



CODE OF BUSINESS CONDUCT AND ETHICS

INTRODUCTION

Medical Facilities Corporation and its direct and indirect subsidiaries, Medical Facilities America, Inc., Medical Facilities (USA) Holdings, Inc., Medical Facilities IMD Holdings, Inc., and RRI Mishawaka Hospital, LP (“**Corporate Group**”) are committed to the highest standards of integrity in pursuing its corporate mission and expect all persons employed by and representing the Corporate Group to embrace this principle and conform to it.

This Code of Business Conduct and Ethics sets out basic principles of ethical behaviour to guide all directors, officers and employees of the Corporate Group (collectively, the “**Personnel**”). All Personnel must conduct themselves in accordance with the Code and seek to avoid even the appearance of improper behavior. This Code should be provided to and followed by the Corporate Group’s agents and representatives also including advisors.

The Code covers a wide range of business practices but does not cover every issue which may arise.

If a law conflicts with a policy in this Code, Personnel must comply with the law. If a local custom or policy conflicts with this Code, Personnel must comply with this Code. If you have any questions about these conflicts, you should ask your supervisor or department head how to handle the situation.

Personnel who violate the standards in this Code will be subject to disciplinary action, which could include the termination of their employment or other relationship with the Corporate Group. **If you are in a situation that you believe may violate or lead to a violation of this Code, follow the guidelines described below under “Compliance Procedures”.**

THE CODE

Compliance with Laws, Rules and Regulations

Obeying the law, both in letter and in spirit, is fundamental to the Corporate Group’s ethical standards and is critical to our reputation and continued success. All Personnel must respect and obey the laws of the various jurisdictions in which the Corporate Group operates and avoid even the appearance of impropriety. Although not all Personnel are expected to know the details of these laws, it is important to know enough to determine when to seek advice from supervisors, managers or other appropriate personnel.

Conflicts of Interest

A “conflict of interest” exists when a person’s private interests interfere in any way with the interests of the Corporate Group. A conflict of interest can arise when Personnel take actions or have interests that may make it difficult for them to perform their work for the Corporate Group objectively and effectively. Conflicts of interest also may arise when Personnel or members of their families receive improper personal benefits as a result of their positions with the Corporate Group.

It is almost always a conflict of interest for Personnel to work at the same time for a competitor or a person with whom the Corporate Group has a business relationship. Personnel are not allowed to work for a competitor as a consultant or board member. The best policy is to avoid any direct or indirect business relationship (except on behalf of the Corporate Group) with competitors of the Corporate Group or persons with whom the Corporate Group has business relationships.

Conflicts of interest are prohibited as a matter of Corporate Group policy, except under guidelines approved by the Board of Directors of Medical Facilities Corporation (the “**Board**”). Conflicts of interest may not always be clear-cut. If you have a question, you should consult with your supervisor or department head. Any Personnel who become aware of a conflict or potential conflict should bring it to the attention of a supervisor or department head and consult the procedures described below under “**Compliance Procedures**”.

Persons employed by or serving in any capacity for any member of the Corporate Group are expected to always act strictly in accordance with all applicable corporate laws including provisions of those laws dealing with conflicts of interest.

Confidentiality

Personnel must maintain the confidentiality of confidential information entrusted to them by the Corporate Group and persons with whom the Corporate Group does business, except when disclosure is authorized by the Board or required by laws or regulations. Confidential information includes all non-public information that might be of use to competitors or harmful to the Corporate Group or the person to whom it relates if disclosed. The obligation to preserve confidential information continues even after Personnel cease to have a relationship with the Corporate Group.

Personnel who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of the Corporate Group’s business. All Personnel should read and abide by the Corporate Group’s *Policy Concerning Confidentiality, Fair Disclosure and Trading in Securities*.

Corporate Opportunities

Personnel are prohibited from taking for themselves opportunities that are discovered through the use of corporate property, information or positions without the consent of the Board and from using corporate property, information, or position for improper personal gain. No Personnel may

compete with the Corporate Group directly or indirectly. Personnel owe a duty to the Corporate Group to advance its legitimate interests when the opportunity to do so arises.

Protection and Proper Use of Corporate Group Assets

All Personnel should endeavor to protect the Corporate Group's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the Corporate Group's profitability. Any suspected incident of fraud or theft should be reported immediately to your department head for investigation. Corporate Group equipment should not be used for non-Corporate Group business, other than incidental personal use.

The obligation of Personnel to protect the Corporate Group's assets includes the Corporate Group's proprietary information. Proprietary information includes any information that is not known generally to the public or would be helpful to the Corporate Group's competitors. Examples of proprietary information include business plans and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Corporate Group policy and could be illegal and result in civil or criminal penalties. The obligation to preserve the confidentiality of proprietary information continues even after Personnel cease to have a relationship with the Corporate Group.

Corporate Group assets (such as funds or computers) may be used only for legitimate business purposes. Corporate Group assets may never be used for illegal purposes.

Competition and Fair Dealing

The Corporate Group seeks to excel and to outperform any competitors fairly and honestly through superior performance and not through unethical or illegal business practices. Taking proprietary information without the owner's consent, inducing disclosure of that information by past or present employees of other persons or using that information is prohibited. Personnel should respect the rights of, and deal fairly with, the Corporate Group's competitors and persons with whom the Corporate Group has a business relationship. No Personnel should take unfair advantage of anyone through illegal conduct, manipulation, concealment, abuse of proprietary information, misrepresentation of material facts, or any other intentional unfair-dealing practice. Nor should any Personnel act in a manner that may be anti-competitive under anti-trust laws.

