of Section 7.12 shall be applicable.

7.6. Events Excusing Performance. Neither party shall be liable to the other party for failure to perform any of the services required herein in the event of strikes, lock-outs, calamities, acts of God, unavailability of supplies or other events over which that party has no control for so long as such events continue, and for a reasonable period of time thereafter.

7.7. Compliance with Applicable Laws. Both parties shall comply with all applicable federal, state and local laws, regulations and restrictions in the conduct of their obligations under this Agreement.

7.8. Severability. The provisions of this Agreement shall be deemed severable and if any portion shall be held invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall be effective and binding upon the parties.

7.9. Additional Documents. Each of the parties hereto agrees to execute any document or documents that may be requested from time to time by the other party to implement or complete

such party's obligations pursuant to this agreement.

7.10. Attorneys' Fees. If legal action is commenced by either party to enforce or defend its rights under this Agreement, the prevailing party in such action shall be entitled to recover its costs and reasonable attorneys' fees in addition to any other relief granted.

7.11. Confidentiality. Neither party hereto shall disseminate or release to any third party any information regarding any provision of this Agreement, or any financial information regarding the other (past, present or future) that was obtained by the other in the course of the negotiation of this Agreement or in the course of the performance of this Agreement, without the other party's written approval; provided, however, the foregoing shall not apply to information which is required to be disclosed by law including securities laws, or pursuant to court order.

7.12. Contract Modifications for Prospective Legal Events. In the event any state or federal laws or regulations now existing or enacted or promulgated after the effective date of this Agreement, are interpreted by judicial decision, a regulatory agency or legal counsel for both parties in such a manner as to indicate that the structure of this Agreement may be in violation of such laws or regulation, the Orthodontic Entity and OCS shall amend this Agreement as necessary. To the maximum extent possible, any such amendment shall preserve the underlying economic and financial arrangements between the Orthodontic Entity and OCS.

7.13. Remedies Cumulative. No remedy set forth in this Agreement or otherwise conferred upon or reserved to any party shall be considered exclusive of any other remedy available to any party, but the same shall be distinct, separate and cumulative and may be exercised from time to time as often as occasion may arise or as may be deemed expedient.

7.14. No Obligation to Third Parties. None of the obligations and duties of OCS or the Orthodontic Entity under this Agreement shall in any way or in any manner be deemed to create any obligation of OCS or of the Orthodontic Entity to, or any rights in, any person or entity not a party to this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

THE ORTHODONTIC ENTITY:

Lance R. Kiss, D.M.D., P. C.

By: _____
Dr. Lance R. Kiss

Title: President

OCS:

ORTHODONTIC CENTERS OF CONNECTICUT, INC.

By: _____

Title: _____

Exhibit 1.2

Description of Facilities

Exhibit 2.6

Form of Employment Agreement

See attached.