Gifts and Entertainment

Business gifts and entertainment are customary courtesies designed to build goodwill and constructive relationship among business partners. These courtesies may include such things as meals and beverages, tickets to sporting or cultural events, discounts not available to the general public, accommodation and other merchandise or services. However, a problem may arise when these courtesies compromise, or appear to compromise, the Corporate Group's ability to make fair and objective business decisions or to gain an unfair advantage.

Offering or receiving any gift, gratuity or entertainment that might be perceived to unfairly influence a business relationship should be avoided. These guidelines apply at all times and do not change during traditional gift-giving seasons.

No gift or entertainment should ever be offered, given, provided, authorized or accepted by any Personnel or their family members unless it is not a cash gift, is consistent with customary business practices, is not excessive in value, cannot be construed as a bribe or payoff, and does not violate any laws. Strict rules apply when the Corporate Group does business with governmental agencies and officials, as discussed in more detail below. Personnel should discuss with their department head any gifts or proposed gifts about which they have any questions.

Payments to Government Personnel

All Personnel must comply with all laws prohibiting improper payments to domestic and foreign officials, including the *U.S. Foreign Corrupt Practices Act*. That Act prohibits offering, promising or giving (or authorizing any of those activities) anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates to influence any of their acts or decisions or to obtain or retain business.

Similarly, other governments have laws regarding business gifts that may be accepted by government personnel. The promise, offer or delivery to an official or employee of various governments of a gift, favor or other gratuity in violation of these laws would not only violate Corporate Group policy but could also be a criminal offense. Illegal payments should not be made to government officials of any country.

Discrimination and Harassment

The diversity of Personnel is a tremendous asset. The Corporate Group is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances. Personnel are encouraged to report harassment when it occurs.

Health and Safety

The Corporate Group strives to provide all Personnel with a safe and healthy work environment. All Personnel have responsibility for maintaining a safe and healthy workplace by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions to a supervisor or department head. Violence and threatening behavior are not permitted. The use of illegal drugs in the workplace will not be tolerated. Personnel should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol.

Accuracy of Corporate Group Records and Reporting

The Corporate Group requires honest and accurate recording and reporting of information to make responsible business decisions. The Corporate Group's accounting records are relied upon to produce reports for our management, directors, shareholders, governmental agencies and persons with whom the Corporate Group does business. All of the Corporate Group's financial statements and the books, records and accounts on which they are based must appropriately reflect the Corporate Group's activities and conform to applicable legal and accounting

requirements and to the Corporate Group's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained unless required by applicable law or regulation.

All Personnel have a responsibility, within the scope of their positions, to ensure that the Corporate Group's accounting records do not contain any false or intentionally misleading entries. The Corporate Group does not permit intentional misclassification of transaction as to accounts, departments or accounting records. All transactions must be supported by accurate documentation in reasonable detail and recorded in the proper accounts and in the proper accounting period. Such documentation is to be retained in accordance with retention policies of the Corporate Group.

Business expense accounts must be documented and recorded accurately.

Business records and communications often become public through legal or regulatory proceedings or the media. Personnel should avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations that can be misunderstood. This requirement applies equally to communications of all kinds, including e-mail, informal notes, internal memos, and formal reports.

Use of E-mail and Internet Services

E-mail and internet services are provided by the Corporate Group to assist Personnel in carrying out their work. Incidental and occasional personal use is permitted, but never for personal gain or any improper purpose. Personnel may not access, send or download any information or material that could be insulting or offensive to another person, such as sexually explicit messages, cartoons, jokes, unwelcome propositions, derogatory based on racial or ethnic characteristics, or any other message that could reasonably be viewed as harassment. Flooding the Corporate Group's system with junk mail and trivia hampers the ability of the Corporate Group's system to handle legitimate Corporate Group business and is prohibited.

Messages (including voice-mail) and computer information sent, received or created by Personnel are considered Corporate Group property and Personnel should recognize that these messages and information are not "private". Unless prohibited by law, the Corporate Group reserves the right to access and disclose those messages and information as necessary for its business purposes. Personnel should use good judgment and not access, send messages or store any information that they would not want to be seen or heard by others.

WAIVERS OF THE CODE

Any waiver of this Code may be made only by the Board (or a committee of the Board to whom that authority has been delegated) and will be promptly disclosed as required by law or stock exchange regulation.

REPORTING ANY ILLEGAL OR UNETHICAL BEHAVIOR

The Corporate Group has a strong commitment to the conduct of its business in a lawful and ethical manner. Where illegal or unethical behaviour is observed, Personnel should abide by the

Corporate Group's Whistle Blower Policy. All Personnel are expected to cooperate in internal investigations of misconduct.

COMPLIANCE PROCEDURES

Administration of this code is the responsibility of senior management of Medical Facilities Corporation. The Chief Financial Officer of Medical Facilities Corporation (or such other officer to whom this responsibility is delegated) shall ensure that a copy of this code is circulated at least annually to all Personnel (and to new Personnel upon engagement) and that periodic training sessions shall be conducted to ensure familiarity and comfort of this code.